

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. W-1300, SUB 60

In the Matter of)	SUPPLEMENTAL
Application by Old North State Water)	TESTIMONY OF
Company, LLC., Post Office Box,)	IRIS MORGAN
10127, Birmingham, Alabama, 35202)	PUBLIC STAFF-NORTH
for Authority to Adjust and Increase)	CAROLINA UTILITIES
Rates for Water Utility Service in All of)	COMMISSION
its Service Areas in North Carolina)	

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. W-1300, SUB 60

TESTIMONY OF IRIS MORGAN

**ON BEHALF OF THE PUBLIC STAFF
NORTH CAROLINA UTILITIES COMMISSION**

MARCH 1, 2022

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**
2 **PRESENT POSITION.**

3 A. My name is Iris Morgan and my business address is 430 North
4 Salisbury Street, Raleigh, North Carolina. I am a Financial Analyst
5 in the Water Section of the Public Staff – Accounting Division and
6 represent the using and consuming public in this proceeding

7 **Q. ARE YOU THE SAME IRIS MORGAN WHOSE DIRECT**
8 **TESTIMONY AND EXHIBITS WERE FILED IN THIS DOCKET ON**
9 **FEBRUARY 8, 2022?**

10 A. Yes.

11 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL**
12 **TESTIMONY IN THIS PROCEEDING?**

13 A. The purpose of my supplemental testimony is to present the
14 accounting and ratemaking adjustments I have revised from my
15 direct testimony and exhibits or recommended because of

1 information the Company has provided the Public Staff subsequent
2 to the filing of the Public Staff's direct testimony and exhibits. In
3 addition, my supplemental testimony presents those updates and
4 corrections other Public Staff witnesses have recommended as a
5 result of the Public Staff's investigation of Old North State Water
6 Company, LLC's second updated filings in this proceeding. Lastly,
7 where applicable, my supplemental testimony seeks to address
8 rebuttal testimony and exhibits that Old North State Water Company,
9 LLC (ONSWC or the Company) filed on February 22, 2022 in support
10 of its revenue requirement.

11 **Q. WHAT UPDATED OR CORRECTED ADJUSTMENTS TO THE**
12 **COMPANY'S COST OF SERVICE DO YOU RECOMMEND?**

13 A. I recommend updated, corrected, or new adjustments in the following
14 areas:

- 15 1) Plant in service.
- 16 2) Accumulated depreciation.
- 17 3) Contributions in aid of construction (CIAC).
- 18 4) Accumulated amortization of CIAC.
- 19 5) Customer advances.
- 20 6) Miscellaneous expense: bond expense.
- 21 7) Depreciation expense.
- 22 8) Amortization expense – CIAC.

23 **Q. PLEASE DESCRIBE YOUR RECOMMENDED ADJUSTMENTS.**

24 A. My adjustments are described below and shown in Morgan Exhibit I

1 (Revised) and Morgan Exhibit II (Revised).

2 **PLANT IN SERVICE**

3 **Q. IN WHAT AREAS HAVE YOU MADE REVISIONS TO PLANT IN**
4 **SERVICE?**

5 A. Plant in service has been adjusted to include the amount the
6 Company calculated on Oakman Rebuttal Exhibit I, Schedule 2. This
7 amount includes an adjustment the Public Staff recommended in
8 prefiled testimony to remove vehicle costs allocated to sewer
9 operations, along with the Company's adjustment to remove plant
10 costs associated with the Carriage Cove subdivision.

11 **ACCUMULATED DEPRECIATION**

12 **Q. PLEASE EXPLAIN THE REVISIONS MADE TO ACCUMULATED**
13 **DEPRECIATION?**

14 A. Accumulated depreciation and depreciation expense have been
15 adjusted to include the amount reflected in the Company's rebuttal
16 testimony. As calculated by the Company and as discussed above,
17 accumulated depreciation includes adjustments the Company made
18 to plant in service, the removal of Carriage Cove accumulated
19 depreciation, reclassification of CIAC to accumulated depreciation
20 for the Piedmont system, and the correction of in-service dates for

1 some plant costs. The Public Staff agrees with the Company's
2 calculated and revised accumulated depreciation amount.

3 **CONTRIBUTIONS IN AID OF CONSTRUCTION**

4 **Q. IN WHAT AREAS HAVE YOU MADE REVISIONS TO CIAC?**

5 A. CIAC has been adjusted to reflect the amount from Oakman Rebuttal
6 Exhibit I, Schedule 2. The Company's calculated CIAC was adjusted
7 to reclassify an amount to accumulated depreciation for the
8 Piedmont system, remove CIAC gross-up taxes included in CIAC in
9 error, remove Carriage Cove CIAC, true-up Rocklyn water system
10 asset CIAC, and recalculate CIAC.

11 **ACCUMULATED AMORTIZATION - CIAC**

12 **Q. IN WHAT AREAS HAVE YOU MADE REVISIONS TO**
13 **ACCUMULATED AMORTIZATION - CIAC?**

14 A. Accumulated amortization has been adjusted to include the amounts
15 reflected in the Company's rebuttal testimony. This amount reflects
16 adjustments the Company made to CIAC and are discussed above,
17 the removal of Carriage Cove accumulated amortization, the
18 reclassification of CIAC to accumulated amortization for the
19 Piedmont system, and the correction of amortization rates for CIAC.

20 **CUSTOMER ADVANCES**

1 Q. WHAT REVISION HAVE YOU MADE TO CUSTOMER
2 ADVANCES?

3 A. The Public Staff agrees with the Company's adjustment to remove
4 \$54,000 of customer advances for the Carriage Cove system,
5 which is shown on Oakman Rebuttal Exhibit I, Schedule 2.

6 **MISCELLANEOUS EXPENSE – BOND EXPENSE**

7 Q. PLEASE EXPLAIN YOUR REVISION TO MISCELLANEOUS
8 EXPENSE: BOND EXPENSE.

9 A. Miscellaneous expense: bond expense has been adjusted to reflect
10 the amount the Company provided in its rebuttal testimony.

11 **DEPRECIATION EXPENSE**

12 Q. WHAT REVISION HAVE YOU MADE TO DEPRECIATION
13 EXPENSE?

14 A. Depreciation expense has been adjusted to correspond with the
15 adjustments to plant in service the Company calculated and provided
16 in its rebuttal testimony.

17 **AMORTIZATION EXPENSE - CIAC**

18 Q. PLEASE EXPLAIN YOUR REVISION TO AMORTIZATION
19 EXPENSE - CIAC.

1 A. Amortization expense has been adjusted to correspond with the
2 adjustments made to CIAC as discussed above.

3 **Q. WHAT ACCOUNTING RECOMMENDATION DO YOU SUGGEST**
4 **FOR THE COMPANY?**

5 A. As a result of the Public Staff's investigation of ONSWC's collection
6 of CIAC, it was discovered that the Company failed to collect gross
7 up taxes on CIAC received for the following water systems: Arlington
8 Manor (Sub 61), Bella Terra (Sub 67), and Brook Meadow (Sub 58).
9 The CIAC collected for the three systems were based on new
10 contributions contracted for on or after October 5, 2018, the date on
11 which the Commission, in Docket No. W-100, Sub 57, ordered all
12 certificated water and wastewater companies to collect income tax
13 on CIAC from contributors using the full gross up method.
14 In her rebuttal testimony, Company witness Laurie Oakman
15 addressed the Company's failure to collect gross-up on CIAC for
16 these three systems. On page 9 of Company witness Oakman's
17 rebuttal testimony, she states that:

18 ONSWC has not asked for rate recovery of the gross-
19 up amount that it did not collect from the developer, and
20 ONSWC plans to absorb the taxes due. The Public Staff
21 said it would provide further information to ONSWC
22 regarding any associated impacts on ratepayers,
23 including examples, and we are waiting on that.

1 The Public Staff is of the opinion that ratepayers should be held
2 harmless from the failure of ONSWC to collect gross-up taxes on
3 CIAC received from developers. No amount of the taxes paid by
4 ONSWC should be included in the Company's rate base or otherwise
5 reflected in the Company's revenue requirement. To accomplish this,
6 for example, ONSWC could continue to depreciate and amortize the
7 contributed plant assets and CIAC as it normally would and record
8 the payment of income taxes on the CIAC and income tax reduction
9 from depreciation of the contributed property below the line in a non-
10 operating account. The non-operating account would flow to
11 retained earnings and thus would not affect ratepayers. The Public
12 Staff would consider this accounting reasonable for ratemaking and
13 regulatory purposes before the Commission. Should ONSWC need
14 further guidance, the Public Staff recommends the Company consult
15 with an independent accounting expert.

16 The Public Staff further recommends that the Company file a report
17 with the Commission outlining the methodology it will utilize on its
18 books and records to account for the income taxes paid on CIAC that
19 the Company failed to collect. The report should include a detailed
20 explanation outlining how the income taxes were booked for
21 ratemaking purposes and detailed journal entries supporting the
22 taxes paid to ensure that the taxes paid will not be recovered from
23 ratepayers.

1 The Public Staff will review the report and provide feedback and
2 recommendations to the Company and Commission as needed.

3 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?**

4 **A. Yes, it does.**

INDEX TO MORGAN EXHIBIT I

Revised

<u>Line No.</u>	<u>Title</u>	<u>Schedule Number</u>
1	RETURN ON ORIGINAL COST RATE BASE	1
2	ORIGINAL COST RATE BASE	2
3	CALCULATION OF PLANT IN SERVICE, ACCUMULATED	
4	DEPRECIATION AND DEPRECIATION EXPENSE	2-1
5	NET OPERATING INCOME FOR A RETURN	3
6	FOOTNOTES TO SCHEDULE 3	3(a)
7	ADJUSTMENT TO OTHER EXPENSES: INSURANCE EXPENSE	3-1
8	ADJUSTMENT TO OTHER EXPENSES: MISCELLANEOUS EXPENSE	3-2
9	CALCULATION OF RATE CASE EXPENSE	3-3
10	CALCULATION OF INCOME TAXES	3-4

OLD NORTH STATE WATER COMPANY, LLC

Docket No. W-1300, Sub 60

RETURN ON ORIGINAL COST RATE BASE

For The Test Year Ended December 31, 2020

Public Staff
Morgan Exhibit I
Schedule 1
Revised

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
<u>Present rates:</u>						
1.	Debt	50.00%	\$833,176 [2]	4.60% [1]	2.30%	\$38,326 [8]
2.	Equity	50.00%	833,176 [2]	-32.42% [6]	-16.21%	(270,110) [9]
3.	Total	<u>100.00%</u>	<u>\$1,666,352 [3]</u>		<u>-13.91%</u>	<u>(\$231,784) [10]</u>
<u>Company proposed rates:</u>						
4.	Debt	50.00%	\$833,176 [4]	4.60% [1]	2.30%	\$38,326 [8]
5.	Equity	50.00%	833,176 [4]	22.36% [6]	11.18%	186,279 [11]
6.	Total	<u>100.00%</u>	<u>\$1,666,352 [3]</u>		<u>13.48%</u>	<u>\$224,605 [12]</u>
<u>Public Staff recommended rates:</u>						
7.	Debt	50.00%	\$833,176 [5]	4.60% [1]	2.30%	\$38,326 [8]
8.	Equity	50.00%	833,176 [5]	9.40% [1]	4.70%	78,319 [8]
9.	Total	<u>100.00%</u>	<u>\$1,666,352 [3]</u>		<u>7.00%</u>	<u>\$116,645</u>

[1] Provided by Public Staff Financial Analyst Hinton.

[2] Column (a) x Line 3, Column (b).

[3] Morgan Exhibit I, Schedule 2, Line 10, Column (c).

[4] Column (a) x Line 6, Column (b).

[5] Column (a) x Line 9, Column (b).

[6] Column (e) divided by Column (b).

[7] Column (a) x Column (c).

[8] Column (b) x Column (c).

[9] Line 3 - Line 1, Column (e).

[10] Morgan Exhibit I, Schedule 3, Line 30, Column (c).

[11] Line 6 - Line 4, Column (e).

[12] Morgan Exhibit I, Schedule 3, Line 30, Column (e).

OLD NORTH STATE WATER COMPANY, LLC
Docket No. W-1300, Sub 60
ORIGINAL COST RATE BASE
For The Test Year Ended December 31, 2020

Public Staff
Morgan Exhibit I
Schedule 2
Revised

Line No.	Item	Amount Per Update (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff (c)
1	Plant in service	\$11,729,405	(\$425,924)	\$11,303,481 [2]
2	Accumulated depreciation	(1,246,639)	(1,188,070)	(2,434,709) [2]
3	Contributions in aid of construction	(9,308,078)	1,531,926	(7,776,152) [2]
4	Accumulated amortization of CIAC	723,778	(24,400)	699,378 [2]
5	Customer advances	(303,980)	54,000	(249,980) [2]
6	Net plant in service	1,594,486	(52,468)	1,542,018
7	Customer deposits	0	0	0
8	Cash working capital	148,636	(19,722)	128,914 [3]
9	Average tax accruals	(4,580)	0	(4,580)
10	Original cost rate base	\$1,738,542	(\$72,190)	\$1,666,352

[1] Column (c) minus Column (a).

[2] Per Oakman Rebuttal Exhibit I, Schedule 2, Column (c).

[3] Calculated at one-eighth of operating expenses.

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OLD NORTH STATE WATER COMPANY, LLC
Docket No. W-1300, Sub 60
NET OPERATING INCOME FOR A RETURN
For The Test Year Ended December 31, 2020

Public Staff
Morgan Exhibit I
Schedule 3
Page 1 of 2
Revised

		Present Rates			Company Proposed Rates			Public Staff Recommended Rates		
Line No.	Item	Amount Per Company Update	Public Staff Adjustments	Amount Per Public Staff	Net Company Increase	Operations After Rate Increase	Net Public Staff Increase	Operations After Rate Increase		
		(a)	(b)	(c)	(d)	(e)	(f)	(g)		
Operating Revenues:										
1	Service revenues	\$966,960	\$0	\$966,960 [3]	\$512,619	\$1,479,579 [3]	\$372,274	\$1,339,234 [18]		
2	Miscellaneous revenues	14,907	0	14,907	0	14,907	0	14,907		
3	Uncollectibles	0	(852)	(852) [4]	0	(852)	0	(852)		
4	Total operating revenues	981,867	(852)	981,015	512,619	1,493,634	372,274	1,353,289		
Operating and Maintenance Expenses:										
5	Salaries and wages	195,854	0	195,854	0	195,854	0	195,854		
6	Administrative and office expense	314,781	0	314,781	0	314,781	0	314,781		
7	Maintenance & repair expense	218,169	(56,034)	162,135 [3]	0	162,135	0	162,135		
8	Transportation	28,102	0	28,102	0	28,102	0	28,102		
9	Electric power	77,465	(11,378)	66,087 [3]	0	66,087	0	66,087		
10	Chemicals	10,870	(556)	10,314 [3]	0	10,314	0	10,314		
11	Testing	95,007	0	95,007	0	95,007	0	95,007		
12	Permit fees	8,521	0	8,521	0	8,521	0	8,521		
13	Purchased water	52,239	(17,064)	35,175 [3]	0	35,175	0	35,175		
14	Other expenses - Professional expenses: lawn maintenance	89,130	0	89,130	0	89,130	0	89,130		
15	Other expenses - Insurance expense	14,211	(2,488)	11,723 [5]	0	11,723	0	11,723		
16	Other expenses - Bad debt expense	852	(852)	0 [4]	0	0	0	0		
17	Other expenses - Miscellaneous expense: bond expense	9,908	(3,344)	6,564 [6]	0	6,564	0	6,564		
18	Rate case expense	73,974	(30,883)	43,091 [7]	0	43,091	0	43,091		
19	Total operating and maintenance expenses	1,189,083	(122,599)	1,066,484	0	1,066,484	0	1,066,484		
Depreciation and Taxes:										
20	Depreciation expense	352,723	(995)	351,728 [8]	0	351,728	0	351,728		
21	Amortization expense - CIAC	(262,687)	34,817	(227,870) [8]	0	(227,870)	0	(227,870)		
22	Property taxes	1,382	0	1,382	0	1,382	0	1,382		
23	Payroll taxes	19,447	0	19,447	0	19,447	0	19,447		
24	Other taxes	353	0	353	0	353	0	353		
25	Regulatory fee	0	0	1,275 [9]	0	1,942 [9]	0	1,759 [9]		
26	State income tax	0	0	0 [10]	6,046	6,046 [14]	2,542	2,542 [19]		
27	Federal income tax	0	0	0 [11]	49,517	49,517 [15]	20,819	20,819 [20]		
28	Total depreciation and taxes	111,218	33,822	146,315	55,563	202,545	23,361	170,160		
29	Total operating revenue deductions:	1,300,301	(88,777)	1,212,799	55,563	1,269,029	23,361	1,236,644		
30	Net operating income for return	(\$318,434)	\$87,925	(\$231,784)	\$457,056	\$224,605	\$348,913	\$116,645		

OLD NORTH STATE WATER COMPANY, LLC

Docket No. W-1300, Sub 60
FOOTNOTES TO SCHEDULE 3
For The Test Year Ended December 31, 2020

Public Staff
Morgan Exhibit I
Schedule 3(a)
Page 2 of 2
Revised

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Column (a) plus Column (b), unless otherwise footnoted.
- [3] Provided by Public Staff Engineer Junis.
- [4] Amount reclassified from bad debt expense.
- [5] Morgan Exhibit I, Schedule 3-1, Line 4.
- [6] Morgan Exhibit I, Schedule 3-2, Line 3.
- [7] Morgan Exhibit I, Schedule 3-3, Line 8.
- [8] Per Oakman Rebuttal Exhibit I, Schedule 3, Column (a).
- [9] Line 4 multiplied by .13%.
- [10] Morgan Exhibit I, Schedule 3-4, Column (a), Line 12.
- [11] Morgan Exhibit I, Schedule 3-4, Column (a), Line 14.
- [12] Column (e) minus Column (c), unless otherwise footnoted.
- [13] Column (c) plus Column (d), unless otherwise footnoted.
- [14] Morgan Exhibit I, Schedule 3-4, Column (b), Line 12.
- [15] Morgan Exhibit I, Schedule 3-4, Column (b), Line 14.
- [16] Column (g) minus Column (c), unless otherwise footnoted.
- [17] Column (c) plus Column (f), unless otherwise footnoted.
- [18] Revenue requirement as calculated by the Public Staff.
- [19] Morgan Exhibit I, Schedule 3-4, Column (c), Line 12.
- [20] Morgan Exhibit I, Schedule 3-4, Column (c), Line 14.

OLD NORTH STATE WATER COMPANY, LLC
Docket No. W-1300, Sub 60
ADJUSTMENT TO OTHER EXPENSES - INSURANCE EXPENSE
For The Test Year Ended December 31, 2020

Public Staff
Morgan Exhibit I
Schedule 3-1
Revised

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1.	Other expenses: insurance expense per revised application	\$14,211
2.	Adjustment to reflect actual property, general liability & excess liability insurance expenses	(1,538) [1]
3.	Adjustment to reflect actual annual premium compensation expenses for new employees	(950) [1]
4.	Other expenses: insurance expense per Public Staff (L1 + L2 + L3)	11,723
5.	Adjustment to Other expenses: Insurance (L4 - L1)	(\$2,488)

[1] Calculated by the Public Staff based on information provided by the Company.

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OLD NORTH STATE WATER COMPANY, LLC
Docket No. W-1300, Sub 60
ADJUSTMENT TO OTHER EXPENSES: MISCELLANEOUS EXPENSE
For The Test Year Ended December 31, 2020

Public Staff
Morgan Exhibit I
Schedule 3-2
Revised

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1.	Other expenses: miscellaneous expense per revised application	\$9,908
2.	Adjustment to reflect actual 12-month bond expense from September 2020 through August 2021.	<u>92</u> [1]
3.	Other expenses: miscellaneous expense per Public Staff (L1 + L2)	<u>10,000</u>
4.	Adjustment to Other expenses: miscellaneous expense (L4 - L1)	<u><u>\$92</u></u>

[1] Calculated by the Public Staff based on information provided by the Company.

OLD NORTH STATE WATER COMPANY, LLC
Docket No. W-1300, Sub 60
ADJUSTMENT TO RATE CASE EXPENSE
For The Test Year Ended December 31, 2020

Public Staff
Morgan Exhibit I
Schedule 3-3
Revised

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Rate case application filing fee	\$250 [1]
2	Legal fees	82,404 [2]
3	Accounting consulting fees	14,850 [2]
4	ONSWC: Rate Case Labor Allocations	28,334 [2]
5	Notices, Printing envelopes, Postage, and Miscellaneous	<u>3,435</u> [2]
6	Total rate case expense (Sum of L1 thru L5)	129,272
7	Amortization Period	<u>3</u>
8	Rate case expense per Public Staff (L6 / L7)	<u><u>\$43,091</u></u>

[1] Statutory filing fee for Class C water and sewer companies.

[2] Provided by the Company in response to Public Staff data requests.

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OLD NORTH STATE WATER COMPANY, LLC
Docket No. W-1300, Sub 60
CALCULATION OF INCOME TAXES
For The Test Year Ended December 31, 2020

Public Staff
Morgan Exhibit I
Schedule 3-4
Revised

Line No.	Item	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1	Operating revenue	\$981,015	\$1,493,634	\$1,353,289
	Operating revenue deductions:			
2	Total O&M expenses	1,066,484	1,066,484	1,066,484
3	Depreciation expense	351,728	351,728	351,728
4	Amortization expense	(227,870)	(227,870)	(227,870)
5	Property taxes	1,382	1,382	1,382
6	Payroll taxes	19,447	19,447	19,447
7	Other taxes	353	353	353
8	Regulatory fee	1,275	1,942	1,759
9	Interest expense	38,326 [2]	38,326 [4]	38,326 [6]
10	Total deductions (Sum of L2 thru L9)	1,251,125	1,251,792	1,251,609
11	Taxable income (L1 - L10)	(270,110)	241,842	101,680
12	State income tax (L11 x 2.50%)	0	6,046	2,542
13	Federal taxable income (L11 - L12)	(270,110)	235,796	99,138
14	Federal income tax (L13 x 21.00%)	0	49,517	20,819
15	Net amount (L13 - L14)	(270,110)	186,279	78,319
16	Add: interest expense	38,326 [2]	38,326 [4]	38,326 [6]
17	Net income for return (L15 + L16)	(\$231,784)	\$224,605	\$116,645

- [1] Morgan Exhibit I, Schedule 3, Column (c), unless footnoted otherwise.
[2] Morgan Exhibit I, Schedule 1, Line 1, Column (e).
[3] Morgan Exhibit I, Schedule 3, Column (e), unless footnoted otherwise.
[4] Morgan Exhibit I, Schedule 1, Line 4, Column (e).
[5] Morgan Exhibit I, Schedule 3, Column (g), unless footnoted otherwise.
[6] Morgan Exhibit I, Schedule 1, Line 7, Column (e).

OLD NORTH STATE WATER COMPANY, LLC
Docket No. W-1300, Sub 60
CALCULATION OF GROSS REVENUE
IMPACT OF PUBLIC STAFF ADJUSTMENTS
For The Test Year Ended December 31, 2020

Public Staff
Morgan Exhibit II
Schedule 1
Revised

Line No.	Item	ONSWC	
		Water	[1]
1	Increase / (decrease) in total revenues per Company	<u>\$463,642</u>	
2	<u>Difference in calculation of revenue requirement based on Company amounts:</u>		
3	Adjust capital structure to 50% debt and 50% equity	30,552	
4	Adjust debt cost rate to 4.60%	(23,849)	
5	Adjust return on equity to 9.40%	(3,956)	
6	Adjustment to reclassify uncollectibles	852	
7	Adjustment to plant in service	(35,833)	
8	Adjustment to accumulated depreciation	(99,951)	
9	Adjustment to contributions in aid of construction	128,879	
10	Adjustment to accumulated amortization of CIAC	(2,053)	
11	Adjustment to customer advances	4,543	
12	Adjustment to maintenance and repair	(56,107)	
13	Adjustment to electric power	(11,393)	
14	Adjustment to chemicals	(557)	
15	Adjustment to other expenses: insurance expense	(2,491)	
16	Adjustment to other expenses: miscellaneous expense	(3,348)	
17	Adjustment to cash working capital	(1,659)	
18	Adjustment to reclassify bad debt expense	(853)	
19	Adjustment to rate case expense	(30,923)	
20	Adjustment to purchased water	(17,086)	
21	Adjustment to depreciation expense	(996)	
22	Adjustment to amortization expense - CIAC	34,862	
23	Rounding difference	<u>(2)</u>	
24	Revenue impact of Public Staff adjustments	<u>(91,369)</u>	
25	Increase / (decrease) per Public Staff	<u><u>\$372,273</u></u>	

[1] Calculated by the Public Staff.

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