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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 MICHAEL WILSON
FOR VEOLIA WATER IDAHO, INC.

SEPTEMBER 2022

1 **Q. Please state your name and business address.**

2 A. Michael Wilson, 8248 West Victory Road, Boise, Idaho 83709.

3 **Q. By whom are you employed and in what capacity?**

4 A. I am employed by Veolia Water Idaho, Inc. (“Veolia”, “Veolia Water Idaho” or
5 “Company”) in the capacity of Manager - Financial Planning, Reporting &
6 Analysis.

7 **Q. How long have you been employed by Veolia Water Idaho?**

8 A. I have been employed by Veolia Water Idaho (formerly SUEZ Water Idaho Inc.
9 and prior to that, United Water Idaho Inc.) since August 2004.

10 **Q. Briefly describe your responsibilities during your tenure.**

11 A. On January 8, 2022 I was promoted to Manager - Financial Planning, Reporting &
12 Analysis. In this position, I direct the preparation, consolidation, and presentation
13 of financial planning processes such as the annual operating budget, reforecasting,
14 medium term plan, and monthly variance analysis. I lead the response to internal
15 and external audit inquiries, including the Idaho Public Utilities Commission,
16 (“IPUC”) audit of the Pollution Control Exemption filing. Additionally, I prepare
17 the annual reports for the IPUC and Idaho State Tax Commission.

18 Prior to my promotion as Manager, I was in a Supervisor role for two years
19 performing similar job functions. Leading up to my Supervisor role, I held the title
20 of Sr. Financial Analyst for approximately 17 months which was a promotion from
21 my initial role as Accounting/Finance Clerk. In that role, I built foundational
22 knowledge of regulatory accounting performing a variety of functions including
23 payroll, accounts payable, journal entry, and general ledger account reconciliation.

1 Over the course of my career at Veolia, I have assisted in rate case data preparation
2 and production responses.

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

4 A. I was granted a Bachelor of Science in Computer Science from Steven-Henager
5 College in 2008 and a Bachelor of Science in Business Administration from Lewis-
6 Clark State College in 2000. I also attended NARUC Utility Rate School in the fall
7 of 2020.

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

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

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

23 A. The following Exhibits accompanying my testimony:

- 1 ▪ Exhibit 10, Schedule 1 – Operating Expense Adjustments:
- 2 ▪ Adjustment No. 6 – Employee 401k
- 3 ▪ Adjustment No. 7 – Other Employee Benefits - Tuition
- 4 ▪ Adjustment No. 9 – Purchased Water
- 5 ▪ Adjustment No. 14 – Bad Debt
- 6 ▪ Adjustment No. 15 – Materials
- 7 ▪ Adjustment No. 16 – Vehicle Allocation
- 8 ▪ Adjustment No. 18 – Advertising
- 9 ▪ Adjustment No. 21 – IPUC Fees
- 10 ▪ Exhibit 10, Schedule 3 – Payroll Taxes:
- 11 ▪ Adjustment No. 2 – FICA Tax
- 12 ▪ Adjustment No. 3 – Federal Unemployment Insurance Tax
- 13 ▪ Adjustment No. 4 – State Unemployment Insurance Tax
- 14 **Q. Please describe the approach you have taken in preparing the exhibits for**
- 15 **operating expenses.**
- 16 A. I have relied on information and data produced within the Company, and my own
- 17 investigation thereof, as the basis for adjustments in order to appropriately reflect
- 18 the costs expected to be incurred during the period rates will be in effect as a result
- 19 of this filing.
- 20 **Q. Please describe the various normalizing and annualizing adjustments, as well**
- 21 **as known and measurable adjustments, made to operating expenses as**
- 22 **demonstrated in Exhibit 10, Schedule 1.**

1 March of 2020 due to the Covid-19 pandemic. Collections resumed as a phase-in
2 approach during 2021 and reached a normal threshold collection level in April 2021
3 for Commercial customers and May 2022 for Residential customers.

4 Adjustment No. 15, Materials, adjusts the Historic Test Year expense of
5 \$278,045 by \$28,279 to a Test Year amount of \$306,324. The adjustment increases
6 the Historic Test Year by \$31,223 in maintenance material costs excluded from
7 50635 (Chemical expense – Adjustment No. 11 as discussed in Company witness
8 Cary’s testimony) and decreases the Historic Test Year by \$2,944 for a capital
9 expenditure reclassification.

10 Adjustment No. 16, Vehicle Allocation, increases net expense by \$467,768
11 from the adjusted Historic Test Year level of \$557,581 to a Test Year amount of
12 \$1,025,350. The Company uses a vehicle allocation process to distribute
13 transportation costs to the applicable income statement or balance sheet accounts.
14 All components of gross vehicle costs such as lease payments net of proceeds from
15 disposal, fuel, maintenance materials and outside contractors, mechanic payroll and
16 benefits, insurance, depreciation, GPS service and others are coded to a clearing
17 account on the Company’s balance sheet. On a monthly basis, these costs are
18 cleared to expense or capitalized based upon the time allocation of departments
19 with assigned vehicles. The Historic Test Year allocation of gross costs to
20 operations and maintenance net expense is 56.587%.

21 Gross costs in the Historic Test Year were \$1,469,615 and increased to a
22 Test Year amount of \$1,811,996. Applying the Historic Test Year allocation of
23 56.587% results in a Historic Test Year net expense of \$832,494 and Test Year of

1 \$1,025,350. The increase is predominantly driven by increased lease costs and
2 higher fuel prices.

3 Per books, the Historic Test Year net expense amount is \$832,494 which is
4 then adjusted to exclude test year IBNR (Incurred but not reported claim reserves)
5 of \$329,806 and include auto insurance claims payments (GL Account 26200, Cost
6 Element 682005) of \$54,893 resulting in an adjusted Historic Test Year amount of
7 \$557,581.

8 Net expense lease costs, net of proceeds, are increasing in the Test Year by
9 \$234,003. The increase is driven by the addition of one vehicle for new staff and
10 the replacement of 22 vehicles whose paid-off monthly lease costs are either \$13
11 or \$27 monthly depending on the lease provider. These vehicles are being replaced
12 due to general wear and tear, high mileage, and some maintenance issues. The
13 availability of replacement vehicles was restricted over the last two years due to
14 production issues by vehicle manufacturers.

15 As lease agreements expire, vehicles are ultimately disposed of, and any
16 proceeds flow back into the vehicle allocation process and reduce gross costs to be
17 allocated. The Company projects the proceeds will result in a normalized annual
18 amount of \$10,500 based on a 3-year average.

19 Projected fuel prices are reflected in the Test Year as \$4.68 per gallon for
20 gasoline and \$5.19 per gallon for diesel per AAA average price in Boise on
21 September 1, 2022. Historic Test Year average prices were \$4.05 for regular
22 gasoline and \$4.32 per gallon for diesel. Fuel consumption is projected to be a total
23 of 73,593 gallons with 59,169 gallons of gasoline and 14,424 gallons of diesel fuel.

1 Increased fuel prices and a projected 5.5% increase in fuel usage based on historical
2 analysis accounts for an increase in net expense costs of \$43,356 in the Test Year.
3 All other categories of costs are increasing by a combined net expense total of
4 \$70,176 consisting predominantly of insurance and vehicle maintenance costs.

5 Adjustment No. 18, Advertising, is adjusted by \$10,598 from a Historic
6 Test Year amount of \$217,084 to a Test Year of \$227,683. The adjustment includes
7 a reduction of \$2,000 to remove one extra month of RedSky media costs from the
8 Historic Test Year due to timing of payments; a reduction of \$8,000 to remove a
9 Donahoe Pace customer education media campaign cost doubled up in the Historic
10 Test Year due to timing of payments; a reduction of \$2,687 for non-recurring Eagle
11 Water Company customer townhall costs; and a reduction of \$6,715 to remove
12 printing costs of the Rules & Regulations insert from February 2022 which was
13 reprinted in June 2022 to reflect the May 1, 2022 rate change per SUZ-W-20-01
14 rate case. The adjustment includes an estimated cost of \$30,000 to produce a
15 printed version of the annual Consumer Confidence Report to be mailed to each
16 customer based on the low customer digital readership for this important regulatory
17 required document.

18 Adjustment No. 21, IPUC Fees, increases Test Year IPUC Fees by \$5,899
19 from the Historic Test Year expense of \$97,278 to the Test Year level of \$103,177.
20 The Test Year amount is based on the Commission's 2022 utility assessment rate
21 of 0.1995% per invoice dated April 21, 2022 instructing Veolia to make a payment
22 of \$101,940. This rate is applied to the Test Year projected revenues as of April
23 2023 at current rates of \$51,717,859 and is subject to true up.

- 1 **Q. Please explain Exhibit No. 10, Schedule 3, Adjustments No. 2, No. 3 and No. 4**
2 **- Payroll Taxes.**
- 3 A. Exhibit No. 10, Schedule 3, Adjustments No. 2, No. 3 and No. 4 combine to
4 increase the Historic Test Year level of payroll taxes by \$124,798. Adjustment No.
5 2 indicates an increase in FICA taxes of \$124,963. Adjustment No. 3 reflects a
6 decrease of (\$378) in Federal unemployment taxes. Adjustment No. 4 shows an
7 increase of \$213 in Idaho State unemployment taxes. All payroll taxes have been
8 adjusted based on anticipated 2023 statutory limits and rates in effect for 2023.
- 9 **Q. Does this conclude your direct testimony?**
- 10 A. Yes.

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

EXHIBIT 10 TO ACCOMPANY THE
DIRECT TESTIMONY OF MICHAEL WILSON

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 ending June 30, 2022, as Adjusted

Adjustment No. 6
Employee 401k
Account 91800

Line No.	Description			Total 401K	Adjustment Amount
1	To adjust 401k matching expense to Test Year based on Historic Test Year ratio expense amount of payroll expense				\$ 71,977
		<u>Gross Payroll less</u>			
		<u>401k Expense</u>	<u>Incentives</u>	<u>Ratio</u>	
2	Historic Test Year 12 months ending June 30, 202	\$ 384,454	\$ 9,249,359	4.16%	
3	Test Year Gross Payroll less Incentives		\$ 10,981,000		
4	Ratio based on Historic Test Year			4.16%	
5	Test Year Employee 401K			\$ 456,431	
6	Historic Test Year Expense			\$ 384,454	
7	Adjustment			\$ 71,977	

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

Adjustment No. 7
Other Employee Benefits - Tuition
Account 91850

Line No.	Description	Amount	Total	Adjustment Amount
1	To adjust other employee benefits (tuition expense) to Test Year level based on Historic Test Year ratio of employees			<u>\$ 1,602</u>
2	Historic Test Year Expense - Other Employee Benefits Expense - Tuition	\$ 13,032		
3	Employees as of June 2022	<u>122</u>		
4	Historic Test Year expense per employee	\$ 106.82		
5	Test Year Employees	x <u>137</u>		
6	Test Year Expense - Tuition		<u>\$ 14,634</u>	
7	Adjustment		<u>\$ 1,602</u>	

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Exhibit No. 10
Schedule 1
M. Wilson
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Veolia Water Idaho, Inc.
Details of Adjustments to Operations and Maintenance Expense
Historic Test Year ending June 30, 2022

Adjustment No. 9
Purchased Water
Account 50605

<u>Line</u> <u>No.</u>	<u>Description</u>			<u>Adjustment</u> <u>Amount</u>
1	shares in canal company's contracts/leases for storage water and purchases from Garden City. Historic Test year included two water bank rental fees due to timing of payment.			\$ (61,608)
	<u>Details</u>	<u>Amount</u>	<u>Total</u>	
2	Shares Leased in Canals	\$ 96,210		
3	Contract Storage	\$ 49,834		
4	State Water Bank (Natural Flow)	\$ 28,800		
5	Basin 63 Rental Pool	\$ 140,000		
6	Additional Rental Pool	\$ -		
7	Garden City Water Purchase	\$ 1,850		
8	New York Irrigation Canal	\$ -		
9	Test Year Purchased Water		\$ 316,694	
10	Historic Test Year Expense		\$ 378,302	
11	Adjustment		\$ (61,608)	

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

Adjustment No. 14
 Bad Debt
 Account 90400, 90405

Line No.	Description				Adjustment Amount
1	Normalize bad debt expense from Historic Test Year amount. Exclude allowance for uncollectible reserves (90405) from uncollectible expenses reflected below. Collections activities stopped March 2020 due to Covid-19 pandemic. Collections resumed as phase-in during 2021 and reached a normal threshold collection level in April 2021 for Commercial customers and May 2022 for Residential customers.				\$ 13,321
2		<u>Revenues</u>	<u>Bad Debt Reserve 90405</u>	<u>Uncollectible %</u>	<u>Bad Debt 90400 (without Reserve)</u>
3	Historic Test Year Revenues	\$ 49,459,567			
4	Historic Test Year Expense excluding Bad Debt Reserve 90405		\$ (683,545)		\$ 291,742
5	Percentage Bad Debt Accounts Expense - per Historic Test Year			0.5899%	
6	Projected Total Test Year Revenues at Present Rates (Exhibit 5 Schedule 2, cell K23)	\$ 51,717,859			
7	Test Year Bad Debt Expense		X	0.5899% =	\$ 305,063
8	Adjustment				<u>\$ 13,321</u>

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

Adjustment No. 15
Materials
Account 50300

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Adjustment</u> <u>Amount</u>
1	To normalize materials expense based on Historic Test Year amount, excluding capital expenditure item reclassification and adding in chemical maintenance costs included in chemical expense reclassified to materials later	<u>\$ -</u>
		<u>Amount</u>
2	Historic Test Year Expense before correction	278,045
3	Include maintenance costs that were included in Historic Test Year 50635 Chemicals but excluded in the adjustment, these costs should be in Materials	\$ 31,223
4	Exclude Hydrant Storz Quick Connection - capital expenditure reclassification	<u>\$ (2,944)</u>
5	Adjusted Historic Test Year Expense	306,324
6	Test Year Materials Expense	<u>\$ 306,324</u>
	Adjustment	<u>\$ -</u>

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

Adjustment No. 16
Vehicle Allocation
Account 50645 & 50646

Line No.	Description	Adjustment Amount	
1	To adjust vehicle allocation expenses including all elements delineated below for fleet of Vehicles and heavy equipment based on projected expense.	\$ 467,768	
	<u>Details</u>	<u>Amount</u>	<u>Total</u>
	Test Year Expense		
2	Mechanic payroll and benefits	\$ 99,362	
3	Lease Cost	\$ 736,412	
4	Fuel (73,593 gallons @ \$4.78) average of Regular & Diesel fuel as of Sept. 1, 2022	\$ 351,490	
5	Materials, Maintenance (2021 cost plus 3% inflation estimate)	\$ 216,070	
6	Insurance	\$ 211,509	
7	Other Costs, Depreciation, Tax, Vehicle allowance, etc.	<u>\$ 207,652</u>	
8	Sub Total Test Year Gross Cost		\$ 1,822,496
9	Less: Estimate of Proceeds from disposal or rebates based on 3 year average	<u>\$ (10,500)</u>	
10	Vehicle Allocation Gross		\$ 1,811,996
11	Test Year O&M Vehicle Allocation ratio based on June 2022 Historic Test Year - 50646 CE 522705 / 50646	56.587%	
12	Total Test Year Expense		<u>\$ 1,025,350</u>
13	Historic Test Year Expense 50645 & 50646 before adjustments	\$ 832,494	
14	Exclude Historic Test Year IBNR - Incurred But Not Reported claims reserves	\$ (329,806)	
15	Add Auto Insurance Claims payments - GL Account 26200 CE 682005	\$ 54,893	
14	Adjusted Historic Test Year Vehicle Allocation Expense		<u>\$ 557,581</u>
15	Adjustment		<u>\$ 467,768</u>

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

Adjustment No. 18
Advertising
Account 50651

Line No.	Description	Adjustment Amount
1	To normalize customer outreach advertising expense. Eliminate from Historic Test Year duplicated costs due to timing of various customer outreach campaigns. Add CCR Consumer Confidence Report printed version	<u>\$ 10,598</u>
		Adjustments Amount
2	Historic Test Year Advertising Expense	\$ 217,084
3	reflected	\$ (2,000)
4	Remove Donahoe Pace customer education Conservation 2021 costs - doubled up in Historic Test Year due to timing of campaigns	\$ (8,000)
5	Remove Eagle Water Company customer town hall costs, non-recurring	\$ (2,687)
6	Remove Drapers Associates Rules & Regulations insert from February 2022, was reprinted in June to reflect May 1 rate change per SUZ-W-20-01	\$ (6,715)
7	Add CCR Consumer Confidence Report mailer per projected cost.	\$ 30,000
8	Test Year Advertising Expense	<u>\$ 227,683</u>
	Adjustment	<u>\$ 10,598</u>

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

Adjustment No. 21

IPUC Fees
Account 91900

Line No.	Description			Adjustment Amount
1	To adjust Historic Test Year level of IPUC Annual Assessment based on latest invoice.			\$ 5,899
	<u>Details</u>	<u>Amount</u>	<u>Total</u>	
2	Projected Total Test Year Revenues at Present Rates (Exhibit 5 Schedule 2, cell K23)	\$ 51,717,859		
3	IPUC 2022 Utility Assessment Rate - Based on IPUC Invoice 2022-240 Dated April 21, 2022	0.1995%		
4	Test Year IPUC Assessment		\$ 103,177	
5	Historic Test Year Expense		\$ 97,278	
6	Adjustment		\$ 5,899	

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Exhibit No. 10
Schedule 1
M. Wilson
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Veolia Water Idaho, Inc.
Details of Adjustments to Payroll Taxes
Historic Test Year ended June 30, 2022, as Adjusted

Adjustment No. 2
Payroll Taxes
At Present Rates, Projected Limit
Account 70250

Line No.	Description					Adjustment Amount
1	To adjust Employer FICA Tax Liability - Federal Insurance Contributions Act					\$ 124,963
		<u>Details</u>	<u>Social Security Amount</u>	<u>Medicare Amount</u>	<u>Combined</u>	
2	Projected FICA Base for 2023 - based on change in prior year	\$ 151,200		No Limit		
3	FICA Rate for 2022	6.20%		1.45%		
4	Test Year Payroll	\$ 11,578,450	\$	11,578,450		
5	Wages in Excess of FICA base	\$ 233,485		No limit		
6	Taxable Wages	\$ 11,344,965	\$	11,578,450		
7	FICA Tax Rates	6.20%		1.45%		
8	Test Year FICA Tax	\$ 703,388	\$	167,888	\$ 871,275	
9	Historical Test Year Expense				\$ 746,313	
10	Adjustment				\$ 124,963	

Veolia Water Idaho, Inc.
Details of Adjustments to Payroll Taxes
Historical Test Year ended June 30, 2022, as Adjusted

Adjustment No. 3

Payroll Taxes
At Present Rates
Account 70250

Line No.	Description		Adjustment Amount
1	To adjust Federal Unemployment Insurance Tax		\$ (378)
	<u>Details</u>	<u>Amount</u>	
2	Federal Taxable Base limit	\$ 7,000	
3	Federal Tax Rate	0.60%	
4	Employees covered by Federal Unemployment Tax (137 Test Year Employees @ \$7,000 limit)		
5	Taxable Wages	\$959,000	
6	Tax Rate	0.60%	
7	Test Year Federal Unemployment Tax	\$ 5,754	
8	Historical Test Year Expense	\$ 6,132	
9	Adjustment	\$ (378)	

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Veolia Water Idaho, Inc.
Details of Adjustments to Payroll Taxes
Historical Test Year ended June 30, 2022, as Adjusted

Adjustment No. 4
Payroll Taxes
At Present Rates, Projected Limit
Account 70250

<u>Line No.</u>	<u>Description</u>	<u>Adjustment Amount</u>
1	To adjust State Unemployment Insurance Tax	\$ 213
	<u>Details</u>	<u>Amount</u>
2	Projected 2023 Idaho Taxable Base - based on change in prior year	\$ 50,500
3	2022 Idaho SUTA Tax Rate Class 2 Positive	0.346%
4	Employees covered by State Unemployment Tax (137 Test Year Employees)	
5	Taxable Base	\$ 50,500
6	Test Year Taxable Wages	\$6,287,273
7	Tax Rate	0.346%
8	Test Year Idaho Unemployment Tax	\$ 21,754
9	Historical Test Year Expense	\$ 21,541
10	Adjustment	\$ 213

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