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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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

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

MARCH 8, 2023

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

2 A. Jarmila M. Cary, 8248 West Victory Road, Boise, Idaho 83709.

3 **Q. Are you the same Jarmila Cary who previously provided direct testimony in this**
4 **case?**

5 A. Yes.

6 **Q. What is the purpose of your rebuttal testimony?**

7 A. I will address several adjustments proposed by the Idaho Public Utilities Commission
8 Staff (“Staff”) and certain intervenors regarding operating costs that are discussed in my
9 testimony, including:

- 10 ● The proposed Test Year ending period,
- 11 ● Salaries and Wages,
- 12 ● Workers Compensation,
- 13 ● Post-retirement Benefits Other than Pension (PBOP),
- 14 ● Employee Healthcare,
- 15 ● Payroll Overheads (Fringe Benefit Allocation),
- 16 ● Customer Billing Expenses,
- 17 ● Office Expenses,
- 18 ● General Insurance,
- 19 ● Safety,
- 20 ● Unadjusted Expenses - Miscellaneous Costs, and
- 21 ● Adjustment to Variable Expenses Due to Volume Normalization.

1 Company Witnesses Wilson, Jacob, and Cagle will discuss other operating and
2 maintenance expense adjustments in their rebuttal.

3 I will also address several recommendations proposed by Staff related to customer
4 issues.

5 **Q. Have you prepared any exhibits to support your rebuttal testimony?**

6 A. Yes. I have prepared the following rebuttal exhibits:

- 7 ● Exhibit 20 Schedule 1 - Operating Expense Summary
 - 8 ○ Adjustment 1 - Payroll
 - 9 ○ Adjustment 2 - Workers Compensation
 - 10 ○ Adjustment 4 - Post-retirement Benefits Other than Pension (PBOP)
 - 11 ○ Adjustment 5 - Employee Healthcare
 - 12 ○ Adjustment 8 - Payroll Overheads (Fringe Benefit Allocation)
 - 13 ○ Adjustment 13 - Customer Billing Expenses
 - 14 ○ Adjustment 17 - Office Expenses
 - 15 ○ Adjustment 20 - General Insurance
 - 16 ○ Adjustment 22 - Safety
 - 17 ○ Adjustment 29 - Adjustment to Variable Expenses Due to Volume Normalization
 - 18 ○ Adjustment 30 - Unadjusted Expenses - Miscellaneous Costs

19 **Test Year End**

20 **Q. Please summarize the recommendations made by Staff Witness English to the**
21 **Company's proposed Test Year ending period.**

22 A. The testimony of Staff Witness English proposes to update the Company's test year to the
23 12 months ending December 31, 2022 and removing all pro-forma 2023 adjustments.

1 **Q. Do you agree with Staff’s recommendations for the proposed Test-Year ending**
2 **period and eliminating all pro-forma 2023 adjustments?**

3 A. No. It is the Company’s opinion that reasonable, known and measurable adjustments
4 should be included in the Company’s operating expenses for recovery, after Staff’s
5 proposed December 31, 2022 Test Year end period. Costs that have already been incurred
6 as well as those that can be reasonably measured and have a high degree of certainty of
7 being realized before the conclusion of a rate proceeding, before the new rates will be in
8 effect, should be included for Commission’s consideration to the extent possible. It is
9 widely accepted by the National Association of Regulated Utility Companies (NARUC)
10 that known and measurable adjustments “should have a strong degree of certainty
11 associated with them, and that there should be a reasonable ability to measure the item
12 underlying the adjustment.”¹

13 **Q. Please summarize the recommendations made by Staff and Intervenors to the**
14 **Company’s Operating Expenses that were discussed in your testimony.**

15 A. The testimony of Staff Witness Johnson proposes several adjustments, summarized as
16 follows:

- 17 • Adjustment 7, proposes adjustments to payroll related expenses by: eliminating
18 \$304,854 of wages for 4 positions not filled as of December 31, 2022 including an
19 Operator 1 position, Cross Conn Control Specialist, Utility Person, and
20 Environmental Health & Safety Specialist; removing 2023 pay increases of \$402,776;
21 removing 2023 increases for stand-by pay of \$1,176; removing 2023 incentive pay of
22 \$597,450; and removing 2023 increases for overtime pay of \$14,514.

¹ Rate Case and Audit Manual Prepared by NARUC Staff Subcommittee on Accounting and Finance (2003).

- 1 ● Adjustment 8 proposes to reduce worker's compensation expense by \$19,110.
- 2 ● Adjustment 9 proposes to reduce post-retirement benefits other than pension \$54,144
- 3 to December 2022 level.
- 4 ● Adjustment 10 proposes to update healthcare insurance costs to 2023 rates but based
- 5 on December 2022 employees for a reduction of \$70,501.
- 6 ● Adjustment 11 proposes to reduce employee 401(k) matching contributions by
- 7 \$44,890 based on December 2022 employees.
- 8 ● Adjustment 13 proposes to reduce Payroll Overhead fringe benefits based on
- 9 proposed payroll & benefit cost updates for a reduction of \$203,700.
- 10 ● Adjustment 15 proposes to eliminate a customer growth assumption for costs
- 11 associated with customer billing but updates costs to December 2022 level.
- 12 ● Adjustment 17 proposes to reduces Office expenses by \$27,544 for Cityworks
- 13 License costs and eliminates Consumer Confidence Report (CCR) postage mailing
- 14 costs.
- 15 ● Adjustment 22 proposes to remove \$29,250 of Safety Expenses for trainings no
- 16 longer offered or those that have yet to be scheduled.
- 17 ● Adjustment 27 proposes to remove nine miscellaneous expenses \$4,585 from the
- 18 Company's Unadjusted O&M - Miscellaneous Expense account.

19 Micron Intervenor Witness Groman's testimony proposes to remove 15 full-time

20 equivalent ("FTE") employee positions included in the Company's filing, for positions

1 that were budgeted and not yet filled as of June 2022 to reduce test year operating costs
2 by an estimated \$800,000.

3 The testimony of Staff Witness Culbertson proposes the following adjustments:

- 4 ● Adjustment 1 proposes to update Unadjusted Expenses to December 31, 2022 level.
- 5 ● Adjustment 21 proposes to revise General Insurance Expense and Injuries and
6 Damage claims by eliminating \$28,947 of claims costs.
- 7 ● Adjustment 20 proposes to revise the test year number from a two-year average 2020-
8 2021 to a three-year average 2020-2022, which would result in a reduction of
9 \$36,405.

10 The testimony of Staff Witness Eldred proposes, in Adjustment 28, to reduce
11 Variable expenses due to Revenue Normalization and to adjust the cost of power and
12 chemical expense due to the reduction in weather normalized test year consumption using
13 Staff's December 2022 Test Year.

14 Payroll

15 **Q. Do you agree with Staff Witness Johnson's proposed Payroll and related employee
16 costs adjustments and those proposed by Micron Intervenor Witness Groman?**

17 **A.** No, I do not agree with removing unfilled positions that were not hired before Staff's
18 proposed Test Year ending December 31, 2022, with removing the 2023 Pay Increases,
19 removing increase for Stand-By pay, removing all Incentive Pay and increase for
20 Overtime Pay, or removing all 15 budgeted as-filed positions proposed by Micron which
21 were included in the Company's request.

1 **Unfilled Positions**

2 **Q. Have the 15 budgeted pro forma positions as-filed been since filled, including the**
3 **four unfilled positions that were vacant as of December 31, 2022?**

4 A. Yes, all but one of the 15 budgeted pro-forma positions included in the Company's as-
5 filed request have been filled. Three of the four unfilled positions vacant as of December
6 2022, which included the Operator 1 position, a Cross Connection Control Specialist and
7 a Utility Person, have since been filled. The remaining unfilled position of the
8 Environmental Health & Safety Specialist is an active recruitment process. Candidates
9 for this position are being evaluated for selection. An offer of employment is anticipated
10 in March with the background check process to commence immediately after acceptance
11 and the employee start date would be in April 2023, before conclusion of this case and
12 the effective date of new tariff rates from this proceeding.

13 **2023 Pay Increases**

14 **Q. Are the Bargaining Unit employee contractually obligated 2023 pay increases**
15 **known and measurable?**

16 A. Yes. The Company's collective bargaining agreement reflects wage schedules by year
17 and position. The negotiated and contractually obligated wages and wage increases are
18 defined in the contract and include pay for Stand-by time, Overtime and Shift Pay. The
19 contract reflects a 2.75% increase in bargaining unit wages effective April 1, 2023. The
20 as-filed amount of Bargaining unit employee wage increases is \$161,610. The
21 Company's opinion is that wage increases should be reflected on Bargaining unit
22 employee payroll costs, as well as stand-by pay and overtime pay because these wages

1 are known, measurable and contractually obligated. It is the Company's position that
2 bargaining unit wage increases should be reflected in payroll costs for recovery.

3 **Q. Are the Non-Bargaining Unit 2023 pay increases known and measurable?**

4 A. Yes. The Company is finalizing the 2022 performance evaluations for non-bargaining
5 unit employees in early March, the ratings guide wage increases. For Non-Bargaining
6 employees performance ratings consist of 70% individual objective performance and
7 30% Veolia Values performance (Respect, Customer Focus, Solidarity, and Innovation).
8 The overall Non-Bargaining Unit 2022 performance rating completed in March 2023
9 resulted in an wage increase of 3.6% with an effective date of April 1, 2023. The
10 Company's as-filed position anticipated a 4% increase in Non-Bargaining employee
11 wages. The Company's Rebuttal position removes 0.4% or \$24,117 the difference
12 between the anticipated and actual wage increases for the Non-Bargaining employees.
13 Mr. Johnson proposed eliminating all wage increases, a total of \$402,776. The
14 Company's position is that pay increases are justified, necessary to adjust for cost of
15 living increases from rising inflation, and to allow for competitive wages to attract and
16 retain talent. The Company requests recovery of \$161,610 for Bargaining Unit employees
17 wage increases and \$217,049 for Non-Bargaining Unit employees, a total of \$378,659.

18 **Overtime & Stand By Pay**

19 **Q. Do you agree with Staff Witness Johnson's proposal to remove the 2023 Overtime
20 pay increases of \$14,514 and \$1,176 pay increases for Stand-by pay?**

21 A. No. Overtime pay and Stand-by pay rates are identified in the collective bargaining unit
22 agreement and follow the established rates of pay. As of April 1, 2023 bargaining unit
23 wages increase by 2.75% and Overtime and Stand-by pay will follow suit. The

1 Company's rebuttal position requests recovery of the as-filed \$14,514 wage increases for
2 Overtime and \$1,176 for Stand-by pay.

3 **Incentive Pay**

4 **Q. Briefly describe the Company's incentive programs.**

5 A. The Incentive Programs are based on employee performance as it relates to achievement
6 of specific objectives, as well as Company performance, both in terms of safety and
7 financial results. Employee goals are structured with customer impact, Company
8 performance, and employee safety and wellbeing in mind. Incentive objectives include
9 efficiency and process improvements, employee development, innovation, and new
10 initiatives that are above normal assigned employee duties. Incentive Payments are
11 rewarded when employees meet or exceed goal targets, criteria requirements, safety, and
12 compliance training goals.

13 **Q. Are the 2023 incentive pay amounts known and measurable?**

14 A. Yes. The 2022 objectives and achievements have been evaluated for non-bargaining
15 employees and the incentive plan payments based on achieving those employee goals and
16 Company results are paid in March, 2023. According to the negotiated collective
17 bargaining contract the Company's Bargaining Unit employees do not have an incentive
18 pay component as part of their compensation.

19 **Q. What percentage of incentive pay is based on individual goals and Company
20 financial results?**

21 A. The Non-Bargaining Hourly employee incentives are based on performance in safety,
22 required training, and community engagement, and for year ended 2022 results they total
23 \$18,879.

1 **Q. Please summarize the Company's rebuttal position for payroll costs.**

2 A. The Company's rebuttal position is a test year payroll amount of \$7,645,650 and includes
3 the impact of a \$24,117 or a 0.4% reduction in the non-bargaining wage increase. This
4 gross payroll change (or total payroll which includes operating costs as well as payroll
5 costs that will be capitalized) must be adjusted by the applicable Operating &
6 Maintenance (O&M) ratio which is based on the Historic Test year percentage of 66.17%
7 calculated in Company's Exhibit 10, Schedule 1. Applying that Payroll O&M ratio to the
8 \$24,117 produces a rebuttal adjustment of \$15,958. The Company's rebuttal position for
9 Payroll will also flow through the associated schedules and impact Workers
10 Compensation, 401k, Payroll Overheads (Fringe Benefit Allocation) and Payroll Taxes as
11 well. Employee 401k and Payroll taxes are discussed in Company Witness Wilson's
12 rebuttal testimony.

13 **Workers Compensation**

14 **Q. Please discuss the Company's rebuttal position for workers compensation costs.**

15 A. The Company's rebuttal position for Workers Compensation costs is based on the
16 Company's rebuttal position for payroll expense of \$11,554,333 and reflects a test year
17 expense of \$115,965, a reduction of \$242 from the as-filed position.

18 **PBOP - Post Retirement Benefits Other than Pension**

19 **Q. Do you agree with Staff Witness Johnson's PBOP update to December 31, 2022**
20 **level?**

21 A. Yes. The \$577,900 amount is based on the latest available Actuarial information.

1 Healthcare

2 **Q. Do you agree with Staff Witness Johnson’s Healthcare adjustment incorporating the**
3 **Company’s 2023 rates applied to December 31, 2022 actual count of employees?**

4 A. Yes in part. I agree with the update per Company’s response to Request No. 163 which
5 updated the Healthcare costs from 2022 rates to the now known 2023 rates. However, I
6 disagree with excluding open positions that were vacant as of December 2022 because
7 those positions that have since been filled, or will be filled with a high degree of
8 certainty, before the conclusion of this rate proceeding. The Company’s rebuttal position
9 reflects the 2023 updated healthcare costs applied to 137 as-filed positions for a test year
10 amount of \$2,414,650.

11 Payroll Overheads (Fringe Benefits Allocation)

12 **Q. Please provide the impact of the Company’s rebuttal positions on payroll and**
13 **related benefit costs which drive the change to the Payroll Overhead (Fringe Benefit**
14 **Allocation) amount.**

15 A. Incorporating the payroll and related benefit cost updates per the Company’s rebuttal
16 position, changes the Payroll Overheads fringe benefits allocation by (\$110,498) to
17 (\$1,576,909). Mr. Johnson’s Exhibit 110 included the full (\$577,900) Post Retirement
18 Benefits Other than Pension (PBOP) amount in error. The amount of PBOP expense that
19 should be reflected in the Payroll Overheads - Fringe Benefit allocation is only the PBOP
20 service cost of \$180,871. This is because only the service cost portion can be included in
21 capitalized amounts.

1 **Customer Billing Expenses**

2 **Q. Do you agree with Staff Witness Johnson’s proposal to update test year costs to the**
3 **December 31, 2022 amount and eliminate the 1% customer growth impact on billing**
4 **costs?**

5 A. Yes. The Company can accept the proposed changes to customer billing expenses as
6 proposed by Mr. Johnson.

7 **Office Expenses**

8 **Q. Do you agree with Staff Witness Johnson’s proposal to eliminate Cityworks license**
9 **costs for 4 vacant positions not filled as of December 31, 2022 as well as the**
10 **estimated postage costs for mailing the Consumer Confidence Report?**

11 A. No. This adjustment would eliminate costs that the Company has already incurred for
12 Cityworks licenses for new employees and the cost for mailing Consumer Confidence
13 Reports (CCR) to customers which were paid in March 2023. The CCR invoice reflects
14 \$23,553 of postage that is estimated by the vendor based on current postage costs for
15 100,000 printed customer notices. The Company’s rebuttal position for test year office
16 expense is \$819,200 and includes as-filed Cityworks license cost and reflects an increase
17 of \$3,553 for CCR postage costs per Exhibit 20 Adjustment 18 Attachment A (CCR
18 Invoice) which is sponsored by Company Witness Wilson who discusses the advertising
19 costs for printing the CCR mailers in his rebuttal testimony.

20 **Q. Please explain why Cityworks license costs are necessary?**

21 A. All field related work for construction and maintenance related tasks is scheduled and
22 tracked in the Cityworks system. All employees who perform work in the field must
23 utilize the Cityworks system for their daily work assignments and require a separate

1 license. Supervisors, Managers and Administrative staff along with the Customer Service
2 Representative call center staff utilize Cityworks as part of the daily work flow process.
3 The historic test year expense for Cityworks licenses was \$179,772. The Cityworks
4 license is a single user fee of \$1,886 per user currently, charged per year. There are
5 currently 118 user licenses x \$1,886 = \$222,582. The current count of 118 licenses have
6 been paid and will cover newly hired and existing employee license requirements.

7 **Q. Please discuss why the Company mails the Consumer Confidence Report when it**
8 **may be provided to customers electronically?**

9 A. The Idaho Department of Environmental Quality (IDEQ) and the Environmental
10 Protection Agency (EPA) require that customers be notified their annual Consumer
11 Confidence Report (CCR) is available to them. Idaho allows all sizes of community
12 public water systems the option to deliver Consumer Confidence Reports (CCRs)
13 electronically. All community public water systems are required to deliver CCRs to their
14 customers by July 1st of every year and provide a certification to the Department that
15 CCRs were delivered. According to the IDEQ website, the Environmental Protection
16 Agency (EPA) interprets the requirement to mail or otherwise directly deliver to include
17 electronic delivery.

18 The Company has provided electronic CCRs to customers previously, but found
19 that customers do not access that information. Customers were notified via our Facebook
20 and Twitter pages, a digital banner ad on IdahoStatesman.com with a link to a sponsored
21 news article about the CCR, and a bill message for customers who receive their statement
22 on paper or electronically. All forms of notification let customers know how to find their
23 CCR on our website. After analyzing the click rate on the Idaho CCR web page for the

1 past two years, we determined less than 0.1% of our customers are landing on the page.
2 The Company feels strongly that the CCR is an important document for customers to
3 review and understand what is in their water, what tests are performed, and their results.
4 Due to the low digital readership of this important information , which must be provided
5 pursuant to regulations, the Company's position is that this information should be mailed
6 to all customers. This type of push notification will land the CCR in customers' hands
7 directly.

8 Safety Expenses

9 **Q. Do you agree with Staff Witness Johnson's Safety Expense adjustment to eliminate**
10 **\$29,250 training costs that will not take place or be completed before the conclusion**
11 **of this rate case?**

12 A. Yes.

13 General Insurance

14 **Q. Do you agree with Staff Witness Culbertson's General Insurance adjustments?**

15 A. Yes, in part. Mr. Culbertson's proposed 3-year average of General Insurance costs is
16 reasonable. I do not agree with excluding certain general insurance costs or claims that
17 could be attributed to Company employees' actions or errors. Insurance coverage for
18 damages and liability is in place for a variety of events and scenarios. While it may be
19 argued that certain claims and related insurance costs could or should be avoidable, they
20 result in a legitimate business expense whether a Company employee was involved or
21 not, or whose actions or omission may have contributed to an accident. Insurance claims
22 and incidents are carefully reviewed, analyzed, addressed with the insurance Company
23 and by Company's personnel. If deemed appropriate, counseling or additional

1 progressive discipline may be necessary, and further training may be provided to
2 employees to help prevent similar situations from recurring. The Company emphasizes a
3 strong safety culture and provides a comprehensive safety training curriculum to its
4 employees, and contractors, focusing additional effort on high risk work situations or
5 activities. Mr. Culbertson's Exhibit 134 reflects the as-filed General Insurance cost which
6 were later revised and provided to Staff in response to Production Request No. 63 as
7 Attachment No. 3 - Exhibit 10 Revised - Opex Adjustments.xlsx. This revision corrected
8 the excluded reserve amounts for Injuries & Damage Reserve amounts which are
9 essentially accruals of actual costs that should not have been excluded from the as-filed
10 expense. The excluded reserves already incorporated the Incurred But Not Recorded
11 (IBNR) Reserve amounts which are based on estimated costs and therefore should still be
12 excluded from operating expenses because those amounts may necessarily not be known
13 or measurable. The excluded reserve revision increased year 2020 expense from the as-
14 filed \$172,526 to a revised \$580,298, the 2021 expense from \$312,522 as-filed to
15 \$466,550 revised, and the June 2022 Historic Test Year from \$91,347 as-filed to a
16 \$271,746 revised. Using these updated year-end figures with the December 2022 year
17 ended insurance expense of \$133,309 for the three-year average that Mr. Culbertson
18 proposes, would raise the test year amount from Staff's position of \$177,172 to \$364,439
19 per Staff's Adjustment 3 Exhibit 134. The Company's rebuttal position includes the
20 \$28,947 of Staff's proposed excluded claims costs for a test year amount of \$393,386.

21 **Unadjusted Expenses - Miscellaneous Costs**

22 **Q. Do you agree with Staff Witness Culbertson's proposal to bring Unadjusted**
23 **Expenses to December 31, 2022 level?**

1 A. Yes.

2 **Q. Do you agree with Staff Witness Johnson’s Miscellaneous Cost adjustment?**

3 A. Yes, in part. I agree that as part of Unadjusted Expenses, Miscellaneous Costs such as
4 Chamber of Commerce fees, certain advertising expenses and political contributions
5 should be excluded from recovery and not be borne by customers. The Company’s
6 rebuttal position excludes \$994 of costs that should have been reflected as non-
7 recoverable. However the Company’s position is that costs for customer outreach and
8 educational events should not be excluded. Mr. Johnson’s proposal excluded \$4,585 of
9 costs, including \$3,592 of costs for events such as the Company’s Water Summit event
10 and two Company open house events for engaging and educating customers that should
11 be recoverable. These three events Staff proposed to exclude were held at Hilton Garden
12 Inn locations and included rental of the meeting space, audio-visual rental costs, coffee
13 and snacks.

14 **Water Summit Event**

15 As the water provider to more than a quarter of a million people, we often get
16 questions from local leaders, the media, and our customers about how much water we
17 need and if we are prepared to meet demand. To add context, the Valley had endured a
18 challenging drought in 2021 that made headline news for months. We commissioned the
19 Treasure Valley Water Supply Report to provide data on the water available now, what
20 we can expect water demands to be as the population grows, and options - backed by
21 facts - of how to meet those demands. We also felt strongly that any findings should be
22 made public so our customers, community leaders, other regional utilities, and our
23 regulators had the same information. We invited community leaders from across the

1 valley, our regulators, irrigators, and the press. The Commission sent a group of Staff to
2 the event, as did the Idaho Department of Water Resources, Department of Water
3 Quality, City of Boise, and many other stakeholders. About 70 people attended, and the
4 report was widely distributed, both at the event and after. Logistically, Veolia does not
5 have a meeting space that would host that many people. The Hilton Garden Inn hotel was
6 a neutral and central location to host everyone. Additionally, Veolia has heard from
7 stakeholders that they want more transparency regarding what we do and why. That was
8 a point of concern during our rate case in 2020. This supply report outlines avenues
9 Veolia intends to explore in order to meet community needs for the next 50 years. It is an
10 important planning tool that we made available to everyone.

11 **Customer Engagement & Education Events**

12 The Company held two events open to all customers in and around the Eagle area
13 which were proposed to be excluded from recovery by Mr. Johnson. These customer
14 engagement and education events allow new and existing customers to meet and discuss
15 topics with various Company employees and obtain assistance. Customers are provided
16 opportunity to ask questions, raise concerns, learn about various topics, access the
17 company's customer website, sign up for customer conveniences such as paperless billing
18 and electronic payment options, view their account information including consumption
19 history, bill and payment history, understand tariff rates, receive conservation devices and
20 advice, learn about water quality, and system improvement projects that were underway
21 or planned.

1 **Adjustment to Variable Expenses Due to Volume Normalization**

2 **Q. Please discuss the impact of the Company’s rebuttal positions on the Adjustment to**
3 **Variable Expenses Due to Volume Normalization.**

4 A. Incorporating Company Witness Michaelson’s Volume Normalization updates will
5 require an adjustment to the Company’s power expense and chemical expenses. The
6 variable expense associated with the change in Volume Normalization is a difference of
7 \$2,089 of power & chemical costs from the as-filed amount of (\$127,937) to the
8 Company’s rebuttal position of (\$125,848). Company Witness Michaelson’s adjusted
9 Test Year Consumption of 18,758,373 hundred cubic feet (CCF) is adjusted for the
10 impact of rebilled consumption due to under-reported meter reads as provided in response
11 to Production Request No. 163 producing a Rebuttal Test Year amount of 18,817,988
12 CCF.

13 **Customer Issues**

14 **Q. Please summarize the recommendations made by Staff relating to customer issues.**

15 A. The testimony of Staff Witness Bossard proposes recommendations that would impact
16 customers, including a recommendation to submit the customer notice and press release
17 to the Commission for review prior to submitting its Application in future cases, a
18 recommendation that the Company communicate with the Commission when it
19 recognizes a possible issue that could generate complaints from a significant number of
20 customers, a recommendation that the Company continue to support the Veolia Cares
21 Low Income Financial Assistance Program and to increase the amount of the grant to
22 reflect the increase in rates for residential customers. Staff also recommends that the
23 Company increase the amount of assistance an individual customer can receive in the

1 same percentage as the rate increase for residential customers granted in the final order to
2 reduce the effects of the rate increase and higher inflation levels. Staff also recommends
3 that the Company increase the maximum household income level to reach more
4 customers threatened by disconnection for non-payment and prevent additional disruption
5 of customer service.

6 **Press Release and Customer Notices**

7 **Q. Do you agree with Staff Witness Bossard's testimony regarding the Customer**
8 **Notification and recommendation to submit the customer notice and press release to**
9 **the Commission for review prior to submitting its Application in future cases?**

10 A. Yes. While the Company's customer notice met the Commission's Rules of Procedure,
11 Rule 125 requirements, the press release did not because as Ms. Bossard noted, it failed
12 to inform customers that they could file comments with the Commission. The Company
13 appreciates Staff pointing out that omission so it can be addressed. While it would be
14 preferred that the customer notice and press release include the Application Case Number
15 assigned by the Commission, that does not appear to be an explicit requirement of Rule
16 125. The Company did not include the case number on the customer notices because that
17 information was not available at the time the notices were being printed. The Company
18 will however make a concerted effort in the future proceedings to provide Commission
19 Staff the opportunity to review the customer notice and press release ahead of filing the
20 Application and to include the Application Case Number.

21 **Q. Do you agree with Staff Witness Bossard's recommendation to notify Staff as soon**
22 **as the Company recognizes a potential large-scale issue that will affect customers?**

1 A. Yes. It is our priority to keep Commission Staff apprised of potential large-scale issues
2 that may negatively impact customers and to address those concerns as quickly as
3 possible for customers. As the Company became aware of under-reported meter readings
4 in December 2022, the issue was discussed with Staff members via phone. At the time
5 the impact was not known and the Company was responding to customer and Staff
6 concerns. The subsequent Company investigation determined that fewer than 1% of
7 customers were impacted. The Company began reaching out to impacted customers to
8 advise them of the corrective actions that were taking place, and what they should expect
9 while tracking those instances. As the Company's investigation progressed, information
10 was shared with Staff on a weekly basis as requested regarding the number of customers
11 impacted, and a virtual meeting was held in January with Staff to provide additional
12 clarity and an update on the Company's investigation. The Company has and will
13 continue to work with customers who face hardship in order to find a solution to address
14 their specific concerns and keep Staff apprised of large-scale issues that may impact
15 customers in the future.

16 **Service Level Standard**

17 **Q. Please address the Company's service level standards discussed in Staff Witness**
18 **Bossard's testimony?**

19 A. The Company's Average Speed of Answer target - 80% of customer calls answered
20 within 60 seconds or less was not achieved during the months of August, September and
21 October 2022, due to employee vacancies and leaves of absence for medical reasons.
22 During that time, customers had a longer than normal average wait time before they
23 could speak to a Customer Service Representative, ranging between 75 seconds and 170

1 seconds. The Company was actively recruiting employees during that time and utilized
2 other available staff to answer customer calls, however our service level was below target
3 during that time. After the open positions were filled and employees returned from
4 medical leave, customer call wait times dropped below the target threshold.

5 **VeoliaCares Low Income Financial Assistance Program**

6 **Q. Please address the Company’s Veolia Cares low-income financial assistance**
7 **program discussed in Staff Witness Bossard’s testimony?**

8 A. The Company’s Low-Income Financial Assistance Program, Veolia Cares, provides
9 financial assistance to customers who qualify under the federal poverty guidelines
10 determined by El-Ada Community Action Partnership. The amount of assistance an
11 individual customer is granted will increase in each subsequent rate proceeding and
12 change in the % change in rates granted by the Commission in accordance with the
13 Company’s Case No. UWI-W-15-01 Settlement Stipulation. The Company advises
14 customers of available assistance programs and resources through its daily interactions
15 with customers, via the Company’s website, other communication channels, and via a
16 pamphlet that is provided to all customers informing them about financial assistance
17 programs available as well as the federally sponsored program LIHWAP.

18 It is unclear from the testimony what “previous lack of record keeping in the
19 Veolia Cares program” Staff Witness Bossard is referring to. The Company tracks the
20 number of customers who have received financial assistance as well as the amount of
21 funds provided by the Company’s shareholders to those customers. This information has
22 been shared with Commission Staff in Production Request Nos. 125, 126 and 127. No
23 additional information is tracked or available outside of what is required of all customers

1 in order to obtain water service is available to Veolia. No additional information is
2 tracked about customers who apply for, are granted eligibility for low-income assistance
3 by El-Ada or those that are disqualified. No information regarding customer eligibility,
4 income levels or other information provided by customers to El-Ada in order to
5 determine eligibility is provided to nor requested by the Company.

6 As recommended by Staff, the Company will discuss with El-Ada the maximum
7 household income levels the agency uses in determining customer eligibility for financial
8 assistance specific to the Veolia Cares program and discuss the feasibility of modifying
9 those parameters in order to broaden the reach of the Company's assistance program to
10 more customers.

11 **Q. Does this conclude your rebuttal testimony?**

12 A. Yes.