

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

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CASE NO. VEO-W-22-02

Rebuttal Testimony of

Jessica A. York

On behalf of

Micron Technology, Inc.

March 8, 2023

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 Brubaker &
6 Associates, Inc., energy, economic and regulatory consultants.

7 **Q ARE YOU THE SAME JESSICA A. YORK WHO FILED DIRECT TESTIMONY IN**
8 **THIS PROCEEDING ON FEBRUARY 15, 2023?**

9 A Yes, I am.

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 Water
12 Idaho Inc. ("Veolia," "VWID," or "the Company").

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

14 A The purpose of my rebuttal testimony is to respond to certain positions taken by the
15 Idaho Public Utilities Commission Staff ("Staff"). Specifically, I will address Staff's
16 recommendation to disregard the Company's class cost of service study ("COSS") and
17 apply an across-the-board increase to all customer classes. I disagree with Staff's
18 recommendation and, as discussed in my Direct Testimony, believe that the COSS
19 model provides adequate data on which to base a revenue allocation that moves
20 customer classes closer to cost of service rather than perpetuating the class subsidies
21 that currently exist with an across-the-board rate increase.

1 My silence on any other issues addressed by Staff's testimony should not be
2 taken as tacit approval or agreement regarding those issues.

3 **Q PLEASE SUMMARIZE STAFF'S PROPOSAL WITH RESPECT TO THE**
4 **COMPANY'S LOAD STUDY AND CLASS COST OF SERVICE STUDY.**

5 A Staff witness Michael Eldred addresses the Company's load study and COSS. Mr.
6 Eldred recommends that the Commission disregard the Company's COSS and apply
7 a uniform percent increase across all rate components.¹ Mr. Eldred's recommendation
8 is based on the following key points:

- 9 1) Mr. Eldred's conclusion is based, in large part, on his opinion that the
10 customer classes used in the COSS are hypothetical classes, because they
11 do not correspond to an existing rate schedule,² and
- 12 2) Mr. Eldred's recommendation stems from his perspective that the
13 Company's load study is not used and useful to the COSS because it was
14 not used to verify that the existing classes are appropriate, or to identify new
15 classes based on cost-causation principles.³

16 **Q DO YOU AGREE WITH MR. ELDRED'S CONCLUSIONS ABOUT THE COSS AND**
17 **LOAD STUDY?**

18 A No. I do not agree with Mr. Eldred's characterization of the existing customer classes
19 as hypothetical, nor do I agree with Mr. Eldred's conclusion that the COSS and load
20 study should be disregarded altogether.

¹ Revised Direct Testimony of Mr. Eldred at 27-28.

² *Id.* at 21-22.

³ *Id.* at 23.

1 **Q WHY DO YOU TAKE ISSUE WITH THE CHARACTERIZATION OF THE CUSTOMER**
2 **CLASSES USED IN VWID’S COSS AS “HYPOTHETICAL” CLASSES?**

3 A The customer classes reflected in the COSS include Residential, Commercial, Public
4 Authority, and Private Fire. First, it is my understanding that these customer classes
5 reflect the definitions in VWID’s IPUC-approved tariff. Presumably, these customer
6 classes were determined to be reasonable for the purpose of a COSS at some point in
7 this utility’s past. Thus, I do not agree that these customer classes are “hypothetical”
8 as claimed by Mr. Eldred.

9 Mr. Eldred also tries to justify his characterization of the existing customer
10 classes as “hypothetical” because VWID applies a single rate structure to all of them.
11 This practice is not uncommon in the water industry, as other water utilities apply a
12 single rate structure to all customer classes. For example, in its Central Water Division,
13 Illinois-American Water Company (“IAWC”) recognizes different classes in its COSS
14 model, but applies a single rate structure to the majority of those classes.⁴ Specifically,
15 IAWC’s Metered General Water Service tariff for the Central Water Division reflects
16 monthly meter charges that vary by size, along with a declining block volumetric rate
17 structure.⁵ Meter charges and the declining block volumetric rates are periodically
18 adjusted in rate cases, such that the proper amount of revenues are recovered from
19 each class, based on the COSS results.

⁴ See IAWC’s Current Tariff for the Central Water Division, effective January 1, 2023, and Illinois Commerce Commission (“ICC”) Docket No. 22-0210, IAWC’s Exhibit 7.0 and Exhibit 7.05.

⁵ ICC Docket No. 22-0210, IAWC Exhibit 7.0

1 **Q DID MR. ELDRED RAISE OTHER CONCERNS ABOUT THE EXISTING CUSTOMER**
2 **CLASS GROUPINGS IN THE COSS?**

3 A Yes. Mr. Eldred states that the Company's current division of its consumptive
4 customers into Residential, Commercial, and Public Authority classifications assumes
5 that the customers in each of these divisions have similar consumptive patterns, and
6 that this is unlikely to be true.⁶ Mr. Eldred proceeds to argue that Residential customers
7 who live in single family dwellings with yards and lawns will consume much more water
8 in the summer than apartment dwellers.⁷

9 **Q IS MR. ELDRED'S CONCERN ABOUT THE RESIDENTIAL CLASS, AS EXPLAINED**
10 **IN HIS EXAMPLE, VALID?**

11 A No. Mr. Eldred is correct that water usage patterns between single family residences
12 and apartment dwellers are likely different. However, Mr. Eldred's example fails to
13 recognize that based on VWID's customer class definitions, single family residences
14 reside in the Residential class, while apartment dwellers are included in the
15 Commercial class.⁸ Therefore, these customers are already in different classes in the
16 Company's COSS.

17 **Q DO YOU AGREE WITH STAFF THAT THE LOAD STUDY COULD BE USED TO**
18 **IDENTIFY POTENTIAL NEW CUSTOMER CLASSES?**

19 A Yes. I agree that the load study could be used for the purpose of identifying new or
20 different classes of customers in VWID's service territory, such as a class of higher
21 load factor customers. In the event that a class of higher load factor customers was

⁶ Revised Direct Testimony of Mr. Eldred at 24.

⁷ *Id.*

⁸ VWID's Tariff Sheet No. 36, attached to Jessica A. York's Direct Testimony as Micron Exhibit No. 420.

1 identified, this would provide further support for the recommendations I made in my
2 direct testimony with respect to establishing a separate class for these customers in
3 the COSS, or support a declining block volumetric rate structure that more accurately
4 reflects the fixed and variable costs incurred to provide service to each class.

5 **Q DID THE SETTLEMENT AGREEMENT IN THE PRIOR RATE CASE (CASE**
6 **NO. SUZ-W-20-02) REQUIRE THE COMPANY TO USE THE LOAD STUDY TO**
7 **IDENTIFY NEW CLASSES OR MODIFY ITS EXISTING RATE STRUCTURE?**

8 A No. With respect to the load study, the settlement agreement stated the following:

9 "The Company agrees to undertake a load study to provide calculated
10 max-day and max-hour factors for the total system as well as by
11 appropriate customer class. The Company will convene a discussion
12 process with interested parties to take input on load study components
13 including but not limited to customer class definitions, sampling
14 methodologies for those classes, and data sources (i.e., AMI, SCADA,
15 meters). Such discussions will be commenced by the Company soon
16 after a decision in this rate case and will be completed within twelve
17 months of that start date. After taking input from interested parties, the
18 Company will make the final determination on how the load study shall
19 be performed."⁹

20 "The Company shall present the results of such load study to the
21 Commission in the first general rate case filing after the study's
22 conclusion. The above does not represent a commitment to any change
23 in rate structure nor a commitment to delay any future rate case filing as
24 a result of the above-described discussion process."¹⁰

25 As shown above, the Company agreed to use the load study to identify maximum day
26 and maximum hour demand ratios by appropriate customer class, but the Company
27 was not obligated to use the study to identify new classes, or to change its existing rate
28 structure.

⁹ Case No. SUZ-W-20-02, Stipulation and Settlement at 6.

¹⁰ *Id.*

1 **Q DO YOU AGREE WITH STAFF'S RECOMMENDATION THAT THE COSS AND**
2 **LOAD STUDY SHOULD BE DISREGARDED, AND THAT A UNIFORM**
3 **PERCENTAGE INCREASE SHOULD BE APPLIED TO ALL CUSTOMER**
4 **CLASSES?**

5 **A**No. I do not agree with Staff's recommendation to apply a uniform percent increase to
6 all customer classes on the basis that the load study and COSS are not used and useful
7 in this case, and thus should be disregarded. First, I have shown that there has been
8 effectively no movement toward cost of service for any class since at least 2006, as
9 uniform percent increases across customer classes have been applied in nearly every
10 rate case since that time.¹¹

11 Second, the load study was used to develop maximum day and maximum hour
12 demand ratios for each of the existing, IPUC-approved, customer classes in the COSS
13 model. Thus, the load study is useful for the Company's COSS model.

14 Third, I agree that the Company's COSS and rate design could be improved,
15 particularly with respect to recognizing the differences in infrastructure and load
16 characteristics used to provide service to certain customers who currently reside in the
17 Commercial class. In my Direct Testimony, I recommended an approach to addressing
18 this issue in the current case, while the Company fine tunes its COSS for the next rate
19 case.¹²

20 For these reasons, the Company's COSS model should not be completely
21 disregarded as recommended by Staff. The COSS model provides adequate data on
22 which to base a revenue allocation that moves customer classes closer to cost of
23 service rather than perpetuating the class subsidies that currently exist with an
24 across-the-board rate increase. Such movement toward cost of service is consistent

¹¹ Direct Testimony of Jessica A. York at 12.

¹² *Id.* at 10.

1 with Commission precedent acknowledging that rates should strive to match cost of
2 service.¹³ The COSS model should be used, with my recommended improvements,
3 for revenue apportionment across customer classes.

4 **Q DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

5 **A** Yes, it does.

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¹³ Idaho Public Utilities Commission Case No. IPC-E-94-5; Order No. 25880 at 20.

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DECLARATION OF JESSICA A. YORK

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

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

2. On behalf of Micron Technology, Inc., I present this pre-filed rebuttal testimony in this matter.

3. To the best of my knowledge, my pre-filed rebuttal testimony is true and accurate.

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

SIGNED this 8 day of March 2023, at Chesterfield, Missouri.

Signed:

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CERTIFICATE OF SERVICE

I hereby certify that on March 8, 2023, a true and correct copy of the within and foregoing REBUTTAL TESTIMONY OF JESSICA A. YORK ON BEHALF OF MICRON TECHNOLOGY, INC. was served in the manner shown to:

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s/ Adele Lee