

BEFORE THE 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

**SUPPLEMENTAL TO
TESTIMONY OF THE
COMMISSION STAFF**

On February 15, 2023, Testimony of the Commission Staff (“Staff”) were filed with the Commission. On February 21, 2023, Veolia Water Idaho, Inc. submitted a response to Staff’s Production Request No. 163. The following changes have been made to the following Testimony’s:

1. Mr. English Page 3, Line 5-6:

READS:

“... providing the Company with an additional \$3.44 million in revenue for an increase of 6.56%.”

SHOULD READ:

“... providing the Company with an additional \$3.4 million in revenue for an increase of 6.48%.”

2. Mr. Culbertson Page 2, Line 15-16:

READS:

“... \$55,854,457, an increase in the Company’s annual revenues of \$3,438,334, or 6.56%.”

SHOULD READ:

“... \$55,854,138, an increase in the Company’s annual revenues of \$3,397,931, or 6.48%.”

3. Mr. Culbertson Page 16, Line 21:

READS:

“... recommended 6.56% increase to each customer class.”

SHOULD READ:

“... recommended 6.48% increase to each customer class.”

The attachments include revised pages that replace the respected Staff's Testimony as mentioned above. Mr. Culbertson Exhibit Nos. 130, 131, and 135 have been revised to reflect the changes to his testimony and Mr. Eldred amended Testimony should replace in full the Testimony filed on February 15, 2023.

DATED at Boise, Idaho this 1st day of March 2023.

A handwritten signature in dark ink that reads "Chris Burdin". The signature is written in a cursive, slightly slanted style. To the right of the signature is a horizontal line.

Chris Burdin
Deputy Attorney General

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 1st DAY OF MARCH 2023, SERVED THE FOREGOING **REVISED DIRECT TESTIMONY OF DONN ENGLISH, TRAVIS CULBERTSON, AND MICHAEL ELDRED**, 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
morgangoodin@givenspursley.com
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

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

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

JIM SWIER
MICRON TECHNOLOGY, INC.
8000 SOUTH FEDERAL WAY
BOISE, ID 83707
E-MAIL: 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
tnelson@hollandhart.com
awjensen@hollandhart.com
aclee@hollandhart.com
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
boisecityattorney@cityofboise.org



CERTIFICATE OF SERVICE

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 \$3.4
6 million in revenue for an increase of 6.48%. 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

A. My testimony is organized by the following topics:

Revenue Requirement Pg. 2

O&M Expense Adjustments Pg. 7

Rate Design Pg. 15

DSIC Pg. 17

Q. What is your educational and experience background?

A. My education and experience are provided in Exhibit No. 129.

Revenue Requirement

Q. Please provide a summary of Staff's proposed revenue requirement in this case.

A. Staff recommends a total revenue requirement of \$55,854,138, an increase in the Company's annual revenues of \$3,397,931, or 6.48%. Staff's revenue requirement is based on a 9.0% Return on Equity ("ROE") and a capital structure consisting of 44.43% debt and 55.57% equity for a Weighted Average Cost of Capital ("WACC") of 6.77% applied to net rate base of \$261,118,238.

Q. Please outline Staff's adjustments to the Company's proposed revenue requirement components.

A. Staff is recommending twenty-eight (28) adjustments to the Company's requested revenue requirement. Exhibit No. 130 provides a brief summary of

1 proposed in Company's Application?

2 A. Yes. Although the Company is requesting an
3 across the board, uniform percentage rate increase to all
4 customer classes, they are requesting no rate increase to
5 the Private Fire Protection customer class. As such, the
6 increases to other classes absorb additional revenues that
7 are not going to be collected from the Private Fire
8 Protection customer class.

9 Q. Does Staff support the Company's rate design
10 proposal?

11 A. Not entirely. I do recommend spreading Staff's
12 increase uniformly across all rate components within
13 Schedule No. 1 similar to what the Company proposed in its
14 Application; however, I do not support the Company's
15 proposal to not increase rates for the Private Fire
16 Protection customer class for reasons explained in Staff
17 witness Eldred's testimony. Instead, Staff is recommending
18 the increase be spread across all rate components for all
19 classes including Private Fire Protection. Exhibit No.
20 135 provides the rate design associated with Staff's
21 recommended 6.48% increase to each customer class, and the
22 Existing Eagle Water Company customers.

23 Q. Do you believe the current rate design structure
24 is fair, just, and reasonable?

25 A. Yes. Without a valid load and Cost of Service

VEOLIA WATER IDAHO, INC.
VEO-W-22-02
Summary of Staff's Adjustments

				Column (1)	Column (2)	Column (3)	Column (4)	Column (5)	Column (6)
Adj No.	Staff Witness	Exhibit No.	Title with Brief Description	Staff Expense Adjustment Amount	Staff Revenue Adjustment Amount	Staff Adjustment to Co. Revenue Requirement	Total Revenue Requirement Adjustment	Revenue Requirement Total	Revenue Requirement % Adj
			Company Application Revenue Requirement Requested Test Year 6/30/2022					\$ 12,107,227	23.41%
1	Culbertson		Unadjusted Expense brought to 12/31/2022 Test Year	\$ 12,720		\$ 12,822	\$ 12,822	\$ 12,120,049	23.43%
2	Culbertson	132	Gross Revenue Conversion Factor - State Income Tax Rate at 5.8%			\$ (41,251)	\$ (28,430)	\$ 12,078,797	23.36%
3	Terry	119	Return on Equity at 9.00%			\$ (3,802,707)	\$ (3,831,137)	\$ 8,276,091	16.00%
4	Eldred	124	Revenue Adjustment		\$ 738,348	\$ (744,223)	\$ (4,575,359)	\$ 7,531,868	14.36%
5	English	102	Rate Base - Average of Monthly Averages for 2022			\$ (1,680,099)	\$ (6,255,458)	\$ 5,851,769	11.16%
6	English	103	Depreciation Expense	\$ (546,459)		\$ (550,807)	\$ (6,806,265)	\$ 5,300,963	10.11%
7	Johnson	104	Payroll Expense	\$ (873,970)		\$ (880,924)	\$ (7,687,188)	\$ 4,420,039	8.43%
8	Johnson	105	Workers Compensation	\$ (19,110)		\$ (19,262)	\$ (7,706,451)	\$ 4,400,776	8.39%
9	Johnson	106	Post-Retirement Benefits Other than Benefits	\$ (54,144)		\$ (54,575)	\$ (7,761,025)	\$ 4,346,202	8.29%
10	Johnson	107	Healthcare Insurance	\$ 240,439		\$ 242,352	\$ (7,518,673)	\$ 4,588,554	8.75%
11	Johnson	108	Employee 401k	\$ (44,890)		\$ (45,247)	\$ (7,563,921)	\$ 4,543,306	8.66%
12	Johnson	109	Employee Tuition Benefits	\$ (5,361)		\$ (5,403)	\$ (7,569,324)	\$ 4,537,903	8.65%
13	Johnson	110	Fringe Benefits Adjustment	\$ 203,700		\$ 205,321	\$ (7,364,003)	\$ 4,743,224	9.04%
14	Johnson	111	Payroll Taxes	\$ (101,906)		\$ (102,717)	\$ (7,466,720)	\$ 4,640,507	8.85%
15	Johnson	112	Customer Billing	\$ 611		\$ 616	\$ (7,466,104)	\$ 4,641,123	8.85%
16	Johnson	113	Vehicle Allocation	\$ (166,799)		\$ (168,126)	\$ (7,634,230)	\$ 4,472,997	8.53%
17	Johnson	114	Office Expense	\$ (27,544)		\$ (27,763)	\$ (7,661,994)	\$ 4,445,234	8.47%
18	Johnson	115	Advertising Expense	\$ (30,000)		\$ (30,239)	\$ (7,692,232)	\$ 4,414,995	8.42%
19	Culbertson	133	Shared Management & Services ("M&S") Fees	\$ (455,782)		\$ (459,409)	\$ (8,151,641)	\$ 3,955,586	7.54%
20	Culbertson	134	General Insurance	\$ (36,405)		\$ (36,695)	\$ (8,188,336)	\$ 3,918,892	7.47%
21	Culbertson	134	General Insurance - Injuries and Damages	\$ (28,947)		\$ (29,178)	\$ (8,217,513)	\$ 3,889,714	7.42%
22	Johnson	116	Safety Expense	\$ (29,250)		\$ (29,483)	\$ (8,246,996)	\$ 3,860,231	7.36%
23	Terry	121	Rate Case Amortization Expense	\$ (111,461)		\$ (112,348)	\$ (8,359,344)	\$ 3,747,883	7.14%
24	Eldred		Rate Case Amortization Expense	\$ (40,495)		\$ (40,817)	\$ (8,400,161)	\$ 3,707,066	7.07%
25	Terry		Tank Painting Amortization Expense	\$ (22,500)		\$ (22,679)	\$ (8,422,840)	\$ 3,684,387	7.02%
26	Terry	120	Deferred Power Expense	\$ (270,705)		\$ (272,859)	\$ (8,695,699)	\$ 3,411,528	6.50%
27	Johnson	117	Miscellaneous Expense	\$ (4,585)		\$ (4,622)	\$ (8,700,321)	\$ 3,406,907	6.49%
28	Eldred		Variable Expense due to Volume	\$ (8,904)		\$ (8,975)	\$ (8,709,296)	\$ 3,397,931	6.48%

Revised Exhibit No. 130
Case No. VEO-W-22-02
T. Culbertson, Staff
03/01/23

VEOLIA WATER IDAHO, INC.
Statement of Operating Income per Books and Pro forma under
Present and Proposed Rates for the Test Year Ending December 31, 2022
Staff Proposed Revenue Deficiency Calculation

Line No.		Column (1)	Column (2)	Column (3)	Column (4)	Column (5)
	Description	Per Books 06/30/22	Test Year Adjustment	Adjusted Test Year	Under Proposed Rates Staff Adjustments	Staff Proforma
1	Operating Revenues	\$ 49,459,567	\$ 2,996,640	\$ 52,456,207	\$ 3,397,931 6.48%	\$ 55,854,138
	Operating Expenses					
2	Operation & Maintenance	\$ 17,656,607	\$ 2,957,635	\$ 20,614,241	\$ 26,822	\$ 20,641,063
3	Depreciation	\$ 9,696,461	\$ 404,170	\$ 10,100,631	\$ -	\$ 10,100,631
4	Amortization Of UPAA	\$ 20,712	\$ 261,873	\$ 282,585	\$ -	\$ 282,585
5	Total Depreciation and Amortization	\$ 9,717,173	\$ 666,043	\$ 10,383,216	\$ -	\$ 10,383,216
	Taxes Other Than Income					
6	Ad Valorem	\$ 1,769,525	\$ 375,507	\$ 2,145,032	\$ -	\$ 2,145,032
7	Payroll Taxes	\$ 773,986	\$ 22,891	\$ 796,877	\$ -	\$ 796,877
8	Total Taxes Other Than Income	\$ 2,543,511	\$ 398,398	\$ 2,941,909	\$ -	\$ 2,941,909
9	Total Operating Expenses Excluding Income Taxes	\$ 29,917,291	\$ 4,022,076	\$ 33,939,367	\$ 26,822	\$ 33,966,189
10	Operating Income Before Income Taxes	\$ 19,542,276	\$ (1,025,436)	\$ 18,516,840	\$ 3,371,109	\$ 21,887,949
	Income Taxes					
11	State Income Taxes	\$ (1,257,899)	\$ 1,881,679	\$ 623,779	\$ 195,524	\$ 819,304
12	Federal Income Taxes	\$ 4,246,014	\$ (1,508,725)	\$ 2,737,290	\$ 666,873	\$ 3,404,163
13	Total Income Taxes	\$ 2,988,115	\$ 372,954	\$ 3,361,069	\$ 862,397	\$ 4,223,466
14	Utility Operating Income	\$ 16,554,161	\$ (1,398,390)	\$ 15,155,771	\$ 2,508,712	\$ 17,664,483
15	Adjusted Rate Base			\$ 261,118,238		\$ 261,118,238
16	Rate of Return on Rate Base			5.80%		6.76%
17	Required Rate of Return			6.77%		
18	Required Net Operating Income			\$ 17,677,705		
19	Operating Income Deficiency			\$ 2,521,934		
20	Gross Revenue Conversion Factor			1.3545		
21	Revenue Deficiency less Intervenor Funding (Order No. 35063)			\$ 3,397,931		

Revised Exhibit No. 131
Case No. VEO-W-22-02
T. Culbertson, Staff
03/01/23

VEOLIA WATER IDAHO, INC.
Staff Proposed Rates Compared to Company Proposed Rates

	Current	Company Proposed	Company % Increase	Staff Proposed	Staff % Increase
Residential					
5/8 Inch	22.96	28.48	24.05%	24.45	6.48%
3/4 Inch	22.96	28.48	24.05%	24.45	6.48%
1 Inch	29.35	36.41	24.05%	31.25	6.48%
1 1/2 Inch	50.21	62.29	24.05%	53.46	6.48%
2 Inch	77.92	96.66	24.05%	82.97	6.48%
Winter Usage	1.5959	1.9797	24.05%	1.6993	6.48%
Summer Usage					
Up to 3 CCF	1.5959	1.9797	24.05%	1.6993	6.48%
Over 3 CCF	2.0204	2.5063	24.05%	2.1513	6.48%
Commercial					
5/8 Inch	22.96	28.48	24.05%	24.45	6.48%
3/4 Inch	22.96	28.48	24.05%	24.45	6.48%
1 Inch	29.35	36.41	24.05%	31.25	6.48%
1 1/2 Inch	50.21	62.29	24.05%	53.46	6.48%
2 Inch	77.92	96.66	24.05%	82.97	6.48%
3 Inch	151.97	188.52	24.05%	161.82	6.48%
4 Inch	283.52	351.71	24.05%	301.89	6.48%
6 Inch	473.35	587.20	24.05%	504.02	6.48%
Temporary Meter Charge	25.00	31.01	24.05%	26.62	6.48%
Winter Usage	1.5959	1.9797	24.05%	1.6993	6.48%
Summer Usage					
Up to 3 CCF	1.5959	1.9797	24.05%	1.6993	6.48%
Over 3 CCF	2.0204	2.5063	24.05%	2.1513	6.48%

VEOLIA WATER IDAHO, INC.
Staff Proposed Rates Compared to Company Proposed Rates

	Current	Company Proposed	Company % Increase	Staff Proposed	Staff % Increase
Public Authority					
5/8 Inch	22.96	28.48	24.05%	24.45	6.48%
3/4 Inch	22.96	28.48	24.05%	24.45	6.48%
1 Inch	29.35	36.41	24.05%	31.25	6.48%
1 1/2 Inch	50.21	62.29	24.05%	53.46	6.48%
2 Inch	77.92	96.66	24.05%	82.97	6.48%
3 Inch	151.97	188.52	24.05%	161.82	6.48%
Street Sweeping	3,680.40	4,565.61	24.05%	3,918.89	6.48%
Winter Usage	1.5959	1.9797	24.05%	1.6993	6.48%
Summer Usage					
Up to 3 CCF	1.5959	1.9797	24.05%	1.6993	6.48%
Over 3 CCF	2.0204	2.5063	24.05%	2.1513	6.48%
Private Fire Lines					
3 Inch and smaller	40.48	40.48	0.00%	43.10	6.48%
4 Inch	61.36	61.36	0.00%	65.34	6.48%
6 Inch	152.39	152.39	0.00%	162.26	6.48%
8 Inch	250.43	250.43	0.00%	266.66	6.48%
10 Inch	390.54	390.54	0.00%	415.85	6.48%
12 Inch	584.98	584.98	0.00%	622.89	6.48%
Hydrants	24.56	24.56	0.00%	26.15	6.48%

VEOLIA WATER IDAHO, INC.
Staff Proposed Rates Compared to Company Proposed Rates
Existing Eagle Water Company Customers

	Current	Company Proposed	Company % Increase	Staff Proposed	Staff % Increase
Residential					
5/8 Inch	6.70	8.31	24.05%	7.13	6.48%
3/4 Inch	6.70	8.31	24.05%	7.13	6.48%
1 Inch	8.56	10.62	24.05%	9.11	6.48%
1 1/2 Inch	14.64	18.16	24.05%	15.59	6.48%
2 Inch	22.73	28.20	24.05%	24.20	6.48%
Winter Usage	0.9309	1.1548	24.05%	0.9912	6.48%
Summer Usage					
Up to 3 CCF	0.9309	1.1548	24.05%	0.9912	6.48%
Over 3 CCF	1.1786	1.4621	24.05%	1.2550	6.48%
Commercial					
5/8 Inch	6.70	8.31	24.05%	7.13	6.48%
3/4 Inch	6.70	8.31	24.05%	7.13	6.48%
1 Inch	8.56	10.62	24.05%	9.11	6.48%
1 1/2 Inch	14.64	18.16	24.05%	15.59	6.48%
2 Inch	22.73	28.20	24.05%	24.20	6.48%
3 Inch	44.32	54.98	24.05%	47.19	6.48%
4 Inch	82.69	102.58	24.05%	88.05	6.48%
6 Inch	138.06	171.27	24.05%	147.01	6.48%
Winter Usage	0.9309	1.1548	24.05%	0.9912	6.48%
Summer Usage					
Up to 3 CCF	0.9309	1.1548	24.05%	0.9912	6.48%
Over 3 CCF	1.1786	1.4621	24.05%	1.2550	6.48%

VEOLIA WATER IDAHO, INC.
Staff Proposed Rates Compared to Company Proposed Rates
Existing Eagle Water Company Customers

	Current	Company Proposed	Company % Increase	Staff Proposed	Staff % Increase
Public Authority					
5/8 Inch	6.70	8.31	24.05%	7.13	6.48%
3/4 Inch	6.70	8.31	24.05%	7.13	6.48%
1 1/2 Inch	14.64	18.16	24.05%	15.59	6.48%
2 Inch	22.73	28.20	24.05%	24.20	6.48%
Winter Usage	0.9309	1.1548	24.05%	0.9912	6.48%
Summer Usage					
Up to 3 CCF	0.9309	1.1548	24.05%	0.9912	6.48%
Over 3 CCF	1.1786	1.4621	24.05%	1.2550	6.48%
Private Fire Lines					
3 Inch and smaller	11.81	11.81	0.00%	12.58	6.48%
4 Inch	17.90	17.90	0.00%	19.06	6.48%
6 Inch	44.45	44.45	0.00%	47.33	6.48%
8 Inch	73.04	73.04	0.00%	77.77	6.48%