

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held in the City of
New York on February 23, 2016

COMMISSIONERS PRESENT:

Audrey Zibelman, Chair
Patricia L. Acampora
Gregg C. Sayre
Diane X. Burman

CASE 15-E-0184 - Minor Rate Filing of the City of Jamestown to
Increase its Annual Electric Base Revenues by
about \$1,197,760 or 2.48%.

ORDER DETERMINING REVENUE REQUIREMENT
AND RATE DESIGN

(Issued and Effective February 23, 2016)

BY THE COMMISSION:

INTRODUCTION

On March 27, 2015, the City of Jamestown Board of
Public Utilities (Jamestown Electric)¹ filed tariff revisions to
its electric tariff schedule, P.S.C. No. 1 - Electricity and
supporting documents (Rate Application or Filing), proposing a
minor increase in its annual electric revenues of \$1,197,760 or
about 2.48% of total revenues. By this order, Jamestown
Electric is authorized to increase its annual revenues by
\$816,352, effective March 1, 2016. This amounts to an increase
of approximately 1.69% of total revenues or 3.50% of base
delivery revenues.

¹ As used in this order, "Jamestown Electric" refers
specifically to the Electric Department, whereas "BPU" refers
to the Utility that contains all the various utility
departments.

BACKGROUND

The Jamestown Board of Public Utilities operates several utilities including Jamestown Electric, a municipal electric utility serving approximately 19,235 customers. Jamestown Electric's service territory includes the City of Jamestown, the Villages of Falconer and Celoron, and the Town of Ellicott. In its filing, Jamestown Electric asserts that its request is necessary primarily because of lower retail sales and increases to several costs including labor, pension, and health insurance costs. Jamestown Electric indicates that costs associated with infrastructure improvements are an additional primary driver of the utility's requested rate increase. Further, since Jamestown Electric's last rate increase², general inflation has increased costs by an estimated 10.6%, the equivalent of a compound rate of about 2.0% per year. Although not discussed in Jamestown Electric's filing, and not a driver of the requested rate increase, another major issue that arose in this proceeding relates to an annual revenue contribution made by Jamestown Electric to the City of Jamestown.

The Rate Application provided that the proposed tariff revisions would be effective on September 1, 2015. Jamestown Electric filed six separate supplements, on July 22, 2015, September 1, 2015, September 21, 2015, October 22, 2015, December 1, 2015, and December 18, 2015, that cumulatively postponed the effective date of the proposed tariff leaves until March 1, 2016. The historic test year was the twelve months ended December 31, 2014, coinciding with the beginning and end points of Jamestown Electric's Fiscal Year. The electric utility's rate year pursuant to this Order will be the twelve months ending February 28, 2017.

² Case 09-E-0862, Jamestown Board of Public Utilities - Electric Rates, Untitled ARSO (issued July 20, 2010).

The tariff amendments are identified in Appendix A to this Order. Appendix B to this Order shows Jamestown Electric's filed revenue requirement and the Commission's adjustments made herein. Appendix C to this Order shows the rates and bill impacts for all customer classes. Appendix D to this order shows the calculation of off-system sales to be refunded to customers, and the forecasted balance of the Overhaul Reserve Fund.

PUBLIC NOTICE AND COMMENT

Pursuant to the State Administrative Procedure Act (SAPA) §202(1), a Notice of Proposed Rulemaking was published in the State Register on April 15, 2015 [SAPA No. 15-E-0184SP1]. The public comment period expired on July 13, 2015. Additionally, Jamestown Electric complied with Public Service Law (PSL) §66(12)(b) which requires newspaper publication of its proposed tariff amendments.

Comments were submitted by Manufacturers Association of the Southern Tier and Chautauqua County Chamber of Commerce, Blackstone Advanced Technologies, Dawson Metal Co Inc, Weber Knapp Company, Power Drives, Inc., Bush Industries, Fancher Chair Co, Allen Industrial Sales, Inc., Forecon Inc., The Town of Ellicott, and by six individuals.

The Manufacturers Association of the Southern Tier and the Chautauqua County Chamber of Commerce (MAST/CCCC) filed comments opposing Jamestown Electric's revenue contributions to the City of Jamestown's General Fund. In its comments, MAST/CCCC requested that the Commission order that a portion of any future revenue contributions be refunded to Jamestown Electric customers located outside the City of Jamestown claiming that these ratepayers receive no benefit from reallocating Jamestown Electric funds to balance the City of

Jamestown's General Fund budget. Further, MAST/CCCC asserts that the revenue contributions will inhibit Jamestown Electric's ability to upgrade its facilities and finance capital projects.

Various Industrial customers asserted a similar concern regarding the annual revenue contribution made by Jamestown Electric to the City of Jamestown. The customers note that although the contribution may pose no economic impact on, or may provide some benefit to, electric customers within the City of Jamestown's limits, many of Jamestown Electric's largest customers are outside of the City of Jamestown's limits. These industrial customers argue that this revenue contribution essentially amounts to a tax by the City of Jamestown on non-City businesses and residents. The customers also maintain that if Jamestown Electric used the revenue contribution towards its own operating expenses or capital projects, the requested rate increase could be avoided.

The Town of Ellicott filed comments expressing concern for its residents who are served by Jamestown Electric. The Town questions the need for the rate increase also arguing that a rate increase to replenish the amounts provided to the City of Jamestown through the revenue contribution essentially amounts to a tax on non-City residents.

Numerous concerned citizens and small business owners expressed similar concerns opposing the requested rate increase and dispute Jamestown Electric's description of its proposal as a 2.5% rate increase. The cost of business continues to rise and New York State and local property taxes continue to put pressure on the many small businesses. The comments received all question Jamestown Electric making an annual revenue contribution to the City of Jamestown's General Fund, yet requesting a rate increase, characterizing such conduct as troubling. These commentators contend that small businesses are

struggling to remain competitive and that utility rate increases may drive some out of business. Further, they question whether the City of Jamestown is behind Jamestown Electric's rate increase request as an attempt to recover more costs in Jamestown Electric's rates than is appropriate or necessary inasmuch as the payment to the City of Jamestown may be the major driver for the rate increase.

The Commission has considered all the above comments and appreciates the concerns expressed therein. However, as discussed in more detail below, the revenue contributions are not a driver of the requested increase. Additionally, the comments do not accurately portray the nature of the revenue contributions made to Jamestown.

DISCUSSION AND CONCLUSION

Adjustments to Operating Expenses

Labor

In the Filing, Jamestown Electric proposed a rate year labor forecast of \$5,156,639, which was an increase of \$208,422, or approximately 4%, from the actual labor expenses incurred in the historic test year. The projected increase in labor expense was attributed to the wages and benefits of two newly created positions - Business Development Coordinator and REV Coordinator. Jamestown Electric represents that the salaries and benefits for these positions will be \$145,000 and \$63,422, respectively.

Based on information provided by Jamestown Electric it was determined that the Business Development Coordinator and REV Coordinator positions were not going to be filled prior to the rate year. Consequently, the wages for these positions were removed from the rate year forecast. This adjustment resulted in a decrease to labor expense of \$208,423.

NYS Pension

Jamestown Electric, through the City of Jamestown, is a member of the New York State and Local Retirement System (Retirement System). Jamestown Electric's forecasted pension expense for the rate year is \$823,794. The rate year forecast was developed based on an allocation of labor expense attributable to the electric department and the applicable pension rate.

Based on the 2016 and 2017 pension rates provided by the Retirement System, Jamestown Electric's forecasted pension expense was overstated. Accordingly, the rate year forecast was adjusted to reflect the most current rates which resulted in a reduction to the rate year forecast by \$185,195.

Health Insurance

Jamestown Electric funds its health insurance costs through self-insured health premiums. In its Filing, Jamestown Electric forecasted a rate year health insurance expense of \$1,001,092, which is an increase of \$233,048 from the historic test year expense of \$768,044. The increase in health insurance costs were attributed to changes in the health insurance capitalization rate applied to labor and to reflect the removal of a non-cash credit associated with the amortization of a previous Other Post Employment Benefit liability.

A review of the historic test year amount revealed that the health insurance premiums were not properly allocated among the various utility departments within the BPU. The rate year forecast was adjusted to reflect the allocation of BPU health insurance costs to be consistent with the BPU distribution of labor costs to the electric department. In addition, the forecast was updated to reflect the latest health insurance premiums and capitalization rate applied to labor.

These adjustments reduce the health insurance costs in the rate year by \$22,895.

Workers Compensation

During the fiscal year ended December 31, 2013, the City of Jamestown adopted a new methodology for allocating workers compensation expenses between the City of Jamestown and the BPU. The new methodology allocates workers compensation expense using a formula that is based 60% on past claims and 40% on property. The electric department is then allocated 60% of the BPU total, based on actual headcount. Using this methodology Jamestown Electric forecasted a rate year workers compensation expense of \$317,111.

Allocating workers compensation based on property is not reasonable because property has no direct relationship with workers compensation. Workers compensation expense is more directly related to labor and the electric department's workforce and therefore workers compensation expense should be allocated based on the electric department's headcount. Under such corrected alternative methodology, the rate year forecast for workers compensation expense should be \$237,303 or a reduction of \$79,807 from Jamestown Electric's forecasted rate year expense.

Rate Case Expense

Jamestown Electric estimated its rate case expenses to be approximately \$110,000. In addition, Jamestown Electric proposed to defer and amortize these rate case expenses over a two-year period. Jamestown Electric's estimate appears to be overstated based on its historic costs. In Jamestown Electric's last rate case in 2009, the utility incurred rate case expenses of approximately \$70,000. Based on this information and the absence of any actual invoices from Jamestown Electric, the estimated rate case expenses were adjusted to reflect the actual

2009 rate case expenses adjusted for inflation. Further, the Commission has recently allowed electric municipalities to defer and amortize rate case expenses over a three-year period which lessens the bill impact of the rate increase to customers and amortizes the cost over the life of the rate plan³.

Historically Jamestown Electric rates have been sufficient enough for the utility to not seek rate relief for multiple years. Accordingly, the amortization period has been adjusted from a two-year period to a three-year period. These adjustments result in a decrease to Jamestown Electric's rate year forecast of rate case expenses by \$26,620.

Uncollectibles

In its Filing, Jamestown Electric forecasted a rate year uncollectible expense of \$106,794. Jamestown Electric forecasted its uncollectible expense by multiplying the ratio of write-offs to sales revenues to the electric department's forecasted retail sales. The ratio of write-offs to revenues was developed by taking the aggregate of the last three years of actual write-offs and dividing by the actual retail sales for that same period. This resulted in a write-off to revenue ratio of 0.346%. Jamestown Electric applied this ratio to its pro-forma retail sales of \$30,874,755, resulting in an uncollectible rate year forecast of \$106,794.

Uncollectible expense should be based on a historic level of actual net write-offs. Jamestown Electric's forecasted rate year uncollectible expense did not include collections that occurred during the historic period and thus was not based on net write-offs. The use of actual net write-offs is an appropriate methodology because it more accurately reflects the level of uncollectible expense incurred by Jamestown Electric.

³ Case 09-E-0782, Village of Churchville - Electric Rates, Untitled Order (issued April 19, 2010).

Jamestown Electric's forecasted rate year uncollectible expense was revised to reflect a five-year average of actual net write-offs. Based on this methodology, the rate year forecast of uncollectible expense is \$11,927 or a \$94,867 decrease from Jamestown Electric's rate year forecast.

Rate of Return

A fair rate of return for a municipal utility should ensure continuing support in the capital markets at reasonable terms, thereby allowing the utility to provide safe and adequate service to its customers. Moreover, a fair rate of return allows a municipal utility to recover its prudently incurred embedded cost of debt and provides a return equivalent to the utility's current borrowing rate on its retained surplus. The investment provided by the utility's surplus must receive a return to compensate the municipal government for not withdrawing the funds from the utility and using it for other purposes. If the municipality were to withdraw the surplus from the municipal utility, those monies would have to be replaced by a new issuance of utility debt. As a result, setting the return on surplus equal to the current borrowing rate ensures that a municipality will be neutral when choosing between debt and surplus to meet its capital requirements.

Jamestown Electric's capitalization matrix was comprised primarily of net surplus (82.72%). Jamestown Electric calculated a return on surplus of 3.63%, which yielded an overall rate of return of 3.77%⁴. The City of Jamestown's last credit rating was rated A- by Standard & Poor's in 2013. Historically, the Commission has used Moody's ratings in municipal utility ratemaking. The average yield for an A- or equivalent Moody's A3 based on Moody's 20-year municipal bonds

⁴ Jamestown Electric could have justified a 3.77% overall Rate of Return but chose to use 3.71% to keep the overall requested revenue increase below the mini rate case threshold of 2.5%.

for the most recent three months is 4.03%. Accordingly, consistent with the Commission's past practice, that rate was used to set Jamestown Electric's return on surplus. This results in an upward adjustment of \$338,765 to the revenue requirement.

Adjustments to Rate Base

Plant in Service

Per its filing, Jamestown Electric indicated that its average plant in service balance for the rate year is \$159,421,945. This balance is based in part on the December 31, 2014 plant in service balance. However, a review of the NYPSC Annual Report for the fiscal year ended December 31, 2014⁵ indicated the plant in service balance used to calculate the rate year balance was overstated by \$1,350,000. Jamestown Electric indicated that \$1,350,000 was included in error and the plant in service balance should be reduced by that amount. Therefore plant in service was adjusted to reflect the correct plant in service balance.

Unamortized Rate Case Expense

Based on the adjustment to Rate Case Expense to reflect a three-year amortization, it was necessary to make a corresponding adjustment to the unamortized balance included in rate base. This adjustment will decrease Jamestown's rate year amortization forecast of rate case expenses by \$18,206.

Cash Working Capital

Based on the adjustments made to operating and maintenance expense it was necessary to make a corresponding adjustment to Jamestown Electric's cash working capital balance included in rate base. In addition, cash working capital was adjusted to reflect the inclusion of purchased electricity which

⁵ Annual Report of Jamestown Board of Public Utilities for the period ending December 31, 2014.

Jamestown Electric had erroneously excluded. These adjustments, in aggregate, resulted in an increase to Jamestown Electric's cash working capital balance by \$778,991.

Restricted Capital Projects and Overhaul Fund

Pursuant to the Commission's order in Case in 04-E-1485⁶, Jamestown Electric was directed to set aside profits from off-system sales, in excess of \$1,225,000 per year, in a dismantling fund to address the anticipated costs of dismantling their existing coal plant. The Commission ordered that the dismantling fund be capped at \$12,150,000 and amounts in excess of that amount be deferred for future disposition by the Commission. In 2014, Jamestown Electric reached the cap and deferred \$2,833,109 in a separate account for disposition by the Commission⁷.

As part of its Filing, Jamestown Electric proposed that any off-system sales profits in excess of \$1,225,000 per year be used to establish a Restricted Capital Projects and Overhaul Reserve Fund. Jamestown Electric proposed to use the amounts deposited in the Capital Projects and Overhaul Reserve Fund for periodic maintenance of their gas and steam turbine generators and to fund future capital projects. Proper maintenance of the turbine generators requires an overhaul every 25,000 runtime hours. An overhaul was completed in 2015 at a cost of \$2,766,418. Jamestown Electric anticipates overhauls in 2016, 2017, and 2020 estimated at \$1,500,000, \$1,000,000, and

⁶ Case 04-E-1485, Jamestown Board of Public Utilities - Electric Rates, Order Adopting Provisions of Joint Proposal (issued September 25, 2005).

⁷ It should be noted that the historic test year reflects excess off system sales in the amount of \$5,446,347, but based on a review of the annual report the excess off system sales in the historic test year were actually \$5,369,763. Accordingly, an adjustment was made to reflect the correct amount.

\$3,500,000, respectively. Once the fund balance reaches \$4,000,000, or the expected cost of the next overhaul, the excess would be used to fund future capital projects. In addition, Jamestown Electric proposes the existing deferred amount of \$2,833,109 be transferred to the proposed Restricted Capital Projects and Overhaul Reserve Fund.

The use of off-system sales profits in excess of \$1,225,000, the amount included in rates, to fund an overhaul fund for the periodic maintenance of Jamestown Electric's gas and steam turbine generators is a reasonable proposal and beneficial to customers. By using the excess off-system sales to fund the periodic maintenance, customers avoid these costs from being included in rates.

As fully detailed in Appendix D, any off-system sales in excess of \$1,225,000 are to be used to fund an Overhaul Reserve Fund up to \$1,000,000 annually. Any off-system sales in excess of \$1,000,000 will be deferred and credited to customers through its monthly fuel adjustment clause in the following fiscal year. If the actual sales margin is below the target margin of \$1,225,000, customers will not be surcharged the difference between the actual margin and the amount reflected in rates. If in any year the actual sales margin is above \$1,225,000, but less than \$2,225,000, Jamestown Electric will be allowed to use future off-system sales margins in excess of the amount in rates to first offset the deficiency in the prior year. This will ensure that Jamestown Electric has sufficient funds to perform the necessary periodic maintenance of the gas and steam turbine generators. The existing deferred amount of \$2,833,109 should be transferred to the Overhaul Reserve Fund and used to fund future maintenance costs. Based on the

anticipated overhauls, a small portion of the existing deferred amount will be returned to customers⁸.

In regards to the establishment of a Capital Projects Reserve Fund, based on the information provided, it is not necessary nor in the best interest of customers to establish this fund. Jamestown Electric did not indicate any specific capital projects that were forecasted to occur which would necessitate the establishment of a Capital Projects Reserve Fund. Moreover, Jamestown Electric has not provided projections of the sources and uses of funds from operations to show that such funding is required and is the most cost effective source from the perspective of the ratepayers.

Jamestown Electric expressed concern that the elimination of the Capital Projects Reserve Fund would create cash flow issues and restrict future capital projects. In this order we are providing rates that are fully compensatory and support the City of Jamestown's investment grade credit rating so that continued access to capital will be available. Also, according to the Jamestown Electric's recent financial statements, which indicate a reasonable surplus to long-term debt ratio of 83 to 17, we do not share Jamestown Electric's concern. For these reasons the Commission denies Jamestown Electric's request to establish a Capital Projects Reserve Fund.

⁸ The existing \$476,000 of deferred off-system sales profits from energy produced by Jamestown Electric will be credited through its monthly fuel adjustment clause (FAC) within a one year period from when rates become effective.

Jamestown Electric Revenue Contribution

Under the authority provided it by New York's General Municipal Law,⁹ in 2012 the City of Jamestown passed a resolution approving revenue contributions (dividend payments) from Jamestown Electric to the City of Jamestown's General Fund. Under such resolutions, from 2012 to 2014, Jamestown Electric made revenue contributions to the City of Jamestown's General Fund of \$300,000, \$475,000, and \$482,000, respectively. Although the revenue contributions have increased from 2012 to 2014, the latest contribution only represents approximately 19% of net income available for surplus¹⁰. The City of Jamestown asserts that Section 94 of the State's General Municipal Law gives it the authority to use profits from an operating segment (Jamestown Electric) to balance the City of Jamestown's municipal budget. Although Jamestown Electric asserts that such funds are better used to support the business' operating and capital expenditures, ultimately, as demonstrated by the General Municipal Law, the utility is answerable to the municipality that established it.

In an audit of Jamestown Electric's 2014 financial statements, Jamestown Electric's external auditor questioned the appropriateness of the utility's revenue contributions to the City of Jamestown's General Fund. The auditor found that in 2014, Jamestown Electric earned a rate of return (2.7%) below its allowed return, but still made a revenue contribution to the

⁹ Under New York's General Municipal Law §94, profits resulting from the operation of a municipally-owned public utility service may be used for the payment of expenses or obligations incurred by such municipal corporation for municipal purposes or for the payment of refunds to consumers.

¹⁰ Tax Equivalent payments to the City and School Board (known as "payments in lieu of taxes" or PILOTs) totaling \$3,380,029 were deducted from net income to derive the net income available for surplus.

General Fund. In its 2014 audit report, the external auditor recommended the need for the Jamestown Electric management team to review the financial position and operations of Jamestown Electric on an annual basis in addition to the capital investment costs to determine whether Jamestown Electric can support a revenue contribution to the City of Jamestown in the future.

While New York's General Municipal Law does tend to support the City of Jamestown's position, it is not an absolute, unfettered grant of authority to use any and all of the utility's operating income in any manner the City of Jamestown chooses. The General Municipal Law specifies "profits." Moreover, any utility subject to Commission oversight is required to act in a prudent manner. Thus, where costs are shown to have been imprudently incurred, the Commission may require the utility's investors, here the establishing municipality, to absorb such costs by removing their inclusion from the revenue requirement needed to be satisfied by ratepayers. Accordingly, the financial condition of Jamestown Electric is relevant to whether or not it should pay dividends. Jamestown Electric's net surplus has increased from 2012 to 2014, which has contributed to its currently strong financial condition. Further, as shown in Appendix B Schedule 3, Jamestown Electric's current net surplus is approximately \$70,151,014 constituting 83% of its capital structure.

The appropriate measures to consider when determining whether a dividend will affect the financial condition of Jamestown Electric is its operating income and the amount of the surplus in its capital structure. Revenue contributions to the City of Jamestown should not exceed operating income and Jamestown Electric should continue to maintain a surplus that supports its bond rating. As previously mentioned, the revenue

contributions provided to the City of Jamestown in 2014 represents approximately 19% of net income available for surplus and therefore we do not have any concerns over the recent level of contributions when compared to income.

Customers outside of the City of Jamestown argue that the dividend is discriminatory since it provides potential benefits to residents of the City of Jamestown at the expense of residents served by Jamestown Electric who live outside the boundaries of the City of Jamestown. However, the commentators' argument is flawed in that the City of Jamestown provides the capital for the utility and its operations. As the sole investor, the City of Jamestown is entitled to the return earned on that investment. The return allowed is set at an estimate of the City of Jamestown's borrowing rate, described previously herein. In other words, the City of Jamestown can invest its capital in the utility and earn its debt cost, or it can withdraw some of the capital (the surplus) and use it to offset the need for other debt that would otherwise be issued by the rest of the municipality. In choosing from the two preceding options, the City of Jamestown should be indifferent. By retaining the capital in the utility, the utility is strengthened financially, by having a larger "cushion" with which to absorb unexpectedly higher costs or lower revenues. All customers benefit from this. By asking that the City of Jamestown share some of the return on surplus with ratepayers who live outside of the City of Jamestown, the commentators are asking that the City of Jamestown provide capital to the utility at no cost. The return usually given to the investor (the return on surplus) will go to others, who have not provided an investment in the utility.

Tariff Revisions

Revenue Allocation and Rate Design

The revenue increase of \$816,352 authorized by this order produces a revenue increase of approximately 1.69%, and an average base rate increase of approximately 3.50%. In its Rate Application, the Jamestown BPU proposed to allocate the average base rate increase equally among all service classes. This method of revenue allocation is reasonable in the absence of a fully allocated cost-of-service study.

Under the new rates, the total monthly bill of a residential customer using approximately 750 kWh per month will increase 2.60%, from approximately \$53.65 to approximately \$55.05. The Jamestown BPU shall modify its rates to correspond to the approved rates shown in Appendix C of this order.

Street Light Service Class

In its initial filing, Jamestown proposes rates for LED Street Lighting. Jamestown Electric has since withdrawn their LED lighting rates in order to reconsider and refine said rates. Jamestown is expected to resubmit the LED lighting rates in a separate filing on or around April 27, 2016¹¹.

Purchase of Renewable Energy from New Distributed Generators

Jamestown Electric currently allows Customer generators in Service Classes SC-1 (Residential) and SC-2 (General Service - Small) to take part in the Purchase of Renewable Energy from Distributed Generators (Net Metering)¹². These customers are allowed solar and wind generators with a rated capacity up to 25 kW on a first come first served basis until the total rated generating capacity of the individual

¹¹ Letter to the Secretary dated January 28, 2016.

¹² Case 12-E-0062, Jamestown Board of Public Utilities - Net Metering Tariff Filing, Untitled Order (issued May 17, 2012).

facilities is equal to 500 kW or 0.6% of the average system load. Jamestown Electric, in this filing, proposes to allow service classes SC-3 (General Service - Large) and SC-6 (Economic Development Service) to participate as well. These customers will be allowed solar and wind generators up to 200 kW. In addition, SC-2 Demand Metered Customers would be allowed Generators up to 100kW, up from the current 25kW limit. The proposed expansion of the eligibility would allow larger customers to participate in Net Metering. This will help the State's goal of increasing clean renewable technologies within the State and is adopted.

The Commission orders:

1. Jamestown Electric is directed to file a cancellation supplement, effective on not less than one day's notice, on or before February 29, 2016, cancelling the tariff amendments listed in Appendix A.
2. Jamestown Electric is directed to file, on not less than one day's notice and to become effective on March 1, 2016, further tariff revisions establishing the approved rates consistent with the discussion in the body of this order and the rates shown in Appendix C.
3. The requirements of Public Service Law §66(12)(b) and 16 NYCRR §720-8.1 as to newspaper publication of the further tariff revisions, directed in Ordering Clause Nos. 1 and 2, are waived.
4. Jamestown Electric is directed to provide its customers with notification of the Commission's determination in this order no later than six weeks after the issuance of this order.
5. Jamestown Electric is directed to file with Secretary to the Commission, no later than six weeks after the

issuance of this order, a copy of the customer notification, identified in Ordering Clause No. 4, and an attestation that Jamestown Electric has complied with the Ordering Clause.

6. Jamestown Electric is directed to credit a portion of off-system sales through its monthly fuel adjustment clause (FAC) within a one year period effective on March 1, 2016, consistent with the discussion in the body of this order and the calculation shown in Appendix D.

7. Jamestown Electric is directed to file tariff revisions to General Information Section 6. Adjustment of Rates According to Changes in the Cost of Fuel and Purchased Power, regarding off-system sales margin for the use of funding the Overhaul Reserve Fund, and the treatment of off-system sales margin, consistent with the discussion in the body of this order.

8. In the Secretary's sole discretion, the deadlines set forth in this order may be extended. Any request for an extension must be in writing, must include a justification for the extension, and must be filed at least one day prior to the affected deadline.

9. Upon compliance with Ordering Clauses Nos. 1, 2, 4, 5, 6, and 7 this case will be closed.

By the Commission,

(SIGNED)

KATHLEEN H. BURGESS
Secretary

Jamestown Board of Public Utilities
Income Statement and Rate of Return Calculation
For the Rate Year Ended February 28, 2017

	Historic Period Ending 2014	Utility Adjustments	Normalized Rate Year Before Revenue Increase Per Utility	Adj #	Adopted Adjustments	As Adjusted By Order	Revenue Requirement	As Finally Adjusted
Revenues								
Operating Revenues - Base	\$ 23,753,305	\$ (387,555)	\$ 23,365,750			\$ 23,365,750	\$ 816,352	\$ 24,182,102
Operating Revenues - PPAC & Energy Efficiency	7,836,399	(327,394)	7,509,005			7,509,005		7,509,005
Sales to Other Distributors	16,441,454		16,441,454			16,441,454		16,441,454
Miscellaneous Revenues and Late Charges	1,417,689	(411,746)	1,005,943			1,005,943		1,005,943
Total Revenues	\$ 49,448,847	\$ (1,126,695)	\$ 48,322,152			\$ 48,322,152	\$ 816,352	\$ 49,138,504
Operating Expenses								
Electric Generation	\$ 12,171,400	\$ (540,180)	\$ 11,631,220			\$ 11,631,220		\$ 11,631,220
Electric Purchased	10,092,367	-	10,092,367			10,092,367		10,092,367
Labor	4,948,217	314,907	5,263,124	1	\$ (208,423)	5,054,701		5,054,701
Transmission & Distribution O&M	564,711	-	564,711			564,711		564,711
Street Lighting	39,243	-	39,243			39,243		39,243
Customer Accounting and Collection	243,735	-	243,735			243,735		243,735
Administrative and General	822,603	-	822,603			822,603		822,603
Legal Expenses	90,523	-	90,523			90,523		90,523
PSC General Assessment *	77,552	-	77,552			77,552		77,552
Pension	823,794	-	823,794	2	(185,195)	638,599		638,599
Property & Casualty Insurance	291,963	-	291,963			291,963		291,963
Health Insurance	768,044	233,048	1,001,092	3	(22,895)	978,197		978,197
Worker's Compensation & Disability	317,111	-	317,111	4	(79,807)	237,304		237,304
Social Security	337,524	-	337,524			337,524		337,524
Depreciation & Amortization	4,991,890	170,259	5,162,149			5,162,149		5,162,149
Rate Case Expense	-	55,000	55,000	5	(26,620)	28,380		28,380
Taxes - Other than Income	564,520	-	564,520			564,520		564,520
Uncollectible	(23,620)	130,414	106,794	6	(94,867)	11,927	\$ 201	12,128
PILOT	3,380,028	-	3,380,028			3,380,028		3,380,028
Overhaul Reserve Fund	5,446,347	-	5,446,347	7	(76,584)	5,369,763		5,369,763
Total Operating and Maintenance Expenses	\$ 45,947,952	\$ 363,448	\$ 46,311,400		\$ (694,391)	\$ 45,617,009	\$ 201	\$ 45,617,210
Net Operating Income	\$ 3,500,895	\$ (1,490,143)	\$ 2,010,752		\$ 694,391	\$ 2,705,144	\$ 816,151	\$ 3,521,294
Rate Base	\$ 86,393,483	\$ 39,781	\$ 86,433,264		\$ (589,215)	\$ 85,844,049	\$ -	\$ 85,844,049
Rate of Return	4.05%		2.33%			3.15%		4.10%

* The Temporary State Assessment Surcharge is excluded from Staff's revenue requirement

Jamestown Board of Public Utilities
Rate Base and Cash Working Capital
For the Rate Year Ended February 28, 2017

<u>Rate Base</u>	Historic Period Ending 2014	Utility Adjustments	Normalized Rate Year Before Revenue Increase Per Utility	Adj #	Adopted Adjustments	As Adjusted By Order	Revenue Requirement	As Finally Adjusted
Plant in Service	\$ 159,421,945	-	\$ 159,421,945	8	\$ (1,350,000)	\$ 158,071,945	\$ -	\$ 158,071,945
Construction Work In Progress	2,612,715	-	2,612,715		-	2,612,715		2,612,715
Accumulated Depreciation	(79,593,948)	-	(79,593,948)		-	(79,593,948)		(79,593,948)
Net Plant	\$ 82,440,712	-	\$ 82,440,712		\$ (1,350,000)	\$ 81,090,712	\$ -	\$ 81,090,712
Contribution for Extensions	-	-	-		-	-		-
Prepayments	524,822	-	524,822		-	524,822		524,822
Materials & Supplies	1,241,920	-	1,241,920		-	1,241,920		1,241,920
Miscellaneous Suspense	-	-	-		-	-		-
<u>Unamortized Balances</u>								
Unamortized Rate Case Expense	96,250	-	96,250	9	(18,206)	78,044		78,044
Cash Working Capital	2,089,779	\$ 39,781	2,129,560	10	778,991	2,908,551		2,908,551
RATE BASE	\$ 86,393,483	\$ 39,781	\$ 86,433,264		\$ (589,215)	\$ 85,844,049	\$ -	\$ 85,844,049
<u>Cash Working Capital</u>								
Operating and Maintenance Expenses	\$ 45,947,952	\$ 363,448	\$ 46,311,400		\$ (694,391)	\$ 45,617,009	\$ 201	\$ 45,617,210
<u>Deduct:</u>								
Electric Generation	\$ 13,943,318	\$ (540,180)	\$ 13,403,138		-	\$ 13,403,138	-	\$ 13,403,138
Electric Purchased	10,092,367	-	10,092,367		-	10,092,367	-	10,092,367
Uncollectible Accounts	106,794	-	106,794		(94,867)	11,927	-	11,927
Depreciation	4,991,890	170,259	5,162,149		-	5,162,149	-	5,162,149
Taxes Other than Income Taxes	564,520	-	564,520		-	564,520	-	564,520
PILOT	3,380,028	-	3,380,028		(76,584)	3,303,444	-	3,303,444
Overhaul Reserve Fund	5,446,347	-	5,446,347		-	5,446,347	-	5,446,347
Rate Case Expense	-	55,000	55,000		(26,620)	28,380	-	28,380
	<u>\$ 38,525,264</u>	<u>\$ (314,921)</u>	<u>\$ 38,210,343</u>		<u>\$ (198,071)</u>	<u>\$ 38,012,272</u>	<u>-</u>	<u>\$ 38,012,272</u>
O&M Expense Balance	\$ 7,422,688	\$ 678,369	\$ 8,101,057		\$ (496,320)	\$ 7,604,737	\$ 201	\$ 7,604,938
Purchased Power & Fuel Expense	13,943,318	(540,180)	13,403,138		10,092,367	23,495,505	-	23,495,505
Net Expenses for Working Capital	\$ 21,366,006	\$ 138,189	\$ 21,504,195		\$ 9,596,047	\$ 31,100,242	\$ 201	\$ 31,100,443
Working Capital-Operating Expenses (1/8)	\$ 927,836	\$ 84,796	\$ 1,012,632		\$ (62,040)	\$ 950,592	-	\$ 950,592
Working Capital-Purchased Power (1/12)	1,161,943	(45,015)	1,116,928		841,031	1,957,959	-	1,957,959
Cash Working Capital Allowance	<u>\$ 2,089,779</u>	<u>\$ 39,781</u>	<u>\$ 2,129,560</u>		<u>\$ 778,991</u>	<u>\$ 2,908,551</u>	<u>\$ -</u>	<u>\$ 2,908,551</u>

Jamestown Board of Public Utilities
 Capitalization Matrix and Revenue Requirement Calculation
 For the Rate Year Ended February 28, 2017

<u>Capitalization Matrix</u>	<u>Amount</u>	<u>Percent</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>
Customer Deposits	\$ 155,145	0.18%	0.10%	0.00%
Long Term Debt	15,537,890	18.10%	4.50%	0.81%
Net Surplus	<u>70,151,014</u>	<u>81.72%</u>	<u>4.03%</u>	<u>3.29%</u>
Total	<u>\$ 85,844,049</u>	<u>100%</u>		<u>4.10%</u>

<u>Calculation of Revenue Requirement</u>	<u>Amount</u>
Rate Base	\$ 85,844,049
Rate of Return	<u>4.10%</u>
Required Return	\$ 3,521,295
Operating Income before Revenue Requirement	<u>\$ 2,705,144</u>
Deficiency	\$ 816,151
Retention Factor	<u>99.98%</u>
Revenue Requirement	<u>\$ 816,352</u>

**Jamestown Board of Public Utilities
Summary of Adjustments
For the Rate Year Ended February 28, 2017**

Adjustment No.	Description Operation & Maintenance Expenses	Amount
1.	<u>Labor</u>	
(a)	Adjusted to reflect the disallowance of two additional employees	\$ (145,000)
(b)	Adjusted to reflect the fringe benefits associated with the disallowance of two additional employees	\$ (63,423)
	Total Adjustments to Labor	<u>\$ (208,423)</u>
2.	<u>New York State Retirement</u> Adjusted to reflect the 2016 and 2017 contribution rates	<u>\$ (185,195)</u>
3.	<u>Health Insurance</u> Adjusted to reflect updated health insurance costs	<u>\$ (22,895)</u>
4.	<u>Workers Compensation</u> Adjusted to reflect the allocation of workers compensation costs based on headcount	<u>\$ (79,807)</u>
5.	<u>Rate Case Expense</u> Adjusted to reflect the expense based upon historical data and amortized over a three-year period.	<u>\$ (26,620)</u>
6.	<u>Uncollectibles</u> Adjusted to reflect uncollectibles based upon actual net write-offs	<u>\$ (94,867)</u>
7.	<u>Dismantling/Overhaul Fund</u> Adjusted to reflect the actual contribution reported in the 2014 PSC Annual Report	<u>\$ (76,584)</u>
	Total Adjustments to O&M	<u>\$ (694,391)</u>
	Rate Base	
8.	<u>Plant in Service</u> Adjusted to correct an overstatement of the actual plant in service balance	<u>\$ (1,350,000)</u>
9.	<u>Unamortized Rate Case Expense</u> Adjusted to reflect a three-year amortization	<u>\$ (18,206)</u>
10.	<u>Cash Working Capital</u> To track the adjustments to operating expense and to reflect the inclusion of purchase power expense in cash working capital	<u>\$ 778,991</u>
	Total Adjustments to Rate Base	<u>\$ (589,215)</u>

**Jamestown Board of Public Utilities
Comparison Of Present and Adopted Rates**

Rate Class	Customer Charge				Energy, per kWh				Demand, per kW				Reactive Power			
	Present Rates	Adopted Rates	Increase \$	Increase %	Present Rates	Adopted Rates	Increase \$	Increase %	Present Rates	Adopted Rates	Increase \$	Increase %	Present Rates	Adopted Rates	Increase \$	Increase %
SC 1- Residential	\$7.28	\$7.53	\$0.25	3.5%	\$0.04388	\$0.04541	\$0.00153	3.5%								
<u>SC 2- General Service - Small</u>																
Non-Demand	\$8.58	\$8.88	\$0.30	3.5%	\$0.05965	\$0.06174	\$0.00209	3.5%								
Demand	\$9.37	\$9.70	\$0.33	3.5%	\$0.04695	\$0.04859	\$0.00164	3.5%	\$4.16	\$4.31	\$0.15	3.5%	\$0.29	\$0.30	\$0.01	3.5%
Minimum charge- Non-Demand	\$8.58	\$8.88	\$0.30	3.5%												
Minimum charge- Demand	\$21.85	\$22.61	\$0.76	3.5%												
<u>SC 3- General Service - Large</u>																
Minimum charge	\$166.49	\$172.31	\$5.82	3.5%	\$0.03115	\$0.03224	\$0.00109	3.5%	\$4.73	\$4.90	\$0.17	3.5%	\$0.29	\$0.30	\$0.01	3.5%
Maximum combined rate per kWh	\$639.49	\$661.84	\$22.35	3.5%	\$0.07289	\$0.07544	\$0.00255	3.5%								
SC 4- Off System Lighting	See Schedule 2															
SC 5- Municipal Street Lighting	See Schedule 2															

Jamestown Board of Public Utilities
Comparison Of Present and Adopted Rates

<u>SC 4- Off System Lighting</u>	<u>Charges per Lamp per Month</u>				
	Lamp	Present Rates	Adopted Rates	Increase \$	Increase %
	Mercury 250 W	\$8.02	\$8.30	\$0.28	3.5%
	Sodium 150 W	\$8.61	\$8.91	\$0.30	3.5%
	Sodium 250 W	\$11.51	\$11.91	\$0.40	3.5%
	Sodium 400 W	\$12.11	\$12.53	\$0.42	3.5%
<hr/>					
<u>SC 5- Municipal Street Lighting</u>	<u>Charges per Lamp per Month</u>				
Lamp	Present Rates	Adopted Rates	Increase \$	Increase %	
	Mercury 250 W- Class B	\$5.30	\$5.49	\$0.19	3.5%
	Sodium 150 W- Class B	\$5.83	\$6.03	\$0.20	3.5%
	Sodium 250 W- Class B	\$7.43	\$7.69	\$0.26	3.5%
	Sodium 400 W- Class B	\$9.24	\$9.56	\$0.32	3.5%
	Mercury 250 W- Class C	\$6.93	\$7.17	\$0.24	3.5%
	Sodium 150 W- Class C	\$7.40	\$7.66	\$0.26	3.5%
	Sodium 250 W- Class C	\$9.07	\$9.39	\$0.32	3.5%
	Sodium 400 W- Class C	\$10.89	\$11.27	\$0.38	3.5%
	Mercury 250 W- Class D	\$ 8.89	\$9.20	\$0.31	3.5%
	Sodium 150 W- Class D	\$ 9.43	\$9.76	\$0.33	3.5%
	Sodium 250 W- Class D	\$ 11.03	\$11.42	\$0.39	3.5%
	Sodium 400 W- Class D	\$ 12.85	\$13.30	\$0.45	3.5%
	Sodium 70 W- Class D	-	\$7.63	-	-
	Metal Halide 100 W- Class D	-	\$8.03	-	-

**Jamestown Board of Public Utilities
Bill Comparisons- SC1**

	Present Rates	Adopted Rates
Customer Charge	\$7.28	\$7.53
Energy, per kWh	\$0.04388	\$0.04541
FAC Average, per kWh	\$0.01795	\$0.01795

<u>Monthly usage, kWh</u>	<u>Total Bill</u>			
	Present Rates	Adopted Rates	Increase \$	Increase %
0	\$7.28	\$7.53	\$0.25	3.5%
10	\$7.90	\$8.17	\$0.27	3.4%
25	\$8.83	\$9.12	\$0.29	3.3%
50	\$10.37	\$10.70	\$0.33	3.2%
75	\$11.92	\$12.29	\$0.37	3.1%
100	\$13.46	\$13.87	\$0.41	3.0%
150	\$16.55	\$17.04	\$0.48	2.9%
200	\$19.65	\$20.21	\$0.56	2.9%
250	\$22.74	\$23.37	\$0.64	2.8%
500	\$38.19	\$39.22	\$1.02	2.7%
750	\$53.65	\$55.06	\$1.40	2.6%
1,000	\$69.11	\$70.90	\$1.79	2.6%
1,500	\$100.02	\$102.58	\$2.56	2.6%
2,000	\$130.93	\$134.26	\$3.32	2.5%
2,500	\$161.85	\$165.94	\$4.09	2.5%
5,000	\$316.42	\$324.34	\$7.92	2.5%
10,000	\$625.55	\$641.15	\$15.59	2.5%

**Jamestown Board of Public Utilities
Bill Comparisons- SC2- Non-Demand**

	Present Rates	Adopted Rates
Customer Charge	\$8.58	\$8.88
Energy, per kWh	\$0.05965	\$0.06174
FAC Average, per kWh	\$0.01795	\$0.01795

<u>Monthly usage, kWh</u>	<u>Total Bill</u>			
	Present Rates	Adopted Rates	Increase \$	Increase %
0	\$8.58	\$8.88	\$0.30	3.5%
10	\$9.36	\$9.68	\$0.32	3.4%
25	\$10.52	\$10.87	\$0.35	3.3%
50	\$12.46	\$12.86	\$0.40	3.2%
75	\$14.40	\$14.86	\$0.46	3.2%
100	\$16.34	\$16.85	\$0.51	3.1%
150	\$20.22	\$20.83	\$0.61	3.0%
200	\$24.10	\$24.82	\$0.72	3.0%
250	\$27.98	\$28.80	\$0.82	2.9%
500	\$47.38	\$48.72	\$1.34	2.8%
750	\$66.78	\$68.64	\$1.86	2.8%
1,000	\$86.18	\$88.56	\$2.38	2.8%
1,500	\$124.98	\$128.40	\$3.43	2.7%
2,000	\$163.77	\$168.24	\$4.47	2.7%
2,500	\$202.57	\$208.09	\$5.51	2.7%
5,000	\$396.57	\$407.29	\$10.73	2.7%
10,000	\$784.55	\$805.70	\$21.15	2.7%

**Jamestown Board of Public Utilities
Bill Comparisons- SC2- Demand**

	Present Rates	Adopted Rates
Customer Charge	\$9.37	\$9.70
Energy, per kWh	\$0.04695	\$0.04859
Demand, per kW	\$4.16	\$4.31
Reactive Power	\$0.29	\$0.30
FAC Average, per kWh	\$0.01795	\$0.01795
Assumes no Reactive power		

	<u>kWh</u>	<u>kWh</u>	<u>Total Bill</u>			
			Present Rates	Adopted Rates	Increase \$	Increase %
25	6,300	\$522.22	\$536.53	\$14.30	2.7%	
25	8,100	\$639.04	\$656.29	\$17.26	2.7%	
25	10,800	\$814.26	\$835.95	\$21.69	2.7%	
25	13,500	\$989.48	\$1,015.60	\$26.12	2.6%	
50	12,600	\$1,035.08	\$1,063.35	\$28.28	2.7%	
50	16,200	\$1,268.71	\$1,302.89	\$34.18	2.7%	
50	21,600	\$1,619.15	\$1,662.20	\$43.05	2.7%	
50	27,000	\$1,969.60	\$2,021.51	\$51.91	2.6%	
75	18,900	\$1,547.93	\$1,590.18	\$42.25	2.7%	
75	24,300	\$1,898.38	\$1,949.49	\$51.11	2.7%	
75	32,400	\$2,424.04	\$2,488.45	\$64.41	2.7%	
75	40,500	\$2,949.71	\$3,027.41	\$77.70	2.6%	

**Jamestown Board of Public Utilities
Bill Comparisons- SC3**

	Present Rates	Adopted Rates
Customer Charge	\$166.49	\$172.31
Energy, per kWh	\$0.03115	\$0.03224
Demand, per kW	\$4.73	\$4.90
Reactive Power	\$0.29	\$0.30
FAC Average, per kWh	\$0.01795	\$0.01795
Assumes no Reactive power		

<u>kW</u>	<u>kWh</u>	<u>Total Bill</u>			
		Present Rates	Adopted Rates	Increase \$	Increase %
500	126,000	\$8,717.75	\$8,943.44	\$225.68	2.6%
500	162,000	\$10,485.26	\$10,750.14	\$264.88	2.5%
500	216,000	\$13,136.51	\$13,460.19	\$323.68	2.5%
500	270,000	\$15,787.77	\$16,170.25	\$382.48	2.4%
1,500	378,000	\$25,820.28	\$26,485.69	\$665.41	2.6%
1,500	486,000	\$31,122.80	\$31,905.80	\$783.00	2.5%
1,500	648,000	\$39,076.56	\$40,035.96	\$959.40	2.5%
1,500	810,000	\$47,030.33	\$48,166.12	\$1,135.79	2.4%
3,000	756,000	\$51,474.08	\$52,799.07	\$1,325.00	2.6%
3,000	972,000	\$62,079.10	\$63,639.29	\$1,560.19	2.5%
3,000	1,296,000	\$77,986.64	\$79,899.61	\$1,912.97	2.5%
3,000	1,620,000	\$93,894.18	\$96,159.93	\$2,265.76	2.4%

Jamestown Board of Public Utilities
Off-System Sales
December 2015 Balance
(\$000)

Summary

Total Contributions to the dismantling fund (Off-System Sales profits over 1,225,000)	\$ 14,988
Dismantling fund Cap: 12,150,000	(12,150)
Current Credit to be deferred to another reserve (Overhaul/Capital Reserve)	<u>\$ 2,838</u>

Off System Sales - Credit

Beginning Balance of Overhaul Reserve (10/2014)	\$ 2,838
Profit from Off-System Sales November 2014 - December 2015	3,633
Annual Amount allowed in Base Rates	(1,225)
Amount allowed in Base Rates Dec 2015 - January 2016	(204)
December Balance	<u>\$ 5,042</u>

**Jamestown Board of Public Utilities
Off-System Sales
Calculation of Refund to Customers
(\$000)**

Fiscal Year 2015	
December 2015 Balance	\$ 5,042
Less: 2015 Major Overhaul Expense	(2,766)
December 2015 Ending Balance	<u>\$ 2,276</u>
Fiscal Year 2016	
Beginning Balance	\$ 2,276
2016 Major Overhaul Expense	(1,500)
2016 Recoveries (related to 2016 overhaul)	300
December 2016 Balance	<u>\$ 1,076</u>
Fiscal Year 2017	
Beginning Balance	\$ 1,076
2017 Major Overhaul Expense	(1,000)
2017 Recoveries (related to 2017 overhaul)	400
December 2017 Balance	<u>\$ 476</u>
 Amount to be Refunded to Customers:	 <u><u>\$ 476</u></u>

Calculation of Overhaul Reserve Fund Recoveries

2015 Actual Overhaul Expense	\$ 2,766
2016 Anticipated Overhaul Cost	\$ 1,500
2017 Anticipated Overhaul Cost	<u>\$ 1,000</u>
Total	<u>\$ 5,266</u>
5 Year Average	<u><u>\$ 1,053</u></u>

Subsequent to February 2016, Off-system sales profits from the previous calendar year will be credited to customers from March through February based on previous year's sales volumes. The off-system sales credited to customers will be net of the off-system sales profits in base rates (\$1 million) and an annual overhaul reserve allowance of \$1,000,000 per year.

Jamestown Board of Public Utilities
Off-System Sales
Forecast of Fund Balance FY 2015 to FY 2020
(\$000)

Fiscal Year 2015

December 2015 Balance	\$ 5,042
Less: 2015 Major Overhaul Expense	(2,766)
December 2015 Balance	<u>\$ 2,276</u>

Fiscal Year 2016

Beginning Balance	\$ 2,276
2016 Major Overhaul Expense	(1,500)
2016 Recoveries	1,000
Refund of Prior Excess Balance	(476)
December 2016 Balance	<u>\$ 1,300</u>

Fiscal Year 2017

Beginning Balance	\$ 1,300
2017 Major Overhaul Expense	(1,000)
2017 Recoveries	1,000
December 2017 Balance	<u>\$ 1,300</u>

Fiscal Year 2018

Beginning Balance	\$ 1,300
2018 Major Overhaul Expense	-
2018 Recoveries	1,000
December 2018 Balance	<u>\$ 2,300</u>

Fiscal Year 2019

Beginning Balance	\$ 2,300
2019 Major Overhaul Expense	-
2019 Recoveries	1,000
December 2019 Balance	<u>\$ 3,300</u>

Fiscal Year 2020

Beginning Balance	\$ 3,300
2020 Major Overhaul Expense	(3,500)
2020 Recoveries	1,000
December 2020 Balance	<u>\$ 800</u>