

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-34, SUB 46

In the Matter of	)	
Application of Appalachian State	)	JOINT SUPPLEMENTAL
University d/b/a New River Light and	)	TESTIMONY OF
Power Company for an Adjustment of	)	SCOTT J. SAILLOR
Rates and Charges for Electric Service	)	AND EVAN D. LAWRENCE
in North Carolina	)	PUBLIC STAFF – NORTH
	)	CAROLINA UTILITIES
	)	COMMISSION

**BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

**DOCKET NO. E-34, SUB 46**

**Joint Supplemental Testimony of  
Scott J. Saillor and Evan D. Lawrence  
On Behalf of the Public Staff  
North Carolina Utilities Commission**

**January 26, 2018**

1    **Q.    PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**  
2           **PRESENT POSITION.**

3    A.    My name is Scott J. Saillor. My business address is 430 North  
4           Salisbury Street, Dobbs Building, Raleigh, North Carolina. I am a  
5           Utilities Engineer with the Electric Division of the Public Staff – North  
6           Carolina Utilities Commission.

7    **Q.    PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**  
8           **PRESENT POSITION.**

9    A.    My name is Evan D. Lawrence. My business address is 430 North  
10          Salisbury Street, Dobbs Building, Raleigh, North Carolina. I am a  
11          Utilities Engineer with the Electric Division of the Public Staff – North  
12          Carolina Utilities Commission.

1    **Q.     DID EACH OF YOU FILE DIRECT TESTIMONY IN THIS CASE ON**  
2           **DECEMBER 20, 2017?**

3    A.    Yes, we did.

4    **Q.     WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL**  
5           **TESTIMONY?**

6    A.    The purpose of our supplemental testimony is to support the  
7           Stipulation between Appalachian State University, d/b/a New River  
8           Light and Power Company (NRLP or the Company), and the Public  
9           Staff (Stipulating Parties) regarding certain issues related to the  
10          Company's pending application for a general rate increase.

11   **Q.     HAS THE COMPANY AGREED TO THE PUBLIC STAFF'S**  
12          **RECOMMENDED CUSTOMER GROWTH AND USAGE**  
13          **ADJUSTMENTS?**

14   A.    Yes. The customer growth adjustment increased test year sales by  
15          2,724,654 kWh, and the usage adjustment decreased sales by  
16          1,803,363 kWh<sup>1</sup>. These adjustments increased the Company's test  
17          year operating revenues by \$67,192. The calculations for the  
18          customer growth and usage revenue adjustments are shown in  
19          Exhibits 1 and 2 respectively, which are attached hereto and

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<sup>1</sup> This is a correction to the usage adjustment of 2,142,781 kWh stated on page 5 of the direct testimony of Scott J. Saillor.

1 incorporated herein by reference and are also corrected versions of  
2 direct testimony Exhibits SJS-2 and SJS-3.

3 **Q. HOW WILL THE REVENUE INCREASE BE ASSIGNED TO THE**  
4 **COMPANY'S CUSTOMER CLASSES?**

5 A. The Stipulating Parties have agreed that the sales revenue increase  
6 will be allocated to each rate class in accordance with the increases  
7 shown on Line 2.1 of Exhibit 3, which is attached hereto and  
8 incorporated herein by reference. This assignment will ensure that  
9 the base rate revenue increase for each customer class is no more  
10 than two percentage points above the overall jurisdictional revenue  
11 increase.

12 **Q. HAVE THE STIPULATING PARTIES REACHED AGREEMENT ON**  
13 **THE LANGUAGE CHANGES PROPOSED BY THE PUBLIC**  
14 **STAFF FOR NRLP'S RATE SCHEDULES AND SERVICE**  
15 **REGULATIONS?**

16 A. Yes. The Stipulating Parties have reached agreement on language  
17 to include in NRLP's Service Regulations and its Rate Schedule R  
18 regarding the resale of electric service by landlords as shown in  
19 Paragraph 33 of the Stipulation. In addition, as discussed in  
20 Paragraph 34 of the Stipulation, the Stipulating Parties have reached  
21 agreement on language to be included in Rate Schedule GL

1 describing the criteria NRLP will use to determine when a customer  
2 will transition from Rate Schedule GL to Rate Schedule GLH.

3 The following language will be added to the Resale Service section  
4 of the Service Regulations:

5 Notwithstanding the foregoing, the Company will supply  
6 electricity for resale to lessors of a residential building or complex  
7 who comply with the provisions of North Carolina General Statute  
8 § 62-110(h) and Chapter 22 of the Rules and Regulations of the  
9 North Carolina Utilities Commission.

10 The following language will be added to the Availability section of  
11 Rate Schedule R:

12 This schedule is not available for (1) breakdown, standby, or  
13 supplementary service, (2) for temporary service, or (3) for  
14 resale, except to lessors of real property who possess and deliver  
15 to the company a Certificate of Authority to Resell Electric Service  
16 in accordance with G.S. 62-110(h) and Chapter 22 of the Rules  
17 and Regulations of the North Carolina Utilities Commission.

18 The following language will be added to the Availability section of  
19 Rate Schedule GL:

20 In the event a customer billed on this schedule has a monthly  
21 load-factor of 65% or higher for six months over the previous  
22 twelve months, the customer will be served under the  
23 "Commercial Demand High Load-Factor Service – Schedule  
24 GLH".

25 **Q. HAVE THE STIPULATING PARTIES REACHED AGREEMENT**  
26 **CONCERNING THE PUBLIC STAFF'S RECOMMENDATION**  
27 **THAT THE COMPANY FILE AN UPDATED COST OF SERVICE**  
28 **STUDY BASED ON 2018 CALENDAR YEAR DATA?**

1 A. Yes. As detailed in Paragraph 35 of the Stipulation, the Stipulating  
2 Parties agree that NRLP will update the cost of service study filed in  
3 this case with a full calendar years' worth of data collected from its  
4 advanced metering infrastructure (AMI) system and file with the  
5 Commission no later than June 31, 2019.

6 **Q. DOES THE COMPANY AGREE WITH THE PUBLIC STAFF'S**  
7 **RECOMMENDATION THAT IT DEVELOP RATES AND**  
8 **PROGRAMS TO TAKE ADVANTAGE OF THE CAPABILITIES OF**  
9 **ITS AMI METERING SYSTEM?**

10 A. Yes. As detailed in Paragraph 38 of the Stipulation, NRLP has  
11 agreed to develop rate schedules and energy efficiency (EE) and  
12 demand side management (DSM) programs to take advantage of the  
13 detailed data usage and other capabilities of its AMI metering  
14 system, to the extent that such EE and DSM programs are not  
15 contractually prohibited by its wholesale supplier of electricity.

16 **Q. HAS THE COMPANY AGREED TO DEVELOP AN AMI OPT-OUT**  
17 **POLICY AS PROPOSED BY THE PUBLIC STAFF?**

18 A. Yes. As detailed in Paragraph 35 of the Stipulation, NRLP has  
19 agreed to develop an internal opt-out policy and proposed rates and  
20 file for approval from the Commission within 30 days of the  
21 Commission's final order in this case.

1    **Q.    HAS THE COMPANY AGREED TO WORK WITH THE PUBLIC**  
2           **STAFF TO REEVALUATE ITS DECISION TO NOT UTILIZE THE**  
3           **AUTOMATIC RECONNECT FEATURE OF ITS AMI SYSTEM?**

4    **A.**    Yes. As stated in Paragraph 37 of the Stipulation, the Stipulating  
5           Parties agree to initiate joint discussions within 30 days of the  
6           Commission's final order in this case in order to begin reevaluating  
7           NRLP's decision to not utilize the automatic reconnect feature of its  
8           AMI metering system.

9    **Q.    DOES THIS CONCLUDE YOUR TESTIMONY?**

10   **A.**    Yes, it does.

Exhibit 1

Corrected Exhibit SJS-2

**Calculation of Customer Growth Revenue Adjustment**

Rate Schedule (a)	Retail KWH Adjustment (b)	Cents Per KWH <sup>1</sup> (c)	Revenue Adjustment (d) = ((b) x (c) / 100)
Residential	741,803	9.58	\$71,065
Commercial General	52,968	8.88	4,704
Commercial Demand	1,591,341	7.22	114,895
ASU Campus	338,542	7.98	27,016
Total Retail	2,724,654		\$217,679

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<sup>1</sup> Average customer class rates are based on annualized revenues divided by per book sales.



Exhibit 2

Corrected Exhibit SJS-3

**Calculation of Usage Revenue Adjustment**

Rate Schedule (a)	Retail KWH Adjustment (b)	Cents Per KWH <sup>1</sup> (c)	Revenue Adjustment (d) = ((b) x (c) / 100)
Residential	(1,025,803)	8.70	\$(89,245)
Commercial General	98,008	8.23	8,066
Commercial Demand	(38,442)	7.17	(2,756)
ASU Campus	(837,126)	7.95	(66,552)
Total Retail	(1,803,363)		\$(150,487)

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<sup>1</sup> Average customer class rates are based on annualized revenues divided by per book sales. Annualized revenues for the usage adjustment do not include customer charges.

## Exhibit 3

## REVENUE INCREASE PER STIPULATION

		NRLP Retail	RES	G	GL	GLH	ASU	SL
1	Total Operating Revenue	\$ 17,116,975	\$ 5,258,312	\$ 2,159,688	\$ 4,319,266	\$ 1,238,687	\$ 3,797,354	\$ 343,668
1.1	Sales Revenue	\$ 17,053,787	\$ 5,210,262	\$ 2,149,570	\$ 4,314,813	\$ 1,238,609	\$ 3,796,865	\$ 343,668
1.2	Other Revenue	\$ 63,188	\$ 48,050	\$ 10,118	\$ 4,453	\$ 78	\$ 489	\$ -
2	Revenue Increase	\$ 1,777,506	\$ 662,873	\$ 268,209	\$ 529,765	\$ 151,422	\$ 153,265	\$ 11,972
2.1	Sales Revenue Increase	\$ 1,743,202	\$ 636,787	\$ 262,716	\$ 527,347	\$ 151,380	\$ 153,000	\$ 11,972
2.2	Other Revenue Increase	\$ 34,304	\$ 26,086	\$ 5,493	\$ 2,418	\$ 42	\$ 265	\$ -
3	Net Income Before Increase	\$ (18,757)	\$ (248,939)	\$ 14,703	\$ (110,425)	\$ (31,706)	\$ 328,584	\$ 29,025
4	Change in Net Income	L2 * Retention Factor \$ 1,773,012	\$ 661,197	\$ 267,531	\$ 528,425	\$ 151,039	\$ 152,878	\$ 11,942
5	Total Net Income	L3 + L4 \$ 1,754,255	\$ 412,258	\$ 282,234	\$ 418,000	\$ 119,333	\$ 481,462	\$ 40,967
6	Rate Base	\$ 26,885,114	\$ 9,738,267	\$ 3,313,124	\$ 6,895,794	\$ 1,580,914	\$ 4,933,293	\$ 423,722
7	Rate of Return (before change)	L3 / L6 -0.07%	-2.56%	0.44%	-1.60%	-2.01%	6.66%	6.85%
8	Rate of Return Index (before change)	L7 (class) / L7 (NRLP Retail) 1.00	36.64	-6.36	22.95	28.75	-95.47	-98.18
9	Rate of Return (after change)	L5 / L6 6.53%	4.23%	8.52%	6.06%	7.55%	9.76%	9.67%
10	Rate of Return Index (after change)	L9 (class) / L9 (NRLP Retail) 1.00	0.65	1.31	0.93	1.16	1.50	1.48
11	Percent Change in Sales Revenue	L2.1 / L1.1 10.22%	12.22%	12.22%	12.22%	12.22%	4.03%	3.48%