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Attorneys for Veolia Water Idaho, Inc.

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	Case No. VEO-W-22-02
OF VEOLIA WATER IDAHO, INC. FOR)	
AUTHORITY TO INCREASE ITS RATES)	
AND CHARGES FOR WATER SERVICE)	
IN THE STATE OF IDAHO)	
)	
)	
)	

DIRECT TESTIMONY OF JARMILA CARY
FOR VEOLIA WATER IDAHO, INC.

SEPTEMBER 2022

1 2011 general rate case UWI-W-11-02 and 2015 general rate case UWI-W-15-01,
2 2018 filing Case SUZ-W-18-02 for approval of sale and acquisition of Eagle Water
3 Company, the 2019 Case SUZ-W-19-01 filing for exemption from Utility
4 Customer Relation Rules 311(4) and (5) related to customer contact requirements,
5 accepting payments during disconnection, and eliminating customer convenience
6 fees. In 2020 I provided testimony in Case SUZ-W-20-01 requesting authorization
7 to eliminate collection of tax gross-up payments associated with contributions in
8 aid of construction and most recently, I provided testimony in the 2020 general rate
9 case SUZ-W-20-02.

10 From January 2003 until April 2013, I was in a supervisory role, as Manager
11 of Accounting. I assisted Company Witness Healy in formulating rate increase
12 requests and operating expense adjustments in the 2006, and 2009 general rate
13 cases. During April 2013, accounting functions transitioned to the former SUEZ
14 Corporate office.

15 From 1997 until January 2003, I was in a Senior Accountant role,
16 performing general ledger accounting, planning functions, variance analysis, etc.
17 In that role I also prepared annual reports to the Idaho Public Utilities Commission
18 and the Idaho State Tax Commission.

19 **Q. What is your educational background?**

20 A. I was granted a Bachelor of Science in Business, with a major in Accounting, from
21 the University of Idaho in December 1996 and attended NARUC Utility Rate
22 School.

1 **Q. In connection with the Company’s current application for an increase in rates**
2 **and charges, what is the scope of your participation and testimony?**

3 A. My participation and testimony concerns operating expenses of the Company. For
4 this rate case filing, Veolia Water Idaho used a test period consisting of a 12-month
5 period ending on June 30, 2022 (“Historic Test Year”) and a nine-month adjustment
6 period ending on March 31, 2023 (“Test Year”). For the Historic Test Year data,
7 Veolia has relied on its books and records, which are prepared and maintained in
8 conformity with the Uniform System of Accounts prescribed by the Commission.
9 As discussed in more detail below, the operating expenses that are included in the
10 exhibits that I am sponsoring are based on the Historic Test Year, as modified by
11 certain normalizing adjustments. The Historic Test Year expenses are also adjusted
12 for changes in costs that are expected to take place in the adjustment period (or
13 prior to effective date of the rates) and measurable with a reasonable accuracy at
14 the time of this rate case filing.

15 **Q. What exhibits are used to illustrate your testimony?**

16 A. The following Exhibits accompanying my testimony:

- 17 ▪ Exhibit 10, Schedule 1 - Operating and Maintenance Expense Adjustments:
- 18 ▪ Adjustment 1 - Payroll
- 19 ▪ Adjustment 2 - Workers Compensation
- 20 ▪ Adjustment 3 - Pension Cash Contributions
- 21 ▪ Adjustment 4 - Post-retirement Benefits Other than Pension (PBOP)
- 22 ▪ Adjustment 5 - Employee Healthcare
- 23 ▪ Adjustment 8 - Payroll Overheads (Fringe Benefit Allocation)

1 to 1,950 hours. The test year labor to Operations & Maintenance amount is
2 calculated using the historic test year ratio of 66.17% of opex payroll to gross
3 payroll (calculated as Net labor accounts 50100 to 50125 divided by Gross labor
4 accounts 50100 to 50115).

5 **Standby Pay, Shift Pay and Overtime Pay:** The test year adjustment
6 includes standby pay and shift pay at pay rates projected to be in effect when the
7 rates are to be effective in this case for Bargaining Unit employees as well as shift
8 pay for Customer Service Representatives for rotational duties performed related
9 to cashiering, bankruptcy and billing functions. Overtime is included at the historic
10 test year level, in line with the three-year average, adjusted by 2.75% for the
11 bargaining unit contractually obligated wage increase.

12 **Incentive Programs:** Incentive bonuses for Exempt and Non-exempt
13 employees are based on the award level percentage by position, adjusted to test year
14 wages. Exempt employees may be eligible to participate in the Company's Short
15 Term Incentive Plan (STIP) if they meet goal targets and criteria requirements. A
16 target award, based upon their job/salary grade, is established as a percentage of
17 base pay. Broadly, the incentive is based on achievement in two goal categories:
18 personal goals and Company goals. Non-exempt, non-bargaining employees are
19 eligible to participate in the Non-Exempt Incentive Program. This plan is based
20 upon meeting Safety and Compliance Training goals. Bargaining Unit employees
21 are not eligible for incentive pay programs per bargaining contract provisions.

1 a projection of the same level of contributions for the remainder of the year. The
2 current threshold established in Case No. UWI-W-20-02 is \$1,312,595. The
3 Company is proposing lowering the deferral threshold of pension cash
4 contributions to \$585,796 to reflect the current level of cash contributions. The
5 Company is anticipating a similar level of pension cash contributions in the
6 calendar year 2023.

7 Adjustment No. 4, Post-retirement Benefits Other than Pension (PBOP),
8 increases expense by \$42,509. The historic test year amount is (\$481,247)
9 consisting of \$150,621 service costs and (\$631,868) interest component. The test
10 year level of expense represents the FAS 106 expense of (\$523,756) as contained
11 in the Towers Watson actuarial valuation for 2022, with a service cost of \$163,925
12 and interest component of (\$687,681). This adjustment is subject to change for
13 actuarial valuations anticipated in October 2022.

14 Adjustment No. 5, Employee Healthcare, decreases the cost of providing
15 medical, dental, group term life insurance, and long term disability coverage to
16 employees who choose to be covered by Veolia benefits, by \$353,303. Vision
17 insurance is entirely funded by employees. Employees contribute approximately
18 10% toward the cost of health care. The historic test year excludes \$25,894 of IBNR
19 - incurred but not reported claims reserve for a net Adjusted Historic Test Year
20 expense of \$2,457,013. The test year amount is based on historic test year employee
21 elections, rates in effect during the historic test year, adjusted to the test year
22 employee count of 137. The test year Company expense is \$2,103,710. This

1 adjustment is subject to change when 2023 benefit costs become known anticipated
2 in October 2022.

3 Adjustment No. 8, Payroll Overheads (Fringe Benefits Allocation),
4 normalizes fringe benefit costs chargeable to other than Operations and
5 Maintenance expense and increases historic test year expense by \$81,157. The
6 historic test year credit is \$1,547,567 and the test year credit is \$1,466,411. The
7 Company uses a fringe benefit allocation (“FBA”) method to ensure employee
8 benefits follow labor charges. A portion of fringe benefit costs are therefore
9 transferred off the income statement to the balance sheet, primarily following labor
10 charged to capital projects. The historic test year relationship of capitalized payroll
11 to gross payroll dollars is 33.83%. This same rate is applied to test year benefit
12 costs.

13 Adjustment No. 10, Energy - Purchased Power and Other Utilities,
14 increases expense by \$97,600 from the historic test year amount of \$2,498,030 to
15 the test year amount of \$2,595,630. The test year expense reflects historic test year
16 billing determinants priced at current Idaho Power Company tariff base rates and
17 does not anticipate any additional price increases. Power expense is reduced by
18 \$6,020 to reflect the anticipated proceeds from Veolia’s participation in the Idaho
19 Power demand response program previously administered by EnerNOC. Test Year
20 expense also includes the historic test level expense of other power, diesel fuel for
21 generators, natural gas, and other utility costs. The Test Year is increased by
22 \$45,340, the historic test year amount of power costs of 6 months of former Eagle
23 Water facilities that are not reflected in the historic test year amount.

Schedules 2, 3, 4A through 4D and are explained in more detail in the testimony of Company witness Michaelson.

Q. Please describe your next adjustment.

A. Adjustment No. 11, Chemicals, increases the adjusted historic test year chemical expense of \$435,668 by \$158,707, to a test year expense of \$594,376. The historic test year amount is reduced by \$36,754 for chemical maintenance costs, \$31,223 that were reclassified to materials and \$5,531 that were capitalized. Treatment chemicals are utilized in the water treatment process to disinfect drinking water, to otherwise make water safe to consume, or to improve water aesthetically. Historic test year quantities for each chemical agent were totaled and priced out at the most recent available price for the test year amount.

Adjustment No. 12, Subcontractors, includes legal costs, professional services, temporary help, IT system support costs, field contractors, water quality testing fees, customer notification system fees, utility location services, customer payment convenience fees which the Company was authorized to pay on behalf of customers in Case SUZ-W-19-01, Concur expense report & purchasing card (P-card) processing fees, and other costs. The adjustment increases the historic test year expense of \$811,173 by \$19,282 to a test year amount of \$830,455. The historic test year was adjusted to exclude a portion of the Gallagher Benefit Services compensation study costs in order to reflect a normalized annual cost coinciding with Bargaining Unit contract renewals, as well as an adjustment to reduce historic test year expense by \$16,518 due to timing of vibration analysis testing costs that are reflected twice in the historic test year, and to eliminate \$5,100 of temporary

1 help costs. The historic test year amount was increased by \$20,000 for new costs
2 related to Itron Temetra's meter reading software. The legacy Itron MVRS meter
3 reading system stopped being supported by the vendor, necessitating the upgrade
4 to a cloud based software. SCADA - Supervisory Control and Data Acquisition
5 system maintenance and support fees provided by GeoSCADA are increasing by
6 an expected \$10,000 due to the addition of data points. The historic test year amount
7 was also increased by \$27,500 which reflects costs to be incurred this fall for well
8 cleaning and tank inspections that were not reflected in the historic test year due to
9 vendor availability and other timing issues.

10 Adjustment No 13, Customer Billing Expenses, increases expense for
11 customer billing related services by \$22,125 from the historic test year level of
12 \$301,338, to the test year amount of \$323,463. The test year amount is based on
13 the historic test year level of bill generation and postage costs and eBilling
14 (electronic billing) services. It also includes a 1% customer growth adjustment
15 from the historic test year of \$2,915, a 7.55% postage rate increase for metered mail
16 effective July 10, 2022, which equates to an increase of \$11,066, as well as a CSG
17 (bill generation vendor) materials and processing cost increase effective July and
18 October 2022 respectively, for a combined vendor bill generation cost increase of
19 \$8,144.

20 Adjustment No. 17, Office Expenses, increases office related costs by
21 \$73,730 from the historic test year amount of \$741,917 to a test year amount of
22 \$815,647. The increase of \$42,776 represents an increase in licensing cost per
23 contract with Cityworks, as well as the cost of additional licenses needed for new

1 employees. An addition of \$20,000 reflects expected postage costs for mailing the
2 Customer Confidence Report (CCR) to customers based on the low digital
3 readership of the CCRs, which is currently provided in an electronic format. An
4 increase of \$821 reflects an increase in the first-class postage cost of 3.45%
5 effective July 10, 2022. The final adjustment to office expenses is the addition of
6 \$10,133 of the Right Systems maintenance support fee for the Company's UPS
7 backup system cost which was invoiced in late August 2022 for services provided
8 during the historic test year.

9 Adjustment No. 20, General Business Insurance, increases expenses for
10 business insurance, including liability and property coverage by \$151,177. The
11 adjusted historic test year amount is \$91,348. It excludes \$226,899 of IBNR
12 (incurred but not reported reserves) and includes \$91,123 of claims payments not
13 reflected in the historic test year book cost, captured in liability GL account 26200
14 for a total normalizing adjustment of \$135,776. The test year amount of \$242,524
15 is based on an average of the two prior years, 2020 and 2021 adjusted costs. General
16 insurance premiums are captured in Management and Service (M&S) fees as of
17 2016, and deductibles for claims paid are captured in general insurance expense
18 from 2020 forward. Prior to 2020, both premiums and claims payments were
19 included in M&S Fees.

20 Adjustment No. 22, Safety, increases the historic test year amount of
21 \$154,824 by \$40,582 to a test year amount of \$195,406. The adjustment is based
22 on budgeted amounts or prior actual costs for necessary training and safety related
23 costs. Uniform costs, Arc Flash personal protective equipment (PPE) rental costs,

1 fire suppression system inspections/alarm monitoring, OSHA standards and safety
2 equipment costs are reflected per historic test year amounts. Hearing tests are based
3 on prior actual costs updated for 75 Bargaining Unit employees. The cost of
4 ArcFlash, Confined Space, Trenching and Excavation training programs and
5 Industrial Hygienist Respirator/chemical/asbestos program assessment and
6 exposure monitoring are based on the anticipated cost of these trainings as provided
7 by the training vendors and included in the test year expense to account for new
8 employees discussed in Adjustment No. 1. Other training costs are based on prior
9 expense amounts and adjusted to reflect a yearly cost if the training program has a
10 longer than annual frequency.

11 Adjustment No. 29, Variable Expense Volume Normalization, reduces
12 historic test year operating expenses for Power & Chemicals by \$127,937 to
13 coincide with the revenue reduction adjustments made by Company Witness
14 Michaelson based on his review & analysis of the downward consumption trend of
15 Veolia customers. The ratio of variable historic test year operating expenses
16 (Energy of \$2,498,030 and adjusted Chemicals of \$435,668) totaling \$2,933,699 to
17 historic test year consumption amount of 19,611,411 hundred cubic feet (CCF) is
18 14.921%. Company witness Michaelson makes revenue adjustments to include
19 Adjustment R1 - the annualization of historic test year growth of 92,566 CCF, post-
20 historic test year Adjustment R2 customer growth of 95,358 CCF, Adjustment R3
21 weather and usage adjustment of 1,474,286 CCF, and Adjustment R4
22 Annualization of historic test year existing Customers of 428,938 CCF, for a net
23 volume adjustment of 857,424 CCF per his Exhibit 5 Schedules 3, 4A through 4D.

1 Since this consumptive decline must logically impact power and chemical expense,
2 the 857,424 CCF reduction will decrease variable expenses by \$127,937.

3 **Q. Please explain Exhibit No. 10, Schedule 3, Page 1.**

4 A. Exhibit No 10, Schedule No 3, Adjustment No 1, Page 1 of 4,
5 Property Taxes, reflect the historic test year level of Ada County Property Tax of
6 \$1,769,525 and will be subject to true up when the current levy rate becomes known
7 and 2022 year-end results are available. The historic test year amount of \$1,769,525
8 is increased by \$375,507 to the test year expense of \$2,145,032.

9 For reference purposes the assessed value per Idaho State Tax
10 Commission's January 1, 2022 is \$222,397,333 for year ended 2021. Using the last
11 actual levy rate per the November 2021 property tax bill of 0.9399% and \$2,464 of
12 irrigation district taxes produces \$2,092,747 anticipated 2022 property tax expense.

13 The test year calculation using a 2022 year ended anticipated valuation of
14 \$227,988,335 is based on the same calculation methodology utilized by the Idaho
15 State Tax Commission and utilizes the same November 2021 levy rate.

16 No levy rate increase is included in the test year adjustment. The adjustment
17 is based on a mix of known and measurable information, the actual 2021 levy rate
18 percentage, projected 2022 Operating Income and projected 2022 plant balances
19 based on anticipated year end results. This adjustment is subject to update when the
20 2022 levy rate is known and 2022 year-end financial data is available.

21 **Q. Why do you anticipate an increase in Property Tax expense?**

22 A. The Company filed its annual Operator Statement for the calendar year ending
23 December 31, 2021, with the Idaho State Tax Commission (ISTC) in April 2022

1 and will file the 2022 year-end report in early 2023. The Operator Statement
2 contains financial information that allows the ISTC appraiser to value the Company
3 based on the capitalization of net operating income (NOI). The NOI Weighted
4 indicator of value is anticipated to increase in the 2022 appraisal as compared to
5 the 2021 appraisal, by approximately \$1.4 million. The financial information in the
6 Operator Statement also allows the appraiser to calculate the cost indicator of value
7 in a process that mimics the rate base calculation used in this case. The cost
8 indicator is expected to increase by approximately \$21 million based on the utility
9 plant investment balance. The Operator Statement provides substantiation of
10 property tax exemptions for which the Company qualifies. The value of the
11 exemptions is expected to increase by \$1.2 million. The ISTC has a process for
12 determining the appropriate capitalization rate to apply to the net operating income.
13 The 2022 valuation indicated a 6.67% capitalization rate. At the end of the process,
14 the ISTC certifies the Company's value to Ada County for the actual calculation of
15 taxes based on approved levy rates. The Company has taken a conservative
16 approach to the applicable levy rate and capitalization rate by using known test year
17 amounts.

18 **Q. Does this conclude your direct testimony?**

19 **A.** Yes.

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)	Case No. VEO-W-22-02
VEOLIA WATER IDAHO, INC. FOR)	
AUTHORITY TO INCREASE ITS RATES AND)	
CHARGES FOR WATER SERVICE IN THE)	
STATE OF IDAHO)	
)	
)	
)	

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

EXHIBIT 10 TO ACCOMPANY THE
DIRECT TESTIMONY OF JARMILA CARY

VEOLIA WATER IDAHO, INC.
Details of Adjustments to Operating and Maintenance Expenses At Present Rates
SUMMARY - Exhibit 10, Schedule 1

Historic Test Year ended June 30, 2022, as Adjusted

					(1)	(2)	(3)	(4)	(5)
Witness	Line No.	Description	Schedule Adjustment No.	Account Reference	Historic Test Year Ended 06/30/2022	Normalizing Adjustments	Adjusted Historic Test Year Ended 06/30/2022	Adjustments	Test Year Ending 03/31/2023
EXHIBIT 10, Schedule 1									
J.Cary	1	Payroll	1	50100 to 50125	\$ 6,672,277		\$ 6,672,277	\$ 989,331	\$ 7,661,608
J.Cary	2	Workers Compensation (excludes reserves, adds claims payments)	2	91460	\$ (159,397) 1/	\$ 255,715	\$ 96,318	\$ 19,889	\$ 116,207
J.Cary	3	Pension Cash Contributions	3	91500, 71257 & 26310	\$ 553,030		\$ 553,030	\$ 32,766	\$ 585,796
J.Cary	4	Post-retirement Benefits Other than Pension (PBOP)	4	91550, 71258	\$ (481,247)		\$ (481,247)	\$ (42,509)	\$ (523,756)
J.Cary	5	Employee Healthcare (excludes reserves)	5	91700	\$ 2,482,907 2/	\$ (25,894)	\$ 2,457,013	\$ (353,303)	\$ 2,103,710
M.Wilson	6	Employee 401k	6	91800	\$ 384,454		\$ 384,454	\$ 71,977	\$ 456,431
M.Wilson	7	Other Employee Benefits - Tuition	7	91850	\$ 13,032		\$ 13,032	\$ 1,602	\$ 14,634
J.Cary	8	Payroll Overheads (Fringe Benefits Allocation)	8	90950 & 90953	\$ (1,547,567)		\$ (1,547,567)	\$ 81,157	\$ (1,466,411)
M.Wilson	9	Purchased Water	9	50605	\$ 378,302		\$ 378,302	\$ (61,608)	\$ 316,694
J.Cary	10	Energy- Purchased Power and Other Utilities	10	50610 & 50620	\$ 2,498,030		\$ 2,498,030	\$ 97,600	\$ 2,595,630
J.Cary	11	Chemicals (reclassification amount in Adjusted Test Year to Materials or capitalized)	11	50635	\$ 472,422 3/	\$ (36,754)	\$ 435,668	\$ 158,707	\$ 594,376
J.Cary	12	Subcontractors	12	50400	\$ 811,173		\$ 811,173	\$ 19,282	\$ 830,455
J.Cary	13	Customer Billing Expenses	13	50405	\$ 301,338		\$ 301,338	\$ 22,125	\$ 323,463
M.Wilson	14	Bad Debts (reserves booked in separate 90405 account)	14	90400 & 90405	\$ (391,803) 4/	\$ 683,545	\$ 291,742	\$ 13,321	\$ 305,063
M.Wilson	15	Materials (reclassification amount in Adjusted Test Year from Chemicals)	15	50300	\$ 278,045 5/	\$ 28,279	\$ 306,324	\$ -	\$ 306,324
M.Wilson	16	Vehicle Allocation (excludes reserves, adds claims payments)	16	50645 & 50646	\$ 832,494 6/	\$ (274,913)	\$ 557,581	\$ 467,768	\$ 1,025,350
J.Cary	17	Office Expenses	17	50650	\$ 741,917		\$ 741,917	\$ 73,730	\$ 815,647
M.Wilson	18	Advertising Expense	18	50651	\$ 217,084		\$ 217,084	\$ 10,598	\$ 227,683
M.Zerhouni	19	Management & Service Fees	19	90850	\$ 4,066,814		\$ 4,066,814	\$ 499,821	\$ 4,566,635
J.Cary	20	General Insurance (excludes reserves, adds claims payments, does not include premiums captured in M&S Fees)	20	91400 & 91450	\$ 227,124 7/	\$ (135,776)	\$ 91,348	\$ 151,177	\$ 242,524
M.Wilson	21	IPUC Fees	21	91900	\$ 97,278		\$ 97,278	\$ 5,899	\$ 103,177
J.Cary	22	Safety	22	92200	\$ 154,824		\$ 154,824	\$ 40,582	\$ 195,406
M.Zerhouni	23	Amortization Expense - Deferred Rate Case (excludes Intervenor funding)	23	92000	\$ 51,960 8/	\$ (22,092)	\$ 29,868	\$ 173,055	\$ 202,923
M.Zerhouni	24	Amortization Expense - Deferred Pension	24	92056	\$ 477,384		\$ 477,384	\$ (454,166)	\$ 23,218
M.Zerhouni	25	Amortization Expense - Deferred Tank Painting	25	92053	\$ 145,217		\$ 145,217	\$ 32,066	\$ 177,283
M.Zerhouni	26	Amortization of Excess Deferred Income Taxes	26	92059	\$ (2,207,184)		\$ (2,207,184)	\$ 2,007,184	\$ (200,000)
M.Zerhouni	27	Amortization Expense - Deferred Power	27	92061	\$ 197,484		\$ 197,484	\$ 337,294	\$ 534,778
M.Zerhouni	28	AFUDC Equity Gross Up Amortization	28	92064	\$ 39,024		\$ 39,024	\$ (8,501)	\$ 30,523
J.Cary	29	Adjustment to Variable Expenses Due to Volume Normalization	29		\$ -		\$ -	\$ (127,937)	\$ (127,937)
	30	Total Adjusted Operating & Maintenance Expenses			\$ 17,306,417	\$ 472,111	\$ 17,778,528	\$ 4,258,907	\$ 22,037,435
	31	Total Unadjusted Operating & Maintenance Expenses			\$ 350,189	\$ -	\$ -	\$ -	\$ 350,189
	32	Total Operating and Maintenance Adjustments			\$ 17,656,607	\$ 472,111	\$ 17,778,528	\$ 4,258,907	\$ 22,387,625
EXHIBIT 10, Schedule 2									
D.Njuguna	34	Adjustment to Depreciation Expense	1	70100 & 70101	\$ 9,696,461			\$ 950,629	\$ 10,647,090
M.Zerhouni	35	Amortization of Utility Plant Acquisition Adjustments (UPAA)	2	71255	\$ 20,712			\$ 261,873	\$ 282,585
	36	Total Depreciation and Amortization			\$ 9,717,173	\$ -	\$ -	\$ 1,212,502	\$ 10,929,675
EXHIBIT 10, Schedule 3									
J.Cary	38	Property Taxes	1	70203	\$ 1,769,525			\$ 375,507	\$ 2,145,032
M.Wilson	39	Payroll Taxes (combined FICA, FUI, SUI)	Pages 2, 3 & 4	70250	\$ 773,986			\$ 124,797	\$ 898,783
	40	Total Taxes Other			\$ 2,543,511	\$ -	\$ -	\$ 500,304	\$ 3,043,815
	41	Total Operating Expenses			\$ 29,917,291	\$ 472,111	\$ 17,778,528	\$ 5,971,714	\$ 36,361,115

Normalizing Adjustments:

1/	Workers Compensation (excludes reserves, adds claims payments GL account 26200)	Case No. VEO-W-22-02
2/	Employee Healthcare (excludes reserves)	Exhibit No. 10
3/	Chemicals (reclassification amount in Adjusted Test Year to Materials or capitalized)	Schedule 1-2-3
4/	Bad Debts (reserves booked in separate 90405 account)	Summary
5/	Materials (reclassification amount in Adjusted Test Year)	Cary/Wilson
6/	Vehicle Allocation (excludes reserves, adds claims payments GL account 26200)	Njuguna/Zerhouni
7/	General Insurance (excludes reserves, adds claims payments GL account 26200, does not include premiums captured in M&S Fees)	Page 1 of 1
8/	Rate Case Expense Amortization (excludes Intervenor funding)	

Veolia Water Idaho, Inc.
Details of Adjustments to Operations and Maintenance Expense
Historic Test Year ended June 30, 2022, as Adjusted

Adjustment No. 1
Payroll
Account 50100 - 50125

Line No.	Description	Dept. ID	Employee Count	Amount	Total Payroll	Adjustment Amount
1	To adjust payroll chargeable to operation and maintenance expense based upon bargaining unit, salaried and non-exempt pay rates at April 2023					<u>\$ 989,331</u>
2	Production	100	30	\$ 2,284,763		
3	Transmission and Distribution	113	42	\$ 3,045,564		
4	Engineering	205	16	\$ 1,589,717		
5	Customer Service Field	301	5	\$ 349,005		
6	Customer Service Office	304	19	\$ 904,007		
7	Meter Reading	305	7	\$ 384,504		
8	Administrative	400	12	\$ 1,222,109		
9	Communication	405	2	\$ 191,230		
10	Human Resources	415	1	\$ 96,876		
11	Finance	530	3	\$ 314,233		
12	Subtotal Regular Pay		137		<u>\$ 10,382,008</u>	
13	Stand By Pay per Bargaining Unit Contract			\$ 43,931		
14	Shift Pay per Bargaining Unit Contract & Customer Service Rotation			\$ 12,771		
15	Seasonal Temporary Employees & Summer Interns			\$ -		
16	Incentive Pay - for pro forma employees & wages (% by position)			\$ 597,450		
17	Overtime per test year - Adjusted to proforma wages			<u>\$ 542,291</u>		
18	Subtotal Other Pay				<u>\$ 1,196,442</u>	
19	Test Year Gross Payroll				<u>\$ 11,578,450</u>	
20	Historic Test Year Gross Payroll Expense (Accounts 50100 to 50115)				\$ 10,083,343	
21	Historic Test Year Net Payroll Expense (Accounts 50100 to 50125)				<u>\$ 6,672,277</u>	
22	Historic Test Year % Applicable to O&M Expense		Net Labor / Gross Labor Accounts (50100 to 50125) / (50100 to 50115)		66.17%	
23	Test Year Net Payroll to Operations and Maintenance				<u>\$ 7,661,608</u>	
24	Adjustment				<u>\$ 989,331</u>	

Veolia Water Idaho, Inc.
Details of Adjustments to Operations and Maintenance Expense
Historic Test Year ended June 30, 2022, as Adjusted

Adjustment No. 2
Workers Compensation
Account 91460

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Gross Payroll</u> <u>(50100 to</u> <u>50115)</u>	<u>WC expense</u> <u>per books</u> <u>with</u> <u>Reserves</u>	<u>Exclude</u> <u>WC</u> <u>Reserves</u>	<u>Include</u> <u>Claims</u> <u>Payments</u> <u>Acct 26200</u>	<u>Compensatio</u> <u>n w/o</u> <u>reserves with</u> <u>claims</u> <u>payments</u>	<u>Ratio</u>	<u>Amount</u>	<u>Adjustment Amount</u>
To normalize employee Workers Compensation expense based on a three year average of gross payroll. Adjustment to eliminate workers compensation costs Reserves (IBNR - Incurred but not recorded). Adjustment to include Deductible Claim payments booked to GL account 26200									
1	Cost Element 75004							\$	19,889
2	2019	\$ 7,176,980	\$ (39,411)	\$ 79,441	\$ 2,567	\$ 42,597	0.594%		
3	2020	\$ 8,269,700	\$ 123,379	\$ (27,231)	\$ 24,088	\$ 120,236	1.454%		
4	2021	\$ 9,408,215	\$ 55,494	\$ (7,638)	\$ 38,767	\$ 86,623	0.921%		
5	Total	\$ 24,854,895				\$ 249,456			
6	Average of last three years (excludes reserves)						1.004%		
7	Test Year Gross Payroll	\$ 11,578,450							
8	Test Year Workers Compensation expense					X	1.004%	\$ 116,207	
Historic Test Year Expense (shown as WC 91460 with Reserves, without IBNR reserves, plus claims payments GL Acct 26200, for an adjusted Test Year amount)									
9			\$ (159,397)	\$ 203,439	\$ 52,276	\$ 96,318			
10	Adjusted Historic Test Year amount (WC 91460 without IBNR reserves, with 26200 Claims Payments)							\$ 96,318	
	Adjustment							\$ 19,889	

Veolia Water Idaho, Inc.
Details of Adjustments to Operations and Maintenance Expense
Historic Test Year ended June 30, 2022, as Adjusted

Adjustment No. 3
Pension Cash Contributions
Account 91500, 71257, 26310

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Year</u> <u>ended</u>	<u>Cash</u> <u>Contribution</u>	<u>Amount</u>	<u>Adjustment Amount</u>
1	To adjust employee Pension expense based on projected cash contribution amounts				<u>\$ 32,766</u>
2	Baseline established in UW-W-20-02 Order 35030 to establish deferral		\$ 1,312,595		
3	Pension Cash Contributions for reference only	2019	\$ 1,389,848		
4		2020	\$ 1,312,595		
5		2021	<u>\$ 1,348,611</u>		
6	Subtotal		\$ 4,051,054		
7	Average of prior 3 years cash contributions for reference only		divided by 3 =	\$ 1,350,351	
8	Test Year Pension cash contribution based on Q1 & Q2 2022		\$ 585,796		
9	Projected Pension service cost based on test year ratio below		\$ 581,118		
10	Projected Pension interest component based on test year ratio below		<u>\$ 4,678</u>		
11	Test Year Pension Cash Contribution and updated proposed deferral threshold			\$ 585,796	
12	Historic Test Year Expense per books (91500) Pension service cost	99.2%	\$ 548,614		
13	Historic Test Year Expense per books (71257) Pension interest component	0.8%	<u>\$ 4,416</u>		
14	Historic Test Year Pension Expense			<u>\$ 553,030</u>	
	Adjustment			<u>\$ 32,766</u>	

Veolia Water Idaho, Inc.
Details of Adjustments to Operations and Maintenance Expense
Historic Test Year ended June 30, 2022, as Adjusted

Adjustment No. 4
Post-retirement Benefits Other than Pension (PBOP)
Account 91550, 71258

Line No.	Description			Adjustment Amount
1	To adjust employee PBOP (post-retirement benefits other than pension) amount based on Budget Projection. Subject to true up based on Actuarial projection expected Oct. 2022.			<u>\$ (42,509)</u>
		<u>Amount</u>	<u>Total</u>	
2	Projected PBOP expense	\$ (523,756)		
3	PBOP Expense Service cost - based on ratio below	\$ 163,925		
4	PBOP Expense Interest component - based on ratio below	<u>\$(687,681)</u>		
5	Test Year PBOP expense		\$ (523,756)	
6	Historic Test Year PBOP expense	\$ (481,247)		
5	PBOP Expense Service cost (91550)	-31.3% \$ 150,621		
6	PBOP Expense Interest component (71258)	131.3% \$(631,868)		
7	Historic Test Year Expense (Account 91550, 71258)		<u>\$ (481,247)</u>	
8	Adjustment		<u>\$ (42,509)</u>	

Veolia Water Idaho, Inc.
Details of Adjustments to Operations and Maintenance Expense
Historic Test Year ended June 30, 2022, as Adjusted

Adjustment No. 5
Employee Healthcare
Account 91700

Line	<u>No.</u> <u>Description</u>	<u>Change</u>	<u>Amount</u>	<u>Total</u>	<u>Adjustment</u> <u>Amount</u>
	To adjust employee health care expense (medical & dental), and group term life, and long term disability insurance to pro forma costs and to the pro forma number of employees. Excludes IBNR (incurred but not reported) reserves. *Subject to change when 2023 benefit costs become				
1	available				\$ (353,303)
2	Gross Historic Test Year Health Care Expense		\$ 2,903,152		
3	Employee Offsetting Contributions		<u>\$ (420,245)</u>		
4	Net Historic Test Year Health Care Costs account 91700			<u>\$ 2,482,907</u>	
5	Exclude Historic Test Year IBNR - Incurred But Not Reported claims reserves		\$ (25,894)		
6	Adjusted Net Historic Test Year Health Care Costs			<u>\$ 2,457,013</u>	
7	Test Year Employees		137		
8	Projected Employer Health Care costs *Subject to change			\$ 2,103,710	
9	Test Year Total Health Care Costs			<u>\$ 2,103,710</u>	
10	Adjustment			\$ (353,303)	

Veolia Water Idaho, Inc.
Details of Adjustments to Operations and Maintenance Expense
Historic Test Year ended June 30, 2022, as Adjusted

Adjustment No. 8
Payroll Overheads (Fringe Benefits Allocation)
Account 90950 and 90953

Line No.	Description	Account	Benefits	Amount	Adjustment Amount
1	To normalize the fringe benefit allocation charged to non-operations and maintenance accounts based on historic test year % of labor. *Subject to change when 2023 benefit costs are available.				\$ 81,157
	Test Year Benefit Costs				
2	Payroll Taxes	70250	\$ 898,783		
3	Workers Compensation	91460	\$ 116,207		
		not 91500 expense per books but Cash			
4	Pension (Cash Contribution - service cost only)	Contribution	\$ 581,118		
5	PEBOP (Post retirement health care and amort.)	91550	\$ 163,925		
6	Group Health & Life	91700	\$ 2,103,710		
7	401k	91800	\$ 456,431		
8	Other Employee Benefits	91850	\$ 14,634		
9	Subtotal Test Year Benefit Costs			\$ 4,334,809	
10	Historic Test Year Percentage of Non-Operations & Maintenance payroll (account 50120 to 50125) to Gross Payroll Account 50100 to 50115) applied to benefit costs			33.83%	
11	Test Year fringe benefit clearing costs allocated			\$ (1,466,411)	
12	Historic Test Year			\$ (1,547,567)	
13	Adjustment			\$ 81,157	

Veolia Water Idaho, Inc.
Details of Adjustments to Operations and Maintenance Expense
Historic Test Year ended June 30, 2022, as Adjusted

Adjustment No. 10
Energy - Purchased Power and Other Utilities
Account 50610 and 50620

Line No.	Description				Adjustment Amount
1	To adjust energy expense based on pricing at Idaho Power rates effective June 2022 and miscellaneous other energy and utility costs based on test year level				\$ 97,600
		Tariff	Details	kWh	Amount
2	9P	Columbia and Marden Water Treatment Plants, Boise River Raw Water Pump Station			\$ 439,968
3	7 and 9S	Wells & Boosters			<u>\$ 1,956,492</u>
4	Historic Test Year pumping & distribution power per Idaho Power invoices at test year tariff rates (50610)		35,437,034	\$ 2,396,459	\$ 2,396,459
5	7 and 9S	Other power: Office Lights, Clinton Warehouse, Valves, Misc. (50620)		<u>\$ 35,156</u>	
6	Historic Test Year Idaho Power Invoice Total			2,431,615.42	
7	Reprice Historic Test Year Idaho Power pumping & distribution power invoices to June 2022 tariff rates:				
8	9P	Columbia and Marden Water Treatment Plants, Boise River Raw Water Pump Station		\$ 447,698	
9	7 and 9S	Wells & Boosters		<u>\$ 1,989,980</u>	
10	Test Year pumping & distribution power per test year Idaho Power invoices repriced at June 2022 tariff rates		35,437,034	\$ 2,437,677	<u>\$ 2,437,677</u>
11	Impact of repricing tariff rates				\$ 41,218
12	Test Year Other Power - Idaho Power Invoices - Office Lights, Clinton Warehouse, Valves, Misc. based on Historic Test Year amount (50620)			\$ 35,156	
13	Test Year - Add 6 months of Eagle Water bills not reflected in test year, based on Historic Test Year amount (50610)			\$ 45,340	
14	Test Year Diesel Fuel for Emergency Generators based on Historic Test Year amount (50610)			\$ 40,437	
15	Test Year anticipated benefit of Idaho Power Demand Response Program rebate based on Historic Test Year amount (50620)			\$ (6,020)	
16	Test Year Natural Gas & Other Utilities based on Historic Test Year amount (50620)			<u>\$ 43,040</u>	
17	Test Year Other Power				<u>\$ 157,953</u>
18	Total Test Year Power & Other Utility Expense				<u>\$ 2,595,630</u>
19	Historic Test Year Power & Other Utility Expense				\$ 2,498,030
20	Adjustment				<u>\$ 97,600</u>

Veolia Water Idaho, Inc.
Details of Adjustments to Operations and Maintenance Expense
Historic Test Year ended June 30, 2022, as Adjusted

Adjustment No. 11

Chemicals
Account 50635

<u>No.</u>	<u>Description</u>	<u>Adjustment Amount</u>
1	To adjust chemical expense using historic test year quantities priced at pro forma prices. Exclude chemical maintenance items included in historic test year amount that were reclassified. Add chemical costs for Eagle Water not reflected in historic test year.	\$ 158,707
2	Water Treatment Chemicals	\$ 564,231
3	Well Maintenance Chemicals	\$ 5,029
4	Add chemicals for Eagle Water not reflected in test year - 12% sodium hypochlorite	\$ 25,115
5	Test Year Expense	\$ 594,376
6	Historic Test Year Expense before adjustment	\$ 472,422
7	Exclude historic test year chemical maintenance items. Reclassified later to materials expense and capital expenditures.	\$ (31,223)
8	Exclude historic test year chemical maintenance items. Reclassified later to capital expenditures.	\$ (5,531)
9	Adjusted Historic Test Year expense	\$ 435,668
10	Adjustment	<u>\$ 158,707</u>

Veolia Water Idaho, Inc.
Details of Adjustments to Operations and Maintenance Expense
Historic Test Year ended June 30, 2022, as Adjusted

Adjustment No. 12
Subcontractors
Account 50400

Line No.	Description	Adjustment Amount
1	Subcontractor expenses normalized to include an annual amount of costs for Gallagher compensation study, exclude Vibration Analysis duplicated in historic test year due to timing, eliminate temporary help, add an annual amount of UCMR5 water quality costs, add Temetra costs, increase on GeoScada costs, add Well cleaning and Tank inspection costs.	<u>\$ 19,282</u>
	Cost Element Categories	<u>Total</u>
2	641002 - Legal Services	\$ 82,467
3	641003 - Professional Services	\$ 41,063
4	641004 - Temporary Help	\$ 5,100
5	641010 - IT System Support	\$ 18,109
6	641015 - Field Contractors	\$ 219,456
7	641016 - Testing	\$ 155,721
8	641017 - Other	\$ 65,555
9	641019 - Markouts	\$ 26,746
10	641045 - E-Payment Convenience Fees	\$ 148,767
11	642004 - SAAS and Public Cloud	\$ 37,048
12	Other Cost Element Categories	<u>\$ 11,141</u>
13	Historic Test Year Amount	\$ 811,173
14	641003 Professional Services - Exclude portion of Gallagher Benefit Services Compensation Study - will reoccur every 3 years to coincide with Bargaining Unit Contract renewal and wage adjustments	\$ (22,000)
15	641015 - Field Contractors - Exclude Vibration Analysis historic test year amount included two annual charges due to timing	\$ (16,518)
16	641004 - Eliminate Temporary Help	\$ (5,100)
17	641016 - Water Quality Testing UCMR5 monitoring \$27.5k every 5 years	\$ 5,400
18	641017 - Itron Temetra upgrade - meter reading subscription	\$ 20,000
19	641017 - SCADA system maintenance & support - GeoScada additional data points	\$ 10,000
20	641015 - Well Cleaning \$15k & Tank Inspection/Cleaning \$12.5k timing	\$ 27,500
21	Test Year Expense	\$ 830,455
22	Adjustment	<u>\$ 19,282</u>

Veolia Water Idaho, Inc.
Details of Adjustments to Operations and Maintenance Expense
Historic Test Year ended June 30, 2022, as Adjusted

Adjustment No. 13
Customer Billing Expenses
Account 50405

Line No.	Description	Test Year Amount	Adjustment Amount
1	To adjust customer billing expense for customer growth, postage and bill generation cost increases		<u>\$ 22,125</u>
2	Historic Test Year Expense Customer Bill Generation & Postage Expense (50405)	<u>\$ 301,338</u>	
3	Customer growth % per historic test year (all customer classes) 1.0%		
4	Projected impact of customer growth on customer billing expenses	\$ 2,915	
5	Postage Increase July 10, 2022 for metered mail 1-oz. from \$0.53 to \$0.57, a 7.55% increase (CE684001) applied to historic test year amount 7.55%	\$ 146,626	
6	Postage increase impact	\$ 11,066	
7	to approximately 29% of total bill generation costs and 4% processing cost increase as of October 2022 (CE684002) applies to approximately 33% of total bill generation costs, based on latest historic test year May 2022 Invoice and applied to the historic test year amount.	\$ 154,711	
8	CSG bill generation cost increase impact amount	\$ 8,144	
9	Test Year Customer Billing Expense	<u>\$ 323,463</u>	
10	Adjustment	<u>\$ 22,125</u>	

Veolia Water Idaho, Inc.
Details of Adjustments to Operations and Maintenance Expense
Historic Test Year ended June 30, 2022, as Adjusted

Adjustment No. 17
Office Expenses
Account 50650

Line No.	Description	Adjustment Amount
1	Office Expenses - adjust for Citywork work management system 9% annual increase and additional licenses.	<u>\$ 73,730</u>
	Cost Element Category	<u>Amount</u>
2	701001 - Cellular Phone	\$ 39,402
3	701002 - Telephone Equipment	\$ 213,316
4	701003 - Communication Other	\$ 8,190
5	701004 - Office Supplies	\$ 50,404
6	701005 - Dues and Subscriptions	\$ 58,135
7	701006 - Licenses and Fees	\$ 22,873
8	701008 - Postage and Air Freight	\$ 23,815
9	701009 - Staff Mtgs, Conf and Seminars	\$ 36,613
10	701012 - Air Transportation	\$ 13,859
11	701013 - Ground Transportation	\$ 6,525
12	701014 - Hotel and Lodging	\$ 7,335
13	701015 - Meals	\$ 2,379
14	701016 - Other Office Expense	\$ 259,071
15	Historic Test Year Expense	<u>\$ 741,917</u>
16	Cityworks License cost 9% contractual increase and additional licenses for new employees	\$ 42,776
17	CCR Consumer Confidence Report postage costs	\$ 20,000
18	Postage Increase July 10, 2022 from \$0.58 to \$0.60 for first class mail 3.45%	\$ 821
19	Timing of Right Systems invoice maintenance support fee contract for UPS backup system not reflected in test year, in Aug. 2022	\$ 10,133
20	Test Year Expense	<u>\$ 73,730</u> \$ 815,647
21	Adjustment	<u>\$ 73,730</u>

Veolia Water Idaho, Inc.
Details of Adjustments to Operations and Maintenance Expense
Historic Test Year ended June 30, 2022, as Adjusted

Adjustment No. 20

General Insurance

Account 91400

Line No.	Description						Adjustment Amount
1	To adjust casualty and property insurance to remove IBNR - incurred but not recorded reserves and to include deductible claim payments expense GL account 26200 CE 75002. Premiums for Casualty and Property Insurance are included in M&S fees 90850, and Prior to Sept. 2019 Claims Payments were also included in M&S Fees 90850)						\$ 151,177
	Year	Insurance with Reserves 91400 per books	Exclude Reserves in 91400	Claims Payments 26200	Expense without Reserves with Claims payments	Total	
2	2020	\$ 693,760	\$ (692,966)	\$ 171,732	\$ 172,526		
3	2021	\$ 204,689	\$ (204,020)	\$ 311,853	\$ 312,522		
4	Average			\$ 241,793	\$ 242,524		
5	Test Year Casualty Business Insurance Expense (not including premiums included in M&S Fees 90850)						\$ 242,524
6	Historic Test Year Amounts	\$ 227,124	\$ (226,899)	\$ 91,123	\$ 91,348		
7	Historic Test Year Adjusted Amount excluding Reserves, including Claims payments, and excluding premiums included in M&S Fee						\$ 91,348
8	Adjustment					\$ 151,177	

Veolia Water Idaho, Inc.
Details of Adjustments to Operations and Maintenance Expense
Historic Test Year ended June 30, 2022, as Adjusted

Adjustment No. 22
Safety
Account 92200

Line No.	Description	Safety Expense	Amount	Adjustment Amount
1	Safety Expense based on budget amounts or prior costs, shown as annual amounts			<u>\$ 40,582</u>
2	Uniform costs, per historic test year amount	\$ 20,477		
3	Hearing Tests \$150 facility fee + \$15 per person * 75 bargaining Unit employees	\$ 1,275		
4	Arc Flash Training - October & November 2022	\$ 11,100		
5	Arc Flash PPE rental costs per historic test year amount	\$ 12,943		
6	Confined Space OSHA Competent Person annual training - November 2022	\$ 7,500		
7	Trenching & Excavation Construction Site Erosion - annual cost - October 2022	\$ 7,500		
8	Construction Site Erosion Refresher - 3 Year - shown as annual cost	\$ 400		
9	Crane and Lift Inspections	\$ 1,200		
10	EPA/NESHAP/OSHA Asbestos Training - 2 years - shown as annual cost	\$ 3,500		
	Fire Suppression System Inspections (fire alarms, fire flow, extinguisher inspection & maint.) and			
11	Alarm monitoring based on historic test year amount	\$ 18,874		
12	First Aid CPR/AED training \$50 per person	\$ 3,600		
13	OSHA Standards based on historic test year amount	\$ 750		
14	OSHA 10 Hr Construction	\$ 4,000		
15	Pulmonary Respirator Training & Fit tests	\$ 5,000		
	Industrial Hygienist - Respirator/chemical/asbestos program assessments - exposure monitoring -			
16	per historic test year and October 2022 anticipated costs	\$ 20,250		
17	Safety Equipment (PPE, Signage, de-icer, Safety-toe Boots, Rubber Pacs, etc.) based on historic test year amou	\$ 75,137		
18	Forklift/Manlift training	\$ 1,200		
19	Flagger training - 3 year - shown as annual cost	<u>\$ 700</u>		
20	Test Year Safety Expense	\$ 195,406		
21	Historic Test Year Expense		\$ 154,824	
22	Adjustment		<u>\$ 40,582</u>	

Veolia Water Idaho, Inc.
Details of Adjustments to Operations and Maintenance Expense
Historic Test Year ended June 30, 2022, as Adjusted

Adjustment No. 29

Adjustment to Variable Expenses Due to Volume Normalization

Line No.	Description					Adjustment Amount
1	To adjust purchased power expense and chemical expense based on consumption volumes for the upward annualized growth for the test year and full year additional revenue/customers through March 31, 2023 offset by volume normalization.					\$ (127,937)
	<u>Details</u>					<u>Amount</u>
2	Historic Test Year Purchased Power Expense					\$ 2,498,030
3	Historic Test Year Chemical Expense - Adjusted					435,668
4	Total Variable Cost Related to Volume Normalization					\$ 2,933,699
		Exhibit 5 Sched 3 VWID	Exhibit 5 Sched 3 Eagle Exist	Exhibit 5 Sched 3 Eagle New	Total	
5	Historic Test Year Residential Consumption in CCF (100 Cubic Feet)	12,625,691	143,065	3,592	12,772,348	
6	Historic Test Year Commercial Consumption in CCF (100 Cubic Feet)	6,734,723	87,968	3,091	6,825,782	
7	Historic Test Year Public Authority Consumption in CCF (100 Cubic Feet)	62,963	318		63,281	
8	Subtotal	19,423,377	231,351	6,683	19,661,411	
9	Historic Test Year Consumption (in CCF)					19,661,411
10	Ratio of Variable Cost to Variable Consumption					14.921%
11		4A VWID	4A Eagle Exist	4A Eagle New		
12	Adjustment R1 Annualization of Historic Test Year Growth CCF	84,148	(842)	9,260	92,566	
13		4B VWID	4B Eagle Exist			
14	Adjustment R2 Customer Growth CCF	86,274	9,084		95,358	
15		4C VWID	4C Eagle Exist	4C Eagle New		
16	Adjustment R3 Weather Usage Adjustments CCF	(1,412,336)	(60,626)	(1,324)	(1,474,286)	
17				4D Eagle New		
18	Adjustment R4 Annualization of Historic Test Year Existing Customers CCF			428,938	428,938	
19	Subtotal	(1,241,914)	(52,384)	436,874	(857,424)	
20	Total Volume Adjustment Impact (in CCF)					(857,424)
21	Variable Expense associated with Volume Normalization					\$ (127,937)
22	Adjustment					\$ (127,937)

Veolia Water Idaho, Inc.
Details of Adjustments to Ad Valorem Property Taxes
Historic Test Year ended June 30, 2022, as Adjusted

Adjustment No. 1
Property Taxes
Account 70203

Line No.	Description	Adjustment Amount
1	To adjust Property Tax expense based on the anticipated 2022 year end valuation using 2021 Tax Bill levy rate as projected. Subject to update when levy rate is known and year end 2022 financial data is available.	<u>\$ 375,507</u>
	<u>Details</u>	<u>Amount</u> <u>Total</u>
2	Assessed Value recommended by the Idaho State Tax Commission - Appraisal dated January 1, 2022 for year ended 2021	\$ 222,397,333
3	Ada County Composite Levy Rate per November 15, 2021 bill	<u>0.9399%</u>
4	Ada County Property Tax Expense	\$ 2,090,283
5	Irrigation District Taxes & Other	<u>\$ 2,464</u>
6	Anticipated 2022 Property Tax Expense for reference only	\$ 2,092,747
7	Historic Test Year Property Tax Expense per Books	\$ 1,769,525
8	Estimated Assessment per Idaho State Tax Commission protocol for year ended 2022	\$ 227,988,335
9	Test Year Levy Rate based on historic test year November 15, 2021 bill	0.9399%
10	Test Year Ada County Property Tax	\$ 2,142,832
11	Test Year Irrigation District Taxes & Other Assessments	<u>\$ 2,200</u>
12	Test Year Property Tax Expense	<u>\$ 2,145,032</u>
13	Adjustment	<u>\$ 375,507</u>