

**BEFORE THE**

RECEIVED

2023 FEB 15 PM 4:56

**IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION  
OF VEOLIA WATER IDAHO, INC. FOR A  
GENERAL RATE CASE**

)  
)  
)  
)  
)  
)  
)

**CASE NO. VEO-W-22-02**

**DIRECT TESTIMONY OF DONN ENGLISH**

**IDAHO PUBLIC UTILITIES COMMISSION**

**FEBRUARY 15, 2023**

1 Q. Please state your name and business address.

2 A. My name is Donn English. My business address is  
3 11331 W. Chinden Blvd., BLDG 8, STE 201-A, Boise, Idaho  
4 83714.

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

6 A. I am employed by the Idaho Public Utilities  
7 Commission ("Commission") as a Program Manager overseeing  
8 the Accounting and Finance Department in the Utilities  
9 Division.  
10

11 Q. Please describe your educational background and  
12 professional experience.

13 A. I was hired by the Commission in 2003 and I have  
14 provided testimony in numerous proceedings. My educational  
15 background and professional experience are provided in more  
16 detail in Exhibit No. 101.

17 Q. What is the purpose of your testimony in this  
18 proceeding?  
19

20 A. I am responsible for overseeing the Commission  
21 Staff's ("Staff") audit of Veolia Water Idaho, Inc.  
22 ("Veolia" or "Company") and the development of a revenue  
23 requirement. I will provide an overview of Staff's  
24 recommendations in this case and introduce Staff witnesses.  
25

1 I will also discuss Staff's position as it relates to the  
2 test year and calculation of rate base, including the  
3 treatment of working capital. My testimony is outlined as  
4 follows:

5	-Summary of Staff Recommendations	Pg. 2
6	-Introduction of Staff Witnesses	Pg. 4
7	-Test Year	Pg. 5
8	-Rate Base	Pg. 7
9	-Depreciation Expense	Pg. 12
10	-Working Capital	Pg. 13

11 Q. What Exhibits are you sponsoring?

12 A. Exhibit No. 101 provides my education and  
13 professional background, Exhibit No. 102 calculates the  
14 Average of Monthly Averages ("AMA") rate base for 2022, and  
15 Exhibit No. 103 illustrates the Company's annual  
16 depreciation expense after removing depreciation expense  
17 for plant placed in service after December 31, 2022.

18 **Summary of Staff Recommendations**

19 Q. Please summarize Staff's proposal in this case.

20 A. Staff proposes to establish a revenue requirement  
21 for Veolia using rate base levels based on the AMA from  
22 December 31, 2021, through December 31, 2022. Staff  
23  
24  
25

1 further proposes to update the Company's test year to the  
2 12 months ending December 31, 2022, which coincides with  
3 the close of the calendar year. Based on the 2022 test  
4 year, Staff calculated a revenue requirement of \$55.85  
5 million, providing the Company with an additional \$3.44  
6 million in revenue for an increase of 6.56%. This number  
7 excludes normalization adjustments to the Company's revenue  
8 as discussed in Staff witness Eldred's testimony, which  
9 Staff will update when information is received. Staff's  
10 revenue requirement is calculated using a weighted average  
11 cost of capital of 6.77%, including 9.0% Return on Equity  
12 ("ROE"), applied to the 2022 average net rate base of  
13 \$261,118,238. Staff's proposed revenue increase is spread  
14 uniformly across all billing components. Additionally,  
15 Staff does not support the Company's proposal to implement  
16 a Distribution System Improvement Charge ("DSIC") at this  
17 time.  
18  
19

20 Q. How does Staff's recommendation compare to the  
21 Company's request in its Application?  
22

23 A. The Company requested a revenue requirement of  
24 \$63.83 million, increasing its annual revenues by  
25 approximately \$12.1 million, or 23.4%. The Company's



1 requested revenue increase was calculated using an overall  
2 rate of return of 7.77%, including a 10.80% ROE, applied to  
3 a March 31, 2023, year-end rate base. The Company proposed  
4 that the revenue increase be distributed uniformly across  
5 all billing components excluding the Private Fire  
6 Protection users who would see no increase. The Company  
7 also proposed to implement a DSIC mechanism that would  
8 allow for bi-annual rate increases between general rate  
9 case proceedings related to the replacement of distribution  
10 system transmission and distribution mains, services,  
11 hydrants, valves, meters, and other infrastructure.  
12

13 **Introduction of Staff Witnesses**  
14

15 Q. Please identify the other witnesses who will  
16 testify for Staff, and the topics their testimony will  
17 cover.

18 A. Mr. Ty Johnson, Auditor 1, will testify regarding  
19 specific adjustments made to the Company's operating  
20 expenses that, in total, reduce the Company's proposed  
21 revenue requirement.  
22

23 Mr. Joseph Terry, Auditor 3, will provide  
24 financial analysis that determines a reasonable range for  
25 the Company's ROE, and his rationale for selecting a point

1 estimate of 9.0%. Additionally, Mr. Terry will testify on  
2 the removal of short-term deferred debits from rate base  
3 where the Company was not authorized to earn a return.  
4

5 Mr. Michael Eldred, Utilities Analyst, will offer  
6 testimony regarding the Company's Class Cost of Service and  
7 Load Study.

8 Mr. Travis Culbertson, Auditor 3, will sponsor  
9 the Revenue Requirement Exhibits and additional adjustments  
10 to the Company's operating expenses for General Insurance  
11 Expense and Injuries and Damages claims. He will also  
12 provide testimony regarding the Company's allocation of  
13 Management & Service Fees and the Company's proposed DSIC  
14 mechanism.  
15

16 Lastly, Ms. Jolene Bossard, Utilities Compliance  
17 Investigator will testify on customer-related issues.

18 **Test Year**

19 Q. Please explain how Veolia presented its test  
20 year.  
21

22 A. The Company proposed a test year beginning July  
23 1, 2021, and ending June 30, 2022, with pro forma  
24 adjustments through March 31, 2023. The Company's case  
25 includes expenses for capital additions reaching out a full

1 nine months after the close of its chosen test year.

2 Q. What is the test year that Staff used in its  
3 determination of annual revenue requirement?

4 A. Staff initially began its audit using the  
5 Company's proposed test year, with a cut-off date of  
6 December 31, 2022, for pro forma adjustments. The December  
7 31, 2022, cut-off date provided Staff with the opportunity  
8 to review actual 2022 operating expenses and capital  
9 investments prior to developing positions and filing  
10 testimony. It allowed Staff to effectively evaluate and  
11 incorporate actual booked costs in its case without having  
12 to speculate on what may or may not occur in 2023. The  
13 December 31, 2022, cut-off date was consistent with prior  
14 Commission orders. In Order No. 29838, UWI-W-04-04, the  
15 Commission recognized that, "It simply is not possible to  
16 carefully review investment cost figures and information  
17 that are provided close to or at the time of hearing."  
18 Order No. 29838 at 6. In that same Order, the Commission  
19 also stated:  
20  
21  
22

23 To facilitate an adequate review, Company  
24 data should be provided in time to incorporate  
25 the information in the prefiled testimony of  
Staff and other parties. This will facilitate  
the hearing and decision processes by having  
similar time periods and information for the

1 Staff and intervenor prefiled testimony, the  
2 Company's rebuttal, and at the hearing. Using  
3 recent actual data for the hearing will reduce if  
4 not eliminate the need to argue over forecasts.  
5 To this end, the Commission suggests rate cases  
6 be filed with no more than six months of forecast  
7 data. Not only will the data be known and  
8 measurable by the time other parties prefile  
9 testimony and for the hearing, it will be more  
10 convenient and administratively easier for all  
11 parties.

12 *Id.* at 7.

13 Given the Commission's stated preference for  
14 having information available prior to the prefile testimony  
15 date, a December 31, 2022, cut-off date for pro forma  
16 adjustments is appropriate. However, as Staff was updating  
17 the Company's pro forma adjustments to 2022 actual amounts,  
18 the information to adjust other accounts was readily  
19 available. Therefore, Staff adjusted the Company's test  
20 year of July 1, 2021, through June 30, 2022, to a calendar  
21 year test year ending December 31, 2022. A more recent  
22 test year provides a revenue requirement that is more  
23 reflective of actual costs and further mitigates regulatory  
24 lag. Therefore, Staff calculated its proposed revenue  
25 requirement using actual 2022 expenses whenever possible.  
Overall, this increased the Company's revenue requirement  
over what Staff would have proposed using a historical test

1 year ended June 30, 2022.

2 Q. Did Staff remove all pro forma 2023 adjustments?

3 A. Yes. Although the Company claimed many of the  
4 adjustments to its test year were known and measurable, the  
5 Company took a very liberal view of that term. In every  
6 case, the Company made estimates and considered those  
7 estimates to be known and measurable. The Commission has  
8 traditionally held a stricter view of known and measurable  
9 adjustments, only accepting specific adjustments and  
10 rejected adjustments to historical data based strictly on  
11 statistical analysis. See Order No. 25880. The Company's  
12 calculated estimates of its known and measurable  
13 adjustments are based in rudimentary statistical analysis.  
14  
15

16 **Rate Base**

17 Q. Please explain how you calculated the Company's  
18 rate base on which it should earn a return.

19 A. I calculated the Company's rate base using the  
20 AMA for the year-ended December 31, 2022, the same test  
21 year Staff used for revenue and operating expenses.  
22

23 Q. Why did you deviate from the Company's proposed  
24 rate base methodology of using the terminal rate base value  
25 based on March 31, 2023.

1           A.    The Company filed its case September 30, 2022,  
2           with a proposed rate base that included 530 different post-  
3           test year projects it claims will be completed by March 31,  
4           2023.   Given the supply chain uncertainties in today's  
5           economic environment, it is not reasonable to assume that  
6           each of those projects will be completed on time, or what  
7           the final cost will be.   In the unlikely event that all of  
8           those projects are completed on time, Staff would not have  
9           the ability to fully evaluate the decisional prudence of  
10          each project and perform an audit to determine that the  
11          project was completed in a least-cost manner without any  
12          imprudent charges.   Therefore, my calculation of average  
13          net rate base, only includes plant that was placed in  
14          service on or before December 31, 2022.

17          Q.    Does Staff include the full value of capital  
18          additions in 2022?

19          A.    No.   Generally, there are two ways to value a  
20          Company's rate base: 1) using a terminal rate base which is  
21          the value of plant, net of any offsets, at a single point  
22          in time: the year end, or 2) calculating an average value  
23          of plant, net of any offsets, throughout the year.  
24          Including the 2022 capital plant additions that occurred  
25

1 throughout the year in rate base at their year-end value  
2 creates an expense/revenue mismatch. It allows the Company  
3 to earn a return on its rate base as if the plant had been  
4 in service for the whole year without providing customers  
5 the benefit of the revenues produced or expense reductions  
6 that the new plant may enable. Without any adjustments to  
7 increase revenues or reduce expenses as a result of the  
8 new, more efficient plant placed into service during the  
9 year, it is inappropriate to include the value of the plant  
10 as if it was in service for the entire year. I have  
11 calculated the 2022 AMA rate base as shown in my Exhibit  
12 No. 102. The monthly beginning and ending amounts in  
13 Exhibit No. 102 are net rate base amounts (original plant  
14 in service offset by accumulated depreciation,  
15 contributions in aid of construction, customer advances,  
16 and accumulated deferred income taxes.) The values were  
17 provided to Staff in the Company's responses to Production  
18 Request Nos. 150 and 161.

21 Q. Can you briefly describe the effect of using an  
22 average rate base methodology.

24 A. Average rate base methodologies calculate the  
25 value of plant based on the month in which it was placed in

1 service. Plant that was placed in service in January will  
2 essentially be included in rate base at its full value, and  
3 plant placed in service in December will be included in  
4 rate base at 1/12 of its value. This method corrects the  
5 expense/revenue mismatch when benefits of new plant are not  
6 annualized.  
7

8 Q. Has the Commission ruled on use of an average  
9 rate base vs. year-end rate base?

10 A. Yes. In every litigated general rate case since  
11 2003, the Commission either ordered or approved the use of  
12 an average rate base. In Order No. 29505, Case No. IPC-E-  
13 13-03, the Commission stated:  
14

15 We generally believe that including  
16 investment in the calculation of average  
17 rate base as if it were in service the  
18 entire year when it was not... creates a  
19 mismatch between test year revenue and  
20 expenses.

21 Order No. 29505 at 6. Additionally, the Commission stated:

22 The Commission expects all utilities  
23 to attempt to identify expense saving and  
24 revenue producing effects when proposing  
25 rate base adjustments for major plant  
additions. It is unfair to ratepayers to  
assume that the investment in these plants  
will not increase Company revenues or  
decrease Company expenses in the future.  
Further, it is unreasonable to expect the  
Commission to allow full recovery of plant  
investment as if the plant has been in



1 operation the full year without a  
2 corresponding adjustment to revenues and  
3 expenses.

4 *Id.* at 7.

5 Q. Did the Company propose a corresponding  
6 adjustment to its revenues and expenses for new plant added  
7 during the test year?

8 A. No.

9 Q. Is it possible that the new plant added during  
10 the test year does not produce revenue or decrease expense?

11 A. No. New plant, whether installed for reliability  
12 or to service growth, will require less maintenance than  
13 older plant. It also may provide opportunities not  
14 previously available that directly or indirectly generate  
15 additional revenues. Additionally, the Commission has  
16 previously noted that "in terms of cash flow all  
17 depreciable investments are revenue producing." Order No.  
18 20592 at 12-13.

19 Q. Has the Commission ordered the Company to use an  
20 average rate base in prior cases?

21 A. The Commission has not ordered Veolia Water  
22 Idaho, Inc. to use an average rate base; however, the  
23 Commission has ordered Veolia's predecessors to use average  
24 rate base. Going as far back as 1993, the Commission  
25

1 expressed disapproval that the Company had not included an  
2 average rate base methodology, at least as an option, for  
3 the Commission to consider. Order No. 25062 at 3. In that  
4 case, the Commission was clear that it approved the  
5 Company's year-end rate base calculation only because no  
6 party objected, and no other option was presented. *Id.*

8 In Order No. 29838, the Company's last litigated  
9 general rate case, Case No. UWI-W-04-04, the Commission  
10 affirmed that it, "has historically approved use of an  
11 average rate base rather than year-end rate base on which a  
12 utility can earn its authorized investment return" and  
13 directed the Company, "to file future rate cases using a  
14 13-month average rate base methodology." Order No. 29838  
15 at 5 and 7. My recommendation to use an average rate base  
16 in this case is reasonable and follows prior Commission  
17 directives. Every Commission Order from litigated rate  
18 cases since 1993 tends to support the use of the average  
19 rate base methodology.  
20

21 Q. Do you have any additional adjustments to the  
22 Company's rate base?  
23

24 A. Yes. When calculating the AMA rate base, I  
25 removed the short-term deferred debits that the Company

1 included. The deferred debits consist of the Company's  
2 power cost deferrals, rate case expense deferrals, and  
3 deferrals for the payment of convenience fees. Staff  
4 witness Terry provides additional support for removing  
5 these items from rate base. I also removed Working Capital  
6 from rate base.  
7

8 **Depreciation Expense**

9 Q. Will you please explain your Exhibit No. 103?

10 A. Exhibit No. 103 was prepared under my direction  
11 and calculates the Company's annual depreciation expense as  
12 of December 31, 2022, consistent with Staff's test year and  
13 rate base cut-off date. The Company calculated its annual  
14 depreciation expense for all plant forecasted to be in  
15 service on March 31, 2023. Because I have removed all 2023  
16 plant additions from rate base, it is necessary to remove  
17 the depreciation expense associated with those capital  
18 projects, which reduces the Company's proposed depreciation  
19 expense by \$546,459. The values used in this exhibit were  
20 provided by the Company in its response to Staff Production  
21 Request No. 150.  
22  
23  
24  
25

1       **Working Capital**

2           Q.    What is working capital?

3           A.    Working Capital is generally the money that is  
4           needed for a company to meet its current obligation. It  
5           can consist of Cash Working Capital ("CWC") or other liquid  
6           assets that can readily be converted to cash. It can be  
7           represented as current assets minus current liabilities.  
8           In the utility industry, working capital represents the  
9           money advanced by shareholders to pay the current  
10          liabilities before that money is recovered from customers.

11          Q.    How did the Company calculate and treat working  
12          capital in its case?

13          A.    The Company used the 1/8 Method to calculate its  
14          working capital. The 1/8 Method is a simple estimation of  
15          working capital by multiplying Operations & Maintenance  
16          expense by 12.5%. The Company then included working  
17          capital in its rate base calculation to earn its full rate  
18          of return.

19          Q.    Do you agree with the Company's proposed method  
20          to calculate working capital?

21          A.    No. There are three generally accepted methods  
22          to calculate working capital. The first method is a lead-  
23          to calculate working capital. The first method is a lead-  
24          to calculate working capital. The first method is a lead-  
25          to calculate working capital. The first method is a lead-

1 lag study which compares the time a company has to pay its  
2 bills and the time a company receives payment from  
3 customers. The lead time is the number of days between a  
4 company's receipt and payment of invoices it receives, and  
5 the lag time is the average number of days between the  
6 company's billing of its customers and its receipt of  
7 payment. A comprehensive study will analyze every utility  
8 account and every payment received.  
9

10 The second method to calculate working capital is  
11 the Balance Sheet Method. The Balance Sheet Method  
12 subtracts a company's current liabilities from its current  
13 assets. This method does not always provide accurate  
14 results for utility recovery because it can fluctuate with  
15 the seasons. For example, a water utility's current assets  
16 might be greater in September because of cash and  
17 receivables from the peak season, and lower in the winter  
18 as usage decreases.  
19

20 The third method of calculating working capital  
21 is the 1/8 Method used by the Company. The 1/8 Method  
22 assumes that there is a 45-day lag between the time a  
23 Company pays its bills and the time it receives payments  
24 from customers. Dividing the 45-day lag period by 365 days  
25

1 in year results in approximately 1/8. Small utilities  
2 without the expertise or the resources available to perform  
3 a sophisticated lead-lag study generally use 1/8 Method. A  
4 utility the size of Veolia should not be recovering its  
5 estimated working capital using such an elementary  
6 calculation.  
7

8 Q. Should Veolia be authorized to include any  
9 working capital in rate base?

10 A. No. The premise of working capital is that  
11 investors should be paid for the use of funds they provide.  
12 However, investors should not earn a return on money they  
13 did not provide, even though the utility may denominate it  
14 as working capital. Without an explicit showing that  
15 working capital was provided by shareholders rather than  
16 customers, utilities should not include working capital in  
17 rate base. In *Boise Water Corp.*, 97 Idaho at 836, 555 P.2d  
18 at 167, the Idaho Supreme Court stated:  
19

20 To the extent that such amount [of expense]  
21 exceeds the revenue collected, it is  
22 supplied by the owners of the utility as a  
23 portion of their investment and thus becomes  
24 part of the rate base. Thus cash working  
25 capital is a recognition of the sum which  
the utility needs to supply from its own  
funds (rather than the rate-payer's) to meet  
current obligations as they arise due to the  
time lag between payment of expenses and

1 collection of revenues. **Such allowances by**  
2 **the Commission are not guaranteed as a**  
3 **matter of course; the utility carries the**  
4 **burden of showing by competent evidence that**  
5 **the need therefore exists.** [Emphasis added]

6 In Order No. 33757, Case No. INT-G-16-02, the  
7 Commission accepted Staff's recommendation and disallowed  
8 working capital from Intermountain Gas Company's  
9 ("Intermountain") rate base until Intermountain was able to  
10 demonstrate that its working capital needs were supplied by  
11 its investors.

12 Q. Are there any similarities between the  
13 Intermountain Gas Company's working capital and the  
14 Company's working capital in this case?

15 A. Yes. Both companies are subsidiaries of a much  
16 larger parent company. In that regard, the Commission  
17 noted:

18 The need for CWC is another area impacted by the  
19 Company's relationship to its parent, MDU. Cash  
20 pooling at the parent level, like consolidated  
21 tax returns, benefits the entity as a whole. For  
22 Intermountain to meet its burden of proving that  
23 it needs to include CWC in rate base, we find the  
24 Company must show: (a) a total of working capital  
25 need beyond that included in rate base; (b) that  
total work capital and its CWC component are  
provided by shareholders; and (c) the need at the

1 consolidated parent level is not offset by other  
2 consolidated benefits, such as consolidated tax  
benefits discussed above.

3 Order No. 33757 at 24.

4 Additionally, if a utility is profitable,  
5 customers are providing working capital. Veolia is  
6 currently collecting money from customers that is embedded  
7 in its revenue requirement for federal and state taxes, and  
8 regulatory assessment fees. That money is collected  
9 throughout the year, prior to the time the Company or its  
10 parent must make many payments. Customers are not  
11 receiving a return on the working capital they provide.  
12 For a utility to earn a return on working capital provided  
13 by investors, it should pay a return on working capital  
14 provided by customers. Incidentally, the utilities recover  
15 federal taxes from customers at the marginal corporate tax  
16 rate, but the taxes paid by the utility, or its parent  
17 company, are often much less.

18 Q. If the Company were to demonstrate a working  
19 capital balance that was supplied by shareholders, should  
20 they be authorized to earn a return on that amount?

21 A. If the Commission determines that working capital  
22 was, in fact, supplied by shareholders then a return may be  
23  
24  
25



1 warranted. However, working capital should not be included  
2 in rate base where it earns the Company's overall rate of  
3 return. Working capital, by its very definition, is money  
4 used to pay short-term obligations before recovery from  
5 customers. Because it would essentially be short-term  
6 investment, it should not earn a long-term return. If the  
7 Commission determines that working capital should earn a  
8 return, which I recommend they do not, then the return  
9 should be at the customer deposit rate and not the  
10 Company's overall rate of return.  
11

12 Q. Does this conclude your testimony in this  
13 proceeding?  
14

15 A. Yes, it does.  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

Professional Qualifications  
of

Donn English

Program Manager - Accounting and Finance  
Idaho Public Utilities Commission

**EDUCATION**

Mr. English graduated from Boise State University in 1998 with a Bachelor of Business Administration degree in Accounting. His studies concentrated on corporate finance and taxation. He was a member of the Alpha Beta Psi honor society for Accounting students. He completed the Annual Regulatory Studies Program, the Advanced Regulatory Studies Program, and the Accounting and Ratemaking Course offered through the Institute of Public Utilities at Michigan State University. Additionally, he regularly attends meeting and conferences sponsored by the National Association of Regulatory Commissioners (NARUC) and the Society of Utility and Regulatory Financial Analysts.

In 2001, Mr. English became a designated member of the American Society of Pension Professionals and Actuaries (ASPPA) and was awarded the professional designation of Qualified Pension Administrator (QPA) and Qualified 401(k) Administrator (QKA). Mr. English was also a member of the Association of Certified Fraud Examinators.

**BUSINESS EXPERIENCE**

Prior to joining the Idaho Public Utilities Commission (IPUC), Mr. English was a Trust Accountant with a pension administration, actuarial, and consulting firm in Boise, Idaho. In 1999, he was promoted to Pension Administrator, and in 2001 he was promoted to Pension Consultant. In that capacity, Mr. English performed actuarial calculations and the required non-discrimination calculations for hundreds of qualified retirement plans. He completed and filed Form 5500s and represented clients during audits by the Department of Labor and the Internal Revenue Service. He also participated on the task force that wrote questions for the ASPPA administrator and actuarial exams.

Mr. English joined the IPUC in 2003 as a Staff Auditor. In 2016, he was promoted to Audit Team Lead, and in 2018 he became the Program Manager for the Accounting and Finance Department within the Utilities Division. From 2020 - March 2022, Mr. English also accepted the responsibility of supervising the Technical Analysis and Energy Efficiency team and was the Program Manager for that team until 2022. At the Commission, Mr. English has audited a number of utilities including electric, water, and natural gas companies, and provided comments and testimony in numerous cases that deal with general rates, tax issues, pension issues, depreciation and other accounting issues, and other regulatory policy decisions. Mr. English participates in the Energy Efficiency Advisory Groups and External Stakeholder Advisory Committees for Idaho Power, Avista Utilities, Rocky Mountain Power, and Intermountain Gas Company. He is a member of several of the National Association of Regulatory Utility Commissioners (NARUC) working groups including the NARUC State Working Group on Performance-Based Regulation, the NARUC State Working Group on Electric Vehicles, and the NARUC State Working Group on Grid-Interactive Efficient Buildings in collaboration with the National Association of State Energy Officials (NASEO). Mr. English is the Chair of the NARUC Staff Subcommittee on Education and Research and the Vice Chair of the NARUC Staff Subcommittee of Accounting and Finance. Mr. English is also a faculty member of NARUC Rate School.

**Veolia Water Idaho, Inc.**  
**Case No. VEO-W-22-02**

**Adjustment No. 5**  
**2022 Average Net Rate Base\***

<b>Line</b>	<b>Month - 2022</b>	<b>Beginning</b>	<b>Ending</b>	<b>Monthly Average</b>
<b>1</b>	January	\$ 259,035,278	\$ 261,764,431	\$ 260,399,855
<b>2</b>	February	261,764,431	263,950,690	\$ 262,857,561
<b>3</b>	March	263,950,690	257,134,284	\$ 260,542,487
<b>4</b>	April	257,134,284	260,849,407	\$ 258,991,846
<b>5</b>	May	260,849,407	254,468,160	\$ 257,658,784
<b>6</b>	June	254,468,160	258,747,579	\$ 256,607,870
<b>7</b>	July	258,747,579	260,090,149	\$ 259,418,864
<b>8</b>	August	260,090,149	260,466,646	\$ 260,278,398
<b>9</b>	September	260,466,646	260,879,515	\$ 260,673,081
<b>10</b>	October	260,879,515	263,575,393	\$ 262,227,454
<b>11</b>	November	263,575,393	264,440,267	\$ 264,007,830
<b>12</b>	December	264,440,267	275,069,384	\$ 269,754,825
<b>13</b>	Average Rate Base December 31, 2022			\$ 261,118,238
<b>14</b>	Company Proposed Rate Base March 31, 2023			\$ 280,756,025
<b>15</b>	Adjustment to Rate Base			<b>\$ (19,637,787)</b>

\*Excludes Short-Term Deferred Debits and Working Capital

**Veolia Water Idaho, Inc.**  
**VEO-W-22-02**

**Adjustment No. 6**  
**Calculation of Depreciation Expense December 31, 2022**

Veolia Water Idaho, Inc. Calculated Depreciation March 31, 2023							Staff Calculated Depreciation December 31, 2022.						
Account	Plant Account Description	Service 03/31/2023	CIAC 03/31/2023	Advances 03/31/2023	Plant 03/31/2023	Depreciation Rate	Depreciation Expense	Service 12/31/2022	CIAC 12/31/2022	Advances 12/31/2022	Plant 12/31/2022	Depreciation Expense	
301-10	Organization	\$ 103,738	\$ -	\$ (6,986)	\$ 96,752	0.00%	-	103,738	-	(6,986)	96,752	-	
	Organization-CIAC	-	(9,878)	-	(9,878)	0.00%	-	-	(9,878)	-	(9,878)	-	
302-10	Franchise Rights	41,182	-	-	41,182	0.00%	-	41,182	-	-	41,182	-	
303-20	Land & Land Rights - Source of Supply	2,799,807	-	(387,217)	2,412,590	0.00%	-	2,752,586	-	(387,217)	2,365,369	-	
303-2W	Water Rights - Source of Supply	8,673,782	-	-	8,673,782	0.00%	-	8,693,635	-	-	8,693,635	-	
303-30	Land & Land Rights - Water Treatment	889,034	-	-	889,034	0.00%	-	889,034	-	-	889,034	-	
303-40	Land & Land Rights - Trans. & Distrib.	1,083,954	-	3,644	1,087,598	0.00%	-	1,083,954	-	3,644	1,087,598	-	
303-50	Land & Land Rights - General Plant	213,383	-	-	213,383	0.00%	-	213,383	-	-	213,383	-	
	Land and Land Rights-CIAC	-	(341,987)	-	(341,987)	0.00%	-	-	(341,987)	-	(341,987)	-	
304-20	Structures and Improvements - Source of Supply	8,390,436	-	(566,333)	7,824,103	2.62%	205,224	8,273,880	-	(566,333)	7,707,548	202,167	
	Str & Imprv.-Source of Supply-CIAC	-	(406,800)	-	(406,800)	2.62%	(10,670)	-	(438,400)	-	(438,400)	(11,499)	
304-30	Structures and Improvements - Water Treatment	15,955,847	-	-	15,955,847	2.38%	379,025	15,981,974	-	-	15,981,974	379,645	
304-40	Structures and Improvements - Trans. & Distrib.	3,299,161	-	8,485	3,307,646	2.89%	95,597	3,297,361	-	8,485	3,305,846	95,545	
304-50	Structures and Improvements - General Plant	6,406,267	-	-	6,406,267	2.73%	174,705	6,477,880	-	-	6,477,880	176,657	
305-20	Collecting & Impounding Reservoirs - Source of Supply	44,944	-	-	44,944	1.67%	749	44,944	-	-	44,944	749	
	Coll. & Impound. Reservoirs-Source of Supply-CIAC	-	-	-	-	1.67%	-	-	-	-	-	-	
306-20	Lake, River & Other Intakes	1,518,794	(72,696)	-	1,446,098	1.68%	24,347	1,518,794	(72,696)	-	1,446,098	24,347	
307-20	Wells & Springs	9,705,834	-	(132,638)	9,573,197	1.74%	166,217	9,714,766	-	(132,638)	9,582,129	166,372	
	Wells & Springs-CIAC	-	(1,405,459)	-	(1,405,459)	1.74%	(24,403)	-	(1,405,459)	-	(1,405,459)	(24,403)	
308-20	Infiltration Galleries & Tunnels	-	-	-	-	0.00%	-	-	-	-	-	-	
309-20	Supply Mains	3,073,139	-	(40,115)	3,033,024	1.30%	39,474	3,073,139	-	(40,115)	3,033,024	39,474	
	Supply Mains-CIAC	-	(9,391)	-	(9,391)	1.30%	(122)	-	(9,391)	-	(9,391)	(122)	
310-20	Power Generation Equipment	3,598,737	-	1,761	3,600,498	4.25%	153,188	3,689,123	-	1,761	3,690,883	157,034	
311-20	Power Electric Pumping Equipment - Source of Supply	19,427,660	-	(473,841)	18,953,819	4.65%	881,458	18,149,963	-	(473,841)	17,676,122	822,038	
	Electric Pump. Equip.-Source of Supply-CIAC	-	(2,598,395)	-	(2,598,395)	4.65%	(120,840)	-	(3,154,174)	-	(3,154,174)	(146,687)	
311-20	Power Diesel Pumping Equipment - Source of Supply	-	-	-	-	4.65%	-	-	-	-	-	-	
311-30	Power Pumping Equipment - Water Treatment	4,672,578	-	-	4,672,578	4.65%	217,301	4,695,317	-	-	4,695,317	218,358	
311-40	Power Pumping Equipment - Trans. & Distrib.	10,059,400	-	66,937	10,126,337	4.65%	470,931	8,910,200	-	23,337	8,933,537	415,459	
320-30	Water Treatment Equipment	37,011,177	-	(12,775)	36,998,402	2.62%	970,595	35,713,600	-	(12,775)	35,700,825	936,555	
320-30	Water Treatment Equipment - Membranes	1,349,394	-	-	1,349,394	0.26%	3,476	1,345,553	-	-	1,345,553	3,466	
	Water Treatment Equipment-CIAC	-	(34,619)	-	(34,619)	2.62%	(908)	-	(34,619)	-	(34,619)	(908)	
330-40	Distribution Reservoirs & Standpipes	20,042,499	-	(827,861)	19,214,638	2.13%	409,186	20,790,185	-	(827,861)	19,962,324	425,108	
	Distribution Reservoirs & Standpipes-CIAC	-	(2,108,957)	-	(2,108,957)	2.13%	(44,911)	-	(2,108,957)	-	(2,108,957)	(44,911)	
331-10	Trans. & Distrib. Mains & Accessories - Intangible	-	-	-	-	0.00%	-	-	-	-	-	-	
331-20	Trans. & Distrib. Mains & Accessories - SOS	-	-	-	-	0.00%	-	-	-	-	-	-	
331-40	Trans. & Distrib. Mains & Accessories	263,828,307	-	(2,135,602)	261,692,705	1.82%	4,762,807	261,968,465	-	(2,135,602)	259,832,863	4,728,958	
	T&D Mains & Accessories-CIAC	-	(117,369,703)	-	(117,369,703)	1.82%	(2,136,129)	-	(117,902,671)	-	(117,902,671)	(2,145,829)	
333-40	Services	105,731,752	-	(228,199)	105,503,553	2.19%	2,310,528	106,658,499	-	(228,199)	106,430,300	2,330,824	
	Services-CIAC	-	(29,346,963)	-	(29,346,963)	2.19%	(642,698)	-	(31,382,280)	-	(31,382,280)	(687,272)	
334-40	Meters and Meter Installations	19,138,346	-	-	19,138,346	5.36%	1,026,354	18,850,232	-	-	18,850,232	1,010,903	
	Meters-CIAC	-	(116,799)	-	(116,799)	5.36%	(6,264)	-	(116,799)	-	(116,799)	(6,264)	
335-40	Hydrants	16,061,238	-	(6,986)	16,054,252	2.47%	395,950	15,961,005	-	(6,986)	15,954,019	393,478	
	Hydrants-CIAC	-	(4,958,160)	-	(4,958,160)	2.47%	(122,284)	-	(5,304,666)	-	(5,304,666)	(130,830)	
336-40	Backflow Prevention Devices	-	-	-	-	0.00%	-	-	-	-	-	-	
339-10	Other Plant & Misc. Equipment - Intangible	-	-	-	-	0.00%	-	-	-	-	-	-	
339-20	Other Plant & Misc. Equipment - Source of Supply	-	-	-	-	0.00%	-	-	-	-	-	-	
339-30	Other Plant & Misc. Equipment - Water Treatment	-	-	-	-	0.00%	-	-	-	-	-	-	
339-40	Other Plant & Misc. Equipment - Trans. & Distrib.	-	-	-	-	0.00%	-	-	-	-	-	-	
339-50	Other Plant & Misc. Equipment - General Plant	-	-	-	-	0.00%	-	-	-	-	-	-	
340-500	Office Furniture and Equipment	1,249,944	-	-	1,249,944	6.67%	83,330	1,450,382	-	-	1,450,382	96,692	
340-5A0	New CIS System	-	-	-	-	0.00%	-	-	-	-	-	-	
340-5A0	AM / FM System	-	-	-	-	0.00%	-	-	-	-	-	-	
340-5H0	Computer Equipment - Hardware	379,447	-	-	379,447	20.00%	75,889	48,312	-	-	48,312	9,662	
340-5I0	IT Initiatives	-	-	-	-	20.00%	-	-	-	-	-	-	
340-5S0	Computer Equipment - Software	71,891	-	-	71,891	20.00%	14,378	67,491	-	-	67,491	13,498	
340-50	Office Furniture & Equipment-CIAC	-	(393)	-	(393)	6.67%	(26)	-	(393)	-	(393)	(26)	
341-50	Transportation Equipment	1,477,354	-	-	1,477,354	9.49%	140,248	752,697	-	-	752,697	71,455	
342-50	Stores Equipment	216,241	-	-	216,241	4.76%	10,297	216,491	-	-	216,491	10,309	
343-50	Tools, Shop and Garage Equipment	1,850,880	-	-	1,850,880	5.88%	108,875	1,680,719	-	-	1,680,719	98,866	
343-50	Confined Space Monitor, Generator, Trench Shield	-	-	-	-	5.88%	-	-	-	-	-	-	
344-50	Laboratory Equipment	74,312	-	-	74,312	10.00%	7,431	55,587	-	-	55,587	5,559	
	Laboratory Equipment-CIAC	-	(16,847)	-	(16,847)	10.00%	(1,685)	-	(16,847)	-	(16,847)	(1,685)	
345-50	Power Operated Equipment	877,766	-	-	877,766	8.78%	77,063	201,101	-	-	201,101	17,656	
345-50	Power Operated Equipment	-	-	-	-	8.78%	-	-	-	-	-	-	
346-50	Communications Equipment	5,714,512	(120,295)	206,779	5,800,996	5.53%	320,581	5,217,971	(151,324)	212,539	5,279,186	291,745	
347-50	Miscellaneous Equipment	316,609	-	-	316,609	6.67%	21,107	176,171	-	-	176,171	11,745	
347-50	Miscellaneous Equipment	-	-	-	-	6.67%	-	-	-	-	-	-	
348-50	Other Tangible Property	1,127,408	-	-	1,127,408	2.00%	22,548	1,090,557	-	-	1,090,557	21,811	
348-50	Master Plan	2,384,343	-	-	2,384,343	10.00%	238,434	1,741,953	-	-	1,741,953	174,195	
	Amortization of Reserve Balance Difference (10 Year Period) See Depreciation Study (SUZ-W-20-02)	-	-	-	-	-	90,983	-	-	-	-	90,983	
TOTAL		\$ 578,861,098	\$(158,917,343)	\$(4,530,948)	\$415,412,808		\$ 10,787,338	\$ 571,591,827	\$(162,450,542)	\$(4,568,788)	404,572,497	10,240,880	
Total Test Year Depreciation Expense							\$ 10,787,338						10,240,880
Test Year Depr booked to Transportation Expense							\$(140,248)						(140,248)
Net Test Year Depreciation Expense							\$ 10,647,090						10,100,631
Depreciation and Amortization Recorded at June 30, 2022							\$ 9,696,461						9,696,461
Test Year Adjustment							\$ 950,629						\$ 404,170
Staff Adjustment													\$(546,459)

Exhibit No. 103  
Case No. VEO-W-22-02  
D. English, Staff  
02/15/23

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 15<sup>TH</sup> DAY OF FEBRUARY 2023, SERVED THE FOREGOING **DIRECT TESTIMONY OF DONN ENGLISH**, IN CASE NO. VEO-W-22-02, BY E-MAILING A COPY THEREOF, TO THE FOLLOWING:

PRESTON N CARTER  
MORGAN GOODIN  
GIVENS PURSLEY LLP  
PO BOX 2720  
BOISE ID 83701-2720  
E-MAIL: [prestoncarter@givenspursley.com](mailto:prestoncarter@givenspursley.com)  
[morgangoodin@givenspursley.com](mailto:morgangoodin@givenspursley.com)  
[stephaniew@givenspursley.com](mailto:stephaniew@givenspursley.com)

DAVID NJUGUNA  
MGR-REGULATORY BUSINESS  
VEOLIA WATER M&S INC  
461 FROM ROAD STE 400  
PARAMUA NJ 07052  
E-MAIL: [David.njuguna@veolia.com](mailto:David.njuguna@veolia.com)

LORNA K. JORGENSEN  
MEG WADDEL  
ADA COUNTY PROSECUTING  
ATTORNEY'S  
OFFICE / CIVIL DIVISION  
200 W. FRONT STREET, ROOM 3191  
BOISE, ID 83702  
E-MAIL: [civilpfiles@adacounty.id.gov](mailto:civilpfiles@adacounty.id.gov)

SHARON M. ULLMAN, PRO SE  
5991 E. BLACK GOLD STREET  
BOISE, ID 83716  
E-MAIL: [sharonu2013@gmail.com](mailto:sharonu2013@gmail.com)

JIM SWIER  
MICRON TECHNOLOGY, INC.  
8000 SOUTH FEDERAL WAY  
BOISE, ID 83707  
E-MAIL: [jswier@micron.co](mailto:jswier@micron.co)

AUSTIN RUESCHHOFF  
THORVALD A. NELSON  
AUSTIN W. JENSEN  
HOLLAND & HART, LLP  
555 17TH STREET SUITE 3200  
DENVER, CO 80202  
E-MAIL: [darueschhoff@hollandhart.com](mailto:darueschhoff@hollandhart.com)  
[tnelson@hollandhart.com](mailto:tnelson@hollandhart.com)  
[awjensen@hollandhart.com](mailto:awjensen@hollandhart.com)  
[aclee@hollandhart.com](mailto:aclee@hollandhart.com)  
[kdspriggs@hollandhart.com](mailto:kdspriggs@hollandhart.com)

MARY R. GRANT  
DEPUTY CITY ATTORNEY  
BOISE CITY ATTORNEY'S OFFICE  
105 N. CAPITOL BLVD.  
PO BOX 500  
BOISE, ID 83701-0500  
E-MAIL: [mrgrant@cityofboise.org](mailto:mrgrant@cityofboise.org)  
[boisecityattorney@cityofboise.org](mailto:boisecityattorney@cityofboise.org)

  
\_\_\_\_\_  
SECRETARY

CERTIFICATE OF SERVICE