

1 **YORK WATER STATEMENT NO. 4**

2
3 **BEFORE THE**
4 **PENNSYLVANIA PUBLIC UTILITY COMMISSION**

5
6 **THE YORK WATER COMPANY**

7
8 **DIRECT TESTIMONY OF DANIEL E. COPPERSMITH JR.**
9

10 Q. State your name and business address.

11 A. Daniel E. Coppersmith Jr. My business address is: 130 East Market Street, York,
12 Pennsylvania.

13
14 Q. By whom are you employed?

15 A. I am employed by The York Water Company (“York Water” or the “Company”).
16

17 Q. State your present position with the Company and explain your duties and
18 responsibilities.

19 A. I am the Finance Manager for the Company. My duties and responsibilities include
20 preparing the operating budget, managing the Property Records Department, and filing
21 data requirements with the Pennsylvania Public Utility Commission (“Commission”).
22

23 Q. How long have you been employed by the Company?

24 A. I have been employed by the Company since June 19, 2007.
25

1 Q. What is your educational background?

2 A. I have a Bachelor's of Science Degree in Accounting from Central Penn College.

3

4 Q. Have you previously testified before a regulatory commission?

5 A. Yes, I have presented testimony to the Commission in the Company's last two rate cases.

6

7 Q. Will you list the exhibits you are sponsoring in this proceeding?

8 A. I am sponsoring the following water operations exhibits prepared by me or under my
9 direction and supervision:

10

11 Exhibit No. H (c)-3 relating to utility plant;

12

13 Exhibit No. HI-2-1 relating to depreciation expense included in the statement of
14 operations for the water division; and

15

16 Exhibit Nos. H (c)-1, HV-1, HV-1-2, HV-1-3, HV-1-6, HV-1-7, HV-1-8, HV-1-9, HV-2,
17 HV-3, HV-4, HV-5, HV-6, HV-7, HV-8, HV-8-1, HV-8-2, HV-8-3, HV-8-4, HV-9, HV-
18 11, HV-13, HV-14, HV-15, HV-16, HV-16-1 and HV-16-2 relating to the original cost
19 measure of value for the water division.

20

21 Q. Explain Exhibit No. H(c)-3.

22 A. Exhibit No. H(c)-3 provides a summary, by detailed plant account, of the book value of
23 utility property as of December 31, 2024.

24

25 Q. Explain Exhibit No. HI-2-1.

1 A. Exhibit No. HI-2-1 adjusts the water depreciation accrual from the level reflected on the
2 corporate books for the twelve months ended December 31, 2024, to the level determined
3 in the depreciation study identified as Exhibit No. HVI. The adjustment in the amount of
4 \$1,379,736 is determined by subtracting the booked depreciation accrual for the twelve
5 months ended December 31, 2024, in the amount of \$12,009,717 from the pro forma
6 annual depreciation accrual in the amount of \$13,389,453. The adjustment in the amount
7 of \$1,379,736 has been carried forward to Exhibit No. HI-2, Column 2.

8

9 Q. Who will testify with respect to the pro forma depreciation expense for the twelve month
10 period ended December 31, 2024?

11 A. John J. Spanos, President, Depreciation and Valuation Studies, Gannett Fleming
12 Valuation and Rate Consultants, Inc. will testify with respect to the annual water
13 depreciation accrual.

14

15 Q. Are you sponsoring any other exhibits regarding the Company's water statement of
16 operations?

17 A. No.

18

19 Q. Explain Exhibit No. HV-1.

20 A. Exhibit No. HV-1 provides a summary of the components of the water original cost
21 measure of value in the amount of \$382,415,236 as of December 31, 2024, net operating
22 income available and rate of return under existing rates for the twelve months ended
23 December 31, 2024, net operating income and rate of return under existing rates after
24 adjustments for ratemaking purposes ("pro forma") for the twelve months ended

1 December 31, 2024, and net operating income and rate of return under proposed rates for
2 the twelve months ended December 31, 2024.

3
4 A summary of the components of the original cost measure of value in the amount of
5 \$382,415,236 as of December 31, 2024, is shown on page 2 of Exhibit No. HV-1.

6
7 One component is the utility plant in service less book accrued depreciation as of
8 December 31, 2024. The original cost of utility plant in service per books as of
9 December 31, 2024, is \$573,754,156 and the accrued depreciation as of December 31,
10 2024, is \$114,366,888. The depreciated original cost of utility plant in service as of
11 December 31, 2024, is \$459,387,268 ($\$573,754,156 - \$114,366,888 = \$459,387,268$).
12 The details of original cost of utility plant in service and accrued depreciation by account,
13 sub account and vintage are set forth in Exhibit No. HVI.

14
15 Q. Who will testify with respect to accrued depreciation in the amount of \$114,366,888 as of
16 December 31, 2024, related to utility plant in service?

17 A. John J. Spanos will testify with respect to water accrued depreciation (see York Water
18 Statement No. 106).

19
20 Q. Will you continue with your explanation of Page 2 of Exhibit No. HV-1?

21 A. The unamortized balance, as of December 31, 2024, of deferred Federal income taxes
22 related to water accelerated depreciation in the amount of \$25,514,033 is deducted from
23 the original cost measure of value, and this amount is set forth in Exhibit No. HV-1-1,
24 which is explained in Mr. Poff's testimony (see York Water Statement No. 3).

25

1 The unamortized balance, as of December 31, 2024, of excess deferred Federal income
2 taxes related to accelerated depreciation in the amount of \$13,089,927 is deducted from
3 the original cost measure of value, and this amount is set forth in Exhibit No. HV-1-1,
4 which is explained in Mr. Poff's testimony (see York Water Statement No. 3).

5
6 An amount of \$34,267,831 representing contributions in aid of construction less accrued
7 depreciation as of December 31, 2024, is deducted from the original cost measure of
8 value. This amount consists of the original cost of contributions in aid of construction per
9 books as of December 31, 2024, in the amount of \$43,064,337 less accrued depreciation
10 as of December 31, 2024, in the amount of \$8,796,506 ($\$43,064,337 - \$8,796,506 =$
11 $\$34,267,831$). The details are shown by account, sub account and vintage in Exhibit No.
12 HVI.

13
14 An amount of \$10,568,467 for customers' advances for construction less accrued
15 depreciation as of December 31, 2024, is deducted from the original cost measure of
16 value. This component consists of the original cost of customers' advances for
17 construction per books as of December 31, 2024, in the amount of \$14,892,027 less
18 accrued depreciation as of December 31, 2024, in the amount of \$4,323,560 ($\$14,892,027$
19 $- \$4,323,560 = \$10,568,467$). The details are shown by account, sub account and vintage
20 in Exhibit No. HVI.

21
22 Q. Who will testify with respect to the accrued depreciation related to contributions and
23 advances?

24 A. John J. Spanos will testify with respect to accrued depreciation (see York Water
25 Statement No. 106).

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Q. Do the amounts set forth in Exhibit No. HV-1 for Contributions and Advances reflect any amounts related to income tax liabilities that the Company has incurred between January 1, 1987, and June 12, 1996, as a result of the TRA-86 requirement that Contributions and Advances be taxed or has incurred between January 1, 2018, and December 31, 2020, as a result of the Tax Cuts and Jobs Act of 2017 requirement that Contributions and Advances be taxed?

A. No. Consistent with the Company's ratemaking and accounting procedure in effect at the time with regard to the income taxes on Contributions and Advances, the Company has made no adjustment to amounts recorded between January 1, 1987, and June 12, 1996, or between January 1, 2018, and December 31, 2020, for Contributions or Advances to reflect additional income taxes that were required to be paid with respect to receipt of such Contributions or Advances as a result of Section 824 of TRA-86 or the Tax Cuts and Jobs Act of 2017. Contributions and Advances received between January 1, 1987, and June 12, 1996, and between January 1, 2018, and December 31, 2020, are reflected in the utility plant accounts and in the accounts for Contributions and Advances, as shown in Exhibit No. HVI at the original cost of the facilities constructed with the Contribution or Advance, without consideration of the associated income tax liability incurred by the Company. Under federal tax law provisions in effect at the time, contributions and advances received subsequent to June 12, 1996, through December 31, 2017, were not taxed. Under federal tax law provisions currently in effect, contributions and advances received subsequent to December 31, 2020, are not taxed.

Q. Will you continue with your explanation of Exhibit No. HV-1?

1 A. Funds supplied through Customer Advances in the amount of \$1,696,554 are deducted
2 from the original cost measure of value, and this amount is set forth in Exhibit No. HV-1-
3 2, which I will explain later.

4
5 Materials and supplies in the amount of \$3,536,482 are included in the original cost
6 measure of value, and the details are set forth in Exhibit No. HV-11, which I will explain
7 later.

8
9 An allowance for cash working capital in the amount of \$3,554,371 is included in the
10 original cost measure of value. The details are shown in Exhibit Nos. HV-8, HV-8-1,
11 HV-8-1 (a), HV-8-1 (b), HV-8-1 (c), HV-8-1 (d), HV-8-1 (e), HV-8-1 (f), HV-8-1 (g),
12 HV-8-1 (g) 1, HV-8-1 (g) 2, HV-8-2, HV-8-3, and HV-8-4, which Mr. Poff and I will
13 explain later.

14
15 Unamortized utility plant adjustments for Margaretta Mobile Home Park, Westwood
16 Mobile Home Park, Lincoln Estates Mobile Home Park, The Meadows, and Scott Water
17 Company in the amount of \$(83,994) (\$23,129 + \$(31,448) + \$(32,160) + \$(66,174) +
18 \$22,659) are included in the original cost measure of value. The details are set forth in
19 Exhibit Nos. HV-1-3, HV-1-6, HV-1-7, HV-1-8, and HV-1-9. I note that Exhibit No.
20 HV-1-4 and Exhibit No. HV-1-5 were not used in this case.

21
22 Taxes on deposits for construction and customer advances in the amount of \$1,157,922
23 are included in the original cost measure of value. The details are set forth in Exhibit No.
24 HV-1-10, which Mr. Poff will explain in his testimony (see York Water Statement No.3).

25

1 Column 1 of page 3 of Exhibit No. HV-1 shows net operating income available for return
2 under existing rates for the twelve months ended December 31, 2024, in the amount of
3 \$26,939,804 and the rate of return on the original cost measure of value as of December
4 31, 2021, of 7.04%. Column 3 of page 3 of Exhibit No. HV-1 shows the adjustments to
5 net operating income in the amount of \$(2,709,095). These water operation adjustments
6 have been detailed in other exhibits, which Mr. Poff is testifying (see York Water
7 Statement No. 3). Column 4 of page 3 of Exhibit No. HV-1 shows pro forma net
8 operating income available for return under existing rates for twelve months ended
9 December 31, 2024, in the amount of \$24,230,709 and the rate of return on the original
10 cost of measure of value as of December 31, 2021, of 6.34%. Adjustments to pro forma
11 net operating income for the twelve months ended December 31, 2024, related to the
12 effect of proposed rates in the amount of \$6,420,590 are shown in Column 6 of page 3 of
13 Exhibit No. HV-1. These adjustments have been detailed in other exhibits, to which Mr.
14 Poff is testifying (see York Water Statement No. 3). Column 7 of page 3 of Exhibit No.
15 HV-1 shows pro forma net operating income available for return for the twelve months
16 ended December 31, 2024, in the amount of \$30,651,299 and the rate of return on the
17 original cost measure of value as of December 31, 2024, of 8.01%.

18
19 Q. Explain Exhibit No. HV-1-2.

20 A. Exhibit No. HV-1-2 shows the thirteen-month average of customers' advances received
21 from developers that have not been spent on construction projects as of December 31,
22 2024. The Company's normal procedure with respect to revenue-producing projects is to
23 estimate the cost of the project and to require the developer to deposit the estimated cost
24 prior to construction. Construction generally is completed within a period of several
25 months, after which any advance in excess of construction costs is refunded. If

1 construction costs exceed the original estimate, the developer must advance additional
2 costs to make up the difference. The thirteen-month average of customer advances
3 received from developers with respect to revenue-producing projects remaining under
4 construction as of December 31, 2024, in the amount of \$4,906,198 are shown in Column
5 2 of Exhibit No. HV-1-2. The thirteen-month average of advance dollars that have been
6 spent as of December 31, 2024, in the amount of \$3,209,644 are shown in Column 3 of
7 Exhibit No. HV-1-2. The thirteen-month average of customers' advances remaining to be
8 spent as of December 31, 2021, in the amount of \$1,696,554 ($\$4,906,198 - \$3,209,644$)
9 are shown in Column 4 of Exhibit No. HV-1-2. The customers' advances remaining to be
10 spent as of December 31, 2024, of \$1,696,554 has been carried forward to Exhibit No.
11 HV-1, page 2 and has been deducted from the original cost measure of value.

12
13 Q. Explain Exhibit No. HV-1-3.

14 A. Exhibit No. HV-1-3 provides the calculation of the unamortized utility plant acquisition
15 adjustment relative to the acquisition of Margareta Mobile Home Park as of December
16 31, 2024, in the amount of \$23,129 included in the original cost measure of value.

17
18 Reasonable acquisition costs greater than depreciated original cost are permitted to be
19 included in rate base and amortized over ten years in accordance with Section 1327 of the
20 Public Utility Code.

21
22 The unamortized acquisition adjustment of \$23,129 is determined by subtracting the
23 depreciated original cost of waterworks property acquired from Margareta Mobile Home
24 Park in the amount of \$46,159 and the amortization from March 1, 2019, the effective
25 date of rates under the Order issued in the Company's 2018 base rate proceeding (Docket

1 No. R-2018-3000019), to December 31, 2024 in the amount of \$32,380 from the
2 Margaretta Mobile Home Park acquisition costs of \$101,667 ($\$101,667 - \$46,159 -$
3 $\$32,380 = \$23,129$).

4
5 Q. Explain Exhibit No. HV-1-6.

6 A. Exhibit No. HV-1-6 provides the calculation of the unamortized negative utility plant
7 acquisition adjustment relative to the acquisition of Westwood Mobile Home Park as of
8 December 31, 2024, in the amount of \$(31,448) deducted from the original cost measure
9 of value.

10
11 The negative acquisition adjustment subject to amortization of \$(75,474) is determined by
12 subtracting the depreciated original cost of waterworks property acquired from Westwood
13 Mobile Home Park in the amount of \$96,795 from the Westwood Mobile Home Park
14 acquisition costs of \$21,321 [$\$21,321 - \$96,795 = (\$75,474)$]. The unamortized
15 Westwood Mobile Home Park negative acquisition adjustment as of December 31, 2024,
16 of \$(31,448) is determined by subtracting the amortization during the period March 1,
17 2019, the effective date of rates under the Order issued in the Company's 2018 base rate
18 proceeding (Docket No. R-2018-3000019), through December 31, 2024, of \$(44,027)
19 from the negative acquisition adjustment subject to amortization of \$(75,474) [$(\$75,474)$
20 $- \$44,027 = (\$31,448)$].

21
22 Q. Explain Exhibit No. HV-1-7.

23 A. Exhibit No. HV-1-7 provides the calculation of the unamortized negative utility plant
24 acquisition adjustment relative to the acquisition of Lincoln Estates Mobile Home Park as

1 of December 31, 2024, in the amount of \$(32,160) deducted from the original cost
2 measure of value.

3
4 The negative acquisition adjustment subject to amortization of \$(77,185) is determined by
5 subtracting the depreciated original cost of waterworks property acquired from Lincoln
6 Estates Mobile Home Park in the amount of \$146,957 from the Lincoln Estates Mobile
7 Home Park acquisition costs of \$69,772 [$\$69,772 - \$146,957 = \$(77,185)$]. The
8 unamortized Lincoln Estates Mobile Home Park negative acquisition adjustment as of
9 December 31, 2024, of \$(32,160) is determined by subtracting the amortization during the
10 period March 1, 2019, the effective date of rates under the Order issued in the Company's
11 2018 base rate proceeding (Docket No. R-2018-3000019), through December 31, 2024,
12 of \$(45,025) from the negative acquisition adjustment subject to amortization of
13 \$(77,185) [$\$(77,185) - \$(45,025) = \$(32,160)$].

14
15 Q. Explain Exhibit No. HV-1-8.

16 A. Exhibit No. HV-1-8 provides the calculation of the unamortized negative utility plant
17 acquisition adjustment relative to the acquisition of The Meadows as of December 31,
18 2021, in the amount of \$(66,174) deducted from the original cost measure of value.

19
20 The negative acquisition adjustment subject to amortization of \$(158,818) is determined
21 by subtracting the depreciated original cost of waterworks property acquired from The
22 Meadows in the amount of \$221,778 from The Meadows acquisition costs of \$62,960
23 [$\$62,960 - \$221,778 = \$(158,818)$]. The unamortized The Meadows negative acquisition
24 adjustment as of December 31, 2021, of \$(66,174) is determined by subtracting the
25 amortization during the period March 1, 2019, the effective date of rates under the Order

1 issued in the Company's 2018 base rate proceeding (Docket No. R-2018-3000019),
2 through December 31, 2024, of \$(92,644) from the negative acquisition adjustment
3 subject to amortization of \$(158,818) [$$(158,818) - $(92,644) = $(66,174)$].
4

5 Q. Explain Exhibit No. HV-1-9.

6 A. Exhibit No. HV-1-9 provides the calculation of the acquisition adjustment subject to
7 amortization relative to the acquisition of the Scott Water Company as of December 31,
8 2024, in the amount of \$22,659 included in the original cost measure of value.
9

10 Reasonable acquisition costs greater than depreciated original cost are permitted to be
11 included in rate base and amortized over ten years in accordance with Section 1327 of the
12 Public Utility Code. Please see the testimony of Mr. Hand (York Water Statement No. 1)
13 for details on this acquisition.
14

15 The acquisition adjustment subject to amortization of \$22,659 is determined by
16 subtracting the depreciated original cost of waterworks property acquired from the Scott
17 Water Company in the amount of \$9,144 from the Scott Water Company acquisition
18 costs of \$31,803 ($$(31,803) - $(9,144) = $22,659$).
19

20 The Company is proposing amortization over a ten-year period in Exhibit No. HIII-2-22.
21

22 Q. Explain Exhibit No. HV-8.

23 A. Exhibit No. HV-8 is the calculation of the cash working capital requirement in the
24 amount of \$3,554,371 to be included in the original cost measure of value. The cash
25 working capital requirement consists of various amounts that are listed on Exhibit No.

1 HV-8. The first amount on Exhibit No. HV-8 is \$4,245,987 that is the cash working
2 capital allowance calculated using the lead-lag methodology. The total of pro forma
3 operating expenses including taxes, less uncollectible accounts and amortized expenses in
4 the amount of \$29,436,096 is divided by the number of days in the pro forma test year,
5 365 ($\$29,436,096 \div 365$) to derive the average daily operating expense, including taxes,
6 in the amount of \$80,647 and this amount is then multiplied by the net lag relationship
7 between the receipt of operating revenues and the payment of operating expenses and
8 taxes of 52.6 days to arrive at the cash working capital requirement in the amount of
9 \$4,245,987 ($\$80,647 \times 52.6$). The calculation of the net lag of 52.6 days is shown on
10 Exhibit No. HV-8-1, which will be explained later.

11
12 The second amount shown on Exhibit No. HV-8 is \$137,523 and is for prepayment of the
13 Commission, Office of Consumer Advocate (“OCA”), Office of Small Business
14 Advocate (“OSBA”), and Damage Prevention Committee (“DPC”) assessments. This
15 represents a thirteen-month average of monthly prepayment balances of the Commission,
16 OCA, OSBA, and DPC assessments reflected on the Company’s balance sheet for the
17 thirteen months ended December 31, 2024. Prepaid Commission, OCA OSBA, and DPC
18 assessments have been excluded from the Company’s lead-lag study. The calculation of
19 the thirteen-month average prepayment balance is presented on Exhibit No. HV-8-4,
20 which I will explain later.

21
22 The third amount shown on Exhibit No. HV-8 is \$(409,315) that is a deduction with
23 respect to builders’ deposits and water revenues paid by customers in advance. This
24 represents a thirteen-month average of builders’ deposits and water revenues paid in

1 advance. The calculation of the thirteen-month average is shown on Exhibit No. HV-8-2,
2 which I will explain later.

3
4 The fourth amount is \$(419,823) that is a deduction with respect to interest payments.
5 The calculation of the deduction with respect to interest payments is shown on Exhibit
6 No. HV-8-3, which I will explain later.

7
8 The total cash working capital requirement in the amount of \$3,554,371, is carried
9 forward to Exhibit No. HV-1 and is included in the Company's original cost measure of
10 value.

11
12 Q. Explain Exhibit No. HV-8-1.

13 A. Exhibit No. HV-8-1 is the calculation of the net lag relationship of 52.6 days between the
14 receipt of operating revenues and the payment of operating expenses including taxes.
15 The 52.6 day net lag relationship, shown in Column 5, is determined by reducing the
16 weighted average lag days in receipt of revenues of 61.2 days by the weighted average
17 lag days in payment of expenses and taxes of 8.5 days ($61.2 - 8.5 = 52.6$). The weighted
18 average lag days in receipt of operating revenues of 52.6 days is determined by
19 multiplying pro forma sales of water under existing rates by class, shown in Column 2, by
20 the estimated number of lag days by class, shown in Column 3, to arrive at dollar days of
21 4,071,193,721 shown in Column 4. The estimated number of lag days by class is
22 calculated in Exhibit No. HV-8-1 (g), which Mr. Poff will explain in his testimony (York
23 Water Statement No. 3). The dollar-day amount of 4,071,193,721 shown in Column 4 is
24 divided by total pro forma revenues from sales of water at existing rates of \$66,552,814
25 shown in Column 2 to produce 61.2 days ($4,071,193,721 \div \$66,552,814 = 61.2$).

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The weighted average lag days in payment of operating expenses and taxes of 8.5 days is determined by multiplying pro forma operating expenses including taxes, excluding uncollectible accounts and amortized expenses, shown in Column 2, in the amount of \$29,436,096 by the estimated number of lag days in payment of expenses and taxes by class of expense and tax, shown in Column 3, to arrive at dollar days of 250,890,794, shown in Column 4. The dollar-day amount of 250,890,794, shown in Column 4, is divided by total pro forma operating expenses including taxes, excluding uncollectible accounts and amortized expenses, in the amount of \$29,436,096 to produce 8.5 days ($250,890,794 \div \$29,436,096 = 8.5$). The calculation of lag days for payroll expense is presented in footnote (a) of Exhibit No. HV-8-1. The calculation of lag days for power purchased, insurance, other goods and services and taxes is based on an analysis of invoices paid during twelve months ended December 31, 2024.

The net lag relationship of 52.6 days between the receipt of operating revenues and the payment of operating expenses including taxes has been carried forward to Exhibit No. HV-8.

Q. Explain Exhibit No. HV-8-2.

A. Exhibit No. HV-8-2 shows the calculation of the thirteen-month average of builders' deposits and water revenues paid in advance in the amount of \$409,315 based upon the month-end balances of builders' deposits and water revenues paid in advance for the thirteen months ended December 31, 2024. The thirteen-month average of builders' deposits and water revenues in advance of \$409,315 has been carried forward to Exhibit No. HV-8.

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Q. Explain Exhibit No. HV-8-3.

A. Exhibit No. HV-8-3 presents the calculation of the payment lag for interest payments in the amount of \$419,823. The amount of \$419,823 is calculated by multiplying the average daily interest payments of \$22,022 by the net interest payment lag of 19.1 days ($\$22,022 \times 19.1$). The average daily interest expense in the amount of \$22,022 is calculated by dividing the interest payments in the amount of \$8,037,870 by the number of days in the test year of 365 ($\$8,037,870 \div 365 = \$22,022$). The net interest payment lag of 19.1 days is determined by subtracting the weighted average lag days in receipt of operating revenues of 61.2 days from the weighted average lag days for interest payments of 80.2 days ($80.2 \text{ days} - 61.2 \text{ days} = 19.1 \text{ days}$). The weighted average lag days for interest payments of 80.2 days is determined by dividing weighted interest payments of 644,931,099 shown in Column 3, by interest payments in the amount of \$8,037,870, shown in Column 1 ($\$644,931,099 \div \$8,037,870 = 80.2$). The interest available for working capital in the amount of \$419,823 has been carried forward to Exhibit No. HV-8.

Q. Explain Exhibit No. HV-8-4.

A. Exhibit No. HV-8-4 shows the calculation of the thirteen-month average of prepaid Commission, OCA, OSBA, and DPC assessments of \$137,523 based upon the month-end balances of prepaid Commission, OCA, OSBA, and DPC assessments for the thirteen months ended December 31, 2024. Prepaid Commission, OCA, OSBA, and DPC assessments have been excluded from the Company's lead-lag study. The thirteen-month average of prepaid Commission, OCA, OSBA, and DPC assessments of \$137,523 has been carried forward to Exhibit No. HV-8.

1 Q. Explain Exhibit No. HV-11.

2 A. Exhibit No. HV-11 describes the Company's materials and supplies methodology. In
3 addition, this Exhibit shows the calculation of the thirteen-month average, in the amount
4 of \$3,536,482, of materials and supplies based upon month-end balances for the thirteen
5 months ended December 31, 2024. I note that under the Company's accounting
6 procedure, amounts are included in the materials and supplies balance upon receipt of the
7 materials and supplies. The total for the thirteen-month period is \$45,974,263, and this
8 amount is divided by 13 to arrive at the thirteen-month average of the materials and
9 supplies balance in the amount of \$3,536,482 ($\$45,974,263 \div 13$). The thirteen-month
10 average in the amount of \$3,536,482 has been carried forward to Exhibit No. HV-1, page
11 2 and has been added to the original cost measure of value.

12
13 Q. Are you sponsoring any other exhibits regarding the original cost measure of value?

14 A. Yes, I am also sponsoring Exhibit Nos. H (c)-1, HV-2, HV-3, HV-4, HV-5, HV-6, HV-7,
15 HV-9, HV-13, HV-14, HV-15, HV-16, HV-16-1, and HV-16-2.

16
17 Q. Does this conclude your historic test year direct testimony at this time?

18 A. Yes.