

**WESTERN CAROLINA UNIVERSITY**  
Docket No. E-35, Sub 51  
**NET OPERATING INCOME FOR A RETURN**  
For the Test Year Ended June 30, 2019

Exhibit WRO-1

Line No.	Item	Present Rates					Proposed Rates		
		Per Books	Adjustment	Adj. #	Adjustment	Adj. #	Per Application	Rate Increase	Subsequent to Rate Increase
		(a)							
	<b>Operating revenues:</b>								
1	Electric sales revenues	4,399,758	35,747	[1]	(58,748)	[4]	4,376,757	637,500	5,014,257
3	Other Licenses and Fees	36,411					36,411		36,411
4	Pcard Rebate	-					0		0
5	Recovery of Bad Debts	621					621		621
6	STIF Interest	-					0		0
7	Sales of Surplus Prop	-					0		0
8	Late Fees	7,740					7,740		7,740
9	Investment Income	5,491	(5,491)	[2]			0		0
10	<b>Total operating revenues (sum of Lines 2-9)</b>	<b>\$ 4,450,021</b>					<b>\$ 4,421,529</b>		<b>\$ 5,059,029</b>
	<b>Operating revenue deductions:</b>								
11	O&M expenses:								
12	Purchases for resale	3,159,192	(42,183)	[4]			3,117,008		3,117,008
13	Salaries and fringe benefits	784,939					784,939		784,939
14	Contracted services	14,530					14,530		14,530
	Depreciation	233,761					233,761		233,761
15	Repairs and maintenance	283,240					283,240		283,240
16	Billing and collection expense	82,799					82,799		82,799
17	Insurance expense	-					0		0
18	Misc expense	237,242					237,242		237,242
19	Tree Trimming	-					0		0
20	Rate Case Expenses	-	8,333	[3]			8,333		8,333
21	<b>Total O&amp;M expenses (Total Lines 12-21)</b>	<b>\$ 4,795,703</b>					<b>\$ 4,761,853</b>		<b>\$ 4,761,853</b>
22	Earnings Before Income Taxes								297,176
23	Federal Taxes								62,407
24	State Taxes								7,043
25	<b>Total operating revenue deductions (Total Line 21) -</b>	<b>\$ 4,795,703</b>					<b>\$ 4,761,853</b>		<b>\$ 4,761,853</b>
26	<b>Net operating income for return (Line 10 - 25)</b>	<b>\$ (345,682)</b>					<b>\$ (340,324)</b>		<b>\$ 227,726</b>
27	Rate Base	3,402,808					3,402,808		3,402,808
28	Rate of Return	-10.16%					-10.00%		6.69%

- [1] Reverse of university accrual of \$35,747
- [2] Elimination of investment income
- [3] Annual Rate Case Expense Amortization
- [4] Weather normalization

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**WESTERN CAROLINA UNIVERSITY**

Docket No. E-35, Sub 51

**ORIGINAL COST RATE BASE**

For the Test Year Ended June 30, 2019

Exhibit WRO-2

Line No.	<u>Item</u>	Per Application
1.	Plant in service (net of cost-free capital)	6,937,255
2.	Supplies and Material Inventory	313,580
3.	Accumulated depreciation	(3,865,491)
4.	Net plant in service (Sum of L1 thru L4)	<u>3,385,345</u> <b>Rx</b>
5.	Working capital	242,753 <b>[1]</b>
6.	Customer Deposits	<u>(225,289)</u>
7.	Total original cost rate base (L4 + L5 + L6)	<u><u>3,402,808</u></u> <b>Rx</b>

**[1]** Calc values from WCU Resale Electric Inc Statement:  
[(OpEx - Purchases for Resale) \*1/8]

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**WESTERN CAROLINA UNIVERSITY**

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Exhibit WRO-3

Docket No. E-35, Sub 51

**CALCULATION OF THE  
ADDITIONAL REVENUE REQUIREMENT**

For the Test Year Ended June 30, 2019

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1.	Required net operating income before taxes	\$ 297,176 [1]
	Taxes	\$ 69,450 [1]
2.	Net operating income before proposed increase	<u>(340,324) [1]</u>
3.	Additional net operating income requirement (L1 - L2)	<u>\$ 637,500 Rx</u>
4.	Current revenue requirement	\$ 4,376,757 [1]
5.	New revenue requirement	\$ 5,014,257 Rx
8	Rate increase	14.6% Rx

[1] Exhibit WRO-1

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**Western Carolina Electric Resale**  
**Cost of Service Study as of June 30, 2019**  
**(Current)**

**Proforma Results of Operations**

Line	Description	Allocation	Total System	Residential	Commercial	Area Lighting				
<b>Revenues from Current Base Rates</b>			<b>Rx</b>							
1.01	Energy Charges		\$ 3,930,227	\$ 3,022,294	\$ 870,037	\$ 37,896				
1.02	Demand Charges		139,572	-	139,572	-				
1.03	Customer Charges		365,423	338,113	27,310					
1.04	<b>Total Revenues from Current Base Rates</b>		<b>\$ 4,435,223</b>	<b>\$ 3,360,408</b>	<b>\$ 1,036,920</b>	<b>\$ 37,896</b>				
			Rx →							
			<b>Other Income</b>							
2.01	Other License/Fees	2.02	36,411	\$ 26,683	\$ 9,728	\$ -				
2.02	PC Card Rebate	DA	23	\$ 23						
2.03	Late Fees	DA	7,740	\$ 7,740						
2.04	Recovery of Bad Debts	DA	621	\$ 621	\$ -	\$ -				
2.05	Investment Income	2.01	-	\$ -	\$ -	\$ -				
2.06	<b>Total Other Income</b>	Sum	<b>\$ 44,795</b>	<b>\$ 35,066</b>	<b>\$ 9,728</b>	<b>\$ -</b>				
<b>2.07</b>	<b>Net Revenue Requirement</b>		<b>\$ 4,480,018</b>	<b>\$ 3,395,474</b>	<b>\$ 1,046,648</b>	<b>\$ 37,896</b>				
3.01	<b>Calculated Return on Rate Base</b>		<b>-9.54%</b>	<b>-19.49%</b>	<b>18.56%</b>	<b>26.78%</b>				
1	2	3	4	5	6	7	8	9	10	11
			<b>Purchased Power</b>							
4.00	Purchased Power Energy Expense	2.01	\$ 1,098,992	\$ 799,635	\$ 291,546	\$ 7,811				
4.01	Purchased Power Demand Expense	3.01	\$ 2,060,658	\$ 1,554,393	\$ 485,768	\$ 20,497				
4.02	<b>Total Purchased Power Expense</b>	Sum	<b>\$ 3,159,650</b>	<b>\$ 2,354,028</b>	<b>\$ 777,314</b>	<b>\$ 28,308</b>				
			<b>Gross Income</b>							
<b>5.0</b>	Revenues less Pu		<b>\$ 1,320,368</b>	<b>\$ 1,041,446</b>	<b>\$ 269,334</b>	<b>\$ 9,588</b>				
			<b>Electric Operating &amp; Maintenance Expenses</b>							
			<u>Electric Labor:</u>							
6.00	SPA Reg Salaries	5.02	\$ 547,902	\$ 511,195	\$ 36,707	\$ -				
6.01	SPA Overtime	5.02	\$ 460	\$ 429	\$ 31	\$ -				
6.02	SPA Holiday Premium	5.02	\$ 261	\$ 244	\$ 17	\$ -				
6.03	SPA Shift Premium	5.02	\$ -	\$ -	\$ -	\$ -				
6.04	SPA Other Premium	5.02	\$ 6,050	\$ 5,645	\$ 405	\$ -				
6.05	SPA Longevity	5.02	\$ 8,050	\$ 7,511	\$ 539	\$ -				
6.06	Non-Student Reg	5.02	\$ -	\$ -	\$ -	\$ -				
6.07	Flex Spending Account	5.02	\$ 721	\$ 673	\$ 48	\$ -				
6.08	Social Security	5.02	\$ 36,237	\$ 33,810	\$ 2,428	\$ -				
6.09	State Retirement	5.02	\$ 96,882	\$ 90,392	\$ 6,491	\$ -				
6.10	Accrued Vacation	5.02	\$ 21,764	\$ 20,306	\$ 1,458	\$ -				
6.11	Medical Insurance	5.02	\$ 66,612	\$ 62,149	\$ 4,463	\$ -				
6.12	Employee on Loan	5.02	\$ -	\$ -	\$ -	\$ -				
6.13	Tort Claims	5.02	\$ -	\$ -	\$ -	\$ -				
6.14	Tx to OSC-FICA Svgs	5.02	\$ -	\$ -	\$ -	\$ -				

**Western Carolina Electric Resale**  
**Cost of Service Study as of June 30, 2019**

6.15	Total Labor	Sum	\$ 784,939	\$ 732,352	\$ 52,587	\$ -	
	<u>Repairs and Maint</u>						
7.00	Repair Supplies	5.02	\$ 210,965	\$ 196,831	\$ 14,134	\$ -	
7.01	Motor Vehicle Supp	5.02	\$ 16,426	\$ 15,325	\$ 1,100	\$ -	
7.02	Repairs and Maint	5.02	\$ 53,796	\$ 50,192	\$ 3,604	\$ -	
7.03	Freight/Delivery	5.02	\$ 2,053	\$ 1,915	\$ 138	\$ -	
			\$ 283,240	\$ 264,264	\$ 18,976	\$ -	
	<u>O&amp;M - Billing &amp; Collection:</u>						
8.00	Office Supplies	5.02	\$ 389	\$ 363	\$ 26	\$ -	
8.01	Other Admin Supplies	5.02	\$ 35	\$ 33	\$ 2	\$ -	
8.02	Data Processing Supplies	5.02	\$ -	\$ -	\$ -	\$ -	
8.03	Maint Agreement Softwar	5.02	\$ 8,966	\$ 8,365	\$ 601	\$ -	
8.04	Travel	5.02	\$ 122	\$ 114	\$ 8	\$ -	
8.05	Postage	5.02	\$ 8,823	\$ 8,232	\$ 591	\$ -	
8.06	Printing and Binding	5.02	\$ 6,331	\$ 5,907	\$ 424	\$ -	
8.07	PawPrint Copying	5.02	\$ 4,151	\$ 3,873	\$ 278	\$ -	
8.08	Advertising	5.02	\$ 615	\$ 574	\$ 41	\$ -	
8.09	Other Current Service	5.02	\$ -	\$ -	\$ -	\$ -	
8.10	PC & Printer Purchase	5.02	\$ 17,864	\$ 16,667	\$ 1,197	\$ -	
8.11	PC Software Purchase	5.02	\$ -	\$ -	\$ -	\$ -	
8.12	Receivables Write-Off	5.02	\$ 4,722	\$ 4,406	\$ 316	\$ -	
8.13	Bank Charges	5.02	\$ 14,928	\$ 13,928	\$ 1,000	\$ -	
8.14	Other Interest	5.02	\$ -	\$ -	\$ -	\$ -	
8.15	Interest on Cust Dep	5.01	\$ 15,852	\$ 14,790	\$ 1,062	\$ -	
8.16	Subtotal O&M - Distribution Related	Sum	\$ 82,799	\$ 77,252	\$ 5,547	\$ -	
	<u>Administration - Other</u>						
9.00	Repair Supplies	10.03	\$ -	\$ -	\$ -	\$ -	
9.01	Motor Vehicle Supplies	10.03	\$ -	\$ -	\$ -	\$ -	
9.02	Repairs and Maint.	10.03	\$ -	\$ -	\$ -	\$ -	
9.03	Freight/Delivery	10.03	\$ -	\$ -	\$ -	\$ -	
9.04	Other Equipment	10.03	\$ -	\$ -	\$ -	\$ -	
9.05	Receivables Write-Off	10.03	\$ -	\$ -	\$ -	\$ -	
9.06	Annual Consulting Contra	10.03	\$ 14,530	\$ 11,609	\$ 2,812	\$ 108	
9.07	Total Administrative-Other		\$ 14,530	\$ 11,609	\$ 2,812	\$ 108	
13.01	<b>Depreciation</b>	5.02	\$ 233,761	\$ 218,100	\$ 15,661	\$ -	
	<u>Other O&amp;M:</u>						
9.01	Laboratory Service	5.02	\$ -	\$ -	\$ -	\$ -	
9.02	Misc. Contracted Service	5.02	\$ -	\$ -	\$ -	\$ -	
9.03	Medical Serv. No Hosp	5.01	\$ -	\$ -	\$ -	\$ -	
9.04	Telephone Services	5.01	\$ 2,369	\$ 2,210	\$ 159	\$ -	
9.05	Registration Fees	5.01	\$ -	\$ -	\$ -	\$ -	
9.06	Clothing & Uniforms	5.02	\$ 21,343	\$ 19,913	\$ 1,430	\$ -	

**Western Carolina Electric Resale**  
**Cost of Service Study as of June 30, 2019**

9.07	Security/Safety	5.02	\$ -	\$ -	\$ -	\$ -
9.08	Rental-Other Equip	5.02	\$ -	\$ -	\$ -	\$ -
9.09	Maintenance Contracts	5.02	\$ -	\$ -	\$ -	\$ -
9.10	Insurance and Bonding	5.02	\$ 12,117	\$ 11,305	\$ 812	\$ -
9.11	License & Permit Cost	5.02	\$ 320	\$ 299	\$ 21	\$ -
9.12	Fixed Charges	5.02	\$ 912	\$ 851	\$ 61	\$ -
9.13	Rate Case Expenses	5.02	\$ 8,333	\$ 7,775	\$ 558	\$ -
9.14	Intra Transfers for OH	5.02	\$ 200,182	\$ 186,771	\$ 13,411	\$ -
9.15	Motor Vehicles	5.02	\$ -	\$ -	\$ -	\$ -
9.16	Total Other Operating Expenses	Sum	\$ 245,575	\$ 229,123	\$ 16,452	\$ -
10.00	Subtotal Production, Transmission & I		\$ 4,804,495	\$ 3,886,729	\$ 889,350	\$ 28,416
11.00	Net Income		\$ (324,477)	\$ (491,255)	\$ 157,298	\$ 9,480
				151.40%	-48.48%	-2.92%
	Federal Taxes		\$ -	\$ -	\$ -	\$ -
	State Taxes		\$ -	\$ -	\$ -	\$ -
	<b>Rate Base</b>					
12.00	Plant In Service	3.01	\$ 6,937,255	\$ 5,232,901	\$ 1,635,350	\$ 69,004
12.01	Supplies and Materials Inventory	3.01	\$ 313,580	\$ 236,540	\$ 73,922	\$ 3,119
12.02	LESS: Accumulated Depreciation	3.01	\$ (3,865,491)	\$ (2,915,812)	\$ (911,229)	\$ (38,449)
12.03	<b>Total NET Plant in Service</b>	Sum	\$ <b>3,385,345</b>	\$ <b>2,553,629</b>	\$ <b>798,042</b>	\$ <b>33,674</b>
13.00	<b>Total Working Capital</b>	2.01	\$ 242,753	\$ 176,629	\$ 64,399	\$ 1,725
14.00	<b>Customer Deposits</b>	5.01	\$ (225,289)	\$ (210,196)	\$ (15,093)	\$ -
15.00	<b>Total Rate Base</b>	Calc	\$ <b>3,402,808</b>	\$ <b>2,520,062</b>	\$ <b>847,348</b>	\$ <b>35,399</b>
16.00	<b>Return on Rate Base</b>		<b>-9.54%</b>	<b>-19.49%</b>	<b>18.56%</b>	<b>26.78%</b>

	Total System	Residential	Commercial	Area Lighting
Rate of Return	-9.54%	-19.49%	18.56%	26.78%

Allocation Factors						
Line	Description	Allocation	Total System	Residential	Commercial	Area Lighting
<b><u>SPECIFIC ALLOCATOR:</u></b>						
1.01	Residential		1.000000	1.000000	0.000000	0.000000
1.02	Commercial		1.000000	0.000000	1.000000	0.000000
1.04	Area Lighting		1.000000	0.000000	0.000000	1.000000
<b><u>ENERGY ALLOCATOR:</u></b>						
	Usage in kWh		42,234,747	30,730,341	11,204,238	300,168
2.01	Allocation %		100.00%	72.76%	26.53%	0.71%
	Base Energy					
	Res. And Commercial Usage Only		41,934,579	30,730,341	11,204,238	
2.02	Allocation %		100.00%	73.28%	26.72%	
<b><u>DEMAND ALLOCATORS</u></b>		<i>Load Factor</i>		<i>54.00%</i>	<i>63.00%</i>	<i>40.00%</i>
	Cumulative Monthly NCP Demand (kW) [1]		103,347	77,956	24,362	1,028
3.01	Allocation %		100.00%	75.43%	23.57%	0.99%
		<i>Load Factor</i>		<i>55.10%</i>	<i>64.29%</i>	<i>40.82%</i>
	CP Demand (kW) [2]		101,280	76,397	23,875	1,007
3.02	Allocation %		100.00%	75.43%	23.57%	0.99%
<b><u>CUSTOMER ALLOCATORS:</u></b>						
	Average Number of Customers w/o lighting adj		3,397	3,169	228	-
5.01	Allocation %		100.00%	93.30%	6.70%	0.00%
	Average Number of Customers w/ lighting adj (2)		3,398	3,169	228	1
5.02	Allocation %		100.00%	93.30%	6.70%	0.00%
5.03	Weighted Cust/Demand Allocation [3]		100.00%	88.50%	11.29%	0.21%
5.04	Weighted Cust/Demand Allocation [4]		100.00%	79.90%	19.35%	0.75%

**Notes:**

- [1] NCP Load Factors estimated
- [2] No CP research data available for these classes. Coincident Peak Demands are estimated using a 98% coincident factor on NCP. Security Lighting and Street Lighting are assumed to be off-peak, but are assigned 50% of peak demand to recognize the need for purchased capacity to serve their loads.

[3] **Weighted Allocation:**

Demand	12.50%
Customer	75.00%
Energy	12.50%
Total	100.00%

[4] **Weighted Allocation:**

Demand	75.00%
Customer	25.00%
Total	100.00%

**Western Carolina Electric Resale  
Cost of Service Study Proposed**

**Proforma Results of Operations**

Line	Description	Allocation	Total System	Residential	Commercial	Area Lighting				
<b>Revenues from Proposed Base Rates</b>			<b>Rx</b>							
1.01	Energy Charges		\$ 4,360,113	\$ 3,467,884	\$ 849,409	\$ 42,820				
1.02	Demand Charges		164,949	-	164,949	-				
1.03	Customer Charges		489,168	456,396	32,772	-				
1.04	<b>Total Revenues from Proposed Base Rates</b>		<b>\$ 5,014,230</b>	<b>\$ 3,924,280</b>	<b>\$ 1,047,130</b>	<b>\$ 42,820</b>				
			<b>Rx</b> →							
			<b>Other Income</b>							
2.01	Other License/Fees	2.02	36,411	\$ 26,683	\$ 9,728	\$ -				
2.02	PC Card Rebate	DA	23	\$ 23						
2.03	Late Fees	DA	7,740	\$ 7,740						
2.04	Recovery of Bad Debts	DA	621	\$ 621	\$ -	\$ -				
2.05	Investment Income	2.01	-	\$ -	\$ -	\$ -				
2.06	Total Other Income	Sum	\$ 44,795	\$ 35,066	\$ 9,728	\$ -				
<b>2.07</b>	<b>Net Revenue Requirement</b>		\$ 5,059,025	\$ 3,959,347	\$ 1,056,858	\$ 42,820				
3.01	<b>Calculated Return on Rate Base</b>		<b>6.69%</b>	<b>3.17%</b>	<b>16.10%</b>	<b>32.01%</b>				
1	2	3	4	5	6	7	8	9	10	11
			<b>Purchased Power</b>							
4.00	Purchased Power Energy Expense	2.01	\$ 1,084,160	\$ 788,844	\$ 287,611	\$ 7,705				
4.01	Purchased Power Demand Expense	3.01	\$ 2,032,848	\$ 1,533,415	\$ 479,212	\$ 20,220				
4.02	Total Purchased Power Expense	Sum	\$ 3,117,008	\$ 2,322,259	\$ 766,823	\$ 27,926				
			<b>Gross Income</b>							
<b>5.0</b>	Revenues less Pu		\$ 1,942,017	\$ 1,637,088	\$ 290,035	\$ 14,894				

**Electric Operating & Maintenance Expenses**

Electric Labor:

6.00	SPA Reg Salaries	5.02	\$ 547,902	\$ 511,195	\$ 36,707	\$ -
6.01	SPA Overtime	5.02	\$ 460	\$ 429	\$ 31	\$ -
6.02	SPA Holiday Premium	5.02	\$ 261	\$ 244	\$ 17	\$ -
6.03	SPA Shift Premium	5.02	\$ -	\$ -	\$ -	\$ -
6.04	SPA Other Premium	5.02	\$ 6,050	\$ 5,645	\$ 405	\$ -
6.05	SPA Longevity	5.02	\$ 8,050	\$ 7,511	\$ 539	\$ -
6.06	Non-Student Reg	5.02	\$ -	\$ -	\$ -	\$ -
6.07	Flex Spending Account	5.02	\$ 721	\$ 673	\$ 48	\$ -
6.08	Social Security	5.02	\$ 36,237	\$ 33,810	\$ 2,428	\$ -
6.09	State Retirement	5.02	\$ 96,882	\$ 90,392	\$ 6,491	\$ -
6.10	Accrued Vacation	5.02	\$ 21,764	\$ 20,306	\$ 1,458	\$ -
6.11	Medical Insurance	5.02	\$ 66,612	\$ 62,149	\$ 4,463	\$ -
6.12	Employee on Loan	5.02	\$ -	\$ -	\$ -	\$ -
6.13	Tort Claims	5.02	\$ -	\$ -	\$ -	\$ -
6.14	Tx to OSC-FICA Svgs	5.02	\$ -	\$ -	\$ -	\$ -



**Western Carolina Electric Resale**  
**Cost of Service Study as of June 30, 2019**

**Proforma Results of Operations**

Line	Description	Allocation	Total System	Residential	Commercial	Area Lighting
6.15	Total Labor	Sum	\$ 784,939	\$ 732,352	\$ 52,587	\$ -
	<u>Repairs and Maint</u>					
7.00	Repair Supplies	5.02	\$ 210,965	\$ 196,831	\$ 14,134	\$ -
7.01	Motor Vehicle Supp	5.02	\$ 16,426	\$ 15,325	\$ 1,100	\$ -
7.02	Repairs and Maint	5.02	\$ 53,796	\$ 50,192	\$ 3,604	\$ -
7.03	Freight/Delivery	5.02	\$ 2,053	\$ 1,915	\$ 138	\$ -
			\$ 283,240	\$ 264,264	\$ 18,976	\$ -
	<u>O&amp;M - Billing &amp; Collection:</u>					
8.00	Office Supplies	5.02	\$ 389	\$ 363	\$ 26	\$ -
8.01	Other Admin Supplies	5.02	\$ 35	\$ 33	\$ 2	\$ -
8.02	Data Processing Supplies	5.02	\$ -	\$ -	\$ -	\$ -
8.03	Maint Agreement Softwar	5.02	\$ 8,966	\$ 8,365	\$ 601	\$ -
8.04	Travel	5.02	\$ 122	\$ 114	\$ 8	\$ -
8.05	Postage	5.02	\$ 8,823	\$ 8,232	\$ 591	\$ -
8.06	Printing and Binding	5.02	\$ 6,331	\$ 5,907	\$ 424	\$ -
8.07	PawPrint Copying	5.02	\$ 4,151	\$ 3,873	\$ 278	\$ -
8.08	Advertising	5.02	\$ 615	\$ 574	\$ 41	\$ -
8.09	Other Current Service	5.02	\$ -	\$ -	\$ -	\$ -
8.10	PC & Printer Purchase	5.02	\$ 17,864	\$ 16,667	\$ 1,197	\$ -
8.11	PC Software Purchase	5.02	\$ -	\$ -	\$ -	\$ -
8.12	Receivables Write-Off	5.02	\$ 4,722	\$ 4,406	\$ 316	\$ -
8.13	Bank Charges	5.02	\$ 14,928	\$ 13,928	\$ 1,000	\$ -
8.14	Other Interest	5.02	\$ -	\$ -	\$ -	\$ -
8.15	Interest on Cust Dep	5.01	\$ 15,852	\$ 14,790	\$ 1,062	\$ -
8.16	Subtotal O&M - Distribution Related	Sum	\$ 82,799	\$ 77,252	\$ 5,547	\$ -
	<u>Administration - Other</u>					
9.00	Repair Supplies	10.03		\$ -	\$ -	\$ -
9.01	Motor Vehicle Supplies	10.03		\$ -	\$ -	\$ -
9.02	Repairs and Maint.	10.03		\$ -	\$ -	\$ -
9.03	Freight/Delivery	10.03		\$ -	\$ -	\$ -
9.04	Other Equipment	10.03		\$ -	\$ -	\$ -
9.05	Receivables Write-Off	10.03		\$ -	\$ -	\$ -
9.06	Annual Consulting Contra	10.03	\$ 14,530	\$ 11,609	\$ 2,812	\$ 108
9.07	Total Administrative-Other		\$ 14,530	\$ 11,609	\$ 2,812	\$ 108
13.01	<b>Depreciation</b>	5.02	\$ 233,761	\$ 218,100	\$ 15,661	\$ -
	<u>Other O&amp;M:</u>					
9.01	Laboratory Service	5.02	\$ -	\$ -	\$ -	\$ -
9.02	Misc. Contracted Service	5.02	\$ -	\$ -	\$ -	\$ -
9.03	Medical Serv. No Hosp	5.01	\$ -	\$ -	\$ -	\$ -
9.04	Telephone Services	5.01	\$ 2,369	\$ 2,210	\$ 159	\$ -
9.05	Registration Fees	5.01	\$ -	\$ -	\$ -	\$ -

**Western Carolina Electric Resale**  
**Cost of Service Study as of June 30, 2019**

**Proforma Results of Operations**

Line	Description	Allocation	Total System	Residential	Commercial	Area Lighting
9.06	Clothing & Uniforms	5.02	\$ 21,343	\$ 19,913	\$ 1,430	\$ -
9.07	Security/Safety	5.02	\$ -	\$ -	\$ -	\$ -
9.08	Rental-Other Equip	5.02	\$ -	\$ -	\$ -	\$ -
9.09	Maintenance Contracts	5.02	\$ -	\$ -	\$ -	\$ -
9.10	Insurance and Bonding	5.02	\$ 12,117	\$ 11,305	\$ 812	\$ -
9.11	License & Permit Cost	5.02	\$ 320	\$ 299	\$ 21	\$ -
9.12	Fixed Charges	5.02	\$ 912	\$ 851	\$ 61	\$ -
9.13	Rate Case Exp	5.02	\$ 8,333	\$ 7,775	\$ 558	\$ -
9.14	Intra Transfers for OH	5.02	\$ 200,182	\$ 186,771	\$ 13,411	\$ -
9.15	Motor Vehicles	5.02	\$ -	\$ -	\$ -	\$ -
9.16	Total Other Operating Expenses	Sum	\$ 245,575	\$ 229,123	\$ 16,452	\$ -
10.00	Subtotal Production, Transmission & I		\$ 4,761,853	\$ 3,854,959	\$ 878,859	\$ 28,034
11.00	Pre-Tax Income		\$ 297,172	\$ 104,388	\$ 177,999	\$ 14,786
	Tax Allocation Factors			35.13%	59.90%	4.98%
	Federal Taxes		\$ 62,406	\$ 21,921	\$ 37,380	\$ 3,105
	State Taxes		\$ 7,043	\$ 2,474	\$ 4,219	\$ 350
	Net Income		\$ 227,723	\$ 79,992	\$ 136,401	\$ 11,330
	<b>Rate Base</b>					
12.00	Plant In Service	3.01	\$ 6,937,255	\$ 5,232,901	\$ 1,635,350	\$ 69,004
12.01	Supplies and Materials Inventory	3.01	\$ 313,580	\$ 236,540	\$ 73,922	\$ 3,119
12.02	LESS: Accumulated Depreciation	3.01	\$ (3,865,491)	\$ (2,915,812)	\$ (911,229)	\$ (38,449)
12.03	<b>Total NET Plant in Service</b>	Sum	\$ <b>3,385,345</b>	\$ <b>2,553,629</b>	\$ <b>798,042</b>	\$ <b>33,674</b>
13.00	<b>Total Working Capital</b>	2.01	\$ 242,753	\$ 176,629	\$ 64,399	\$ 1,725
14.00	<b>Customer Deposits</b>	5.01	\$ (225,289)	\$ (210,196)	\$ (15,093)	\$ -
15.00	<b>Total Rate Base</b>	Calc	\$ <b>3,402,808</b>	\$ <b>2,520,062</b>	\$ <b>847,348</b>	\$ <b>35,399</b>
16.00	<b>Return on Rate Base</b>		6.69%	3.17%	16.10%	32.01%

	Total System	Residential	Commercial	Area Lighting
Rate of Return	6.69%	3.17%	16.10%	32.01%

Allocation Factors						
Line	Description	Allocation	Total System	Residential	Commercial	Area Lighting
<b><u>SPECIFIC ALLOCATOR:</u></b>						
1.01	Residential		1.000000	1.000000	0.000000	0.000000
1.02	Commercial		1.000000	0.000000	1.000000	0.000000
1.04	Area Lighting		1.000000	0.000000	0.000000	1.000000
<b><u>ENERGY ALLOCATOR:</u></b>						
	Usage in kWh		42,234,747	30,730,341	11,204,238	300,168
2.01	Allocation %		100.00%	72.76%	26.53%	0.71%
	Base Energy					
	Res. And Commercial Usage Only		41,934,579	30,730,341	11,204,238	
2.02	Allocation %		100.00%	73.28%	26.72%	
<b><u>DEMAND ALLOCATORS</u></b>						
			<i>Load Factor</i>	<i>54.00%</i>	<i>63.00%</i>	<i>40.00%</i>
	Cumulative Monthly NCP Demand (kW) [1]		103,347	77,956	24,362	1,028
3.01	Allocation %		100.00%	75.43%	23.57%	0.99%
			<i>Load Factor</i>	<i>55.10%</i>	<i>64.29%</i>	<i>40.82%</i>
	CP Demand (kW) [2]		101,280	76,397	23,875	1,007
3.02	Allocation %		100.00%	75.43%	23.57%	0.99%
<b><u>CUSTOMER ALLOCATORS:</u></b>						
	Average Number of Customers w/o lighting adj		3,397	3,169	228	-
5.01	Allocation %		100.00%	93.30%	6.70%	0.00%
	Average Number of Customers w/ lighting adj (2)		3,398	3,169	228	1
5.02	Allocation %		100.00%	93.30%	6.70%	0.00%
5.03	Weighted Cust/Demand Allocation [3]		100.00%	88.50%	11.29%	0.21%
5.04	Weighted Cust/Demand Allocation [4]		100.00%	79.90%	19.35%	0.75%

**Notes:**

- [1] NCP Load Factors estimated
- [2] No CP research data available for these classes. Coincident Peak Demands are estimated using a 98% coincident factor on NCP. Security Lighting and Street Lighting are assumed to be off-peak, but are assigned 50% of peak demand to recognize the need for purchased capacity to serve their loads.
- [3] **Weighted Allocation:**
- |          |         |
|----------|---------|
| Demand   | 12.50%  |
| Customer | 75.00%  |
| Energy   | 12.50%  |
| Total    | 100.00% |
- [4] **Weighted Allocation:**
- |          |         |
|----------|---------|
| Demand   | 75.00%  |
| Customer | 25.00%  |
| Total    | 100.00% |