

May 1, 2019 Step Adjustment

Line No.	Description	Rate Effective Date	Investment Year 2018
	<u>Utility Plant:</u>		
1	Beginning Utility Plant		\$ 324,214,118
2	Plant Additions		18,361,098
3	Retirements		(2,136,028)
4	Ending Utility Plant		<u>340,439,187</u>
5	Beginning Accumulated Depreciation		114,418,513
6	Depreciation		12,146,479
7	Retirements		(2,136,028)
8	Cost of Removal and Salvage		(1,358,593)
9	Ending Accumulated Depreciation		<u>123,070,371</u>
10	Ending Net Utility Plant		<u>\$ 217,368,817</u>
	<u>Revenue Requirement:</u>		
11	Change in Net Plant		\$ 7,573,212
12	80% of Change in Net Plant		6,058,570
13	Pre-Tax Rate of Return		10.15%
14	Return and Taxes		<u>615,133</u>
15	Depreciation Expense on 80% of Plant Additions ⁽¹⁾		640,729
16	Property Taxes on 80% Change in Net Plant ⁽²⁾		187,210
17	Revenue Requirement		<u>\$ 1,443,072</u>
18	<u>Revenue Requirement Limit:</u>		
19	Revenue Requirement		\$ 1,443,072
20	May 1, 2017, 2018 & 2019 Step Adjustment Revenue Requirement Cap		\$ 4,500,000
21	Less: May 1, 2017 Step Adjustment Revenue Requirement		900,194
22	Add: Tax Rate Reduction to May 1, 2017 Step Adjustment		44,991
23	Less: May 1, 2018 Step Adjustment Revenue Requirement		<u>3,302,989</u>
24	Remaining May 1, 2019 Step Adjustment Revenue Requirement Cap		<u>\$ 341,808</u>
25	Allowable Revenue Requirement (Min of Line 19 or 24)		<u>\$ 341,808</u>

Notes:

(1) See Annualized Depreciation from page 4

(2) 3.09% rate (2018 Property Taxes of \$6,727,169 / 2018 Net Utility Plant of \$217,368,817)

2018 Gross Plant Detail

Description	Beginning Balance	Additions	Retirements	Ending Balance
301-00 Organization-E	380	-	-	380
303-00 Intangible Software-5 Yea-E	4,506,691	760,778	-	5,267,469
303-01 Intangible Software-3 Yea-E	87,196	-	-	87,196
303-02 Intangible Software-10 Yea-E	4,705,733	-	-	4,705,733
343-00 Prime Movers-E	56,575	-	-	56,575
353-00 Transmission Station Equi-E	-	-	-	-
360-01 ROW - Distribution-E	991,116	-	-	991,116
360-02 ROW - Distribution-E	1,674,812	-	-	1,674,812
361-00 Distribution Structures-E	2,173,616	-	-	2,173,616
362-00 Distribution Station Equi-E	45,775,957	482,629	(75,409)	46,183,177
364-00 Distribution Poles, Tower-E	61,567,986	4,348,899	(448,980)	65,467,905
365-00 Distribution Overhead Con-E	78,753,557	4,677,473	(704,772)	82,726,259
366-00 Distribution Underground -E	1,921,524	132,716	(4,292)	2,049,948
367-00 Distribution Underground -E	19,881,802	1,335,215	(93,582)	21,123,436
368-00 Distribution Line Transfo-E	26,231,769	1,917,442	(5,449)	28,143,763
368-01 Transformer Installations-E	20,391,273	1,877,682	(5,354)	22,263,600
369-00 Distribution Services-E	22,441,287	893,128	(200,440)	23,133,974
370-00 Distribution Meters-E	10,138,977	700,543	(369,130)	10,470,391
370-01 Meter Installation-E	4,933,880	700,543	-	5,634,424
371-00 Installations on Customer-E	2,139,641	246,648	(141,975)	2,244,314
373-00 Street Lights & Signal Sy-E	3,320,883	203,123	(86,645)	3,437,361
373-01 Street Lights & Signal Sy-E	-	-	-	-
389-00 General & Misc. Land-E	18,620	-	-	18,620
390-00 Structures-E	4,098,562	12,975	-	4,111,537
390-01 General & Misc. Structure-E	-	-	-	-
391-01 Office Furniture & Fixtur-E	278,782	(1,696)	-	277,086
391-03 Computer Equipment-E	-	-	-	-
392-00 Transportation Equipment-E	1,073,695	-	-	1,073,695
393-00 Stores Equipment-E	79,908	-	-	79,908
394-00 Tools, Shop and garage Eq-E	1,909,247	123,357	-	2,032,604
395-00 Laboratory Equipment-E	852,772	284	-	853,056
397-00 Communication Equipment-E	4,104,932	(50,643)	-	4,054,290
398-00 Miscellaneous Equipment-E	102,943	-	-	102,943
399-00 Other Intangible Plant-E	-	-	-	-
Grand Total	324,214,118	18,361,098	(2,136,028)	340,439,187

2018 Accumulated Depreciation Detail

Description	Beginning Balance	Provision	Retirements	Cost of Removal	Salvage	Ending Balance
301-00 Organization	-	-	-	-	-	-
303-00 Intangible Software-5 Year	3,865,915	256,785	-	-	-	4,122,700
303-01 Intangible Software-3 Year	87,196	-	-	-	-	87,196
303-02 Intangible Software-10 Year	1,203,428	470,573	-	-	-	1,674,001
343-00 Prime Movers	25,475	3,774	-	-	-	29,249
353-00 Transmission Station Equi-E	-	-	-	-	-	-
360-01 ROW - Distribution-E	-	-	-	-	-	-
360-02 ROW - Distribution-E	-	-	-	-	-	-
361-00 Distribution Structures	146,398	53,254	-	-	-	199,652
362-00 Distribution Station Equipme	9,049,261	1,186,616	(75,409)	(52,152)	-	10,108,316
364-00 Distribution Poles, Towers &	23,953,300	2,334,398	(448,980)	(598,930)	4,607	25,244,394
365-00 Distribution Overhead Conduc	24,358,610	2,925,997	(704,772)	(587,509)	11,454	26,003,780
366-00 Distribution Underground Con	627,217	40,314	(4,292)	(2,227)	-	661,012
367-00 Distribution Underground Con	5,964,162	521,668	(93,582)	(81,626)	785	6,311,408
368-00 Distribution Line Transforme	10,167,952	795,176	(5,449)	(13,420)	-	10,944,259
368-01 Transformer Installations	5,258,722	597,113	(5,354)	(33)	-	5,850,448
369-00 Distribution Services	15,510,678	1,286,093	(200,440)	(26,675)	79	16,569,734
370-00 Distribution Meters	4,140,985	511,035	(369,130)	-	-	4,282,890
370-01 Meter Installation	798,695	250,780	-	-	-	1,049,475
371-00 Installations on Customers P	512,355	164,982	(141,975)	(17,061)	17,305	535,606
373-00 Street Lights & Signal Syste	2,451,436	262,867	(86,645)	(23,992)	18,459	2,622,126
373-01 Street Lights & Signal Syste	-	-	-	-	-	-
389-00 General & Misc. Land	-	-	-	-	-	-
390-00 Structures	1,594,775	85,362	-	-	-	1,680,137
390-01 General & Misc. Structures	863	-	-	-	-	863
391-01 Office Furniture & Fixtures	(122,521)	16,281	-	-	-	(106,240)
391-03 Computer Equipment	4,346	-	-	-	-	4,346
392-00 Transportation Equipment	1,045,145	-	-	-	-	1,045,145
393-00 Stores Equipment	58,097	2,685	-	-	-	60,782
394-00 Tools, Shop and garage Equip	755,002	71,154	-	-	-	826,156
395-00 Laboratory Equipment	394,803	33,269	-	-	-	428,072
397-00 Communication Equipment	2,477,785	271,281	-	(7,658)	-	2,741,408
398-00 Miscellaneous Equipment	88,434	5,024	-	-	-	93,458
399-00 Other Tangible Property	-	-	-	-	-	-
Grand Total	114,418,513	12,146,479	(2,136,028)	(1,411,283)	52,690	123,070,371

Annualized Depreciation by FERC Account

Description	Additions	Depreciation Rate	Annual Depreciation
303-00 Intangible Software-5 Yea-E	760,778	20.00%	152,156
303-02 Intangible Software-10 Yea-E	-	10.00%	-
361-00 Distribution Structures-E	-	2.45%	-
362-00 Distribution Station Equi-E	482,629	2.60%	12,548
364-00 Distribution Poles, Tower-E	4,348,899	3.70%	160,909
365-00 Distribution Overhead Con-E	4,677,473	3.64%	170,260
366-00 Distribution Underground -E	132,716	2.04%	2,707
367-00 Distribution Underground -E	1,335,215	2.55%	34,048
368-00 Distribution Line Transfo-E	1,917,442	3.00%	57,523
368-01 Transformer Installations-E	1,877,682	2.89%	54,265
369-00 Distribution Services-E	893,128	5.67%	50,640
370-00 Distribution Meters-E	700,543	5.00%	35,027
370-01 Meter Installation-E	700,543	5.00%	35,027
371-00 Installations on Customer-E	246,648	7.56%	18,647
373-00 Street Lights & Signal Sy-E	203,123	7.79%	15,823
390-00 Structures-E	12,975	2.08%	270
391-01 Office Furniture & Fixtur-E	(1,696)	5.83%	(99)
394-00 Tools, Shop and garage Eq-E	123,357	3.64%	4,490
395-00 Laboratory Equipment-E	284	3.90%	11
397-00 Communication Equipment-E	(50,643)	6.60%	(3,342)
Grand Total	18,361,098	4.36%	800,911

Pre-Tax Rate of Return
December 31, 2015 Pro Forma

Line No.	Description	Proformed Amount	Weight	Cost of Capital	Weighted Cost of Capital	Tax Factor ⁽¹⁾	Pre-Tax Cost
1	Common Stock Equity	\$ 77,284,950	50.97%	9.50%	4.84%	1.3744	6.65%
2	Preferred Stock Equity	189,800	0.13%	6.00%	0.01%		0.01%
3	Long Term Debt	74,000,000	48.80%	7.15%	3.49%		3.49%
4	Short Term Debt	161,783	0.11%	1.54%	0.00%		0.00%
5	Total	\$ 151,636,533	100.00%		8.34%		10.15%

Notes:

(1) Tax factor calculated using a Federal Tax Rate of 21% and State Tax Rate of 7.9% (effective tax rate of 27.241%)