

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for increase in water and
wastewater rates in Charlotte, Highlands,
Lake, Lee, Marion, Orange, Pasco, Pinellas,
Polk, and Seminole Counties by Sunshine Water
Services Company

DOCKET NO. 20240068-WS

**NOTICE OF FILING OF PREFILED REBUTTAL TESTIMONY OF DANTE M.
DESTEFANO ON BEHALF OF SUNSHINE WATER SERVICE COMPANY**

Sunshine Water Service Company, by and through its undersigned counsel, hereby notices
the filing of the attached Prefiled Rebuttal Testimony of Dante M. DeStefano.

Respectfully submitted this 13th day of December,
2024.

/s/ Martin S. Friedman

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Notice of Filing of Rebuttal Testimony has been furnished by electronic mail to the following parties this 13th day of December, 2024:

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/s/ Martin S. Friedman
Martin S. Friedman

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_____ /

Docket No. 20240068-WS

REBUTTAL TESTIMONY

OF

DANTE M. DeSTEFANO

on behalf of

Sunshine Water Services Company

1 **BACKGROUND**

2 **Q. Please state your, name, profession, and business address.**

3 A. My name is Dante M. Destefano, and I am Director of Regulatory Affairs for Nexus Water
4 Group, Inc. (“NWG”), a holding company that indirectly controls Sunshine Water Services
5 Company (“Sunshine” or “Company”). My business address is 500 W. Monroe Street, Suite
6 3600, Chicago, Illinois 60661-3779.

7 **Q. Did you prefile direct testimony in this proceeding?**

8 A. Yes.

9 **Q. What is the purpose of your rebuttal testimony?**

10 A. The purpose of my rebuttal testimony is to address various positions presented in the direct
11 testimony of Office of Public Counsel (“OPC”) Witness Ralph Smith and the Florida Public
12 Service Commission (“Commission” or “PSC”) Staff Audit Report.

13 **Q. Are you sponsoring any rebuttal exhibits?**

14 A. No. However, the recalculated amounts and proposed adjustments mentioned in my
15 testimony below are reflected in the updated revenue requirement calculations provided in
16 the rebuttal testimony of Company Witness Swain.

17 **OPC AND STAFF DIRECT TESTIMONY**

18 **Q. Have you reviewed OPC Witness Smith’s direct testimony and workpapers?**

19 A. Yes.

20 **Q. Does the Company accept any of the adjustments proposed by Witness Smith?**

21 A. Yes. The Company accepts the adjustments found in the following Schedules of Witness
22 Smith:

23 - Adjustment to remove Florida DEP penalty, Schedule C-2.

24 - Adjustment to remove foundation and chamber of commerce fees, Schedule C-4.

25 - Adjustment to remove charitable contributions, Schedule C-13.

1 - Adjustment to remove Sewer Maintenance Expense related to pro-forma project, Schedule
2 C-18.

3 **Q. Witness Smith proposes various adjustments to legal expenses (both direct and**
4 **allocated), including deferring and amortizing certain legal case costs and likewise**
5 **removing the Test Year expenses from O&M expense. Do you agree with the proposed**
6 **disallowance of costs related to certain legal proceedings?**

7 A. No. First, Witness Smith claims that the Lamelza case is ongoing and there is potential for
8 attorney costs to be recouped in the case. However, the case's current status is not a factor
9 for recovery of costs prudently incurred – Sunshine is a named defendant and therefore must
10 defend itself. Additionally, I am informed by counsel that cases such as the Lamelza case do
11 not allow for attorney cost recovery per Florida law. Regardless of this point, the potential
12 for recovery of legal fees related to the case is not known and measurable. Therefore,
13 Witness Smith's objections to recovery of these costs are not adequately founded. Also, I
14 note that Witness Smith's expense adjustment of \$6,933 reflects 2024 costs incurred, not the
15 \$5,913 incurred in the Test Year and therefore included in the Company's revenue
16 requirement.

17 Witness Smith also claims the Benefits case costs should be removed, as the legal efforts are
18 not related to the provision of utility service. However, the benefits plans offered by Corix
19 Infrastructure Inc. ("CII" or "Corix") are relevant to the provision of service to customers, as
20 the benefit plan costs are included in the Company's cost of service. Corix is also the plan
21 sponsor of the benefit plans, and therefore is unable to avoid involvement in disputes or
22 litigation related to the benefit plans. For this claim, Corix petitioned to transfer the balances
23 in dispute to the court to limit its involvement and fulfill its plan sponsor administrative duty.
24 Therefore, Corix's involvement in the legal dispute was limited to its responsibilities as plan
25 sponsor of benefit plans it makes available to employees, and therefore is a prudently

1 incurred cost. I also note that Witness Smith's calculation of the Sunshine portion of the
2 Benefits case costs omits the Tier 1 portion of the cost allocation process. The calculation
3 of the Benefits case costs for the Test Year applicable to Sunshine is \$6,546.¹

4 Witness Smith also claims the PFAS case has an uncertain outcome and the potential for
5 attorney fee recovery is unknown. As mentioned above, the potential outcome of a legal
6 proceeding has no bearing on the prudence of the costs incurred by the Company. Also, I
7 am informed by counsel that any claims recovery in this class action suit would not make the
8 plaintiffs 100% whole, therefore recovery of attorney's fees is not likely. Regardless of this
9 point, the potential for recovery of legal fees related to the case is not known and measurable.

10 I also note that Witness Smith's calculation of the Sunshine portion of the PFAS case costs
11 miscalculates the Tier 1 portion of the cost allocation process. The calculation of the PFAS
12 case costs for the Test Year applicable to Sunshine is \$297.

13 **Q. Witness Smith proposes to remove the Company's Test Year Weather/Storm Expense**
14 **from O&M expenses. Do you agree with this adjustment?**

15 A. No. Witness Smith appears to assume the weather and storm costs incurred in the Test Year
16 are unusual or non-recurring costs. However, the Company's systems commonly incur the
17 costs represented in the Test Year—the costs generally represent fuel purchases for generators
18 and vehicles during multiple weather events across the year. The U.S. Energy Information
19 Administration has consistently identified an average annual total of electric power
20 interruptions of over 3 hours per customer, indicating that a baseline level of weather
21 disruption to electric power is to be expected on an ongoing basis². Therefore, the Company
22 should reflect in its ongoing expenses a representative level of weather-related costs to cover
23 periodic impacts to its operations.

1 Per response to Staff ROG #51, the following allocation percentages should be applied for the Test Year: Tier
1% = 70.86%, Tier 2 % = 23.73%. $70.86\% * 23.73\% = 16.81\%$ allocation of total to Sunshine.

2 <https://www.eia.gov/todayinenergy/detail.php?id=61303>

1 With regard to Witness Smith’s reference to Rule 25-30.433(9) F.A.C. (“Non-Recurring
2 Rule”), the Company notes that in 2022, it incurred an unrepresentative level of weather-
3 related costs due to the impacts of Hurricane Ian. As such, the Company deferred and began
4 amortizing, over a 5-year period, the costs related to this unique and discrete weather event³.
5 The Company believes its interpretation and application of the Non-Recurring Rule is
6 consistent with past PSC practice and treatment of such costs in prior rate cases.

7 **Q. Please respond to Witness Smith’s proposed deferral of various legal proceeding costs**
8 **and weather/storm costs.**

9 A. Witness Smith has attempted to remove costs incurred in the Test Year related to various
10 legal proceedings, as well as all weather-related costs, as described in my testimony above.
11 Witness Smith makes an adjustment to instead reflect the costs for these legal proceedings
12 and all Test Year weather-related costs as deferred debits, amortizing each over five years.
13 Witness Smith appears to rely on the Non-Recurring Rule as the basis for these adjustments.
14 However, there are issues with this approach. First, as noted above, the Lamelza, Benefits,
15 and PFAS cases, as well as the weather-related costs, are part of a representative level of Test
16 Year expenses. While the Company recognizes the Non-Recurring Rule as allowing for
17 deferral of non-recurring costs, it is also true that virtually every legal proceeding or storm
18 is, by its nature, a non-recurring activity, and Witness Smith’s interpretation would logically
19 conclude that every legal proceeding or weather event should be deferred and amortized since
20 they are non-recurring. This would create impractical implications on administrative
21 maintenance of the accumulating deferrals and ignores the relative immateriality of many of
22 these events. While individual legal proceedings or weather events occur from time to time,
23 there is a baseline level of activity that occurs, and is expected to occur, in any given year
24 and therefore should be reflected in the Company’s ongoing expenses. Therefore, the

3 Please see MFR Schedule B-11.

1 Company interprets the Non-Recurring Rule to focus on reasonably material one-time, or
 2 cyclical but not annual, activities as those subject to deferral. As such, the Company is
 3 agreeable to deferral of the Wekiva WWTP legal proceeding costs being deferred and
 4 amortized over five years, and reflected as such in the Company’s revenue requirement.
 5 Second, while Witness Smith removes Test Year amounts from O&M expense to establish
 6 the deferrals, he omits related expenses in non-Test Year periods, which should likewise be
 7 included in the deferral for relevant events. Third, he omits without explanation a portion of
 8 the Test Year Wekiva WWTP proceeding costs. The Company has therefore recalculated
 9 the deferral and annual amortization expense of the Wekiva WWTP proceeding as shown in
 10 Table 1 below. The Company also supports removing the Test Year expenses for this
 11 proceeding, replacing the expenses with the annual amortization, and adding the relevant
 12 deferral balance to the Working Capital calculation (as proposed by Witness Smith).

13 **Table 1**

Vendor	2022	2023	2024
The Vogel Group		\$76,575	\$59,500
Carton Fields P.A.		\$31,830	\$218
Crowe, LLP	\$109,231	\$113,432	\$36,210
Greenberg Traurig, P.A.	\$211,426	\$127,187	\$12,649
The Law Office of Paul M. Sisco		\$15,560	
	\$320,657	\$364,584	\$108,577
Total to Defer:		\$793,818	
Years Amortization:		5	
Amortize to Expense Annually:		\$158,764	
Deferral Balance Working Capital Amount:		\$635,054	

15

16 **Q. Witness Smith makes an adjustment to Miscellaneous Revenues to reflect inflation**
 17 **related to the annual PSC Index mechanism. Do you agree with the adjustment?**

18 **A.** Only in part. The Company agrees with Witness Smith’s implication that the Test Year
 19 activity should be updated to reflect the annualized revenues at the most current approved

1 tariff's rates. However, Witness Smith's methodology is flawed in two respects. First, his
2 calculation applies the Index percentages to the revenue amounts, but the Index calculation
3 applies the Index rate for a given year to the adjusted O&M amounts for the year, making
4 the authorized Index adjustment to the Miscellaneous Charges consistently lower than the
5 authorized rate. Said differently, the Index rate is applied to only a portion of the annual
6 revenues of Sunshine - that represented by the adjusted O&M balance. Second, Witness
7 Smith's calculation assumes the Company has not increased its Miscellaneous Charges since
8 the last rate case's 2019 Test Year. However, the Company has indeed updated the
9 Miscellaneous Charges at each instance permitted (i.e., with the 2019 Test Year case –
10 effective May 2021 - and in 2022, 2023, and 2024 in connection with indexings).

11 To reflect the Company's agreement to adjust its relevant Miscellaneous Revenue
12 components for the most current Index-adjusted tariff rates – effective June 2, 2024 – the
13 Company has recalculated its Test Year activity at the currently approved rates. The result
14 of the recalculation is an increase of \$15,085 to the Miscellaneous Revenues reflected in
15 MFR Schedule E-5.

16 **Q. Did OPC or PSC Staff testimony address the proposed change in Service Availability**
17 **Charges detailed in your direct testimony?**

18 A. No. The Company reiterates its request to update its meter install fees on water tariff sheet
19 19.0 in order to reflect current costs for meters and labor related to these activities as
20 supported in Exhibit DMD-2 to my direct testimony.

21 **Q. Witness Smith proposes an adjustment to Directors and Officers (“D&O”) Insurance**
22 **expenses. Do you agree with the adjustment?**

23 A. No. First, to clarify, Witness Smith's adjustment is based on the Test Year actual expenses
24 for the D&O policy. However, the Company made pro-forma adjustments to Insurance

1 Expense⁴, which resulted in a D&O policy expense in the proposed revenue requirement of
2 \$42,049, allocated \$22,018 to water and \$20,031 to wastewater.

3 Witness Smith’s characterization of D&O insurance as “primarily for the benefit of
4 shareholders” is not correct. D&O insurance also does not “protect shareholders from the
5 decisions they made when they hired the Company’s Board of Directors and the Board of
6 Directors in turn hired the officers of the Company.” D&O insurance further does not
7 “protect shareholders from [directors’ and officers’] past decisions”. Shareholders are not
8 beneficiaries or insured parties of D&O policies. The policy itself insures the directors and
9 officers of the Company as well as the Company itself for claims and lawsuits related to their
10 actions. To the extent claims are made that are spurious, overbroad, or otherwise
11 unreasonably ensnare the Company or employees and require legal action, the policy
12 provides coverage for defense costs that would otherwise be incurred and passed to
13 customers as prudent operating costs. In addition, should a claim or lawsuit be directed at a
14 director or officer who is not indemnified, it mitigates personal asset risk for the employee.
15 Such protection of directors and officers has long been expected for such roles, and allows
16 the Company to attract and retain competent and skilled employees, which benefits
17 customers. Without these protections in place, talented directors and officers would possibly
18 reject employment opportunities or request much higher compensation. Claims and litigation
19 against the directors and officers or the Company itself can damage morale and distract from
20 ongoing decision making, as such claims may drag on for some time. Finally, the D&O
21 policy are appended by related insurance to cover Employment Practices Liability, Fiduciary
22 Liability, and Crime, which further protect the company and its employees while benefiting
23 customers by mitigating financial and operational disruptions caused by claims related to
24 fraud, theft, or employment-related issues.

4 MFR Schedule B-3, page 2 of 7, line 48.

1 The D&O policy offers vital protection that allows the business to operate smoothly without
2 the constant concern of catastrophic legal or financial consequences. It's not just the
3 executives who benefit, but the entire company, as these policies help to safeguard the
4 company's assets, reputation, and overall operational stability. For all these reasons, the
5 Company's D&O insurance is a prudent and necessary expense.

6 **Q. Witness Smith rejects the Company's proposal regarding recovery of payment**
7 **processing fees. Please respond to Witness Smith's position.**

8 A. Witness Smith hinges his position on the claim that a cost-causer should bear the cost of their
9 payment method option, while failing to address the customer benefits of this proposed
10 transition detailed in my direct testimony. His testimony considers the payment processing
11 fees a "convenience fee" for an "alternative option", which frames the cost as a discretionary
12 action by the customer. However, there is support that use of such payment methods is not
13 discretionary, but indeed the primary option of Sunshine's customers. The Company's Test
14 Year data of payment activity by its customers shows that by far the most frequent option
15 was the credit and debit card process which triggers the processing fees (40.7% of payments,
16 next highest being check payments at 25.5%). The Company further reviewed its payment
17 processing activity for its previous Test Year, 2019, which occurred before the COVID
18 pandemic's effects on online customer activity discussed in my direct testimony. The 2019
19 customer payments using the methods triggering processing fees were significantly lower
20 than the current Test Year (29.4%, versus 2023's 40.7%). This supports that customers are
21 not selecting this method discretionarily, but that it has become an essential and necessary
22 option for many customers in order to maintain their account.

23 Additionally, it should be noted that there are payment processing costs for each payment
24 method available to customers. The Company is charged bank fees for payments made by
25 auto-draft or online banking, and incurs bank fees and check processing fees for payments

1 by check to its lockbox. Likewise, customers who choose to received paper bills through the
2 mail generate larger billing costs than those who elect paperless billing, and 62.8% of Test
3 Year bills were sent by mail. These billing and payment processing costs are incurred within
4 the Corporate Support Services structure and allocated to the Company in its Corporate
5 Allocation costs. Therefore, customers are already subject to rates that reflect a variety of
6 customer payment and billing options and the costs generated by fellow customers to use
7 those options.

8 As noted in my direct testimony, the National Association of Utility Consumer Advocates
9 (“NASUCA”), of which OPC is a member, passed a resolution over 12 years ago that
10 encourages the removal of fees for processing of customer payments. The resolution makes
11 several pertinent points in this regard, such as 1) the lack of access of many utility customers
12 to banking or are unable to write traditional checks, 2) the fees undercutting the use of
13 programs such as social security and unemployment compensation to pay utility bills, 3)
14 utility acceptance of these payments without fees generally enhancing customer satisfaction.
15 Despite this customer-focused resolution passing several years ago, its message is truer today
16 than ever – customers expect to transact their business online to a significant and increasing
17 degree, and expect to incur no fees for processing these transactions.

18 **Q. Have you reviewed the PSC Staff’s Audit Report for this proceeding and the direct**
19 **testimony of PSC Witness Mouring?**

20 A. Yes.

21 **Q. Can you please respond to the audit findings described in the Audit Report?**

22 A. Yes.

23 - Audit Finding #1, Working Capital: The finding identifies a mapping variance between two
24 NARUC accounts, but this variance has no impact on the filing or proposed revenue
25 requirement.

1 - Audit Finding #2, Notes and Accounts Payable for Associated Companies: The Company
2 agrees that the GL account should be associated with NARUC 253.2. However, the GL
3 account balance was not mapped to the Working Capital calculation on MFR Schedule A-17
4 and therefore has no impact on the filing or proposed revenue requirement.

5 - Audit Finding #3, Operating Revenues: The Company agrees that its MFR Schedule B-4
6 incorrectly mapped the water Accrued Revenues to wastewater and vice versa. However,
7 these balances are removed from pro-forma present rate and proposed revenues and thus
8 don't directly affect those amounts. However, correcting these amounts on MFR Schedule
9 B-4 would update the Working Capital calculation on MFR Schedule A-17 for water and
10 wastewater, decreasing the Working Capital water amount on A-17, line 4 from \$213,140 to
11 \$207,123 and increasing the wastewater amount from \$267,030 to 273,047.

12 - Audit Finding #4, Miscellaneous Service Revenues: The amounts cited in the Audit Report
13 were for planning, review, and inspection fees incurred by the Company for developer
14 agreements, charged to the developer. The Company confirms the costs to incur the fees
15 (namely, internal staff time and overheads) were capitalized in the Test Year, and thus agrees
16 these Miscellaneous Revenues should be treated as CIAC. The Company proposes to
17 increase its CIAC for water by \$10,050 and wastewater by \$9,345, and decrease its
18 Miscellaneous Service Revenues – Other Miscellaneous Fees in MFR Schedule E-5 by the
19 same amounts.

20 - Audit Finding #5, Customer Deposits: While the Company was not able to produce the
21 report requested in the audit process, Sunshine confirms it does accrue the required 2%
22 annual interest payment on residential customer deposits.

23 - Audit Finding #6, Plant Reclassification and Depreciation Expense: The Company accepts
24 the plant reclassifications in this Finding for ratemaking and accounting purposes. The
25 Company notes that it has made Test Year adjustments for the NARUC 389.1 asset in MFR

1 Schedule A-3 to reclassify the asset balance (page 1, line 16), adjust Accumulated
 2 Depreciation (page 2, line 16), and in MFR Schedule B-3 to adjust Depreciation Expense
 3 (page 3, line 28). The depreciable life of 40 years reflected on B-3 is consistent with the
 4 agreement with the Englewood Water District and was utilized in the Company's 2016 rate
 5 case final order. The Company therefore believes no revenue requirement adjustment is
 6 required. The Company agrees to update its books for this asset to the 40-year depreciable
 7 life per the 2017 Order.

8 For the remaining items in the Finding, the Company has recalculated the Accumulated
 9 Depreciation adjustment to reflect the revised depreciation rates as of the in-service date of
 10 the assets. The Company also recalculated the Depreciation Expense adjustment for the
 11 assets. Below are Tables 2 and 3 reflecting the revised adjustments for ratemaking purposes.
 12 The Company agrees to update its books for these assets to the revised depreciable lives.

13 **Table 2**

Adjustment of Depreciation Expense			
NARUC	Depreciation Expense	Debit	Credit
360.2	Infrastructure Improvement	19,187	
361.2	Infrastructure Improvement - Sewer Gravity		53,092
361.2	Infrastructure Improvement - Manholes		8,051
380.4	Building		2,678
380.4	Treatment and Disposal Equipment	60,862	
Total		80,049	63,820
Adjusted		16,229	

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17 **Table 3**

Adjustment of Accumulated Depreciation			
NARUC	Accumulated Depreciation	Debit	Credit
360.2	Infrastructure Improvement		27,788
361.2	Infrastructure Improvement - Sewer Gravity	82,959	
361.2	Infrastructure Improvement - Manholes	141	
380.4	Building	4,017	
380.4	Treatment and Disposal Equipment		66,378
Total		87,117	94,166
Adjusted			(7,048)

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2 - Audit Finding #7, Land: While the Company agrees that it confirmed a 2021 reclass of a
3 non-utility balance to the Land and Land Rights account was incorrect and should be
4 reversed, the amount confirmed was \$57,066. The allocated portions of this adjustment
5 result in a decrease in Land account 303.5 for water of \$29,570 and account 353.7 for
6 wastewater of \$27,496.

7 - Audit Finding #8, CWIP: The \$10,000 item identified in the Audit Report relates to a
8 condemnation action to obtain an easement on an HOA's property for the location of a water
9 line project. I am informed by counsel that in condemnation actions, the condemning party
10 has to pay the other party's attorney and expert witness fees as costs. These fees were deemed
11 reasonable by the court. Therefore, these costs are justified, and there are no revenue
12 requirement or accounting adjustments required.

13 - Audit Finding #9, Operations and Maintenance Expense:

- 14 • NARUC 631, Contract Services - Engineering: The \$46,000 can be broken into three
15 groups. First, \$53,000 is a credit amount that is a combination of reclassified items
16 that were moved from NARUC 631 to CWIP projects during the Test Year. The
17 invoices originally posted prior to 2023, therefore the line items cited in the audit are
18 credits to expense in 2023. The Company agrees that the \$53,000 of Test Year credits
19 to expense should be removed for revenue requirement purposes, increasing O&M
20 expense by this amount. There are no accounting adjustments required.

21 Second, 5 of the audit line items totaling a debit of \$500 relate to invoices posted to

1 NARUC 631 in the Test Year that were reclassified to CWIP projects later in the
2 Test Year. Therefore, the total activity for these invoices was \$0 for 2023, and no
3 revenue requirement or accounting adjustment is required.

4 Third, the remaining invoice for \$6,500 is claimed to be out of period activity.
5 However, the \$6,500 invoice was dated February 2023 for work done that month.
6 The invoice relates to activity in the Test Year and therefore is not an out of period
7 item. There are no revenue requirement or accounting adjustments required.

8 • NARUC 633, Contract Services, Legal: The \$35,491.73 is a combination of
9 reclassified items that were moved from NARUC 633 to a CWIP project during the
10 Test Year. The invoices originally posted prior to 2023, therefore the line items cited
11 in the audit are credits to expense in 2023. The Company agrees that the \$35,491.73
12 of Test Year credits to expense should be removed for revenue requirement purposes,
13 increasing O&M expense by this amount. There are no accounting adjustments
14 required.

15 The \$10,000 of legal fees selected in the audit sample were posted to NARUC 633
16 in December 2023, and then were reclassified from NARUC 633 to a CWIP project
17 at month end. Therefore, the total activity for this invoice was \$0 for 2023, and no
18 revenue requirement or accounting adjustment is required.

19 • NARUC 636, Contract Services – Other: The two invoices noted in the Audit Report
20 were for services performed in 2023 and thus are not out of period activity. There
21 are no revenue requirement or accounting adjustments required.

22 • NARUC 736, Contract Services – Other: The Company agrees that the \$45 of late
23 charges should be removed for revenue requirement purposes. No accounting
24 adjustment is required.

25 • NARUC 635, Contract Services – Testing: The Company confirms the invoices

- 1 identified were not accrued at the end of 2022 and relate to non-recurring testing.
- 2 • NARUC 735, Contract Services – Testing: This Finding relates to three transactions.
3 The first for \$1,857 was for work performed in December 2022. However, there
4 were no accruals in December 2022 nor in December 2023 for this system, and this
5 invoice is one of 12 monthly invoices posted in the Test Year. Therefore, the cost
6 should remain in the Test Year activity to represent a full year of activity. The second
7 item is a credit of \$260 representing a reversal of a prior year receipt on a purchase
8 order. As this transaction is a non-recurring and out of period item, it can be removed
9 from the revenue requirement. The third item is a \$467.40 non-recurring invoice that
10 reflects service performed in 2022. This item can be removed from the revenue
11 requirement. No accounting adjustments are required.
 - 12 • NARUC 615, Purchased Power: The selected items are revenue postings for
13 customer late payment charges, not at all related to Purchased Power. There are no
14 revenue requirement or accounting adjustments required.
 - 15 • NARUC 710, Purchased Wastewater Treatment: The \$15,050.96 invoice posted in
16 January 2023, for service rendered in December 2022. However, the invoice was
17 accrued in December 2022, with the accrual reversing in January 2023 to offset the
18 invoice posting, which is standard GAAP accrual accounting practice. Therefore,
19 there is no need for a revenue requirement or accounting adjustment.
20 The \$13,244 posting reflects the water portion of a combined water and wastewater
21 invoice. This amount originally posted to NARUC 710 before being reclassified to
22 the NARUC 610 account in the same month. The wastewater portion of the invoice
23 did post on the same date, to the NARUC 710 account, in the amount of \$21,572.76.
24 Therefore, there is no need for a revenue requirement or accounting adjustment.
 - 25 • NARUC 642, Rental of Equipment: The identified invoice of \$426.85 was for office

1 supplies and should be reflected in NARUC 675. It does not reflect an asset purchase
2 and therefore the Company disagrees with the Audit Report recommendation to
3 reclassify to fixed asset NARUC account 340.

4 **Q. Does that conclude your rebuttal testimony?**

5 A. Yes. However, I reserve the right to update or amend this testimony should additional
6 information become available in the future.

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