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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)
)
)
_____)

REBUTTAL TESTIMONY OF ANUPA JACOB FOR

VEOLIA WATER IDAHO, INC.

MARCH 8, 2023

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

2 A. My name is Anupa Jacob. I am the VP/Controller & Chief Accounting Officer at Veolia
3 Water M&S (Paramus), Inc. (“M&S”). I am authorized to testify on behalf of Veolia
4 Water Idaho, Inc. (“VWID” or “Company”) in this case. My business address is Veolia
5 Water M&S (Paramus), Inc., 461 From Road, Suite 400, Paramus, NJ 07652.

6 **Q. Are you the same Anupa Jacob that filed direct testimony in this proceeding, which**
7 **adopted the direct testimony of Mohammed Zerhouni?**

8 A. Yes.

9 **Q. What is the purpose of your testimony?**

10 A. The purpose of my testimony is to address Staff’s recommendations related to:

- 11 • Amortization of deferred power expense
- 12 • Amortization of tank painting expense
- 13 • Amortization of rate case expense

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

15 A. Yes. Please to Rebuttal Exhibit 20, Schedule 25 and Schedule 27.

16 **Q. Please summarize staff’s recommendations related to amortization of deferred**
17 **power expense.**

18 A. Staff Witness Terry’s testimony states that the deferral should not be used for expenses
19 that have not yet been incurred and, as such, Staff proposed using actual deferrals
20 including interest through December 2022. Additionally, Staff recommends a four-year
21 amortization instead of the two-year amortization proposed by the Company.

1 **Q. Do you agree with Staff’s recommendation on power deferral using actual expenses**
2 **and a change to the amortization period?**

3 A. No. The Company’s original proposal included the actual deferred power expenses
4 through June 30, 2022, including the related interest and a projected amount for the
5 expected deferral of power expenses and accrued interest through March 31, 2023. In
6 response to Staff’s recommendation, the Company proposes using the actual deferred
7 power expenses and accrued interest through February 28, 2023 of \$695,112 in its
8 calculation of the test year deferred power amortization expense.

9 **Q. Describe how the deferred power deferral works in simple summary terms.**

10 A. The Company follows Commission Accounting Order No. 28800 in Case No. UWI-W-
11 01-02, which allowed the Company to defer Idaho Power Company’s Power Cost
12 Adjustment (PCA) and Fixed Cost Adjustment (FCA) charges and present the
13 accumulated deferral for amortization recovery in subsequent rate filings. This allows the
14 Company to recover increases in power costs invoiced to it by Idaho Power Company in
15 order to provide safe and reliable service to its customers, since the Company cannot
16 limit its energy use in an effort to control higher power costs without impacting the level
17 of service it provides to its customers.

18 On the matter of the amortization period, even though the Company agrees that
19 the average period between rate cases has averaged between three and four years in the
20 past, it is highly likely given the inflationary economic environment and additional level
21 of capital improvements that the Company will file for a rate case similar to the time
22 period between the previous rate case and the current rate case. Therefore, the Company
23 believes that using a two-year amortization period will ensure that the costs are recovered

1 without adding the burden of unamortized expenses on the rates in the following rate
2 case.

3 As such, when combining the actual deferred power expenses through February
4 28, 2023 with the remaining unamortized amount of \$411,425, and using a two-year
5 amortization, the Company proposes test year deferred power amortization expense of
6 \$553,269, which is an increase of \$18,491 from the Company's original proposal.

7 **Q. Are there any changes to the schedule of tanks included in the amortization of tank
8 painting expenses?**

9 A. As outlined in the rebuttal testimony of Company witness Cooper, the Company will
10 complete the painting of the interior of the Ustick tank prior to the end of March 31, 2023
11 and proposes adding \$430,100 of tank painting costs as part of rate base and therefore
12 within the proposed amortization expense. The Company is removing the costs related to
13 the painting of Hidden Hollow tank interior. Considering these changes, the Company
14 proposes test year amortization of tank painting costs of \$176,288 which is a decrease of
15 \$995 from the Company's original proposal of \$177,283.

16 **Q. Please summarize Staff's recommendation related to amortization of deferred rate
17 case expense.**

18 A. Staff recommends removal of the estimated intervenor funding of \$40,000 that is
19 currently included in the schedule of estimated rate case expenses. However, Staff's
20 concern is that the amount is only an estimate and has not yet been incurred and that the
21 intervenors in this case are unlikely to qualify for the funding. Additionally, Staff also
22 recommends a four-year amortization instead of the two-year amortization proposed by
23 the Company.

1 **Q. Do you agree with Staff's recommendation related to the amortization of deferred**
2 **rate case expense?**

3 A. In part. The Company agrees with Staff's proposal to exclude estimated intervenor
4 funding of \$40,000 under the assumption that the Company will be allowed to request
5 recovery of actual intervenor costs ordered by the Commission, if any. On the matter of
6 the amortization period, as mentioned above, the average period between rate cases has
7 averaged between three and four years in the past. However, it is highly likely given the
8 inflationary economic environment and additional level of capital improvements, that the
9 Company will file for a rate case within two to three years, similar to the time period
10 between the previous rate case and the current rate case. Therefore, the Company
11 believes that using a two-year amortization period will ensure that the costs are recovered
12 without adding the burden of unamortized expenses on the rates in the following rate
13 case.

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

15 A. Yes.