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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE
APPLICATION OF VEOLIA WATER
IDAHO, INC. FOR AUTHORITY TO
INCREASE ITS RATES AND
CHARGES FOR WATER SERVICE
IN THE STATE OF IDAHO

CASE NO. VEO-W-22-02

Direct Testimony and Exhibits of

Jessica A. York

On behalf of

Micron Technology, Inc.

February 15, 2023

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1 **Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A Jessica A. York. My business address is 16690 Swingley Ridge Road, Suite 140,
3 Chesterfield, MO 63017.

4 **Q WHAT IS YOUR OCCUPATION?**

5 A I am a consultant in the field of public utility regulation and an Associate at
6 Brubaker & Associates, Inc., energy, economic and regulatory consultants.

7 **Q PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**
8 **EXPERIENCE.**

9 A This information is included in Appendix A to my testimony.

10 **Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?**

11 A I am appearing on behalf of Micron Technology, Inc., a large customer of Veolia
12 Water Idaho Inc. ("Veolia," "VWID," or "the Company").

13 **Q WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

14 A The purpose of my testimony is to address the Company's class cost of service
15 study ("COSS"), proposed revenue apportionment, base rate design, and
16 proposed Distribution System Improvement Charge ("DSIC"). My silence with
17 respect to any issues addressed by any other party's testimony in this proceeding
18 should not be taken as tacit approval or agreement regarding those issues.

I. SUMMARY

1 **Q PLEASE SUMMARIZE YOUR CONCLUSIONS AND RECOMMENDATIONS.**

2 **A My conclusions and recommendations are as follows:**

- 3 • The Company's COSS follows the generally accepted Base-Extra Capacity
4 cost allocation method, which is a reasonable approach. However, the
5 Company's COSS needs to be modified to improve the accuracy of the
6 measurement of its cost of providing service to each customer class.
- 7 ○ Specifically, the Company's COSS does not recognize the fact that some
8 large customers are connected directly to transmission mains, and do not
9 utilize the smaller distribution mains. An adjustment should be made to the
10 allocation factors used for distribution main cost allocation for each class
11 to reflect this distinction in the infrastructure used to provide service.
- 12 • The Company's proposed revenue apportionment should be rejected, as it
13 does not make a meaningful movement toward cost of service for each
14 customer class, and continues the interclass subsidies that have existed for
15 years.
- 16 ○ I recommend an alternative revenue apportionment where all classes are
17 brought to cost of service in this case, subject to the limitation that no class
18 receives an increase greater than 1.25x the system average increase. Any
19 remaining revenue deficiency can be spread to classes that would receive
20 a rate change below the system average, in proportion to each of the non-
21 capped class's total cost of service.
- 22 • The Company has not adequately supported the continuation of its existing
23 inclining block volumetric rate structure. I recommend the Commission direct
24 the Company to develop and present a declining block volumetric rate structure
25 in the next rate case.
- 26 • I recommend that the Company's tariffs be modified to provide an economic
27 development rate, and/or to allow for service to be provided under a special
28 contract for certain qualifying customers.
- 29 • I recommend the Commission reject the Company's proposed DSIC
30 mechanism. But, if the Commission adopts the Company's proposed DSIC
31 mechanism, I recommend that the proposed DSIC be modified to track
32 changes in total net-plant investment related to the replacement and/or
33 rehabilitation of distribution system transmission and distribution mains,
34 services, hydrants, valves, meters and other infrastructure, and should not
35 track only incremental plant investments. Also, if the DSIC is adopted, it should
36 account for not only incremental rate base changes resulting from investments
37 made under the rider, but should also account for the change in legacy net-
38 plant or rate base value during post-test year periods.

1 **II. CLASS COST OF SERVICE STUDY**

2 **Q HAVE YOU REVIEWED THE COMPANY'S CLASS COST OF SERVICE**
3 **STUDY?**

4 A Yes. The Company's COSS is sponsored by Ms. Ann Bui. Her COSS is based
5 on the test year ended March 31, 2023, and uses the widely accepted Base-Extra
6 Capacity method for functionalizing, classifying and allocating costs to VWID's
7 various customer classes. Investment in water utility plant and operating costs are
8 first functionalized according to the role they play in providing water service: water
9 supply, pumping, treatment, transmission, distribution, metering, and billing. Next,
10 these costs are classified into cost categories that reflect the causation of these
11 costs: Base, or average day rates of flow; Extra Capacity-Maximum Day and Extra
12 Capacity-Maximum Hour rates of flow; and Customer-related costs, such as
13 metering and billing.

14 **Q IS THE COMPANY'S COSS REASONABLE?**

15 A In general, the Base-Extra Capacity cost allocation method is a reasonable
16 approach to cost allocation. However, the Company's COSS does not accurately
17 measure the cost of providing service to each customer class. Therefore, it should
18 not be relied upon as the basis for revenue apportionment in this proceeding.

19 **Q WHY DO YOU BELIEVE THAT THE COMPANY'S COSS DOES NOT**
20 **ACCURATELY MEASURE ITS COST OF PROVIDING SERVICE TO EACH**
21 **CUSTOMER CLASS?**

22 A There are two reasons. First, the Company initially made an error when allocating
23 depreciation expense and rate base investment associated with Transmission and

1 Distribution ("T&D") Mains and Accessories. This error overstates VWID's cost to
2 serve the Commercial class and understates the cost to serve Residential
3 customers. As discussed below, the Company acknowledged this error in
4 discovery and an adjustment has been made to reflect the correction.

5 Second, certain large customers are connected directly to VWID's large
6 transmission mains, and therefore do not use and should not be allocated the costs
7 associated with the smaller distribution mains. However, there is no distinction in
8 the allocation of distribution mains costs to reflect this reality. As a result, the
9 Company's COSS over-allocates distribution costs to customers that do not use
10 smaller distribution mains.

11 I discuss each of these reasons in further detail below.

12 **II.A. VWID's Error in the Allocation of T&D Mains and Accessories**

13 **Q PLEASE DISCUSS THE COMPANY'S ALLOCATION OF COSTS ASSOCIATED**
14 **WITH TRANSMISSION AND DISTRIBUTION MAINS AND ACCESSORIES.**

15 A In the COSS included as Exhibit 14-2 to Ms. Bui's direct testimony, transmission
16 and distribution costs were not separated by main size, and instead were lumped
17 together in one category. As shown on Bui Exhibit 14-2, page 5 of 40, O&M
18 expenses associated with T&D mains are allocated using Factor 6, which is
19 appropriate for these expenses because it reflects a base, maximum day,
20 maximum hour, and fire protection component. While the Company had correctly
21 allocated the O&M expenses associated with T&D mains on Factor 6, it did not
22 correctly allocate the corresponding plant investment in T&D mains, or the
23 associated depreciation expense.

1 **Q PLEASE DISCUSS THE COMPANY'S ALLOCATION OF DEPRECIATION**
2 **EXPENSE AND PLANT INVESTMENT ASSOCIATED WITH T&D MAINS.**

3 A The Company allocated the depreciation expense associated with T&D Mains and
4 Accessories using Factor 3.¹ Similarly, the Company allocated the T&D Mains and
5 Accessories rate base using Factor 3.²

6 Factor 3 includes a base, maximum day demand, and fire protection
7 component. However, unlike Factor 6, it does not reflect a maximum hour extra
8 capacity demand component, and therefore does not accurately allocate the
9 distribution main-related expenses and rate base that are included in these line
10 items of the COSS.

11 **Q DID YOU SUBMIT A DISCOVERY REQUEST TO THE COMPANY REGARDING**
12 **THIS ISSUE?**

13 A Yes. Micron's Discovery Request No. 47 to VWID raised questions about these
14 allocations.³ In response to this request, the Company acknowledged that its
15 original proposed allocations were in error.⁴ In addition, the Company provided a
16 corrected version of its COSS model and exhibits with that discovery response.
17 The Company has now correctly separated T&D plant investment and expenses
18 in its COSS, and allocated transmission costs using Factor 3, and distribution costs
19 using Factor 6.

¹ Exhibit 14-2, Page 8 of 40.

² *Id.* at 10.

³ Attached as Exhibit No. 419, pp. 1-29.

⁴ *Id.*

1 Q WHAT WAS THE IMPACT OF THIS CORRECTION ON THE COMPANY'S
2 COSS RESULTS?

3 A A comparison of VWID's original COSS results to its corrected COSS results is
4 presented below in Table 1.

TABLE 1						
Veolia Water Idaho Inc.						
<u>VWID's Original vs. Corrected COSS Results</u>						
<u>Line</u>	<u>Customer Class</u>	<u>Current Revenues¹</u> (1)	<u>Original Rate Change to Reach Cost of Service²</u>		<u>Corrected Rate Change to Reach Cost of Service¹</u>	
			<u>Amount</u> (2)	<u>Percent</u> (3)	<u>Amount</u> (4)	<u>Percent</u> (5)
1	Residential	\$35,139,116	\$ 9,677,046	27.5%	\$ 10,146,076	28.9%
2	Commercial	15,042,723	3,271,885	21.8%	2,726,433	18.1%
3	Public Authority	155,695	3,858	2.5%	9,638	6.2%
4	Private Fire	1,344,703	(845,560)	-62.9%	(774,918)	-57.6%
5	Total	\$51,682,238	\$ 12,107,228	23.4%	\$ 12,107,228	23.4%
Source						
¹ VWID's revised cost of service study provided in response to Micron Data Request No. 47.						
² Exhibit 14-1, A. Bui, page 1 of 40.						

5 As can be seen from the Table 1, this error was overstating VWID's cost to serve
6 the Commercial class by \$545,452⁵, and understating the cost to serve Residential
7 customers by about \$469,031.⁶

8 While VWID acknowledged and corrected this error, the issue of the
9 distinction in main size used to serve some large customers must be resolved in
10 order to produce a more accurate measure of the cost of providing service to each
11 customer class.

⁵ \$2,726,433 - \$3,271,885 = \$545,452.

⁶ \$10,146,076 - \$9,677,046 = \$469,031.

II.B. Certain Large Customers Do Not Use the Distribution System

Q HOW DOES THE COMPANY DISTINGUISH TRANSMISSION MAINS FROM DISTRIBUTION MAINS INSTALLED IN ITS SYSTEM?

A The Company defines transmission mains as those that have diameters of 12-inches and larger.⁷ VWID defines distribution mains as those with diameters of less than 12-inches.⁸

Q HAS THE COMPANY ACKNOWLEDGED THAT SOME LARGE CUSTOMERS DO NOT TAKE SERVICE FROM SMALL DISTRIBUTION MAINS, BECAUSE THEY ARE CONNECTED DIRECTLY TO TRANSMISSION MAINS?

A Yes. The Company has acknowledged that there are at least two 8-inch meters that are served from transmission mains.⁹ One meter is associated with a 24-inch diameter main, and the other is associated with a 12-inch diameter service line.¹⁰ It is my understanding that Micron takes service directly from transmission mains as well.

Q DOES THE COMPANY'S ALLOCATION OF COSTS ASSOCIATED WITH DISTRIBUTION MAINS REFLECT THE FACT THAT SOME CUSTOMERS DO NOT TAKE SERVICE FROM DISTRIBUTION MAINS?

A No. As a result, the Company's COSS allocates distribution costs to customers that are connected directly to the transmission system, and that do not take service from the smaller distribution mains. This does not accurately reflect cost causation

⁷ VWID's Response to Micron's Discovery Request No. 17, attached as Exhibit No. 419, p. 30.

⁸ VWID's Response to Micron's Discovery Request No. 18, attached as Exhibit No. 419, p. 31.

⁹ VWID's Response to Micron's Discovery Request No. 7, attached as Exhibit No. 419, p. 32.

¹⁰ *Id.*

1 and is inequitable to large customers that are connected directly to the
2 transmission mains.

3 **Q DO WATER UTILITIES IN OTHER JURISDICTIONS RECOGNIZE THE**
4 **DISTINCTION IN MAIN SIZE USED TO PROVIDE SERVICE IN THEIR COSS**
5 **MODELS?**

6 A Yes. Several subsidiaries of American Water Works Company reflect such a
7 distinction in their COSS models, including Virginia-American Water Company
8 (Virginia State Corporation Commission ("VSCC") Docket No. PUR-2021-00255),
9 Illinois-American Water Company (Illinois Commerce Commission ("ICC") Docket
10 No. 22-0210), Indiana-American Water Company (Indiana Utility Regulatory
11 Commission ("IURC") Cause No. 45142), and Missouri-American Water Company
12 (Missouri Public Service Commission ("MPSC") Case No. WR-2022-0303). The
13 distinction in main size is appropriate based on cost causation principles and has
14 been agreed to by parties, or approved for use by these various state
15 Commissions.

16 **Q HOW SHOULD THE DISTINCTION IN MAIN SIZE USED TO SERVE**
17 **CUSTOMERS BE REFLECTED IN THE COSS MODEL?**

18 A The best approach is to establish a separate class in the COSS and for rate design
19 purposes for large customers that take service directly from transmission mains
20 and do not use the smaller distribution mains. The Commission should direct the
21 Company to create this separate class in the COSS for the next rate case.

22 In the meantime, an alternative approach would be to make an adjustment
23 to the allocation factors used to allocate distribution main costs to reflect the fact
24 that some customers do not use the distribution mains.

1 As an example, Missouri-American Water Company recognizes that there
2 are some customers in the commercial, industrial, and public authority classes that
3 are connected directly to the transmission system, and do not use the small
4 distribution mains. Therefore, it has historically reduced the amount of water
5 consumption used to develop its distribution cost allocation factors for these
6 classes.

7 For its Industrial class, Missouri-American Water Company has historically
8 relied on an analysis of the length of small distribution mains serving Industrial
9 customers as a fraction of the total distribution main installed on the system and
10 concluded that the Industrial units of service should be reduced by 90% in the
11 development of its distribution cost allocation factors for that class.¹¹

12 In other jurisdictions, utilities are estimating the portion of water
13 consumption in the non-residential classes served directly from the transmission
14 system, and removing that portion of usage from an allocation of distribution
15 costs.¹² While I do not agree with developing customer class distribution
16 multipliers strictly based on water usage, this approach could be used to improve
17 the accuracy in the measurement of VWID's COSS in the instant case, while the
18 Company conducts a more detailed review of this issue prior to the next rate case.

¹¹MPSC Case Nos. WR-2008-0311, WR-2017-0285, WR-2020-0344. MPSC Staff proposed to continue the same distribution multiplier in WR-2022-0303.

¹²VSCC Docket No. PUR-2021-00255, Direct Testimony of Charles Rea at 48. ICC Docket No. 22-0210, Direct Testimony of Charles Rea at 47. IURC Cause No. 45142, Direct Testimony of Constance Heppenstall at 10-11.

1 **Q ARE YOU RECOMMENDING A MODIFICATION TO THE COMPANY'S COSS**
2 **TO RECOGNIZE THE DISTINCTION IN SIZE OF MAINS USED TO SERVE**
3 **VARIOUS CUSTOMERS?**

4 A Yes. I recommend the Commission direct VWID to recognize the fact that some
5 large customers take service directly from the transmission system, and therefore
6 should not be allocated costs associated with the smaller distribution mains that
7 are not used to provide service to them. I recommend that for the next rate case,
8 the Commission direct VWID to create a separate class in the COSS model and
9 for rate design for customers that are served directly from the transmission mains.

10 However, for purposes of this case, VWID should recognize this distinction
11 in the infrastructure used to provide service by developing a distribution multiplier
12 to remove the units of service that are not served by the distribution system from
13 the development of distribution main cost allocation factors by class. At this time,
14 VWID has not provided the data necessary for Micron to make a specific proposal
15 as to what distribution multipliers would be appropriate for each class. However,
16 at a minimum, allocation factors should be adjusted such that the test year units of
17 service for the two 8-inch meters identified by VWID in response to Micron's
18 Discovery Request No. 7 are removed from an allocation of distribution costs.

19 **III. REVENUE APPORTIONMENT**

20 **Q PLEASE DISCUSS THE COMPANY'S PROPOSED REVENUE**
21 **APPORTIONMENT.**

22 A The Company's proposed revenue apportionment does not reflect its actual cost
23 to serve each customer class, as demonstrated by its COSS. A comparison of the

1 Company's proposed revenue apportionment to its COSS results is presented in
2 Table 2.

TABLE 2						
Veolia Water Idaho Inc.						
<u>Cost of Service vs. Proposed Revenue Allocation</u>						
<u>Line</u>	<u>Customer Class</u>	<u>Current Revenues</u> (1)	<u>Increase / (Decrease) to Reach Cost of Service</u>		<u>VWID Proposed Increase / (Decrease)</u>	
			<u>Amount</u> (2)	<u>Percent</u> (3)	<u>Amount</u> (4)	<u>Percent</u> (5)
1	Residential	\$35,139,116	\$ 10,146,076	28.9%	\$ 8,451,646	24.1%
2	Commercial	15,042,723	2,726,433	18.1%	3,618,134	24.1%
3	Public Authority	155,695	9,638	6.2%	37,448	24.1%
4	Private Fire	1,344,703	(774,918)	-57.6%	-	0.0%
5	Total	\$51,682,238	\$ 12,107,228	23.4%	\$ 12,107,228	23.4%
Source						
VWID's revised cost of service study provided in response to Micron Data Request No. 47.						

3 As shown above in the Table 2, the Company proposes no rate change for the
4 Private Fire class, despite the fact that the COSS shows a rate decrease is
5 warranted. The Company proposes to spread the remaining revenue deficiency
6 on an equal percentage basis across the Residential, Commercial, and Public
7 Authority classes, even though the COSS results do not support an equal
8 percentage increase.

9 **Q IS THE COMPANY'S PROPOSED REVENUE APPORTIONMENT**
10 **REASONABLE?**

11 **A** No. The Company's proposed revenue allocation does not make meaningful
12 movement toward cost of service for all customer classes. Indeed, the Company's
13 proposed revenue allocation maintains rates that are below cost of service for the

1 Residential class, and significantly above cost of service for all other classes
2 perpetuating existing cross-subsidies among rate classes. Further, the
3 Company's proposed revenue apportionment is based on a COSS model that does
4 not accurately reflect its cost of providing service to its customers, as further
5 discussed above. Finally, an across-the-board increase has been applied in the
6 last several VWID rate cases, which suggests that there has been essentially no
7 movement toward cost of service for years. As a result, I recommend that the
8 Company's proposed revenue allocation be rejected.

9 **Q HOW LONG HAVE INTERCLASS SUBSIDIES EXISTED FOR VWID'S**
10 **CUSTOMERS?**

11 A The subsidies have existed since at least the 2006 rate case, when VWID was still
12 United Water. Despite the COSS results presented in each rate case, the
13 Commission approved settlement agreements that resulted in an equal percent
14 increase for all customer classes in the 2006, 2009, 2015, and 2020 rate cases.¹³
15 In the 2011 rate case, a slightly different approach was taken where the parties
16 agreed to a two-step phase-in of the rate increase.¹⁴

17 **Q HAS THE COMMISSION PREVIOUSLY RECOGNIZED THE IMPORTANCE OF**
18 **MOVING CUSTOMER CLASS RATES CLOSER TO COST OF SERVICE?**

19 A Yes. In a previous Idaho Power Company rate case, the Commission noted the
20 following:

21 "Nonetheless, the passage of time since the Commission's last
22 examination of IPCo's rates has allowed several classes to drift
23 further away from cost-of-service rates. Recognizing that cost-of-

¹³ See Settlement Agreement and Orders in Dockets UWI-W-06-02, UWI-W-09-01, UWI-W-15-011, and SUZ-W-20-02.

¹⁴ See Settlement Agreement and Order in Docket UWI-W-11-2.

1 service studies are not precise, we think it is important that cross
2 subsidies among customer classes should be minimized.
3 Accordingly, as outlined below, we take significant steps to move
4 each class closer to its indicated cost of service.”¹⁵

5 **Q ARE YOU RECOMMENDING AN ALTERNATIVE REVENUE**
6 **APPORTIONMENT?**

7 A Yes. I recommend bringing each class to cost of service in this case, based on
8 my recommended corrections to the Company’s COSS model discussed above,
9 with the limitation that no class receive an increase greater than 1.25x the system
10 average increase. Any remaining revenue deficiency could be spread to classes
11 that would receive a rate change that is less than the system average percentage
12 increase, in proportion to each non-capped class’s allocated cost of service.

13 An example of this proposed revenue allocation is shown in Table 3 below.
14 For illustrative purposes, Table 3 assumes that my recommended correction to the
15 allocation of distribution main costs would show that the Residential class requires
16 a 1.26x system average increase to reach cost of service. However, the actual
17 impact will need to be determined by VWID, and may not create a need for any
18 class to be capped.¹⁶

¹⁵ Idaho Public Utilities Commission Case No. IPC-E-94-5; Order No. 25880 at 20.

¹⁶ The Company’s COSS shows that the Residential class needs a 1.23x system average increase to reach cost of service. If my recommended correction to the COSS does not increase this index above 1.25x, then no cap would be needed.

TABLE 3

Veolia Water Idaho Inc.

Example Revenue Apportionment Limiting the Residential Class to 1.25x System Average

<u>Line</u>	<u>Customer Class</u>	<u>Current Revenues</u> (1)	<u>Example Increase / (Decrease) Needed to Reach Cost of Service*</u>			<u>Mitigated Proposed Increase / (Decrease)</u>		
			<u>Amount</u> (2)	<u>Percent</u> (3)	<u>Index</u> (4)	<u>Amount</u> (5)	<u>Percent</u> (6)	<u>Index</u> (7)
1	Residential	\$35,139,116	\$ 10,396,076	29.6%	1.26	\$ 10,289,737	29.3%	1.25
2	Commercial	15,042,723	2,476,433	16.5%	0.70	2,578,490	17.1%	0.73
3	Public Authority	155,695	9,638	6.2%	0.26	10,601	6.8%	0.29
4	Private Fire	1,344,703	(774,918)	-57.6%	(2.46)	(771,599)	-57.4%	(2.45)
5	Total	\$51,682,238	\$ 12,107,228	23.4%	1.00	\$ 12,107,228	23.4%	1.00

Note:

*For illustrative purposes, this example assumes that Micron's recommended corrections to the allocations of distribution main costs would show that the Residential class requires an increase of 1.26x system average to reach cost of service. The actual impact of this recommended correction will need to be determined by VWID.

- 1 Table 4, below, shows the results of the revenue apportionment presented in
- 2 Table 3 based on Mr. Gorman's recommended revenue increase of \$6.4 million,
- 3 or 12.4%.

TABLE 4

Veolia Water Idaho Inc.
Example Revenue Apportionment Limiting the Residential Class to 1.25x System Average
at Mr. Gorman's Recommended Revenue Requirement

<u>Line</u>	<u>Customer Class</u>	<u>Current Revenues (1)</u>	<u>Example Increase / (Decrease) Needed to Reach Cost of Service*</u>			<u>Mitigated Proposed Increase / (Decrease)</u>		
			<u>Amount</u>	<u>Percent</u>	<u>Index</u>	<u>Amount</u>	<u>Percent</u>	<u>Index</u>
			(2)	(3)	(4)	(5)	(6)	(7)
1	Residential	\$35,139,116	\$ 5,495,468	15.6%	1.26	\$ 5,439,256	15.5%	1.25
2	Commercial	15,042,723	1,309,067	8.7%	0.70	1,363,015	9.1%	0.73
3	Public Authority	155,695	5,095	3.3%	0.26	5,604	3.6%	0.29
4	Private Fire	1,344,703	(409,630)	-30.5%	(2.46)	(407,875)	-30.3%	(2.45)
5	Total	\$51,682,238	\$ 6,400,000	12.4%	1.00	\$ 6,400,000	12.4%	1.00

Note:

*For illustrative purposes, this example assumes that Micron's recommended corrections to the allocations of distribution main costs would show that the Residential class requires an increase of 1.26x system average to reach cost of service. The actual impact of this recommended correction will need to be determined by VWID.

- 1 My recommendations will move away from inequitable across-the-board rate
2 increases and take meaningful steps toward aligning customer rates.

IV. RATE DESIGN

IV.A. Existing Volumetric Block Rate Structure

Q PLEASE DISCUSS VWID'S CURRENT RATE STRUCTURE.

A Currently, VWID has a rate structure that consists of a fixed meter charge by size,
and volumetric charges that vary by season. For the winter period from October
through May, a single flat volumetric rate per hundred cubic feet ("CCF") applies.
The summer period consists of two volumetric rate blocks where the first block is
priced at the same rate as the winter period and captures the first 3 CCF of usage.
The second summer rate block captures all additional CCF and is more expensive
than the first block.

This rate structure applies to all customer classes.

1 **Q HAS VWID PROPOSED ANY CHANGES TO ITS EXISTING RATE**
2 **STRUCTURE?**

3 A No. VWID proposes to maintain the existing rate structure, with all rate
4 components increased by an equal percentage to recover the Company's
5 requested revenue requirement.

6 **Q HAS THE COMPANY EXPLAINED WHY IT BELIEVES IT IS REASONABLE TO**
7 **MAINTAIN ITS INCLINING BLOCK RATE STRUCTURE?**

8 A No. The Company's testimony does not specifically address this issue.

9 **Q DO YOU HAVE ANY CONCERNS WITH THE COMPANY'S INCLINING BLOCK**
10 **VOLUMETRIC RATE STRUCTURE?**

11 A Yes. First, if the purpose of this rate structure is to promote water conservation, it
12 is not clear that the existing rate structure accomplishes this objective. The first
13 summer rate block captures the first 3 CCF, or about 2,200 gallons, of usage. For
14 the Residential class, only about 6% of summer usage falls into the first block with
15 the remaining 94% in the second, more expensive block.¹⁷ For the Commercial
16 class, the first summer block captures about 2% of the summer water usage, and
17 98% falls into the second block.¹⁸ Thus, since the second block is essentially
18 unavoidable, this rate structure does little or nothing to encourage customers to
19 use less water during the higher priced summer period.

20 Second, under the Company's existing volumetric rate structure,
21 customers with seasonal water use may not be making a great enough contribution
22 to the Company's recovery of fixed costs during the non-summer months. As a

¹⁷ VWID's workpaper WP 14.6, Proof of Revenue.

¹⁸ *Id.*

1 result, large water customers with relatively steady water use year-round may be
2 subsidizing customer classes with seasonal peak water demands.

3 In addition, an inclining block rate structure could inhibit economic
4 development by deterring potential new large water users from locating in the
5 Company's service territory or deter existing large water users from expanding
6 operations.

7 A declining block volumetric rate structure that primarily targets fixed cost
8 recovery in the more expensive first blocks, and volumetric cost recovery in the tail
9 block would be more appropriate. In the event that the Commission determines it
10 is appropriate to maintain a single rate structure for all customer classes, then a
11 declining block rate design could be used to more closely align rates with the cost
12 of providing service to each class and support economic development. The
13 Company should be directed by the Commission to explore a new rate structure
14 prior to its next rate case or provide evidence explaining why its proposal to
15 maintain the existing volumetric rate structure is just and reasonable.

16 **IV.B. Large Customer Rate Options**

17 **Q ARE THERE ANY OTHER RATE DESIGN ISSUES THAT YOU WOULD LIKE**
18 **TO RAISE?**

19 A Yes. The Company's current COSS and rate design do not separately identify an
20 Industrial class, as the Company claims that no customers currently meet its
21 definition of an Industrial customer. As noted by Ms. Bui, the Company's current
22 tariff includes an Industrial classification, but no active customers are in this
23 class.¹⁹ Further, in response to a discovery request from Staff, the Company

¹⁹ Bui, Appendix B at 8.

1 claimed that based on the Company's existing definition of Industrial customers,
2 no customers currently meet this definition.²⁰

3 **Q WHAT IS THE COMPANY'S CURRENT DEFINITION OF AN INDUSTRIAL**
4 **CUSTOMER?**

5 A The Company's tariff defines an industrial customer as follows:

6 "Industrial customer shall designate any building or combination of
7 buildings in the same compound whose primary use is for the
8 manufacture, fabrication, and/or assembly of any product."²¹

9 **Q DOES MICRON FIT WITHIN THE DEFINITION OF AN INDUSTRIAL**
10 **CUSTOMER?**

11 A According to the Company, Micron does not currently fit the definition of an
12 Industrial customer. VWID indicates that currently Micron's water use is primarily
13 for office space and private fire protection, and therefore it fits the definition of a
14 Commercial customer.²²

15 **Q SHOULD THE DEFINITION OF AN INDUSTRIAL CUSTOMER BE TIED TO THE**
16 **PURPOSE FOR WHICH WATER IS USED?**

17 A No. The definition of customer classes should take into consideration load
18 characteristics and the infrastructure used to provide service. The purpose for
19 which water is used is not relevant.

²⁰ VWID's Response to Staff's Discovery Request No. 154, attached as Exhibit No. 419, p. 34.

²¹ Sheet No. 36 of the Company's Current Tariff, attached as Exhibit No. 420.

²² VWID's Response to Micron's Discovery Request No. 42, part c (ii), attached as Exhibit No. 419, pp. 35-37.

1 **Q IS MICRON EXPECTED TO FIT WITHIN VWID’S DEFINITION OF AN**
2 **INDUSTRIAL CUSTOMER IN THE FUTURE?**

3 A Yes. It is public knowledge that Micron is doing a major expansion in Boise, Idaho.
4 Indeed, Micron has announced plans to invest about \$15 billion through the end of
5 the decade in advanced memory manufacturing in Boise.²³ Construction is
6 expected to begin in 2023 with production beginning in 2025.²⁴ Micron’s expansion
7 will include a water treatment facility to ensure incoming water meets high-purity
8 specifications for manufacturing.²⁵ Water sources will include on-site groundwater
9 and service from Veolia.²⁶ Water will be a crucial element to Micron’s
10 manufacturing process, and its water consumption is expected to increase
11 significantly when operations commence. Thus, Micron will require industrial use
12 water from VWID.

13 In addition, Micron’s expansion is expected to create over 17,000 Idaho
14 jobs, including 2,000 direct Micron jobs.²⁷ Micron also intends to increase
15 investment in K-12 STEM education programs, build on partnerships with
16 community colleges and universities, and identify new ways to provide education
17 and training to underrepresented and rural populations.²⁸

²³ Micron Breaks Ground on Leading-Edge Manufacturing Fab in Boise, Idaho. September 12, 2022. <https://investors.micron.com/news-releases/news-release-details/micron-breaks-ground-leading-edge-manufacturing-fab-boise-idaho>

²⁴ *Id.*

²⁵ Micron Boise Expansion Plans Coming into View, October 28, 2022. <https://www.ktvb.com/article/news/local/growing-idaho/boise-micron-expansion-planning-zoning-new-fab-semiconductor/277-35909baa-0305-430a-8dda-9492a1a6a105>

²⁶ *Id.*

²⁷ Micron Breaks Ground on Leading-Edge Manufacturing Fab in Boise, Idaho. September 12, 2022.

²⁸ *Id.*

1 **Q WHEN MICRON’S EXPANDED MANUFACTURING OPERATIONS**
2 **COMMENCE, WILL IT BE APPROPRIATE FOR MICRON TO BE INCLUDED IN**
3 **THE COMMERCIAL CLASS?**

4 A No. Micron’s consumption will increase significantly and will be used for purposes
5 that fit the current Industrial class definition. In addition, it is my understanding that
6 Micron takes service directly from VWID’s transmission mains, and therefore it
7 should not be paying for the costs associated with small distribution mains through
8 its rates.

9 It is clear that at least one of VWID’s largest customers will qualify as an
10 Industrial customer in the next couple of years. If the utility cannot or will not
11 negotiate a special contract, or offer an economic development rate as discussed
12 below, then at the very least, I recommend that the Commission direct VWID to
13 identify a separate class in its next COSS, such as the Industrial class, for large
14 water users connected directly to the transmission system and establish a
15 separate rate that recovers that class’s cost of service.

16 **IV.C. Potential Special Contract**

17 **Q WOULD IT BE REASONABLE FOR MICRON TO BE ELIGIBLE FOR A**
18 **SPECIAL CONTRACT OR ECONOMIC DEVELOPMENT RATE WITH VWID?**

19 A Yes. Micron is already one of VWID’s largest customers in terms of annual water
20 consumption, and its water usage is expected to grow.²⁹ As explained above,
21 given Micron’s significant investment in Boise and the associated benefits to the
22 state and local community, it would be reasonable for VWID to provide service to
23 Micron’s facilities under a special contract or economic development rate that more

²⁹ VWID’s Response to Micron’s Discovery Request No. 44, attached as Exhibit No. 419, p. 38.

1 accurately reflects VWID's cost of providing service to Micron. In addition, Micron's
2 expansion plan includes groundwater as a source of supply, as well as the
3 development of its own water treatment facility. A special contract or economic
4 development rate that more accurately reflects VWID's cost of providing service to
5 Micron could improve the competitiveness of VWID's rates relative to the cost of
6 Micron's own water treatment process.

7 **Q DOES VWID'S CURRENT TARIFF PROVIDE FOR THE ESTABLISHMENT OF**
8 **A SPECIAL CONTRACT, OR AN ECONOMIC DEVELOPMENT RATE?**

9 A It does not appear that VWID's current tariff identifies either of these approaches
10 as an option for new customers or existing customers with increasing consumption.

11 **Q WHAT IS YOUR RECOMMENDATION WITH RESPECT TO A SPECIAL**
12 **CONTRACT OR ECONOMIC DEVELOPMENT RATE?**

13 A I recommend that the Commission direct VWID to analyze the potential for offering
14 special contracts, or an economic development rate to certain customers, and
15 present its analysis and recommendations in the next rate case.

16 **IV.D. DSIC**

17 **Q PLEASE DISCUSS THE COMPANY'S PROPOSAL WITH RESPECT TO THE**
18 **DSIC MECHANISM.**

19 A The Company proposes to establish a DSIC mechanism related to the
20 replacement and/or rehabilitation of distribution system transmission and

1 distribution mains, services, hydrants, valves, meters, and other infrastructure.³⁰
2 This mechanism would allow the utility to increase rates between general rate case
3 proceedings, which specifically relate to non-revenue producing investments to
4 replace aging utility infrastructure.³¹

5 **Q DO YOU HAVE ANY CONCERNS WITH THE COMPANY'S PROPOSAL TO**
6 **IMPLEMENT A DSIC?**

7 A Yes. First, this request is an example of single issue ratemaking, as it proposes
8 to focus on a single component of the utility's cost of providing service and address
9 it separately from a general rate case. The Commission has previously rejected
10 single-issue, or piecemeal, ratemaking as it considers a single cost item without
11 considering other potentially offsetting revenues, and can lead to an improper
12 matching of costs and revenues and potentially unjust and unreasonable rates.³²

13 Second, the Company's proposed method of calculating the DSIC
14 incremental revenue requirement ignores offsetting reductions in the value of plant
15 investment included in base rates.

16 In light of these concerns, the Commission should reject the DSIC.

³⁰ Direct Testimony of James Cagle at 3. Note that the page numbering may be mislabeled, and the correct page number may be 2 (i.e., the second page of questions and answers in the testimony).

³¹ *Id.* at 4.

³² See Intermountain Gas Company Case No. INT-G-17-07, Order No. 34090 at 6-7, where the Commission rejected Intermountain Gas Company's proposed Infrastructure Integrity Management Mechanism.

1 **Q IN THE EVENT THE COMMISSION APPROVES THE COMPANY'S DSIC**
2 **PROPOSAL, DO YOU HAVE ANY SUGGESTED CHANGES?**

3 A Yes. The Company's capital investment costs from the replacement of DSIC
4 eligible investments should be synchronized with the investment costs included in
5 base rates. Currently, base rates include the return "of" and "on" investments
6 related to distribution system transmission and distribution mains, services,
7 hydrants, valves, meters, and other infrastructure.

8 Specifically, the Commission should ensure that VWID's investment
9 included in base rates is synchronized with the incremental eligible investment that
10 would be subject to the DSIC. Synchronizing a utility's total investments is fair to
11 both the utility and its customers and will ensure that a utility does not recover
12 excessive charges from its customers.

13 **Q WHAT IS YOUR SPECIFIC RECOMMENDATION?**

14 A The level of depreciation expense included in base rates associated with the same
15 type of infrastructure that is proposed to be eligible for the DSIC should be used to
16 offset the DSIC eligible investment prior to the rate of return calculation for the
17 DSIC surcharge. This will ensure that the utility properly recovers the incremental
18 revenue requirement associated with eligible infrastructure replacement and that
19 the utility is not allowed to charge excessive surcharges through the DSIC.

20 Once rates are set in a rate case, the utility recovers depreciation expense
21 in post-test year periods, which increases accumulated depreciation and reduces
22 net-plant balances, ultimately reducing test year rate base in the post-test year
23 periods. Post-test year plant investments offset this decline in rate base because
24 plant added to rate base offsets the increase in accumulated depreciation. If rate
25 base investments are recovered in base rates, the utility can time rate cases to

1 adjust rates only if a rate adjustment is justified. However, recovering post-test
2 year plant additions in a separate rate mechanism, like the DSIC, has the real
3 potential to harm ratepayers, via excess charges, for total net-plant investments
4 being used to provide service.

5 The proposed DSIC surcharge does not appear as though it would reflect
6 the decline in rate base that has occurred since base rates were last set. Thus, in
7 the years between rate cases, customers would be charged both depreciation
8 expense for plant already depreciated and new depreciation expense for new
9 investments through the incremental DSIC charge. As such, the DSIC charge as
10 proposed by VWID would result in excessive charges to customers and would
11 harm customers. It is a fundamental tenant of cost of service ratemaking that if
12 new investments cause rate base to grow at the level of depreciation, all other
13 things held constant, it is unnecessary to change customer rates for the utility to
14 fully recover the costs of the new investments.

15 My proposal will synchronize the net-plant balance for transmission and
16 distribution mains, services, hydrants, valves, meters, and other infrastructure that
17 would not be subject to DSIC replacement with the increased net plant investment
18 levels associated with the DSIC eligible investment. In this way, total charges to
19 customers, including base tariff rates and the DSIC, will track net-plant investment
20 being used to provide service during post-test year periods.

21 **Q WHY SHOULD DEPRECIATION EXPENSE IN BASE RATES BE REQUIRED AS**
22 **AN OFFSET TO RATE BASE WHEN DETERMINING THE APPROPRIATE**
23 **LEVEL OF SURCHARGE REVENUE?**

24 **A** Depreciation expense that is included in a utility's base rates increases the utility's
25 internal cash flow, which is used as a funding source for new plant investments

1 including the plant investments necessary to replace a utility's aging or obsolete
2 infrastructure. In terms of rate base, recovering this depreciation expense in a
3 utility's existing base rates reduces test year rate base via increases to
4 accumulated depreciation, and is used as an internal cash source to fund new
5 infrastructure capital investments that are included in post-test year utility rate
6 base.

7 This can be illustrated with an example. Assume that a certain utility has
8 annual rate case proceedings and has \$10 million in annual depreciation expense
9 and \$10 million in annual new capital investment. If post-test year capital
10 investment is at the same amount as post-test year depreciation expense
11 recovery, the utility's net-plant and rate base will not grow in the post-test year
12 period. In which case, the base tariff rate revenue recovered by the utility will
13 provide it sufficient revenue to fully recover its cost of service in the post-test year
14 period. A separate charge, like the DSIC, above the base tariff rates for the
15 incremental plant investments in this example would result in excessive rates that
16 are not just and reasonable, and customers would be harmed.

17 Now assume the utility implements a rider surcharge, without recognizing
18 the declining value to existing rate base (depreciation offsets), instead of annual
19 base rate proceedings. In the case of the utility recovering the incremental
20 revenue requirement for new investment through a rider surcharge, customer rates
21 would go up to account for the \$10 million spent by the utility on eligible
22 infrastructure, but the surcharge would not reflect the reduction for the \$10 million
23 of depreciated rate base. Customers would pay higher bills, via the combination
24 of existing base tariff rates and the incremental DSIC, despite the utility's net-plant
25 investment amount remaining the same.

1 **Q PLEASE SUMMARIZE YOUR RECOMMENDATION WITH RESPECT TO THE**
2 **DSIC.**

3 A The DSIC mechanism, as proposed by the Company, should be rejected. If the
4 Commission adopts the DSIC, I recommend modifying the DSIC revenue
5 requirement calculation to reflect depreciation expense for similar plant included in
6 base rates as an offset to the incremental DSIC plant investment for the purpose
7 of calculating a return on DSIC investment.

8 **Q DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

9 A Yes, it does.

Qualifications of Jessica A. York

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A Jessica York. My business address is 16690 Swingley Ridge Road, Suite 140,
Chesterfield, MO 63017.

Q PLEASE STATE YOUR OCCUPATION.

A I am a consultant in the field of public utility regulation and an Associate with the firm
of Brubaker & Associates, Inc. ("BAI"), energy, economic and regulatory consultants.

**Q PLEASE IDENTIFY THE JURISDICTIONS IN WHICH YOU HAVE PREVIOUSLY
SPONSORED TESTIMONY.**

A I have sponsored expert testimony in front of the Illinois Commerce Commission, the
Indiana Utility Regulatory Commission, the Michigan Public Service Commission, the
Minnesota Public Utilities Commission, the Missouri Public Service Commission, the
Public Utilities Commission of Nevada, and the Oklahoma Corporation Commission.

**Q PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL
EMPLOYMENT EXPERIENCE.**

A I graduated from Truman State University in 2008 where I received my Bachelor of
Science Degree in Mathematics with minors in Statistics and Actuarial Science. I
earned my Master of Business Administration Degree with a concentration in Finance
from the University of Missouri-St. Louis in 2014.

I joined BAI in 2011 as an analyst. Then, in March 2015, I joined the consulting
team of BAI.

I have worked in various electric, natural gas and water and wastewater
regulatory proceedings addressing cost of capital, sales revenue forecasts, revenue

1 requirement assessments, class cost of service studies, rate design, and various policy
2 issues. I have also conducted competitive power and natural gas solicitations on behalf
3 of large electric and natural gas users, have assisted those large power and natural
4 gas users in developing procurement plans and strategies, assisted in competitive
5 contract negotiations, and power and natural gas contract supply administration. In the
6 regulated arena, I have evaluated cost of service studies and rate designs proffered by
7 other parties in cases for various utilities, including in Wisconsin, Illinois, Indiana,
8 Kansas, and others. I have conducted bill audits, rate forecasts and tariff rate
9 optimization studies.

10 I have also provided support to clients with facilities in deregulated markets,
11 including drafting supply requests for proposals, evaluating supply bids, and auditing
12 competitive supply bills. I have also prepared and presented to clients reports that
13 monitor the electric market and recommend strategic hedging transactions.

14 BAI was formed in April 1995. BAI and its predecessor firm have participated
15 in more than 700 regulatory proceedings in forty states and Canada.

16 BAI provides consulting services in the economic, technical, accounting, and
17 financial aspects of public utility rates and in the acquisition of utility and energy
18 services through RFPs and negotiations, in both regulated and unregulated markets.
19 Our clients include large industrial and institutional customers, some utilities and, on
20 occasion, state regulatory agencies. We also prepare special studies and reports,
21 forecasts, surveys and siting studies, and present seminars on utility-related issues.

22 In general, we are engaged in energy and regulatory consulting, economic
23 analysis and contract negotiation.

24 In addition to our main office in St. Louis, the firm also has branch offices in
25 Corpus Christi, Texas; Detroit, Michigan; Louisville, Kentucky and Phoenix, Arizona.

1 **DECLARATION OF JESSICA A. YORK**

2 I, Jessica A. York, declare under penalty of perjury under the laws of the state of
3 Idaho:

4 1. My name is Jessica A. York. I am employed by Brubaker &
5 Associates, Inc. ("BAI") as an Associate and consultant in the field of public utility
6 regulation.

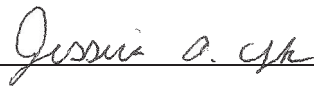
7 2. On behalf of Micron Technology, Inc., I present this pre-filed direct
8 testimony and Exhibit Nos. 419 through 420 in this matter.

9 3. To the best of my knowledge, my pre-filed direct testimony and
10 exhibits are true and accurate.

11 I hereby declare that the above statement is true to the best of my knowledge
12 and belief, and that I understand it is made for use as evidence before the Idaho
13 Public Utilities Commission and is subject to penalty for perjury.

14 SIGNED this 14 day of February 2023, at Chesterfield, Missouri.

15 Signed:

16
17 _____

18 20891152_v1

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)	
_____)	

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

EXHIBIT NO. 419 TO ACCOMPANY THE

DIRECT TESTIMONY OF JESSICA A. YORK

VEOLIA WATER IDAHO, INC.
CASE VEO-W-22-02
MICRON'S SECOND SET OF DISCOVERY REQUESTS TO
VEOLIA WATER IDAHO INC

Preparer/Sponsoring Witness:

Bui

REQUEST NO. 47:

Please refer to the class cost of service study provided as Exhibit 14-2 of Ms. Bui's direct testimony.

- a. Please confirm that plant investment and expenses associated with transmission and distribution ("T&D") mains should be classified to the Base, Max Day, and Max Hour functions. If not confirmed, please provide a detailed explanation supporting the response.
- b. Please refer to Exhibit 14-2, page 5. Please confirm that expenses associated with the Maintenance of T&D Mains (Labor, Other, and Fringe Benefits) have been classified to the Base, Max Day, and Max Hour functions, and have been allocated on the basis of Factor 6.
- c. Please refer to Exhibit 14-2, page 8. Please explain why depreciation expense associated with Trans. & Distrib. Mains & Accessories has been allocated on Factor 3, which reflects base and max day, rather than Factor 6, which reflects base, max day, and max hour components.
- d. Please refer to Exhibit 14-2, page 10. Please explain why rate base associated with Trans. & Distrib. Mains & Accessories has been allocated on Factor 3, which reflects base and max day, rather than Factor 6, which reflects base, max day, and max hour components.

RESPONSE NO. 47:

- a. Yes, we are confirming that plant investment and expenses associated with transmission and distribution mains should be classified to the Base, Max Day and Max Hour, as appropriate.
- b. This is an error. Exhibit 14-2, page 5 has been revised to reflect the separation of transmission and distribution. Transmission and distribution have been separated using the total inch-feet of main analysis shown in Factor 6. Based on the revised

Exhibit 14-2, transmission has been allocated based on Factor 3 while distribution has been allocated based on Factor 6.

- c. Exhibit 14-2, page 8 has been revised to reflect the separation of transmission and distribution, as described in (b). Exhibit 14-2, page 10 has been revised to reflect the separation of transmission and distribution, as described in (b).

Exhibit 14-1
COMPARISON OF ADJUSTED COST OF SERVICE WITH REVENUES UNDER EXISTING AND PROPOSED RATES
FOR TEST YEAR ENDED MARCH 31, 2023

Customer Classification (1)	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase		Cost of Service Percent Increase (10)
	Amount (2)	Percent (3)	Amount (4)	Percent (5)	Amount (6)	Percent (7)	Amount (8)	Percent (9)	
Residential	45,285,193	71.0%	35,139,116	68.0%	43,590,762	68.3%	8,451,646	24.1%	28.9%
Commercial	17,769,156	27.9%	15,042,723	29.1%	18,660,857	29.3%	3,618,134	24.1%	18.1%
Public Authority	165,333	0.3%	155,695	0.3%	193,144	0.3%	37,448	24.1%	6.2%
Private Fire Service	569,785	0.9%	1,344,703	2.6%	1,344,703	2.1%	0	0.0%	-57.6%
Total Sales	63,789,466	100.0%	51,682,238	100.0%	63,789,466	100.0%	12,107,228	23.4%	23.4%
Other Revenues	35,620		35,620		35,620		0	0.00	
Total	<u>\$ 63,825,086</u>		<u>\$ 51,717,858</u>		<u>\$ 63,825,086</u>		<u>\$ 12,107,227</u>	23.4%	23.4%
Total Revenue Requirements	\$63,825,086								

Exhibit 14-2
COST OF SERVICE FOR THE TWELVE MONTHS ENDED MARCH 31, 2023
ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor	Cost of	Residential	Commercial	Public	Fire Protection	
	Ref	Service			Authority	Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
OPERATION AND MAINTENANCE EXPENSES							
SOURCE OF SUPPLY EXPENSES							
Operation Supervision and Engineering - Labor	2	68,558	44,753	23,624	181	0	0
Operation Supervision and Engineering - Other	2	23,939	15,627	8,249	63	0	0
Operation Supervision and Engineering - Fringe Benefits	2	27,060	17,664	9,324	71	0	0
Operation Labor	2	57,703	37,667	19,884	152	0	0
Operation Expenses	2	7,452	4,865	2,568	20	0	0
Operation Fringe Benefits	2	21,873	14,278	7,537	58	0	0
Purchased Water	1	316,694	203,683	111,938	1,073	0	0
Miscellaneous	2	1,119	730	386	3	0	0
Rents	2	3,385	2,210	1,167	9	0	0
TOTAL SOURCE OF SUPPLY EXPENSE - OPERATION		527,783	341,476	184,677	1,630	0	0
Maintenance of Structures and Engineering - Labor	2	10,609	6,925	3,656	28	0	0
Maintenance of Structures and Engineering - Other	2	49,301	32,183	16,989	130	0	0
Maintenance of Structures and Engineering - Fringe Benefits	2	3,181	2,076	1,096	8	0	0
Maintenance of Structures and Engineering - Rivers and Intake	2	2,559	1,671	882	7	0	0
Maintenance of Wells and Springs - Chemicals	1	6,094	3,919	2,154	21	0	0
Maintenance of Wells and Springs	2	1,129	737	389	3	0	0
TOTAL SOURCE OF SUPPLY EXPENSE - MAINTENANCE		72,873	47,511	25,165	197	0	0
TOTAL SOURCE OF SUPPLY EXPENSES		\$ 600,656	\$ 388,987	\$ 209,842	\$ 1,827	\$ -	\$ -

Exhibit 14-2
COST OF SERVICE FOR THE TWELVE MONTHS ENDED MARCH 31, 2023
ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor	Cost of	Residential	Commercial	Public	Fire Protection	
	Ref	Service			Authority	Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
PUMPING EXPENSES							
Operation Supervision and Engineering - Labor	3	132,841	84,876	44,807	344	560	2,256
Operation Supervision and Engineering - Other	3	72,647	46,416	24,504	188	306	1,233
Operation Supervision and Engineering - Fringe Benefits	3	40,173	25,667	13,550	104	169	682
Fuel or Power Purchase for Pumping - Labor	3	1,291	825	436	3	5	22
Fuel or Power Purchase for Pumping - Other	3	0	0	0	0	0	0
Fuel or Power Purchase for Pumping - Power Costs	1	2,036,784	1,309,964	719,920	6,900	0	0
Fuel or Power Purchase for Pumping - Amort Power Costs	1	534,778	343,944	189,022	1,812	0	0
Fuel or Power Purchase for Pumping - Fringe Benefits	3	0	0	0	0	0	0
Pumping Expense - Labor	3	1,223,332	781,617	412,626	3,164	5,155	20,771
Pumping Expense - Other	3	177,759	113,575	59,958	460	749	3,018
Pumping Expense - Fringe Benefits	3	487,000	311,156	164,263	1,259	2,052	8,269
Miscellaneous Expenditures	3	60,830	38,866	20,518	157	256	1,033
TOTAL PUMPING EXPENSE - OPERATION		4,767,435	3,056,905	1,649,603	14,391	9,252	37,284
Maintenance Supervision and Engineering - Labor	3	2,206	1,409	744	6	9	37
Maintenance Supervision and Engineering - Other	3	306	196	103	1	1	5
Maintenance Supervision and Engineering - Fringe Benefits	3	583	373	197	2	2	10
Maintenance of Structures and Improvements - Labor	3	0	0	0	0	0	0
Maintenance of Structures and Improvements - Other	3	215,808	137,885	72,791	558	909	3,664
Maintenance of Structures and Improvements - Fringe Benefits	3	0	0	0	0	0	0
Maintenance of Power Production Equipment - Labor	3	0	0	0	0	0	0
Maintenance of Power Production Equipment - Other	3	65,176	41,642	21,984	169	275	1,107
Maintenance of Power Production Equipment - Fringe Benefits	3	0	0	0	0	0	0
Maintenance of Pumping Equipment - Labor	3	3,631	2,320	1,225	9	15	62
Maintenance of Pumping Equipment - Other	3	6,893	4,404	2,325	18	29	117
Maintenance of Pumping Equipment - Fringe Benefits	3	1,669	1,066	563	4	7	28
TOTAL PUMPING EXPENSES - MAINTENANCE		296,273	189,296	99,932	766	1,248	5,030
TOTAL PUMPING EXPENSES		\$ 5,063,708	\$ 3,246,201	\$ 1,749,535	\$ 15,157	\$ 10,501	\$ 42,314

Exhibit 14-2
COST OF SERVICE FOR THE TWELVE MONTHS ENDED MARCH 31, 2023
ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor	Cost of	Residential	Commercial	Public	Fire Protection	
	Ref	Service			Authority	Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
WATER TREATMENT							
Operation Supervision and Engineering - Labor	2	789,279	515,219	271,975	2,085	0	0
Operation Supervision and Engineering - Other	2	34,541	22,548	11,903	91	0	0
Operation Supervision and Engineering - Fringe Benefits	2	28,048	18,309	9,665	74	0	0
Chemicals	1	519,783	334,300	183,722	1,761	0	0
Operation Labor and Expenses - Labor	2	73,295	47,845	25,256	194	0	0
Operation Labor and Expenses - Other	2	156,821	102,368	54,039	414	0	0
Operation Labor and Expenses - Lab Testing	2	159,423	104,067	54,935	421	0	0
Operation Labor and Expenses - Fringe Benefits	2	311,750	203,501	107,425	823	0	0
Miscellaneous Expenses - Labor	2	0	0	0	0	0	0
Miscellaneous Expenses - Other	2	30,285	19,769	10,436	80	0	0
Miscellaneous Expenses - Fringe Benefits	2	0	0	0	0	0	0
Amortization Miscellaneous	2	0	0	0	0	0	0
TOTAL WATER TREATMENT EXPENSE - OPERATION		2,103,225	1,367,926	729,356	5,943	0	0
Maintenance Supervision and Engineering	2	0	0	0	0	0	0
Maintenance of Structures and Improvements - Labor	2	0	0	0	0	0	0
Maintenance of Structures and Improvements - Other	2	61,281	40,002	21,117	162	0	0
Maintenance of Structures and Improvements - Lab Testing	2	0	0	0	0	0	0
Maintenance of Structures and Improvements - Fringe Benefits	2	0	0	0	0	0	0
Maintenance of Water Treatment Equipment - Labor	2	0	0	0	0	0	0
Maintenance of Water Treatment Equipment - Other	2	53,146	34,692	18,313	140	0	0
Maintenance of Water Treatment Equipment - Fringe Benefits	2	0	0	0	0	0	0
TOTAL WATER TREATMENT EXPENSE - MAINTENANCE		114,427	74,695	39,430	302	0	0
TOTAL WATER TREATMENT EXPENSE		\$ 2,217,652	\$ 1,442,620	\$ 768,786	\$ 6,245	\$ -	\$ -

Exhibit 14-2
COST OF SERVICE FOR THE TWELVE MONTHS ENDED MARCH 31, 2023
ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor	Cost of	Residential	Commercial	Public	Fire Protection	
	Ref	Service			Authority	Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TRANSMISSION AND DISTRIBUTION EXPENSES							
Operation Supervision and Engineering - Labor	10	47,635	30,759	16,469	159	49	198
Operation Supervision and Engineering - Other	10	4,334	2,798	1,498	14	4	18
Operation Supervision and Engineering - Fringe Benefits	10	13,319	8,601	4,605	45	14	55
Storage Facility Expense	5	10,059	7,171	2,235	36	122	494
Trans. Mains Expense - Labor	3	2,016	1,288	680	5	8	34
Trans. Mains Expense - Other	3	18,421	11,769	6,213	48	78	313
Trans. Mains Expense - Fringe Benefits	3	713	455	240	2	3	12
Distrib. Mains Expense - Labor	6	2,602	1,741	700	8	30	123
Distrib. Mains Expense - Other	6	23,778	15,906	6,400	74	278	1,121
Distrib. Mains Expense - Fringe Benefits	6	920	615	248	3	11	43
Meter Expense - Labor	8	426	278	146	1	0	0
Meter Expense - Other	8	50	33	17	0	0	0
Meter Expense - Fringe Benefits	8	193	126	66	1	0	0
Miscellaneous Expense - Labor	10	0	0	0	0	0	0
Miscellaneous Expense - Purchased Power	1	455,256	292,800	160,915	1,542	0	0
Miscellaneous Expense - Other	10	64,904	41,910	22,440	217	67	270
Miscellaneous Expense - Fringe Benefits	10	0	0	0	0	0	0
TOTAL T&D EXPENSE - OPERATION		644,626	416,251	222,874	2,155	665	2,681

Exhibit 14-2
COST OF SERVICE FOR THE TWELVE MONTHS ENDED MARCH 31, 2023
ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Public Authority (6)	Fire Protection	
						Private (7)	Public (8)
Maintenance Supervision and Engineering	11	49,435	39,715	8,901	101	143	576
Maintenance of Structures and Improvements - Labor	11	0	0	0	0	0	0
Maintenance of Structures and Improvements - Other	11	0	0	0	0	0	0
Maintenance of Structures and Improvements - Fringe Benefits	11	15,020	12,067	2,704	31	43	175
Maintenance of Distribution Reservoirs and Standpipes	5	197,877	141,073	43,974	713	2,409	9,708
Maintenance of Trans. Mains - Labor	3	260	166	88	1	1	4
Maintenance of Trans. Mains - Other	3	14,765	9,434	4,980	38	62	251
Maintenance of Trans. Mains - Fringe Benefits	3	95	61	32	0	0	2
Maintenance of Distrib. Mains - Labor	6	335	224	90	1	4	16
Maintenance of Distrib. Mains - Other	6	19,060	12,749	5,130	59	223	899
Maintenance of Distrib. Mains - Fringe Benefits	6	122	82	33	0	1	6
Maintenance of Services - Labor	9	1,545,679	1,269,297	273,400	2,982	0	0
Maintenance of Services - Other	9	307,427	252,456	54,378	593	0	0
Maintenance of Services - Fringe Benefits	9	607,892	499,195	107,524	1,173	0	0
Maintenance of Meters - Labor	8	0	0	0	0	0	0
Maintenance of Meters - Other	8	0	0	0	0	0	0
Maintenance of Meters - Fringe Benefits	8	0	0	0	0	0	0
Maintenance of Hydrants - Labor	7	0	0	0	0	0	0
Maintenance of Hydrants - Other	7	25,960	0	0	0	5,161	20,799
Maintenance of Hydrants - Fringe Benefits	7	0	0	0	0	0	0
Miscellaneous	11	2,468	1,983	444	5	7	29
TOTAL T&D EXPENSE - MAINTENANCE		2,786,397	2,238,501	501,678	5,698	8,056	32,464
TOTAL T&D EXPENSE		\$ 3,431,023	\$ 2,654,752	\$ 724,552	\$ 7,853	\$ 8,721	\$ 35,145

Exhibit 14-2
COST OF SERVICE FOR THE TWELVE MONTHS ENDED MARCH 31, 2023
ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor	Cost of	Residential	Commercial	Public	Fire Protection	
	Ref	Service			Authority	Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
CUSTOMER ACCOUNTS							
Supervision - Labor	12	76,463	67,066	7,472	77	1,847	0
Supervision - Other	12	10,649	9,341	1,041	11	257	0
Supervision - Fringe Benefits	12	29,341	25,735	2,867	30	709	0
Meter Reading - Labor	13	338,593	278,049	59,890	653	0	0
Meter Reading - Other	13	86,715	71,209	15,338	167	0	0
Meter Reading - Fringe Benefits	13	130,559	107,214	23,093	252	0	0
Customer Records and Collection - Labor	12	1,329,401	1,166,027	129,918	1,340	32,116	0
Customer Records and Collection - Other	12	770,888	676,151	75,336	777	18,623	0
Customer Records and Collection - Fringe Benefits	12	516,452	452,984	50,471	521	12,477	0
Transportation Costs - Other	12	0	0	0	0	0	0
Uncollectible Accounts	12	(683,545)	(599,542)	(66,801)	(689)	(16,513)	0
Miscellaneous Other	12	13,881	12,175	1,357	14	335	0
TOTAL CUSTOMER ACCOUNTING EXPENSES		2,619,397	2,266,409	299,984	3,153	49,852	0

Exhibit 14-2
COST OF SERVICE FOR THE TWELVE MONTHS ENDED MARCH 31, 2023
ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor	Cost of	Residential	Commercial	Public	Fire Protection	
	Ref	Service			Authority	Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ADMINISTRATIVE AND GENERAL EXPENSES							
A&G Labor	14	1,907,210	1,414,783	461,761	4,112	12,517	14,037
Fringe Benefits Transferred	16	(3,704,510)	(2,799,358)	(853,874)	(7,545)	(25,457)	(18,276)
Employee Pension Cost	16	623,218	470,942	143,649	1,269	4,283	3,075
Post Retirement Health Care Accrue	16	(523,756)	(395,783)	(120,724)	(1,067)	(3,599)	(2,584)
Employee Group Health & Life	16	2,103,710	1,589,695	484,896	4,285	14,456	10,378
Employee 401k	16	456,431	344,907	105,205	930	3,137	2,252
Other Employee Benefits	16	14,634	11,059	3,373	30	101	72
Other Awards	16	22,785	17,218	5,252	46	157	112
Materials and Supply - A&G and Customer Cares	14	932,132	691,462	225,681	2,010	6,118	6,860
Management Fees - Other	14	4,566,635	3,387,565	1,105,643	9,845	29,972	33,610
Contract Services	14	150,202	111,421	36,366	324	986	1,105
Rental of Equipment	14	8,938	6,631	2,164	19	59	66
Transportation Expense	14	238,006	176,554	57,624	513	1,562	1,752
Insurance - General Liability	14	242,524	179,906	58,718	523	1,592	1,785
Insurance - Workman's Compensation	16	116,207	87,813	26,785	237	799	573
Advertising	14	227,683	168,897	55,125	491	1,494	1,676
Reg Commission Exp (Amortization)	14	401,670	297,962	97,250	866	2,636	2,956
Bad Debt Write-off	16	988,608	747,054	227,870	2,013	6,794	4,877
Miscellaneous Expense	14	(221,568)	(164,361)	(53,645)	(478)	(1,454)	(1,631)
TOTAL A&G EXPENSE		8,550,758	6,344,366	2,069,122	18,423	56,150	62,697
TOTAL OPERATION & MAINTENANCE EXPENSE		\$ 22,483,195	\$ 16,343,335	\$ 5,821,821	\$ 52,659	\$ 125,224	\$ 140,156
TOTAL OPERATION & MAINTENANCE EXPENSE (excluding G&A, purchased water, power, and chemicals)		\$ 10,524,398	\$ 7,807,078	\$ 2,548,097	\$ 22,690	\$ 69,074	\$ 77,459
DIRECT LABOR EXPENSE		\$ 7,613,366	\$ 5,753,133	\$ 1,754,849	\$ 15,506	\$ 52,318	\$ 37,560

Exhibit 14-2
COST OF SERVICE FOR THE TWELVE MONTHS ENDED MARCH 31, 2023
ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor	Cost of	Residential	Commercial	Public	Fire Protection	
	Ref	Service			Authority	Private	Public
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
DEPRECIATION EXPENSE							
Structures and Improvements - Source of Supply	2	194,554	126,999	67,041	514	0	0
Structures and Improvements - Water Treatment	2	379,025	247,417	130,607	1,001	0	0
Structures and Improvements - Trans. & Distrib.	6	95,597	63,947	25,729	296	1,118	4,507
Structures and Improvements - General Plant	14	174,705	129,597	42,298	377	1,147	1,286
Collecting & Impounding Reservoirs - Source of Supply	1	749	482	265	3	0	0
Lake, River & Other Intakes	2	24,347	15,893	8,390	64	0	0
Wells & Springs	2	141,814	92,572	48,867	375	0	0
Infiltration Galleries & Tunnels	2	0	0	0	0	0	0
Supply Mains	2	39,352	25,688	13,560	104	0	0
Power Generation Equipment	3	153,188	97,876	51,670	396	645	2,601
Power Electric/Diesel Pumping Equipment - Source of Supply	2	760,618	496,510	262,099	2,009	0	0
Power Pumping Equipment - Water Treatment	2	217,301	141,848	74,879	574	0	0
Power Pumping Equipment - Trans. & Distrib.	3	470,931	300,889	158,844	1,218	1,984	7,996
Water Treatment Equipment	2	973,163	635,253	335,340	2,570	0	0
Distribution Reservoirs & Standpipes	5	364,275	259,703	80,952	1,312	4,435	17,872
Trans. Mains & Accessories	3	1,146,606	732,595	386,747	2,965	4,831	19,468
Distrib. Mains & Accessories	6	1,480,072	990,046	398,349	4,588	17,315	69,775
Services	9	1,667,829	1,369,605	295,006	3,218	0	0
Meters and Meter Installations	8	1,020,091	666,492	350,250	3,349	0	0
Hydrants	7	273,666	0	0	0	54,410	219,256
Office Furniture and Equipment	14	83,330	61,815	20,175	180	547	613
Computer Equipment	12	90,241	79,151	8,819	91	2,180	0
Transportation Equipment	14	140,248	104,037	33,956	302	920	1,032
Stores Equipment	14	10,297	7,639	2,493	22	68	76
Tools, Shop and Garage Equipment	14	108,875	80,765	26,360	235	715	801
Laboratory Equipment	2	5,747	3,751	1,980	15	0	0
Power Operated Equipment	14	77,063	57,166	18,658	166	506	567
Communications Equipment	14	320,581	237,810	77,617	691	2,104	2,359
Miscellaneous Equipment	14	21,107	15,658	5,110	46	139	155
Other Tangible Property	14	211,717	157,053	51,259	456	1,390	1,558
TOTAL DEPRECIATION EXPENSES		10,647,090	7,198,254	2,977,321	27,137	94,454	349,923

Exhibit 14-2
COST OF SERVICE FOR THE TWELVE MONTHS ENDED MARCH 31, 2023
ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Public Authority (6)	Fire Protection	
						Private (7)	Public (8)
Amortization of Utility Plant Acquisition	17	282,585	188,117	77,110	737	3,286	13,335
TOTAL AMORTIZATION		282,585	188,117	77,110	737	3,286	13,335
TAXES OTHER THAN INCOME							
Real Estate	18	2,145,032	1,429,591	584,948	5,587	24,781	100,125
Payroll Taxes	16	898,783	679,177	207,166	1,831	6,176	4,434
TOTAL TAXES, OTHER THAN INCOME		3,043,815	2,108,768	792,114	7,418	30,957	104,559
INCOME TAXES	18	5,567,006	3,710,221	1,518,117	14,500	64,314	259,854
UTILITY INCOME AVAILABLE FOR RETURN	18	21,801,395	14,529,890	5,945,219	56,784	251,867	1,017,636
TOTAL COST OF SERVICE		\$ 63,825,086	\$ 44,078,584	\$ 17,131,702	\$ 159,235	\$ 570,103	\$ 1,885,463
LESS: OTHER WATER RESOURCES							
Miscellaneous Service Revenue	19	35,620	24,600	9,561	89	318	1,052
TOTAL OTHER WATER REVENUES		35,620	24,600	9,561	89	318	1,052
TOTAL COST OF SERVICE RELATED TO SALES OF WATER		<u>\$ 63,789,466</u>	<u>\$ 44,053,985</u>	<u>\$ 17,122,141</u>	<u>\$ 159,146</u>	<u>\$ 569,785</u>	<u>\$ 1,884,410</u>
Reallocation of Public Fire	20		1,231,208	647,015	6,187	0	0
TOTAL		<u>\$ 63,789,466</u>	<u>\$ 45,285,193</u>	<u>17,769,156</u>	<u>165,333</u>	<u>569,785</u>	<u>1,884,410</u>

Exhibit 14-2
COST OF SERVICE FOR THE TWELVE MONTHS ENDED MARCH 31, 2023
ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref	Cost of Service	Residential	Commercial	Public Authority	Fire Protection	
(1)	(2)	(3)	(4)	(5)	(6)	Private	Public
						(7)	(8)
RATE BASE							
Organization	17	104,530	69,586	28,523	273	1,216	4,933
Franchise Rights	17	30,079	20,023	8,208	78	350	1,419
Land & Land Rights - Source of Supply	2	2,930,331	1,912,836	1,009,755	7,739	0	0
Water Rights - Source of Supply	2	8,666,083	5,656,972	2,986,223	22,888	0	0
Land & Land Rights - Water Treatment	2	889,034	580,336	306,350	2,348	0	0
Land & Land Rights - Trans. & Distrib.	6	972,360	650,428	261,702	3,014	11,376	45,840
Land & Land Rights - General Plant	14	213,383	158,289	51,663	460	1,400	1,570
Structures and Improvements - Source of Supply	2	6,701,625	4,374,630	2,309,295	17,700	0	0
Structures and Improvements - Water Treatment	2	9,365,985	6,113,848	3,227,400	24,737	0	0
Structures and Improvements - Trans. & Distrib.	6	2,588,550	1,731,526	696,686	8,024	30,283	122,032
Structures and Improvements - General Plant	14	4,705,847	3,490,833	1,139,348	10,146	30,885	34,635
Collecting & Impounding Reservoirs - Source of Supply	1	42,358	27,242	14,972	143	0	0
Lake, River & Other Intakes	2	916,500	598,265	315,814	2,421	0	0
Wells & Springs	2	4,767,393	3,112,018	1,642,783	12,591	0	0
Infiltration Galleries & Tunnels	2	(13,853)	(9,043)	(4,773)	(37)	0	0
Supply Mains	2	2,108,262	1,376,214	726,480	5,568	0	0
Power Generation Equipment	3	1,690,822	1,080,308	570,309	4,373	7,124	28,709
Power Electric/Diesel Pumping Equipment - Source of Supply	2	6,267,772	4,091,423	2,159,795	16,554	0	0
Power Pumping Equipment - Water Treatment	2	2,588,051	1,689,406	891,810	6,835	0	0
Power Pumping Equipment - Trans. & Distrib.	3	6,705,307	4,284,185	2,261,679	17,341	28,253	113,850
Water Treatment Equipment	2	13,826,487	9,025,537	4,764,433	36,518	0	0

Exhibit 14-2
COST OF SERVICE FOR THE TWELVE MONTHS ENDED MARCH 31, 2023
ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Public Authority (6)	Fire Protection	
						Private (7)	Public (8)
Distribution Reservoirs & Standpipes	5	16,648,471	11,869,214	3,699,772	59,966	202,701	816,818
Trans. Mains & Accessories	3	82,112,104	52,463,431	27,696,152	212,357	345,980	1,394,184
Distrib. Mains & Accessories	6	105,992,642	70,900,292	28,526,993	328,541	1,240,005	4,996,811
Services	9	69,649,980	57,195,875	12,319,712	134,394	0	0
Meters and Meter Installations	8	17,150,501	11,205,542	5,888,649	56,311	0	0
Hydrants	7	13,289,464	0	0	0	2,642,213	10,647,251
Office Furniture and Equipment	14	727,021	539,310	176,022	1,567	4,772	5,351
Computer Equipment	12	(4,458,247)	(3,910,359)	(435,690)	(4,495)	(107,704)	0
Transportation Equipment	14	1,312,956	973,961	317,884	2,831	8,617	9,663
Stores Equipment	14	203,117	150,673	49,177	438	1,333	1,495
Tools, Shop and Garage Equipment	14	1,336,961	991,768	323,696	2,882	8,775	9,840
Laboratory Equipment	2	20,722	13,527	7,141	55	0	0
Power Operated Equipment	14	625,068	463,680	151,337	1,348	4,102	4,600
Communications Equipment	14	3,927,823	2,913,689	950,978	8,468	25,779	28,909
Miscellaneous Equipment	14	243,187	180,398	58,879	524	1,596	1,790
Other Tangible Property	14	2,744,882	2,036,175	664,573	5,918	18,015	20,202
TOTAL UTILITY PLANT IN SERVICE		<u>387,593,558</u>	<u>258,022,038</u>	<u>105,763,728</u>	<u>1,010,820</u>	<u>4,507,071</u>	<u>18,289,902</u>

Exhibit 14-2
COST OF SERVICE FOR THE TWELVE MONTHS ENDED MARCH 31, 2023
ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Public Authority (6)	Fire Protection	
						Private (7)	Public (8)
TOTAL UTILITY PLANT IN SERVICE (less Ref 17 items)		\$ 387,458,950	\$ 257,932,429	\$ 105,726,997	\$ 1,010,469	\$ 4,505,506	\$ 18,283,550
OTHER RATE BASE ITEMS							
Utility Plant Acquisition Adjustment	17	10,771,089	7,170,342	2,939,137	28,090	125,250	508,270
Customer Advances for Construction	17	(3,797,814)	(2,528,215)	(1,036,320)	(9,904)	(44,162)	(179,213)
Contributions in Aid of Construction-Net	17	(112,913,720)	(75,166,956)	(30,811,080)	(294,472)	(1,313,000)	(5,328,213)
Deferred Charges Included in Rate Base	17	4,933,851	3,284,477	1,346,314	12,867	57,373	232,820
Working Capital Allowance	15	3,552,571	2,582,411	919,906	8,321	19,787	22,146
Deferred Income Taxes	17	(5,307,577)	(3,533,268)	(1,448,293)	(13,842)	(61,718)	(250,456)
TOTAL OTHER RATE BASE ELEMENTS		<u>(102,761,600)</u>	<u>(68,191,208)</u>	<u>(28,090,336)</u>	<u>(268,940)</u>	<u>(1,216,471)</u>	<u>(4,994,645)</u>
TOTAL ORIGINAL COST MEASURE OF VALUE		<u>\$ 284,831,959</u>	<u>\$ 189,830,830</u>	<u>\$ 77,673,392</u>	<u>\$ 741,880</u>	<u>\$ 3,290,600</u>	<u>\$ 13,295,257</u>

Exhibit 14-3
COST OF SERVICE FOR THE TWELVE MONTHS ENDED MARCH 31, 2023
ALLOCATED TO COST FUNCTIONS

Account (1)	Factor Ref (2)	Cost of Service (3)	Base (4)	Max Day (5)	Max Hour (6)	Meters (7)	Services (8)	Billing & Meters (9)	Fire Services (10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
Operation Supervision and Engineering - Labor	2	68,558	34,399	34,159	0	0	0	0	0
Operation Supervision and Engineering - Other	2	23,939	12,011	11,928	0	0	0	0	0
Operation Supervision and Engineering - Fringe Benefits	2	27,060	13,577	13,483	0	0	0	0	0
Operation Labor	2	57,703	28,953	28,751	0	0	0	0	0
Operation Expenses	2	7,452	3,739	3,713	0	0	0	0	0
Operation Fringe Benefits	2	21,873	10,975	10,898	0	0	0	0	0
Purchased Water	1	316,694	316,694	0	0	0	0	0	0
Miscellaneous	2	1,119	561	558	0	0	0	0	0
Rents	2	3,385	1,699	1,687	0	0	0	0	0
TOTAL SOURCE OF SUPPLY EXPENSE - OPERATION		527,783	422,608	105,175	0	0	0	0	0
Maintenance of Structures and Engineering - Labor	2	10,609	5,323	5,286	0	0	0	0	0
Maintenance of Structures and Engineering - Other	2	49,301	24,737	24,564	0	0	0	0	0
Maintenance of Structures and Engineering - Fringe Benefits	2	3,181	1,596	1,585	0	0	0	0	0
Maintenance of Structures and Engineering - Rivers and Intake	2	2,559	1,284	1,275	0	0	0	0	0
Maintenance of Wells and Springs - Chemicals	1	6,094	6,094	0	0	0	0	0	0
Maintenance of Wells and Springs	2	1,129	566	562	0	0	0	0	0
TOTAL SOURCE OF SUPPLY EXPENSE - MAINTENANCE		72,873	39,600	33,273	0	0	0	0	0
TOTAL SOURCE OF SUPPLY EXPENSES		\$ 600,656	\$ 462,208	\$ 138,448	\$ -	\$ -	\$ -	\$ -	\$ -

Exhibit 14-3
COST OF SERVICE FOR THE TWELVE MONTHS ENDED MARCH 31, 2023
ALLOCATED TO COST FUNCTIONS

Account (1)	Factor Ref (2)	Cost of Service (3)	Base (4)	Max Day (5)	Max Hour (6)	Meters (7)	Services (8)	Billing & Meters (9)	Fire Services (10)
PUMPING EXPENSES									
Operation Supervision and Engineering - Labor	3	132,841	65,331	64,695	0	0	0	0	2,815
Operation Supervision and Engineering - Other	3	72,647	35,728	35,380	0	0	0	0	1,540
Operation Supervision and Engineering - Fringe Benefits	3	40,173	19,757	19,565	0	0	0	0	851
Fuel or Power Purchase for Pumping - Labor	3	1,291	635	629	0	0	0	0	27
Fuel or Power Purchase for Pumping - Other	3	0	0	0	0	0	0	0	0
Fuel or Power Purchase for Pumping - Power Costs	1	2,036,784	2,036,784	0	0	0	0	0	0
Fuel or Power Purchase for Pumping - Amort Power Costs	1	534,778	534,778	0	0	0	0	0	0
Fuel or Power Purchase for Pumping - Fringe Benefits	3	0	0	0	0	0	0	0	0
Pumping Expense - Labor	3	1,223,332	601,633	595,774	0	0	0	0	25,926
Pumping Expense - Other	3	177,759	87,422	86,570	0	0	0	0	3,767
Pumping Expense - Fringe Benefits	3	487,000	239,506	237,173	0	0	0	0	10,321
Miscellaneous Expenditures	3	60,830	29,916	29,625	0	0	0	0	1,289
TOTAL PUMPING EXPENSE - OPERATION		4,767,435	3,651,488	1,069,410	0	0	0	0	46,536
Maintenance Supervision and Engineering - Labor	3	2,206	1,085	1,074	0	0	0	0	47
Maintenance Supervision and Engineering - Other	3	306	151	149	0	0	0	0	6
Maintenance Supervision and Engineering - Fringe Benefits	3	583	287	284	0	0	0	0	12
Maintenance of Structures and Improvements - Labor	3	0	0	0	0	0	0	0	0
Maintenance of Structures and Improvements - Other	3	215,808	106,134	105,101	0	0	0	0	4,574
Maintenance of Structures and Improvements - Fringe Benefits	3	0	0	0	0	0	0	0	0
Maintenance of Power Production Equipment - Labor	3	0	0	0	0	0	0	0	0
Maintenance of Power Production Equipment - Other	3	65,176	32,053	31,741	0	0	0	0	1,381
Maintenance of Power Production Equipment - Fringe Benefits	3	0	0	0	0	0	0	0	0
Maintenance of Pumping Equipment - Labor	3	3,631	1,786	1,769	0	0	0	0	77
Maintenance of Pumping Equipment - Other	3	6,893	3,390	3,357	0	0	0	0	146
Maintenance of Pumping Equipment - Fringe Benefits	3	1,669	821	813	0	0	0	0	35
TOTAL PUMPING EXPENSES - MAINTENANCE		296,273	145,706	144,288	0	0	0	0	6,279
TOTAL PUMPING EXPENSES		\$ 5,063,708	\$ 3,797,195	\$ 1,213,698	\$ -	\$ -	\$ -	\$ -	\$ 52,815

Exhibit 14-3
COST OF SERVICE FOR THE TWELVE MONTHS ENDED MARCH 31, 2023
ALLOCATED TO COST FUNCTIONS

Account (1)	Factor Ref (2)	Cost of Service (3)	Base (4)	Max Day (5)	Max Hour (6)	Meters (7)	Services (8)	Billing & Meters (9)	Fire Services (10)
WATER TREATMENT									
Operation Supervision and Engineering - Labor	2	789,279	396,020	393,259	0	0	0	0	0
Operation Supervision and Engineering - Other	2	34,541	17,331	17,210	0	0	0	0	0
Operation Supervision and Engineering - Fringe Benefits	2	28,048	14,073	13,975	0	0	0	0	0
Chemicals	1	519,783	519,783	0	0	0	0	0	0
Operation Labor and Expenses - Labor	2	73,295	36,776	36,519	0	0	0	0	0
Operation Labor and Expenses - Other	2	156,821	78,685	78,136	0	0	0	0	0
Operation Labor and Expenses - Lab Testing	2	159,423	79,990	79,433	0	0	0	0	0
Operation Labor and Expenses - Fringe Benefits	2	311,750	156,420	155,330	0	0	0	0	0
Miscellaneous Expenses - Labor	2	0	0	0	0	0	0	0	0
Miscellaneous Expenses - Other	2	30,285	15,196	15,090	0	0	0	0	0
Miscellaneous Expenses - Fringe Benefits	2	0	0	0	0	0	0	0	0
Amortization Miscellaneous	2	0	0	0	0	0	0	0	0
TOTAL WATER TREATMENT EXPENSE - OPERATION		2,103,225	1,314,273	788,952	0	0	0	0	0
Maintenance Supervision and Engineering	2	0	0	0	0	0	0	0	0
Maintenance of Structures and Improvements - Labor	2	0	0	0	0	0	0	0	0
Maintenance of Structures and Improvements - Other	2	61,281	30,748	30,533	0	0	0	0	0
Maintenance of Structures and Improvements - Lab Testing	2	0	0	0	0	0	0	0	0
Maintenance of Structures and Improvements - Fringe Benefits	2	0	0	0	0	0	0	0	0
Maintenance of Water Treatment Equipment - Labor	2	0	0	0	0	0	0	0	0
Maintenance of Water Treatment Equipment - Other	2	53,146	26,666	26,480	0	0	0	0	0
Maintenance of Water Treatment Equipment - Fringe Benefits	2	0	0	0	0	0	0	0	0
TOTAL WATER TREATMENT EXPENSE - MAINTENANCE		114,427	57,414	57,013	0	0	0	0	0
TOTAL WATER TREATMENT EXPENSE		\$ 2,217,652	\$ 1,371,687	\$ 845,965	\$ -	\$ -	\$ -	\$ -	\$ -

Exhibit 14-3
COST OF SERVICE FOR THE TWELVE MONTHS ENDED MARCH 31, 2023
ALLOCATED TO COST FUNCTIONS

Account (1)	Factor Ref (2)	Cost of Service (3)	Base (4)	Max Day (5)	Max Hour (6)	Meters (7)	Services (8)	Billing & Meters (9)	Fire Services (10)
TRANSMISSION AND DISTRIBUTION EXPENSES									
Operation Supervision and Engineering - Labor	10	47,635	44,220	1,491	1,615	62	0	0	247
Operation Supervision and Engineering - Other	10	4,334	4,023	136	147	6	0	0	22
Operation Supervision and Engineering - Fringe Benefits	10	13,319	12,364	417	452	17	0	0	69
Storage Facility Expense	5	10,059	2,409	0	7,034	0	0	0	616
Trans. Mains Expense - Labor	3	2,016	991	982	0	0	0	0	43
Trans. Mains Expense - Other	3	18,421	9,059	8,971	0	0	0	0	390
Trans. Mains Expense - Fringe Benefits	3	713	350	347	0	0	0	0	15
Distrib. Mains Expense - Labor	6	2,602	904	553	992	0	0	0	153
Distrib. Mains Expense - Other	6	23,778	8,260	5,055	9,064	0	0	0	1,399
Distrib. Mains Expense - Fringe Benefits	6	920	320	196	351	0	0	0	54
Meter Expense - Labor	8	426	0	0	0	426	0	0	0
Meter Expense - Other	8	50	0	0	0	50	0	0	0
Meter Expense - Fringe Benefits	8	193	0	0	0	193	0	0	0
Miscellaneous Expense - Labor	10	0	0	0	0	0	0	0	0
Miscellaneous Expense - Purchased Power	1	455,256	455,256	0	0	0	0	0	0
Miscellaneous Expense - Other	10	64,904	60,251	2,032	2,200	84	0	0	337
Miscellaneous Expense - Fringe Benefits	10	0	0	0	0	0	0	0	0
TOTAL T&D EXPENSE - OPERATION		644,626	598,409	20,179	21,854	838	0	0	3,346
Maintenance Supervision and Engineering	11	49,435	1,120	209	2,651	0	44,737	0	719
Maintenance of Structures and Improvements - Labor	11	0	0	0	0	0	0	0	0
Maintenance of Structures and Improvements - Other	11	0	0	0	0	0	0	0	0
Maintenance of Structures and Improvements - Fringe Benefits	11	15,020	340	64	805	0	13,593	0	218
Maintenance of Distribution Reservoirs and Standpipes	5	197,877	47,388	0	138,372	0	0	0	12,118
Maintenance of Trans. Mains - Labor	3	260	128	126	0	0	0	0	6
Maintenance of Trans. Mains - Other	3	14,765	7,262	7,191	0	0	0	0	313
Maintenance of Trans. Mains - Fringe Benefits	3	95	47	46	0	0	0	0	2
Maintenance of Distrib. Mains - Labor	6	335	116	71	128	0	0	0	20
Maintenance of Distrib. Mains - Other	6	19,060	6,621	4,052	7,265	0	0	0	1,122
Maintenance of Distrib. Mains - Fringe Benefits	6	122	43	26	47	0	0	0	7
Maintenance of Services - Labor	9	1,545,679	0	0	0	0	1,545,679	0	0
Maintenance of Services - Other	9	307,427	0	0	0	0	307,427	0	0
Maintenance of Services - Fringe Benefits	9	607,892	0	0	0	0	607,892	0	0
Maintenance of Meters - Labor	8	0	0	0	0	0	0	0	0
Maintenance of Meters - Other	8	0	0	0	0	0	0	0	0
Maintenance of Meters - Fringe Benefits	8	0	0	0	0	0	0	0	0
Maintenance of Hydrants - Labor	7	0	0	0	0	0	0	0	0
Maintenance of Hydrants - Other	7	25,960	0	0	0	0	0	0	25,960
Maintenance of Hydrants - Fringe Benefits	7	0	0	0	0	0	0	0	0
Miscellaneous	11	2,468	56	10	132	0	2,233	0	36
TOTAL T&D EXPENSE - MAINTENANCE		2,786,397	63,120	11,796	149,400	0	2,521,562	0	40,520
TOTAL T&D EXPENSE		\$ 3,431,023	\$ 661,528	\$ 31,975	\$ 171,253	\$ 838	\$ 2,521,562	\$ -	\$ 43,866

Exhibit 14-3
COST OF SERVICE FOR THE TWELVE MONTHS ENDED MARCH 31, 2023
ALLOCATED TO COST FUNCTIONS

Account (1)	Factor Ref (2)	Cost of Service (3)	Base (4)	Max Day (5)	Max Hour (6)	Meters (7)	Services (8)	Billing & Meters (9)	Fire Services (10)
CUSTOMER ACCOUNTS									
Supervision - Labor	12	76,463	0	0	0	0	0	74,616	1,847
Supervision - Other	12	10,649	0	0	0	0	0	10,392	257
Supervision - Fringe Benefits	12	29,341	0	0	0	0	0	28,632	709
Meter Reading - Labor	13	338,593	0	0	0	0	0	338,593	0
Meter Reading - Other	13	86,715	0	0	0	0	0	86,715	0
Meter Reading - Fringe Benefits	13	130,559	0	0	0	0	0	130,559	0
Customer Records and Collection - Labor	12	1,329,401	0	0	0	0	0	1,297,285	32,116
Customer Records and Collection - Other	12	770,888	0	0	0	0	0	752,265	18,623
Customer Records and Collection - Fringe Benefits	12	516,452	0	0	0	0	0	503,975	12,477
Transportation Costs - Other	12	0	0	0	0	0	0	0	0
Uncollectible Accounts	12	(683,545)	0	0	0	0	0	(667,032)	(16,513)
Miscellaneous Other	12	13,881	0	0	0	0	0	13,545	335
TOTAL CUSTOMER ACCOUNTING EXPENSES		<u>2,619,397</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,569,546</u>	<u>49,852</u>

Exhibit 14-3
COST OF SERVICE FOR THE TWELVE MONTHS ENDED MARCH 31, 2023
ALLOCATED TO COST FUNCTIONS

Account (1)	Factor Ref (2)	Cost of Service (3)	Base (4)	Max Day (5)	Max Hour (6)	Meters (7)	Services (8)	Billing & Meters (9)	Fire Services (10)
ADMINISTRATIVE AND GENERAL EXPENSES									
A&G Labor	14	1,907,210	522,738	404,132	31,034	152	456,952	465,648	26,554
Fringe Benefits Transferred	16	(3,704,510)	(847,153)	(763,575)	(16,431)	(311)	(974,440)	(1,058,866)	(43,733)
Employee Pension Cost	16	623,218	142,519	128,458	2,764	52	163,932	178,136	7,357
Post Retirement Health Care Accrue	16	(523,756)	(119,773)	(107,957)	(2,323)	(44)	(137,770)	(149,706)	(6,183)
Employee Group Health & Life	16	2,103,710	481,080	433,618	9,331	177	553,363	601,307	24,835
Employee 401k	16	456,431	104,377	94,080	2,024	38	120,060	130,462	5,388
Other Employee Benefits	16	14,634	3,347	3,016	65	1	3,849	4,183	173
Other Awards	16	22,785	5,210	4,696	101	2	5,993	6,513	269
Materials and Supply - A&G and Customer Cares	14	932,132	255,483	197,516	15,168	74	223,331	227,581	12,978
Management Fees - Other	14	4,566,635	1,251,646	967,656	74,308	364	1,094,129	1,114,950	63,582
Contract Services	14	150,202	41,168	31,827	2,444	12	35,987	36,672	2,091
Rental of Equipment	14	8,938	2,450	1,894	145	1	2,142	2,182	124
Transportation Expense	14	238,006	65,234	50,433	3,873	19	57,024	58,109	3,314
Insurance - General Liability	14	242,524	66,472	51,390	3,946	19	58,107	59,213	3,377
Insurance - Workman's Compensation	16	116,207	26,574	23,953	515	10	30,567	33,216	1,372
Advertising	14	227,683	62,404	48,245	3,705	18	54,551	55,589	3,170
Reg Commission Exp (Amortization)	14	401,670	110,092	85,113	6,536	32	96,237	98,068	5,592
Bad Debt Write-off	16	988,608	226,076	203,772	4,385	83	260,045	282,576	11,671
Miscellaneous Expense	14	(221,568)	(60,728)	(46,950)	(3,605)	(18)	(53,086)	(54,096)	(3,085)
TOTAL A&G EXPENSE		8,550,758	2,339,215	1,811,316	137,986	682	2,050,976	2,091,736	118,847
TOTAL OPERATION & MAINTENANCE EXPENSE		\$ 22,483,195	\$ 8,631,833	\$ 4,041,403	\$ 309,240	\$ 1,520	\$ 4,572,538	\$ 4,661,282	\$ 265,380
TOTAL OPERATION & MAINTENANCE EXPENSE (excluding G&A, purchased water, power, and chemicals)		\$ 10,524,398	\$ 2,884,579	\$ 2,230,087	\$ 171,253	\$ 838	\$ 2,521,562	\$ 2,569,546	\$ 146,533
DIRECT LABOR EXPENSE		\$ 7,613,366	\$ 1,741,036	\$ 1,569,270	\$ 33,769	\$ 640	\$ 2,002,632	\$ 2,176,142	\$ 89,878

Exhibit 14-3
COST OF SERVICE FOR THE TWELVE MONTHS ENDED MARCH 31, 2023
ALLOCATED TO COST FUNCTIONS

Account (1)	Factor Ref (2)	Cost of Service (3)	Base (4)	Max Day (5)	Max Hour (6)	Meters (7)	Services (8)	Billing & Meters (9)	Fire Services (10)
DEPRECIATION EXPENSE									
Structures and Improvements - Source of Supply	2	194,554	97,617	96,937	0	0	0	0	0
Structures and Improvements - Water Treatment	2	379,025	190,175	188,850	0	0	0	0	0
Structures and Improvements - Trans. & Distrib.	6	95,597	33,210	20,323	36,439	0	0	0	5,625
Structures and Improvements - General Plant	14	174,705	47,884	37,019	2,843	14	41,858	42,654	2,432
Collecting & Impounding Reservoirs - Source of Supply	1	749	749	0	0	0	0	0	0
Lake, River & Other Intakes	2	24,347	12,216	12,131	0	0	0	0	0
Wells & Springs	2	141,814	71,155	70,659	0	0	0	0	0
Infiltration Galleries & Tunnels	2	0	0	0	0	0	0	0	0
Supply Mains	2	39,352	19,745	19,607	0	0	0	0	0
Power Generation Equipment	3	153,188	75,338	74,604	0	0	0	0	3,246
Power Electric/Diesel Pumping Equipment - Source of Supply	2	760,618	381,639	378,979	0	0	0	0	0
Power Pumping Equipment - Water Treatment	2	217,301	109,030	108,270	0	0	0	0	0
Power Pumping Equipment - Trans. & Distrib.	3	470,931	231,603	229,348	0	0	0	0	9,980
Water Treatment Equipment	2	973,163	488,283	484,880	0	0	0	0	0
Distribution Reservoirs & Standpipes	5	364,275	87,237	0	254,731	0	0	0	22,307
Trans. Mains & Accessories	3	1,146,606	563,899	558,408	0	0	0	0	24,299
Distrib. Mains & Accessories	6	1,480,072	514,165	314,650	564,167	0	0	0	87,090
Services	9	1,667,829	0	0	0	0	1,667,829	0	0
Meters and Meter Installations	8	1,020,091	0	0	0	1,020,091	0	0	0
Hydrants	7	273,666	0	0	0	0	0	0	273,666
Office Furniture and Equipment	14	83,330	22,839	17,657	1,356	7	19,965	20,345	1,160
Computer Equipment	12	90,241	0	0	0	0	0	88,061	2,180
Transportation Equipment	14	140,248	38,440	29,718	2,282	11	33,602	34,242	1,953
Stores Equipment	14	10,297	2,822	2,182	168	1	2,467	2,514	143
Tools, Shop and Garage Equipment	14	108,875	29,841	23,070	1,772	9	26,086	26,582	1,516
Laboratory Equipment	2	5,747	2,883	2,863	0	0	0	0	0
Power Operated Equipment	14	77,063	21,122	16,329	1,254	6	18,464	18,815	1,073
Communications Equipment	14	320,581	87,867	67,930	5,217	26	76,809	78,270	4,463
Miscellaneous Equipment	14	21,107	5,785	4,473	343	2	5,057	5,153	294
Other Tangible Property	14	211,717	58,028	44,862	3,445	17	50,726	51,691	2,948
TOTAL DEPRECIATION EXPENSES		10,647,090	3,193,574	2,803,749	874,016	1,020,182	1,942,863	368,328	444,378

Exhibit 14-3
COST OF SERVICE FOR THE TWELVE MONTHS ENDED MARCH 31, 2023
ALLOCATED TO COST FUNCTIONS

Account (1)	Factor Ref (2)	Cost of Service (3)	Base (4)	Max Day (5)	Max Hour (6)	Meters (7)	Services (8)	Billing & Meters (9)	Fire Services (10)
Amortization of Utility Plant Acquisition	17	282,585	87,969	73,065	39,137	12,509	53,601	(317)	16,621
TOTAL AMORTIZATION		282,585	87,969	73,065	39,137	12,509	53,601	(317)	16,621
TAXES OTHER THAN INCOME									
Real Estate	18	2,145,032	669,692	552,510	293,744	93,772	407,235	3,172	124,906
Payroll Taxes	16	898,783	205,535	185,258	3,987	76	236,417	256,901	10,610
TOTAL TAXES, OTHER THAN INCOME		3,043,815	875,227	737,768	297,731	93,848	643,653	260,073	135,516
INCOME TAXES	18	5,567,006	1,738,052	1,433,931	762,354	243,368	1,056,899	8,233	324,169
UTILITY INCOME AVAILABLE FOR RETURN	18	21,801,395	6,806,524	5,615,532	2,985,517	953,071	4,139,006	32,243	1,269,502
TOTAL COST OF SERVICE		\$ 63,825,086	\$ 21,333,178	\$ 14,705,449	\$ 5,267,994	\$ 2,324,498	\$ 12,408,559	\$ 5,329,842	\$ 2,455,565
LESS: OTHER WATER RESOURCES									
Miscellaneous Service Revenue	19	35,620	11,906	8,207	2,940	1,297	6,925	2,975	1,370
TOTAL OTHER WATER REVENUES		35,620	11,906	8,207	2,940	1,297	6,925	2,975	1,370
TOTAL COST OF SERVICE RELATED TO SALES OF WATER		<u>\$ 63,789,466</u>	<u>\$ 21,321,273</u>	<u>\$ 14,697,242</u>	<u>\$ 5,265,054</u>	<u>\$ 2,323,201</u>	<u>\$ 12,401,634</u>	<u>\$ 5,326,868</u>	<u>\$ 2,454,195</u>
Reallocation of Public Fire	20		\$ -	\$ -	\$ -	\$ 1,884,410	\$ -	\$ -	\$ (1,884,410)
TOTAL		<u>\$ 63,789,466</u>	<u>\$ 21,321,273</u>	<u>\$ 14,697,242</u>	<u>\$ 5,265,054</u>	<u>\$ 4,207,611</u>	<u>\$ 12,401,634</u>	<u>\$ 5,326,868</u>	<u>\$ 569,785</u>

Exhibit 14-3
COST OF SERVICE FOR THE TWELVE MONTHS ENDED MARCH 31, 2023
ALLOCATED TO COST FUNCTIONS

Account (1)	Factor Ref (2)	Cost of Service (3)	Base (4)	Max Day (5)	Max Hour (6)	Meters (7)	Services (8)	Billing & Meters (9)	Fire Services (10)
RATE BASE									
Organization	17	104,530	32,540	27,027	14,477	4,627	19,827	(117)	6,148
Franchise Rights	17	30,079	9,363	7,777	4,166	1,331	5,705	(34)	1,769
Land & Land Rights - Source of Supply	2	2,930,331	1,470,290	1,460,041	0	0	0	0	0
Water Rights - Source of Supply	2	8,666,083	4,348,197	4,317,886	0	0	0	0	0
Land & Land Rights - Water Treatment	2	889,034	446,072	442,962	0	0	0	0	0
Land & Land Rights - Trans. & Distrib.	6	972,360	337,790	206,715	370,639	0	0	0	57,216
Land & Land Rights - General Plant	14	213,383	58,485	45,215	3,472	17	51,125	52,098	2,971
Structures and Improvements - Source of Supply	2	6,701,625	3,362,533	3,339,093	0	0	0	0	0
Structures and Improvements - Water Treatment	2	9,365,985	4,699,372	4,666,613	0	0	0	0	0
Structures and Improvements - Trans. & Distrib.	6	2,588,550	899,242	550,302	986,691	0	0	0	152,315
Structures and Improvements - General Plant	14	4,705,847	1,289,802	997,154	76,574	375	1,127,483	1,148,939	65,520
Collecting & Impounding Reservoirs - Source of Supply	1	42,358	42,358	0	0	0	0	0	0
Lake, River & Other Intakes	2	916,500	459,853	456,647	0	0	0	0	0
Wells & Springs	2	4,767,393	2,392,034	2,375,359	0	0	0	0	0
Infiltration Galleries & Tunnels	2	(13,853)	(6,951)	(6,902)	0	0	0	0	0
Supply Mains	2	2,108,262	1,057,818	1,050,444	0	0	0	0	0
Power Generation Equipment	3	1,690,822	831,543	823,446	0	0	0	0	35,833
Power Electric/Diesel Pumping Equipment - Source of Supply	2	6,267,772	3,144,848	3,122,925	0	0	0	0	0
Power Pumping Equipment - Water Treatment	2	2,588,051	1,298,552	1,289,499	0	0	0	0	0
Power Pumping Equipment - Trans. & Distrib.	3	6,705,307	3,297,658	3,265,546	0	0	0	0	142,102
Water Treatment Equipment	2	13,826,487	6,937,424	6,889,063	0	0	0	0	0
Distribution Reservoirs & Standpipes	5	16,648,471	3,986,978	0	11,641,974	0	0	0	1,019,519
Trans. Mains & Accessories	3	82,112,104	40,382,591	39,989,350	0	0	0	0	1,740,164
Distrib. Mains & Accessories	6	105,992,642	36,821,012	22,533,067	40,401,747	0	0	0	6,236,816
Services	9	69,649,980	0	0	0	0	69,649,980	0	0
Meters and Meter Installations	8	17,150,501	0	0	0	17,150,501	0	0	0
Hydrants	7	13,289,464	0	0	0	0	0	0	13,289,464
Office Furniture and Equipment	14	727,021	199,266	154,054	11,830	58	174,189	177,503	10,122
Computer Equipment	12	(4,458,247)	0	0	0	0	0	(4,350,543)	(107,704)
Transportation Equipment	14	1,312,956	359,862	278,211	21,364	105	314,574	320,560	18,280
Stores Equipment	14	203,117	55,671	43,040	3,305	16	48,665	49,591	2,828
Tools, Shop and Garage Equipment	14	1,336,961	366,441	283,298	21,755	107	320,325	326,421	18,615
Laboratory Equipment	2	20,722	10,397	10,325	0	0	0	0	0
Power Operated Equipment	14	625,068	171,322	132,450	10,171	50	149,761	152,611	8,703
Communications Equipment	14	3,927,823	1,076,557	832,293	63,914	313	941,075	958,983	54,688
Miscellaneous Equipment	14	243,187	66,654	51,531	3,957	19	58,266	59,374	3,386
Other Tangible Property	14	2,744,882	752,331	581,632	44,665	219	657,652	670,167	38,217
TOTAL UTILITY PLANT IN SERVICE		387,593,558	120,657,904	100,216,062	53,680,701	17,157,738	73,518,627	(434,447)	22,796,973

Exhibit 14-3
COST OF SERVICE FOR THE TWELVE MONTHS ENDED MARCH 31, 2023
ALLOCATED TO COST FUNCTIONS

Account (1)	Factor Ref (2)	Cost of Service (3)	Base (4)	Max Day (5)	Max Hour (6)	Meters (7)	Services (8)	Billing & Meters (9)	Fire Services (10)
OTHER RATE BASE ITEMS									
Utility Plant Acquisition Adjustment	17	10,771,089	3,353,041	2,784,969	1,491,768	476,808	2,043,057	(12,073)	633,520
Customer Advances for Construction	17	(3,797,814)	(1,182,260)	(981,962)	(525,987)	(168,119)	(720,368)	4,257	(223,375)
Contributions in Aid of Construction-Net	17	(112,913,720)	(35,150,050)	(29,194,934)	(15,638,257)	(4,998,391)	(21,417,440)	126,563	(6,641,212)
Deferred Charges Included in Rate Base	17	4,933,851	1,535,908	1,275,695	683,326	218,408	935,851	(5,530)	290,193
Working Capital Allowance	15	3,552,571	1,363,917	638,582	48,863	240	722,507	736,529	41,933
Deferred Income Taxes	17	(5,307,577)	(1,652,249)	(1,372,325)	(735,086)	(234,952)	(1,006,740)	5,949	(312,174)
TOTAL OTHER RATE BASE ELEMENTS		(102,761,600)	(31,731,693)	(26,849,974)	(14,675,374)	(4,706,006)	(19,443,132)	855,695	(6,211,116)
TOTAL ORIGINAL COST MEASURE OF VALUE		<u>\$ 284,831,959</u>	<u>\$ 88,926,211</u>	<u>\$ 73,366,087</u>	<u>\$ 39,005,328</u>	<u>\$ 12,451,732</u>	<u>\$ 54,075,495</u>	<u>\$ 421,248</u>	<u>\$ 16,585,857</u>

Exhibit 14-4
BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE
TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description (1)	Relative Flow Capacity Factor (2)	Equivalent Hydrant Ratio (3)	Number of Hydrants or Fire Connections (4)	Equivalent Hydrant (5)	Allocation Factor (6)
PRIVATE FIRE PROTECTION					
Fire Lines					
3"	18.0	0.26	903	235	
4"	38.3	0.56	688	385	
6"	111.3	1.62	584	946	
8"	237.2	3.44	186	640	
10"	426.6	6.19	11	68	
12"	689.0	10.00	6	60	
Private Hydrants	68.9	1.00	160	160	
Total Private Fire Protection			2,538	2,494	0.1988
PUBLIC FIRE PROTECTION					
Public Hydrants	68.9	1.00	10,050	10,050	
Total Public Fire Protection			10,050	10,050	0.8012
TOTAL FIRE PROTECTION			12,588	12,544	1.0000

* Demand Factors based on nominal size of connection raised to the 2.63 power.
Source: AWWA M1 Manual, Chapter IV.8.

Equivalent Fire Hydrants = Equivalent Hydrant Ratio x Number of Hydrants or Connections
VWID's standard hydrant has a 5" front barrel with two 2.5" side barrels.

Exhibit 14-5A
CALCULATION OF BI-MONTHLY CUSTOMER COST FOR 5/8-INCH METER

Cost Function (1)	Cost of Service (2)	Total Units (3)		Cost per 5/8-inch Meter (4)	Cost per 5/8-inch Meter Monthly (5)	Cost per 5/8-inch Meter Bi-Monthly (6)
Meters	2,323,201	201,378	5/8" Meter Equiv.	11.54	0.96	1.92
Services	12,401,634	123,059	3/4" Service Equiv.	100.78	8.40	16.80
Billing and Collections	5,326,868	102,518	Customers	51.96	4.33	8.66
Subtotal Customer Costs	\$ 20,051,702				\$ 13.69	\$ 27.38
Unrecovered Public Fire	1,884,410	201,378	5/8"-inch Equiv.	9.36	0.78	1.56
Total Customer Costs and Public Fire	<u>\$ 21,936,113</u>				<u>\$ 14.47</u>	<u>\$ 28.94</u>

**Exhibit 14-5B
CALCULATION OF VOLUME UNIT CHARGE**

Cost Function (1)	Cost of Service (2)	Total Units (3)		Tier Ratio (4)	Cost per CCF (5)		Tier Ratio (6)	Cost per CCF (7)
Base	21,333,178							
Max Day	14,705,449							
Max Hour	<u>5,267,994</u>							
Total Volume Costs	\$ 41,306,621	18,803,987	Volume		\$ 2.1967			\$ 2.1967
Winter Volume		6,723,221		1.00	\$ 1.9050		1.00	\$ 1.6816
Summer Volume - Tier 1		562,325		1.00	\$ 1.9050		1.00	\$ 1.6816
Summer Volume - Tier 2		11,518,441		1.25	\$ 2.3812		1.50	\$ 2.5225

Exhibit 14-5C
CALCULATION OF BI-MONTHLY CUSTOMER COST FOR FIRE SERVICE

Cost Function (1)	Cost of Service (2)	Total Units (3)		Cost per Equiv. Hydrants (4)	Cost per Equiv. Hydrants Monthly (5)	Cost per Equiv. Hydrants Bi-Monthly (6)
Private Fire Service	569,785	2,494	Equiv. Hydrants	228.46	19.04	38.08
Total Private Costs	<u>\$ 569,785</u>				<u>\$ 19.04</u>	<u>\$ 38.08</u>

VEOLIA WATER IDAHO, INC.
CASE VEO-W-22-02
FIRST PRODUCTION REQUEST OF MICRON

Preparer/Sponsoring Witness:

Cooper

REQUEST NO. 17:

Regarding transmission mains:

- a. Please identify all sizes (in diameter) of transmission mains installed on the Company's transmission system.
- b. For each main size identified in part a., above, please provide the total length of main installed on the Company's transmission system.
- c. Please describe the Company's meter installation protocols in terms of specifying the size of a main that is needed to connect a specific meter size to its transmission system.

RESPONSE NO. 17:

a/b. The size in diameter and total length of transmission mains are in Table 1 below.

Table 1	12"	14"	16"	18"	20"	24"	30"	36"	Total
Length (miles)	336.22	1.82	55.16	0.98	5.41	19.47	3.85	0.38	423.28

c. The size of transmission mains that are used to service various meter sizes are determined by the Company using engineering analysis.

VEOLIA WATER IDAHO, INC.
CASE VEO-W-22-02
FIRST PRODUCTION REQUEST OF MICRON

Preparer/Sponsoring Witness:

Cooper

REQUEST NO. 18:

Regarding distribution mains:

- a. Please identify all sizes (in diameter) of distribution mains installed on the Company's distribution system.
- b. For each main size identified in part a., above, please provide the total length of main installed on the Company's distribution system.
- c. Please describe the Company's meter installation protocols in terms of specifying the size of a main that is needed to connect a specific meter size to its distribution system.

RESPONSE NO. 18:

a/b. The size in diameter and total length of distribution mains are in Table 2 below.

Table 2	≤1.5"	2-2.5"	3"	4"	6"	8"	10"	Total
Length (miles)	0.99	28.20	1.12	42.11	296.12	649.75	10.80	1029.10

- c. The size of distribution mains that are used to service various meter sizes are determined by the Company using engineering analysis.

**VEOLIA WATER IDAHO, INC.
CASE VEO-W-22-02
MICRON'S FIRST SET OF DISCOVERY REQUESTS TO
VEOLIA WATER IDAHO INC**

Preparer/Sponsoring Witness:

Bui

REQUEST NO. 7:

Please identify any water customers that meet the following load characteristics: served on meter size 8 inches and larger, have ratios of extra capacity volumes relative to base volumes that are lower than the system average, and are served directly from a transmission main of 8 inches or larger.

RESPONSE NO. 7:

For the test period under consideration, VWID reports two (2) 8-inch meters. One meter is associated with a 24-inch diameter main and the other is associated with a 12-inch diameter line. Customer confidentiality does not allow the provision of customer information.

- a. water treatment plant,
- b. purchased water delivery to Veolia; and
- c. water delivered via the transmission mains to the distribution mains.

Please acknowledge that the Company's advanced metering devices are tracking this hourly volume data for test year, and/or for resource planning purposes.

REQUEST NO. 6: Please refer to Bui, Appendix B at page 8. Paragraph 1.1 states that the current tariff includes an Industrial classification; however, no active customers are in this class. Please provide VWID's definition of an Industrial customer, along with documentation supporting the response.

REQUEST NO. 7: Please identify any water customers that meet the following load characteristics: served on meter size 8 inches and larger, have ratios of extra capacity volumes relative to base volumes that are lower than the system average, and are served directly from a transmission main of 8 inches or larger.

REQUEST NO. 8: Please refer to Bui, Appendix B at page 11. Paragraph 2.2 states that the period of 6/1/2021 – 8/31/2021 would define the analytical window and would contain the MD and MH values for the system and customer classes. Please confirm that there were no water usage restrictions in place during this time. If not confirmed, please identify the dates in which restrictions on water usage were in place.

REQUEST NO. 9: Please provide VWID's definition of a Residential customer. Please include documentation supporting the response.

REQUEST NO. 10: Please provide VWID's definition of a Commercial customer. Please include documentation supporting the response.

REQUEST NO. 11: Please provide VWID's definition of a Public Authority Customer. Please include documentation supporting the response.

REQUEST NO. 12: Please provide VWID's definition of Private Fire Customer. Please include documentation supporting the response.

REQUEST NO. 13: Please refer to Bui, Appendix B at 15, Section 3.3.1. In electronic spreadsheet format with all formulas and links intact, please provide the workpapers that were used to develop an average hourly usage profile for each customer class, as described in Section 3.3.1.

REQUEST NO. 14: Please refer to Bui, Appendix B at Table 4-1 and Table 4-3.

MICRON TECHNOLOGY, INC.'S
FIRST PRODUCTION REQUEST
TO VEOLIA

-6-

DECEMBER 9, 2022

**VEOLIA WATER IDAHO, INC. CASE VEO-W-22-02
FIFTH PRODUCTION REQUEST OF THE COMMISSION STAFF**

Preparer/Sponsoring Witness: Bui

REQUEST NO. 154:

The Load Study, page 7, states a key objective is to "establish a basis for selecting maximum day and maximum hour ratios for each appropriate customer classification and the total system." Please provide the specific information in the Load Study and the analysis that was performed to justify that the Company's currently defined customers are the appropriate customer classifications.

RESPONSE NO. 154:

The Company currently has established customer classes of Residential, Commercial, and Industrial, Public Authority, and Fire Protection. Such a classification system is consistent with typical water utility practice and norms and as suggested by AWWA Manual M1 Principles of Water Rates, Fees, and Charges. Based on the existing definition of industrial customers per the Company's rate schedule, it is understood that no customers currently meet this definition.

The scope of the Load Study examined the available data for customers in the Company's billing system. Obtaining additional information on customer characteristics (e.g., the size of a residential lot) was beyond the scope of the study. Thus, the analysis conducted was limited to readily available customer billing information.

VWID's current classification of customers is appropriate and reflects industry norms. It represents a suitable balance between a fair segmentation of customers based on broad similarities in customer characteristics and administratively complex additional data capture and maintenance requirements.

**VEOLIA WATER IDAHO, INC.
CASE VEO-W-22-02
MICRON'S SECOND SET OF DISCOVERY REQUESTS TO
VEOLIA WATER IDAHO INC**

Preparer/Sponsoring Witness: Thompson/Cary

REQUEST NO. 42:

Please refer to the Company's response to Micron Request No. 6.

- a. Please identify the number of customers that take service from VWID that satisfy the definition of an industrial customer, as stated on Company Tariff Sheet No. 36, paragraph 52 II.
- b. Please confirm that in the Company's class cost of service study supported by witness Ms. Bui, all customers that satisfy the definition of industrial are included in the Commercial class. If the response is anything other than an unqualified confirmation, please provide a detailed explanation supporting the response.
- c. Please confirm that Micron Technology, Inc. ("Micron") satisfies the definition of an industrial customer, as provided on Company Tariff Sheet No. 36. If the response is anything other than an unqualified confirmation, please provide a detailed explanation supporting the response.
- d. For each customer that satisfies VWID's definition of an industrial customer, please provide the following information. Please note that customers do not need to be identified, but can simply be numbered as customer 1, customer 2, etc.:
 - i. Please identify the size(s) and number of meters of each size serving each customer.
 - ii. Please identify the size(s) of mains serving each industrial customer.
 - iii. For each industrial customer served by a main that is less than or equal to 10 inches in diameter, please provide the length of distribution main serving that customer.
- e. For each customer that satisfies VWID's definition of an industrial customer, please state whether or not that customer has an AMI meter.
- f. Please provide the coincident peaking factors (maximum day and maximum hour) that would apply to the group of customers that satisfy VWID's definition of industrial customer.

- g. Please provide the non-coincident peaking factors (maximum day and maximum hour) that would apply to the group of customers that satisfy VWID's definition of industrial customer.
- h. To the extent that VWID has one or more customers that satisfy the Company's definition of an industrial customer, please provide a detailed explanation as to why the class cost of service study does not recognize an industrial class. Please provide all materials supporting the response.
- i. To the extent that VWID has one or more customers that satisfy the Company's definition of industrial customer, in electronic spreadsheet format with all formulas intact, please provide a class cost of service study that includes these customers in a separate industrial class.
- j. Please explain why VWID has not classified any of its customers as industrial, in accordance with the definition shown on the Company's Tariff Sheet No. 36.

RESPONSE NO. 42:

- a. N/A
- b. N/A
- c. Please see Sheet No. 36, Paragraph 52 I and II whereby a commercial customer and an industrial customer are defined respectively, as follows:
 - i. Commercial customer shall designate:
 - 1. A building containing two or more apartments or family units, which are rented or leased to tenants.
 - 2. A building occupied by a retail or service business which does not manufacture any item or items on the premises
 - 3. Any building containing any combination of 'A' and 'B' above.
 - 4. A hotel, motel, tourist court, trailer court or mobile home park which rents or leases rooms or spaces to tenants.
 - ii. Industrial customer shall designate any building or combination of buildings in the same compound whose primary use is for the manufacture, fabrication, and/or assembly of any product.
 To be designated as an Industrial customer, the use of water must be primarily for the manufacture, fabrication, and/or assembly of any product. No customer has designated any building or combination of buildings in the same compound

whose primary use is for the manufacture, fabrication, and/or assembly of any product. Currently, it is the Company's understanding Micron's water use from VWID is primarily for office space as well as fire protection and therefore does not fit the definition of an industrial customer but does fit the definition of a commercial customer under Paragraph 52 I 'B'.

d.

i. i N/A

ii. N/A

iii. N/A

e. N/A

f. N/A

g. N/A

h. N/A

i. N/A

j. See the response to Item C. above.

**VEOLIA WATER IDAHO, INC.
CASE VEO-W-22-02
MICRON'S SECOND SET OF DISCOVERY REQUESTS TO
VEOLIA WATER IDAHO INC**

Preparer/Sponsoring Witness:

Cary

REQUEST NO. 44:

Is Micron one of the top ten largest customers of VWID in terms of annual water consumption?

RESPONSE NO. 44:

Yes.

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)	
_____)	

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

EXHIBIT NO. 420 TO ACCOMPANY THE

DIRECT TESTIMONY OF JESSICA A. YORK

SUEZ WATER IDAHO INC.

RULES AND REGULATIONS GOVERNING THE RENDERING OF SERVICE (cont'd)

51. Residential customer shall designate a building under one roof, which is owned, leased or rented by one party and occupied as a residence.

52. Commercial, Industrial and Municipal customers shall be designated by the following:

I. Commercial customer shall designate:

- A. A building containing two or more apartments or family units, which are rented or leased to tenants.
- B. A building occupied by a retail or service business which does not manufacture any item or items on the premises.
- C. Any building containing any combination of 'A' and 'B' above.
- D. A hotel, motel, tourist court, trailer court or mobile home park which rents or leases rooms or spaces to tenants.

II. Industrial customer shall designate any building or combination of buildings in the same compound whose primary use is for the manufacture, fabrication, and/or assembly of any product.

III. Municipal customer shall designate a publicly owned building such as a school, city hall, courthouse, fire house, hospital, or other public institution.

53. The purpose of the foregoing rules and regulations and definitions is to preserve, to the maximum extent possible, the obligation of the Company to furnish service. The rules and regulations and definitions contained herein shall be construed and applied in accordance with the spirit and intent of Title 61 of the Idaho Code