

B-2 shall present each pro forma adjustment to rate base [one column for each adjustment]. PREPA shall discuss and explain each adjustment in profiled direct testimony and shall provide supporting workpapers showing the derivation of each adjustment.

See PREPA Rate Case Financial Model 2016-06-16_Debt Restructuring_Rate Change to RR RF_Schedules tab

A Rate Base/Rate of Return approach was not adopted for development of Revenue Requirements. However, we provide in testimony Ex. 5.0 a calculation of what revenue requirement would be under a rate base approach, assuming a 12% Rate of Return. We compared this to the Modified Cash Needs approach adopted.

	FY 2014	Increase in capex per CIP	Changes in Fixed Assets over Time	Reductions in Inventory to Reflect Best Estimates for Rate Effective Year	FY 2017	Notes
Gross Fixed Assets - Opening	\$ 12,865,829,371				\$ 13,523,337,902	
Additions	316,002,245	20,555,563			336,557,808	See F-3 for detail on capital improvement program
Gross Fixed Assets - Closing	<u>13,181,831,616</u>		<u>678,064,094</u>		<u>13,859,895,710</u>	See A-4 for detail on change in Assets and Depreciation over time
Depreciation	339,493,217		17,407,238		356,900,456	See A-4 for detail on change in Assets and Depreciation over time
% of GFA	<u>2.6%</u>				<u>2.6%</u>	
Accumulated Depreciation	<u>6,385,962,191</u>		<u>1,052,242,626</u>		<u>7,438,204,818</u>	See A-4 for detail on change in Assets and Depreciation over time
Utility plant, net	6,795,869,425		(374,178,532)		6,421,690,892	See A-4 for detail on change in Assets and Depreciation over time
Fuel Oil Inventory	194,072,598			(73,758,851)	120,313,747	See A-5 for changes in inventory / working capital over time
Materials and Supplies Inventory	196,886,813			(36,886,813)	160,000,000	See A-5 for changes in inventory / working capital over time
Non-Fuel Working Capital	<u>112,338,723</u>			<u>(32,086,359)</u>	<u>80,252,364</u>	See A-5 for changes in inventory / working capital over time
Rate Base	<u>7,299,167,559</u>			<u>(516,910,556)</u>	<u>6,782,257,003</u>	