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Q. What is your educational background?

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

Q. Have you previously testified before a regulatory commission?

A. Yes, I have presented testimony to the Pennsylvania Public Utility Commission ("Commission") in the Company's last two rate cases.

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

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

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

Exhibit Nos. FI-2-1 and FI-2-2 relating to depreciation expense included in the statement of operations for the water division; and

Exhibit Nos. F(c)-1, FV-1, FV-1-2, FV-1-3, FV-1-6, FV-1-7, FV-1-8, FV-1-9, FV-2, FV-3, FV-4, FV-5, FV-6, FV-7, FV-8, FV-8-1, FV-8-1(a), FV-8-1(b), FV-8-1(c), FV-8-1(d), FV-8-1(e), FV-8-2, FV-8-3, FV-8-4, FV-9, FV-11, FV-13, FV-14, FV-15, FV-16, FV-16-1, FV-16-2, FV-16-3, and FV-16-4 relating to the original cost measure of value for the water division.

Q. Explain Exhibit No. F(c)-3.

1 A. Exhibit No. F(c)-3 provides a projected summary, by detailed plant account, of the book
2 value of utility property as of February 28, 2027.

3

4 Q. Explain Exhibit No. FI-2-1.

5 A. Exhibit No. FI-2-1 adjusts the depreciation accrual from the level determined in the
6 depreciation study identified as Exhibit No. HVI for the twelve months ended December
7 31, 2024, to the pro forma level determined in the depreciation study identified as Exhibit
8 No. FVI-A for the twelve months ending December 31, 2025. The adjustment in the
9 amount of \$1,007,694 is determined by subtracting the pro forma depreciation accrual for
10 the twelve months ended December 31, 2024, in the amount of \$13,389,453 from the pro
11 forma annual depreciation accrual in the amount of \$14,397,147. The adjustment in the
12 amount of \$1,007,694 has been carried forward to Exhibit No. FI-2, page 2, Column 3.

13

14 Q. Explain Exhibit No. FI-2-2.

15 A. Exhibit No. FI-2-2 adjusts the depreciation accrual from the level determined in the
16 depreciation study identified as Exhibit No. FVI-A for the twelve months ended
17 December 31, 2025, to the projected level determined in the depreciation study identified
18 as Exhibit No. FVI-B for the twelve months ending February 28, 2027. The adjustment
19 in the amount of \$1,036,228 is determined by subtracting the pro forma depreciation
20 accrual for the twelve months ended December 31, 2025, in the amount of \$14,397,147
21 from the projected annual depreciation accrual in the amount of \$15,433,375. The
22 adjustment in the amount of \$1,036,228 has been carried forward to Exhibit No. FI-2,
23 page 6, Column 3.

24

1 Q. Who will testify with respect to the pro forma depreciation expense for the twelve-month
2 periods ended December 31, 2025, and February 28, 2027?

3 A. John J. Spanos, Vice President, Depreciation and Valuation Studies, Gannett Fleming
4 Valuation and Rate Consultants, Inc. will testify with respect to the annual depreciation
5 accrual (York Water Statement No. 106).
6

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

8 A. No.
9

10 Q. Explain Exhibit No. FV-1.

11 A. Exhibit No. FV-1 provides a summary of the components of the original cost measure of
12 value in the amount of \$413,332,385 as of December 31, 2025, and \$444,597,217 as of
13 February 28, 2027, pro forma net operating income available and rate of return under
14 existing rates for the twelve months ended December 31, 2024, projected net operating
15 income and rate of return under existing rates for the twelve months ending December 31,
16 2025, and February 28, 2027, net operating income and rate of return under existing rates
17 after adjustments for ratemaking purposes ("pro forma") for the twelve months ending
18 December 31, 2025, and February 28, 2027, and net operating income and rate of return
19 under proposed rates for the twelve months ending February 28, 2027.
20

21 A summary of the components of the original cost measure of value in the amount of
22 \$413,332,385 as of December 31, 2025, is shown on page 2 of Exhibit No. FV-1.
23

1 One component is the projected utility plant in service less projected book accrued
2 depreciation as of December 31, 2025. The projected original cost of utility plant in
3 service as of December 31, 2025, is \$612,265,731, and the projected accrued depreciation
4 as of December 31, 2025, is \$122,659,508. The projected depreciated original cost of
5 utility plant in service as of December 31, 2025, is \$489,606,223 (\$612,265,731 -
6 \$122,659,508 = \$489,606,223). The details of projected original cost of utility plant in
7 service and projected accrued depreciation by account, sub account and vintage are set
8 forth in Exhibit No. FVI-A.

9
10 Q. Who will testify with respect to projected accrued depreciation in the amount of
11 \$122,659,508 as of December 31, 2025, related to utility plant in service?

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

14
15 Q. Will you continue with your explanation of page 2 of Exhibit No. FV-1?

16 A. The projected unamortized balance as of December 31, 2025, of deferred Federal income
17 taxes related to accelerated depreciation in the amount of \$25,787,845 is deducted from
18 the original cost measure of value, and this amount is set forth in Exhibit No. FV-1-1,
19 page 1, which Mr. Poff addresses in his testimony (see York Water Statement No. 103).

20
21 The projected unamortized balance, as of December 31, 2025, of excess deferred Federal
22 income taxes related to accelerated depreciation in the amount of \$12,918,425 is deducted
23 from the original cost measure of value, and this amount is set forth in Exhibit No. FV-1-

1 1, page 4, which Mr. Poff addresses in his testimony (see York Water Statement No.
2 103).

3
4 An amount of \$34,219,871 representing projected contributions in aid of construction less
5 accrued depreciation as of December 31, 2025, is deducted from the original cost measure
6 of value. This amount is comprised of the projected original cost of contributions in aid
7 of construction as of December 31, 2025, in the amount of \$43,574,326 less projected
8 accrued depreciation as of December 31, 2025, in the amount of \$9,354,455 ($\$43,574,326$
9 $- \$9,354,455 = \$34,219,871$). The details are shown by account, sub account, and vintage
10 in Exhibit No. FVI-A.

11
12 An amount of \$10,524,801 for customers' advances for construction less projected
13 accrued depreciation as of December 31, 2025, is deducted from the original cost measure
14 of value. This component is comprised of the projected original cost of customers'
15 advances for construction as of December 31, 2025, in the amount of \$14,982,041 less
16 projected accrued depreciation as of December 31, 2025, in the amount of \$4,457,240
17 ($\$14,982,041 - \$4,457,240 = \$10,524,801$). The details are shown by account, sub
18 account, and vintage in Exhibit No. FVI-A.

19
20 Q. Who will testify with respect to the projected accrued depreciation related to
21 contributions and advances?

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

1 Q. Do the amounts set forth in Exhibit No. FV-1 for Contributions and Advances as of
2 December 31, 2025, reflect any amounts related to income tax liabilities that the
3 Company has incurred between January 1, 1987, and June 12, 1996, as a result of the
4 TRA-86 requirement that Contributions and Advances be taxed or has incurred between
5 January 1, 2018, and December 31, 2020, as a result of the Tax Cuts and Jobs Act of
6 2017 requirement that Contributions and Advances be taxed?

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

22
23 Q. Will you continue with your explanation of page 2 of Exhibit No. FV-1?

1 A. Projected funds supplied through Customer Advances not expended as of December 31,
2 2025, in the amount of \$1,696,554 is deducted from the original cost measure of value,
3 and this amount is set forth in Exhibit No. FV-1-2, which I will explain later.

4
5 Projected materials and supplies in the amount of \$3,830,308 are included in the original
6 cost measure of value, and the details are set forth in Exhibit No. FV-11, which I will
7 explain later.

8
9 An allowance for projected cash working capital in the amount of \$3,997,420 is included
10 in the original cost measure of value. The details are shown in Exhibit Nos. FV-8, FV-8-
11 1, FV-8-1 (a), FV-8-1 (b), FV-8-1 (c), FV-8-1 (d), FV-8-1 (e), FV-8-1 (g), FV-8-1 (g) 1,
12 FV-8-1 (g) 2, FV-8-2, FV-8-3, and FV-8-4, which I will explain later and Mr. Poff
13 addresses in his testimony (see York Water Statement No. 103).

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 (\$58,398) which is [$\$17,578 + \$(23,900) + \$(24,442) +$
18 $\$(50,292) + \$22,659 = (\$58,398)$] are included in the original cost measure of value. The
19 details are set forth in Exhibit Nos. FV-1-3, FV-1-6, FV-1-7, FV-1-8, and FV-1-9, which
20 I will explain later. I note that Exhibit No. FV-1-4 and Exhibit No. FV-1-5 were not used
21 in this case.

1 Taxes on deposits for construction and customer advances in the amount of \$1,104,327
2 are included in the original cost measure of value. The details are shown in Exhibit No.
3 FV-1-10, which Mr. Poff addresses in his testimony (see York Water Statement No. 103).

4
5 A summary of the components of the original cost measure of value in the amount of
6 \$444,597,217 as of February 28, 2027, is shown on page 3 of Exhibit No. FV-1.

7
8 One component is the projected utility plant in service less projected book accrued
9 depreciation as of February 28, 2027. The projected original cost of utility plant in
10 service as of February 28, 2027, is \$643,098,076, and the projected accrued depreciation
11 as of February 28, 2027, is \$122,414,932. The projected depreciated original cost of
12 utility plant in service as of February 28, 2027, is \$520,683,144 ($\$643,098,076 -$
13 $\$122,414,932 = \$520,683,144$). The details of projected original cost of utility plant in
14 service and projected accrued depreciation by account, sub account, and vintage are set
15 forth in Exhibit No. FVI-B.

16
17 Q. Who will testify with respect to projected accrued depreciation in the amount of
18 \$122,414,932 as of February 28, 2027, related to utility plant in service?

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

21
22 Q. Will you continue with your explanation of page 3 of Exhibit No. FV-1?

23 A. The projected unamortized balance as of February 28, 2027, of deferred Federal income
24 taxes related to accelerated depreciation in the amount of \$26,024,536 is deducted from

1 the original cost measure of value, and this net amount is set forth in Exhibit No. FV-1-1,
2 pages 2 and 3, which Mr. Poff addresses in his testimony (see York Water Statement No.
3 103).

4
5 The projected unamortized balance as of February 28, 2027, of excess deferred Federal
6 income taxes related to accelerated depreciation in the amount of \$12,839,564 is deducted
7 from the original cost measure of value, and this net amount is set forth in Exhibit No.
8 FV-1-1, pages 5 and 6, which Mr. Poff addresses in his testimony (see York Water
9 Statement No. 103).

10
11 An amount of \$35,498,692 representing projected contributions in aid of construction less
12 accrued depreciation as of February 28, 2027, is deducted from the original cost measure
13 of value. This amount is comprised of the projected original cost of contributions in aid
14 of construction as of February 28, 2027, in the amount of \$45,425,964 less projected
15 accrued depreciation as of February 28, 2027, in the amount of \$9,927,272 ($\$45,425,964 -$
16 $\$9,927,272 = \$35,498,692$). The details are shown by account, sub account, and vintage
17 in Exhibit No. FVI-B.

18
19 An amount of \$9,294,036 for customers' advances for construction less projected accrued
20 depreciation as of February 28, 2027, is deducted from the original cost measure of value.
21 This component consists of the projected original cost of customers' advances for
22 construction as of February 28, 2027, in the amount of \$13,880,403 less projected
23 accrued depreciation as of February 28, 2027, in the amount of \$4,586,367 ($\$13,880,403 -$

1 \$4,586,367 = \$9,294,036). The details are shown by account, sub account, and vintage in
2 Exhibit No. FVI-B.

3
4 Q. Who will testify with respect to the projected accrued depreciation related to
5 contributions and advances?

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

8
9 Q. Do the amounts set forth in Exhibit No. FV-1 for Contributions and Advances as of
10 February 28, 2027, reflect any amounts related to income tax liabilities that the Company
11 has incurred between January 1, 1987, and June 12, 1996, as a result of the TRA-86
12 requirement that Contributions and Advances be taxed or has incurred between January 1,
13 2018, and December 31, 2020, as a result of the Tax Cuts and Jobs Act of 2017
14 requirement that Contributions and Advances be taxed?

15 A. No.

16
17 Q. Will you continue with your explanation of page 3 of Exhibit No. FV-1?

18 A. Projected funds supplied through Customer Advances not expended as of February 28,
19 2027, in the amount of \$1,696,554 are deducted from the original cost measure of value,
20 and this amount is set forth in Exhibit No. FV-1-2, which I will explain later.

21
22 Projected materials and supplies in the amount of \$4,100,231 are included in the original
23 cost measure of value, and the details are set forth in Exhibit No. FV-11, which I will
24 explain later.

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An allowance for projected cash working capital in the amount of \$4,155,568 is included in the original cost measure of value. The details are shown in Exhibit Nos. FV-8, FV-8-1, FV-8-1 (a), FV-8-1 (b), FV-8-1 (c), FV-8-1 (d), FV-8-1 (e), FV-8-1 (g), FV-8-1 (g) 1, FV-8-1 (g) 2, FV-8-2, FV-8-3, and FV-8-4, which I will explain later and Mr. Poff addresses in his testimony (see York Water Statement No. 103).

Unamortized utility plant adjustments for Margareta Mobile Home Park, Westwood Mobile Home Park, Lincoln Estates Mobile Home Park, The Meadows, and Scott Water Company in the amount of (\$31,178) which is [$\$11,102 + \$(15,095) + \$(15,437) + \$(31,764) + \$20,015 = (\$31,178)$] are included in the original cost measure of value. The details are set forth in Exhibit Nos. FV-1-3, FV-1-6, FV-1-7, FV-1-8, and FV-1-9, which I will explain later. I note that Exhibit No. FV-1-4 and Exhibit No. FV-1-5 were not used in this case.

Taxes on deposits for construction and customer advances in the amount of \$1,042,833 are included in the original cost measure of value. The details are shown in Exhibit No. FV-1-10, which Mr. Poff addresses in his testimony (see York Water Statement No. 103).

Column 1 of page 4 of Exhibit No. FV-1 shows pro forma net operating income available for return under existing rates for the twelve months ended December 31, 2024, in the amount of \$24,230,709 and the rate of return on the original cost measure of value as of February 28, 2027, of 5.45%. Column 3 of page 4 of Exhibit No. FV-1 shows the adjustments to determine projected net operating income for the twelve months ending

1 December 31, 2025, in the amount of (\$621,330). These adjustments have been detailed
2 in other exhibits, which Mr. Poff address in his testimony (see York Water Statement No.
3 103). Projected net operating income available for return under existing rates for twelve
4 months ending December 31, 2025, in the amount of \$23,609,379 and the rate of return
5 on the original cost measure of value as of February 28, 2027, of 5.31% are shown in
6 Column 4 of page 4 of Exhibit No. FV-1. Column 6 of page 4 of Exhibit No. FV-1
7 shows the adjustments to determine pro forma net operating income for the twelve
8 months ending December 31, 2025, in the amount of (\$423,974). These adjustments have
9 been detailed in other exhibits, which Mr. Poff addresses in his testimony (see York
10 Water Statement No. 103). Pro Forma net operating income available for return under
11 existing rates for twelve months ending December 31, 2025, in the amount of
12 \$23,185,405 and the rate of return on the original cost measure of value as of February
13 28, 2027, of 5.21% are shown in Column 7 of page 4 of Exhibit No. FV-1 and are carried
14 forward to Column 1, page 5 of Exhibit No. FV-1.

15
16 Column 3 of page 5 of Exhibit No. FV-1 shows the adjustments to determine pro forma
17 net operating income for the twelve months ending February 28, 2027, in the amount of
18 (\$1,902,024). These adjustments have been detailed in other exhibits, which Mr. Poff
19 addresses in his testimony (York Water Statement No. 103). Projected net operating
20 income available for return under existing rates for twelve months ending February 28,
21 2027, in the amount of \$21,283,381 and the rate of return on the original cost measure of
22 value as of February 28, 2027, of 4.79% are shown in Column 4 of page 5 of Exhibit No.
23 FV-1. Pro forma adjustments to net operating income available for return in the amount
24 of (\$278,060) are shown in Column 6, page 5 of Exhibit No. FV-1. These adjustments

1 have been detailed in other exhibits, which Mr. Poff addresses in his testimony (York
2 Water Statement No. 103). Column 7, page 5 of Exhibit No. FV-1 shows pro forma net
3 operating income available for return for the twelve months ending February 28, 2027,
4 under existing rates of \$21,005,321 and the rate of return on the original cost measure of
5 value as of February 28, 2027, of 4.72%. The Column 7 figures are carried forward to
6 Column 1, page 6 of Exhibit No. FV-1.

7
8 Adjustments to pro forma net operating income available for return for the twelve months
9 ending February 28, 2027, related to the effect of proposed rates in the amount of
10 \$14,646,663 are shown in column 3 of page 6 of Exhibit No. FV-1. These adjustments
11 have been detailed in other exhibits which Mr. Poff addresses in his testimony (York
12 Water Statement No. 103). Column 4 of page 6 of Exhibit No. FV-1 shows pro forma net
13 operating income available for return for the twelve months ending February 28, 2027, in
14 the amount of \$35,651,984 and the rate of return on the original cost measure of value as
15 of February 28, 2027, of 8.01%.

16
17 Q. Explain Exhibit No. FV-1-2.

18 A. Exhibit No. FV-1-2 provides projected thirteen-month average of customers' advances
19 received from developers that, as of December 31, 2025, and February 28, 2027, will not
20 have been spent on construction projects. The Company's normal procedure with respect
21 to revenue-producing projects is to estimate the cost of the project and to require the
22 developer to deposit the estimated cost prior to construction. Construction generally is
23 completed within a period of several months, after which any advance in excess of
24 construction costs is refunded. If construction costs exceed the original estimate, the

1 developer must advance additional costs to make up the difference. The projected
2 thirteen-month average of customer advances received from developers with respect to
3 revenue-producing projects remaining under construction as of December 31, 2025, and
4 February 28, 2027, in the amount of \$4,906,198 is shown in Column 2 of Exhibit No. FV-
5 1-2. The projected thirteen-month average of related construction expenditures as of
6 December 31, 2025, and February 28, 2027, in the amount of \$3,209,644 are shown in
7 Column 3 of Exhibit No. FV-1-2. The thirteen-month average of customers' advances in
8 excess of related construction expenditures remaining under construction as of December
9 31, 2025, and February 28, 2027, in the amount of \$1,696,554 (\$4,906,198 - \$3,209,644)
10 is shown in Column 4 of Exhibit No. FV-1-2. The thirteen-month average of customers'
11 advances in excess of related construction expenditures as of December 31, 2025, and
12 February 28, 2027, in the amount of \$1,696,554 has been carried forward to Exhibit No.
13 FV-1, page 2 and has been deducted from the original cost measure of value. The
14 projected thirteen-month average of customer advances from developers remaining under
15 construction, the thirteen-month average of related construction expenditures, and the
16 projected thirteen-month average of advances in excess of construction expenditures
17 remaining under construction for December 31, 2025, and February 28, 2027, are equal to
18 the historic test year actual (Refer to HV-1-2 for detail of thirteen-month average).

19
20 Q. Explain Exhibit No. FV-1-3.

21 A. Exhibit No. FV-1-3 provides the calculation of the unamortized utility plant acquisition
22 adjustment relative to the acquisition of Margaretta Mobile Home Park as of December
23 31, 2025, in the amount of \$17,578 and as of February 28, 2027, in the amount of
24 \$11,102 included in the original cost measure of value.

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Reasonable acquisition costs greater than depreciated original cost are permitted to be included in rate base and amortized over ten years in accordance with Section 1327 of the Public Utility Code. This amortization was specifically approved by the Commission in accordance with the Settlement Agreement at Docket No. R-2018-3000019. The amortization period began March 1, 2019 (the effective date of rates under the Order issued in the Company’s 2018 base rate proceeding (Docket No. R-2018-3000019)) and ends February 28, 2029.

The acquisition adjustment subject to amortization of \$55,509 is determined by subtracting the depreciated original cost of waterworks property acquired from Margaretta Mobile Home Park in the amount of \$46,159 from the Margaretta Mobile Home Park acquisition costs of \$101,667 ($\$101,667 - \$46,159 = \$55,509$). The unamortized Margaretta Mobile Home Park acquisition adjustment as of December 31, 2025, in the amount of \$17,578 is determined by subtracting the amortization during the period March 1, 2019, the effective date of rates under the Order issued in the Company’s 2018 base rate proceeding (Docket No. R-2018-3000019), through December 31, 2025, of \$37,931 from the acquisition adjustment subject to amortization of \$55,509 ($\$55,509 - \$37,931 = \$17,578$). Unamortized utility plant acquisition adjustment as of December 31, 2025, in the amount of \$17,758 has been carried forward to Exhibit FV-1, page 2 and has been added to the original cost measure of value.

The unamortized acquisition adjustment for the period ending February 28, 2027, of \$11,102 is determined by taking the unamortized acquisition adjustment as of December

1 31, 2025, of \$17,578 and deducting the monthly amortization in the amount of \$463
2 (\$55,509 / 10 years / 12 months) for the fourteen months from January 2026 through
3 February 28, 2027, of \$6,476 ($\463×14) ($\$17,578 - \$6,476 = \$11,102$). The
4 unamortized utility plant acquisition adjustment as of February 28, 2027, in the amount of
5 \$11,102 has been carried forward to Exhibit FV-1, page 3 and has been added to the
6 original cost measure of value.

7
8 Q. Explain Exhibit No. FV-1-6.

9 A. Exhibit No. FV-1-6 provides the calculation of the unamortized utility plant acquisition
10 adjustment relative to the acquisition of Westwood Mobile Home Park as of December
11 31, 2025, in the amount of \$(23,900) and as of February 28, 2027, in the amount of
12 \$(15,095) included in the original cost measure of value.

13
14 This amortization was specifically approved by the Commission in accordance with the
15 Settlement Agreement at Docket No. R-2018-3000019. The amortization period began
16 March 1, 2019 (the effective date of rates under Order No. R-2018-3000019) and ends
17 February 28, 2029.

18
19 The negative acquisition adjustment subject to amortization of \$(75,474) is determined by
20 subtracting the depreciated original cost of waterworks property acquired from Westwood
21 Mobile Home Park in the amount of \$96,795 from the Westwood Mobile Home Park
22 acquisition costs of \$21,321 [$\$21,321 - \$96,795 = (\$75,474)$]. The unamortized
23 Westwood Mobile Home Park negative acquisition adjustment as of December 31, 2025,
24 in the amount of \$(23,900) is determined by subtracting the amortization during the

1 period March 1, 2019, the effective date of rates under the Order issued in the Company's
2 2018 base rate proceeding (Docket No. R-2018-3000019), through December 31, 2025,
3 of \$(51,574) from the negative acquisition adjustment subject to amortization of
4 \$(75,474) [$$(75,474) - $(51,574) = $(23,900)$]. Unamortized utility plant negative
5 acquisition adjustment as of December 31, 2025, in the amount of \$(23,900) has been
6 carried forward to Exhibit FV-1, page 2 and has been added to the original cost measure
7 of value.

8
9 The negative unamortized acquisition adjustment for the period ending February 28,
10 2027, of \$(15,095) is determined by taking the unamortized negative acquisition
11 adjustment as of December 31, 2025, of \$(23,900) and deducting the monthly
12 amortization in the amount of \$(629) [$$(75,474) / 10 \text{ years} / 12 \text{ months}$] for the fourteen
13 months from January 1, 2026 through February 28, 2027, of \$(8,805) [$$(629) \times 14$]
14 [$$(23,900) - $(8,805) = $(15,095)$]. The unamortized negative utility plant acquisition
15 adjustment as of February 28, 2027, in the amount of \$(15,095) has been carried forward
16 to Exhibit FV-1, page 3 and has been added to the original cost measure of value.

17
18 Q. Explain Exhibit No. FV-1-7.

19 A. Exhibit No. FV-1-7 provides the calculation of the unamortized utility plant negative
20 acquisition adjustment relative to the acquisition of Lincoln Estates Mobile Home Park as
21 of December 31, 2025, in the amount of \$(24,442) and as of February 28, 2027, in the
22 amount of \$(15,437) included in the original cost measure of value.

1 This amortization was specifically approved by the Commission in accordance with the
2 Settlement Agreement at Docket No. R-2018-3000019. The amortization period began
3 March 1, 2019 (the effective date of rates under Order No. R-2018-3000019) and ends
4 February 28, 2029.

5
6 The negative acquisition adjustment subject to amortization of \$(77,185) is determined by
7 subtracting the depreciated original cost of waterworks property acquired from Lincoln
8 Estates Mobile Home Park in the amount of \$146,957 from the Lincoln Estates Mobile
9 Home Park acquisition costs of \$69,772 [$\$69,772 - \$146,957 = (\$77,185)$]. The
10 unamortized Lincoln Estates Mobile Home Park negative acquisition adjustment as of
11 December 31, 2025, in the amount of \$(24,442) is determined by subtracting the
12 amortization during the period March 1, 2019, the effective date of rates under the Order
13 issued in the Company's 2018 base rate proceeding (Docket No. R-2018-3000019),
14 through December 31, 2025, of \$(52,743) from the negative acquisition adjustment
15 subject to amortization of \$(77,185) [$\$(77,185) - \$(52,743) = \$(24,442)$]. Unamortized
16 negative utility plant acquisition adjustment as of December 31, 2025, in the amount of
17 \$(24,442) has been carried forward to Exhibit FV-1, page 2 and has been added to the
18 original cost measure of value.

19
20 The unamortized negative acquisition adjustment for the period ending February 28,
21 2027, of \$(15,437) is determined by taking the unamortized negative acquisition
22 adjustment as of December 31, 2025, of \$(24,442) and deducting the monthly
23 amortization in the amount of \$(643) [$\$(77,185) / 10 \text{ years} / 12 \text{ months}$] for the fourteen
24 months from January 1, 2026, through February 28, 2027, of \$(9,004) [$\$(643) \times 14$]

1 $[\$(24,442) - \$(9,004) = \$(15,437)]$. The unamortized negative utility plant acquisition
2 adjustment as of February 28, 2027, in the amount of $\$(15,437)$ has been carried forward
3 to Exhibit FV-1, page 3 and has been added to the original cost measure of value.

4
5 Q. Explain Exhibit No. FV-1-8.

6 A. Exhibit No. FV-1-8 provides the calculation of the unamortized utility plant negative
7 acquisition adjustment relative to the acquisition of The Meadows as of December 31,
8 2025, in the amount of $\$(50,292)$ and as of February 28, 2027, in the amount of $\$(31,764)$
9 included in the original cost measure of value.

10
11 This amortization was specifically approved by the Commission in accordance with the
12 Settlement Agreement at Docket No. R-2018-3000019. The amortization period began
13 March 1, 2019 (the effective date of rates under Order No. R-2018-3000019) and ends
14 February 28, 2029.

15
16 The negative acquisition adjustment subject to amortization of $\$(158,818)$ is determined
17 by subtracting the depreciated original cost of waterworks property acquired from The
18 Meadows in the amount of $\$221,778$ from The Meadows acquisition costs of $\$62,960$
19 $[\$62,960 - \$221,778 = \$(158,818)]$. The unamortized The Meadows negative acquisition
20 adjustment as of December 31, 2025, in the amount of $\$(50,292)$ is determined by
21 subtracting the amortization during the period March 1, 2019, the effective date of rates
22 under the Order issued in the Company's 2018 base rate proceeding (Docket No. R-2018-
23 3000019), through December 31, 2025, of $\$(108,536)$ from the negative acquisition
24 adjustment subject to amortization of $\$(158,818)$ $[\$(158,818) - \$(108,526) = \$(50,292)]$.

1 Unamortized negative utility plant acquisition adjustment as of December 31, 2025, in the
2 amount of \$(50,292) has been carried forward to Exhibit FV-1, page 2 and has been
3 added to the original cost measure of value.

4
5 The unamortized negative acquisition adjustment for the period ending February 28,
6 2027, of \$(31,764) is determined by taking the unamortized negative acquisition
7 adjustment as of December 31, 2025, of \$(50,292) and deducting the monthly
8 amortization in the amount of \$(1,323) [$\$(158,818) / 10 \text{ years} / 12 \text{ months}$] for the
9 fourteen months from January 1, 2026, through February 28, 2027, of \$(18,529) [$\$(1,323)$
10 $\times 14$] [$\$(50,292) - \$(18,529) = \$(31,764)$]. The unamortized utility plant negative
11 acquisition adjustment as of February 28, 2027, in the amount of \$(31,764) has been
12 carried forward to Exhibit FV-1, page 3 and has been added to the original cost measure
13 of value.

14
15 Q. Explain Exhibit No. FV-1-9.

16 A. Exhibit No. FV-1-9 provides the calculation of the unamortized utility plant acquisition
17 adjustment relative to the acquisition of Scott Water Company as of December 31, 2025,
18 in the amount of \$22,659 and as of February 28, 2027, in the amount of \$20,015 included
19 in the original cost measure of value.

20
21 Reasonable acquisition costs greater than depreciated original cost are permitted to be
22 included in rate base and amortized over ten years in accordance with Section 1327 of the
23 Public Utility Code. The Company is seeking approval to amortize the reasonable
24 acquisition costs greater than the depreciated original cost of waterworks property and

1 rights. Please see the testimony of Mr. Hand for details on this acquisition (see York
2 Water Statement No. 1).

3
4 The acquisition adjustment subject to amortization of \$22,659 is determined by
5 subtracting the depreciated original cost of waterworks property acquired Scott Water
6 Company in the amount of \$9,144 from Scott Water Company acquisition costs of
7 \$31,803 ($\$31,803 - \$9,144 = \$22,659$).

8
9 The unamortized acquisition adjustment for the period ending February 28, 2027, of
10 \$20,015 is determined by taking the acquisition adjustment as of December 31, 2025, of
11 \$22,659 and deducting the monthly amortization in the amount of \$189 ($\$22,659 / 10$
12 $\text{years} / 12 \text{ months}$) for the fourteen months from January 1, 2026, through February 28,
13 2027, of \$2,644 ($\189×14) ($\$22,659 - \$2,644 = \$20,015$). The unamortized utility plant
14 acquisition adjustment as of February 28, 2027, in the amount of \$20,015 has been
15 carried forward to Exhibit FV-1, page 3 and has been added to the original cost measure
16 of value.

17
18 Q. Explain Exhibit No. FV-8.

19 A. Exhibit No. FV-8 is the calculation of the projected cash working capital requirement for
20 the periods ending December 31, 2025, and February 28, 2027, in the amounts of
21 \$3,997,420 and \$4,155,568, respectively, to be included in the original cost measure of
22 value. The projected cash working capital requirement for December 31, 2025, consists
23 of various amounts that are listed on page 1 of Exhibit No. FV-8. The first amount on
24 page 1 of Exhibit No. FV-8 is \$4,615,982 that is the cash working capital allowance

1 calculated using the lead-lag methodology. The total of pro forma operating expenses
2 including taxes, less uncollectible accounts and amortized expenses, in the amount of
3 \$31,346,674 is divided by the number of days in the pro forma test year, 365
4 ($\$31,346,675 \div 365$) to derive the average daily operating expense, including taxes, in the
5 amount of \$85,881, and this amount is then multiplied by the net lag relationship between
6 the receipt of operating revenues and the payment of operating expenses and taxes of 53.7
7 days to arrive at the projected cash working capital requirement in the amount of
8 \$4,615,982 ($\$85,881 \times 53.7$). The calculation of the net lag of 53.7 days is shown on
9 Exhibit No. FV-8-1, which I will explain later.

10
11 The second amount shown on page 1 of Exhibit No. FV-8 is \$220,289 and is for
12 projected prepayment of the Commission, Office of Consumer Advocate (“OCA”),
13 Office of Small Business Advocate (“OSBA”), and Damage Prevention Committee
14 (“DPC”) assessments. This represents a thirteen-month average of projected monthly
15 prepayment balances of the Commission, OCA, OSBA, and DPC assessments reflected
16 on the Company’s balance sheet for the twelve months ending December 31, 2025.
17 Prepaid Commission, OCA, OSBA, and DPC assessments have been excluded from the
18 Company’s lead-lag study. The calculation of the projected thirteen-month average
19 prepayment balance is presented on Exhibit No. FV-8-4, which I will explain later.

20
21 The third amount shown on page 1 of Exhibit No. FV-8 is \$(409,315) that is a deduction
22 with respect to projected water revenues paid by customers in advance. This represents a
23 thirteen-month average of projected water revenues paid in advance. The calculation of
24 the thirteen-month average is shown on Exhibit No. FV-8-2, which I will explain later.

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The fourth amount is \$(429,536) that is a deduction with respect to projected interest payments. The calculation of the deduction with respect to projected interest payments is shown on Exhibit No. FV-8-3, which I will explain later.

The total projected cash working capital requirement for the period ending December 31, 2025, in the amount of \$3,997,420 [4,615,982 + \$220,289 + (\$409,315) + (\$429,536)] is carried forward to Exhibit No. FV-1 page 2 and is included in the Company's original cost measure of value.

Page 2 of Exhibit No. FV-8 is the calculation of the projected cash working capital requirement for the period ending February 28, 2027, in the amount of \$4,155,568 to be included in the original cost measure of value. The projected cash working capital requirement consists of various amounts that are listed on page 2 of Exhibit No. FV-8. The first amount on page 2 of Exhibit No. FV-8 is \$4,884,375 that is the cash working capital allowance calculated using the lead-lag methodology. The total of pro forma operating expenses including taxes, less uncollectible accounts and amortized expenses, in the amount of \$33,275,610 is divided by the number of days in the pro forma test year, 365 ($\$33,275,610 \div 365$) to derive the average daily operating expense, including taxes, in the amount of \$91,166, and this amount is then multiplied by the net lag relationship between the receipt of operating revenues and the payment of operating expenses and taxes of 53.6 days to arrive at the projected cash working capital requirement in the amount of \$4,884,375 ($\$91,166 \times 53.6$). The calculation of the net lag of 53.6 days is shown on Exhibit No. FV-8-1, which I will explain later.

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The second amount shown on page 2 of Exhibit No. FV-8 is \$219,788 and is for projected prepayment of the Commission, OCA, OSBA, and DPC assessments. This represents a thirteen-month average of projected monthly prepayment balances of the Commission, OCA, OSBA, and DPC assessments reflected on the Company's balance sheet for the twelve months ending February 28, 2027. Prepaid Commission, OCA, OSBA, and DPC assessments have been excluded from the Company's lead-lag study. The calculation of the projected thirteen-month average prepayment balance is presented on Exhibit No. FV-8-4, which I will explain later.

The third amount shown on page 2 of Exhibit No. FV-8 is \$(409,315) that is a deduction with respect to projected water revenues paid by customers in advance. This represents a thirteen-month average of projected water revenues paid in advance. The calculation of the thirteen-month average is shown on Exhibit No. FV-8-2, which I will explain later.

The fourth amount is \$(539,280) that is a deduction with respect to projected interest payments. The calculation of the deduction with respect to projected interest payments is shown on Exhibit No. FV-8-3, which I will explain later.

The total projected cash working capital requirement for the period ending February 28, 2027, in the amount of \$4,155,568 [$\$4,884,375 + \$219,788 + (\$409,315) + (\$539,280)$] is carried forward to Exhibit No. FV-1 page 3 and is included in the Company's original cost measure of value.

1 Q. Explain Exhibit No. FV-8-1.

2 A. Exhibit No. FV-8-1 is the calculation of the net lag relationship between the receipt of
3 operating revenues and the payment of operating expenses, including taxes, for the
4 periods ending December 31, 2025, and February 28, 2027, of 53.7 days and 53.6 days,
5 respectively. The 53.7-day net lag relationship for the period ending December 31, 2025,
6 shown in Column 5 of page 2, is determined by reducing the weighted average lag days in
7 receipt of revenues of 61.2 days by the weighted average lag days in payment of expenses
8 and taxes of 7.4 days ($61.2 - 7.4 = 53.7$). The weighted average lag days in receipt of
9 operating revenues of 61.2 days is determined by multiplying pro forma sales of water
10 under existing rates by class, shown in Column 2, by the estimated number of lag days by
11 class, shown in Column 3, to arrive at dollar days of 4,097,910,046, shown in Column 4.
12 The estimated number of lag days by class is calculated in Exhibit No. FV-8-1 (g), which
13 Mr. Poff addresses in his testimony (York Water Statement No. 103). The dollar-day
14 amount of 4,097,910,046, shown in Column 4, is divided by total pro forma revenues for
15 the sales of water at existing rates of \$66,999,722 shown in Column 2 to produce 61.2
16 days ($4,097,910,046 \div \$66,999,722 = 61.2$).

17

18 The weighted average lag days in payment of operating expenses and taxes of 7.4 days is
19 determined by multiplying pro forma operating expenses including taxes, excluding
20 uncollectible accounts and amortized expenses, shown in Column 2, in the amount of
21 \$31,346,674 by the estimated number of lag days in payment of expenses and taxes by
22 class of expense and tax, shown in Column 3, to arrive at dollar days of 232,425,921,
23 shown in Column 4. The dollar-day amount of 232,425,921, shown in Column 4, is
24 divided by total pro forma operating expenses including taxes, excluding uncollectible

1 accounts and amortized expenses, in the amount of \$31,346,674 to produce 7.4 days
2 ($232,425,921 \div \$31,346,674 = 7.4$). The calculation of lag days for payroll expense and
3 payroll taxes is presented in footnote (a) of Exhibit No. FV-8-1. The calculation of lag
4 days for power purchased, insurance, and other goods and services and taxes is based on
5 an analysis of invoices paid during twelve months ended December 31, 2024, and is
6 shown on Exhibit Nos. FV-8-1 (a), FV-8-1 (b), and FV-8-1 (c), FV-8-1 (d), and FV-8-1
7 (e), which I will explain later. The net lag relationship of 53.7 days between the receipt
8 of operating revenues and the payment of operating expenses has been carried forward to
9 Exhibit No. FV-8.

10
11 The 53.6-day net lag relationship for the period ending February 28, 2027, shown in
12 Column 5 of page 4, is determined by reducing the weighted average lag days in receipt
13 of revenues of 61.2 days by the weighted average lag days in payment of expenses and
14 taxes of 7.6 days ($61.2 - 7.6 = 53.6$). The estimated number of lag days by class has been
15 previously explained. The weighted average lag days in receipt of operating revenues of
16 61.2 days is calculated as follows. The dollar-day amount of 4,128,416,108, shown in
17 Column 4, is divided by total pro forma revenues from sales of water at existing rates of
18 \$67,478,569 shown in Column 2 to produce 61.2 days ($4,127,416,108 \div \$67,478,569 =$
19 61.2).

20
21 The weighted average lag days in payment of operating expenses and taxes of 7.6 days is
22 determined by multiplying pro forma operating expenses including taxes, excluding
23 uncollectible accounts and amortized expenses, shown in Column 2, in the amount of
24 \$33,275,610 by the estimated number of lag days in payment of expenses and taxes by

1 class of expense and tax, shown in Column 3, to arrive at dollar days of 252,549,749,
2 shown in Column 4. The dollar-day amount of 252,549,749, shown in Column 4, is
3 divided by total pro forma operating expenses including taxes, excluding uncollectible
4 accounts and amortized expenses, in the amount of \$33,275,610 to produce 7.6 days
5 ($252,549,749 \div \$33,275,610 = 7.6$). The calculation of lag days for payroll expense and
6 payroll taxes is presented in footnote (a) of Exhibit No. FV-8-1. The calculation of lag
7 days for power purchased, insurance and other goods and services and taxes is based on
8 an analysis of invoices paid during twelve months ended December 31, 2024, and is
9 shown on Exhibit No. FV-8-1 (a), FV-8-1 (b) and FV-8-1 (c), FV-8-1 (d), and FV-8-1 (e),
10 which I will explain later.

11
12 The net lag relationship of 53.6 days between the receipt of operating revenues and the
13 payment of operating expenses has been carried forward to Exhibit No. FV-8 page 2.
14

15 Q. Explain Exhibit No. FV-8-1(a).

16 A. Exhibit No. FV-8-1(a) reflects the calculation of the average days lag in payment of
17 purchased power of 25.7 days. The average days lag in payment of purchased power of
18 25.7 is determined by dividing total dollar days lag in the amount of 27,134,073 by total
19 charges for the accounts included in the Company's sample of purchased power locations
20 incurred during the twelve months ended December 31, 2024, of \$1,054,515 ($27,134,073$
21 $\div \$1,054,515 = 25.7$). The average days lag in payment of purchased power of 25.7 has
22 been carried forward to Exhibit No. FV-8-1 page 1 and FV-8-1 page 3.
23

24 Q. Explain Exhibit No. FV-8-1 (b).

1 A. Exhibit No. FV-8-1 (b) page 1 reflects the calculation of the average days lag in payment
2 of insurance expense of (60.8) days. The average days lag in payment of insurance
3 expense of (60.8) days is determined by dividing total dollar days lag in the amount of
4 (212,091,716) by total invoice amount of \$3,489,599 included in insurance expense
5 during the twelve months ended December 31, 2024 $[(212,091,716) \div \$3,489,599 =$
6 $(60.8)]$. The Company's sample of insurance payments includes all insurance payments
7 made during the twelve months ended December 31, 2024. Negative average lag days for
8 insurance expense are determined because insurance payments precede the midpoints of
9 service provided as a result of such payment. The average days lag in payment of
10 insurance expense of (60.8) has been carried forward to Exhibit No. FV-8-1 page 1 and
11 FV-8-1 page 3.

12
13 Q. Explain Exhibit No. FV-8-1 (c).

14 A. Exhibit No. FV-8-1 (c) reflects the calculation of the average days lag in payment of
15 other goods and services of 33.1 days. The average days lag in payment of other goods
16 and services of 33.1 days is determined by dividing total dollar days lag in the amount of
17 25,180,421 by total invoice amount included in the Company's sample of other goods and
18 services invoices of \$760,473 $(25,180,421 \div \$760,473 = 33.1)$. The Company performed
19 a random sampling of other goods and services payments by selecting approximately
20 every 20th payment made during the twelve months ended December 31, 2024. The
21 average days lag in payment of other goods and services of 33.1 has been carried forward
22 to Exhibit No. FV-8-1 page 1 and FV-8-1 page 3.

23
24 Q. Explain Exhibit FV-8-1 (d).

1 A. Exhibit No. FV-8-1 (d) reflects the calculation of the average days lag in payment of
2 public utility realty and local property taxes of (79.2) days. The average days lag in
3 payment of public utility realty and local property taxes of (79.2) days is determined by
4 dividing total dollar days in the amount of 34,505,087 by total amount included in the
5 Company's sample of public utility realty and local property tax payments of \$435,534
6 [(34,505,087) ÷ \$435,534 = (79.2) days]. The Company's sample of public utility realty
7 and local property tax payments includes all public utility realty and local property tax
8 payments made during the twelve months ended December 31, 2024. Negative average
9 lag days for the payment of public utility realty and local property taxes are determined
10 because most public utility realty and local property tax payments precede the midpoints
11 of service provided as a result of such payment.

12

13 The average days lag in payment of public utility realty and local property taxes of (79.2)
14 has been carried forward to Exhibit No. FV-8-1, page 1 and FV-8-1, page 3.

15

16 Q. Explain Exhibit No. FV-8-1 (e).

17 A. Exhibit No. FV-8-1 (e) reflects the calculation of the average days lag in payment of state
18 and federal income taxes of 31.3 days. The average days lag in payment of state and
19 federal income taxes of 31.3 days is determined by dividing total dollar days in the
20 amount of 29,540,500 by total amount included in the Company's sample of other tax
21 payments of \$943,000 [29,540,500 ÷ \$943,000 = 31.3 days]. The Company's sample of
22 state and federal income tax payments includes all state and federal income tax payments
23 made during the twelve months ended December 31, 2024. The average days lag in

1 payment of state and federal income taxes of 31.3 has been carried forward to Exhibit No.
2 FV-8-1, page 1 and FV-8-1, page 3.

3
4 Q. Explain Exhibit No. FV-8-2.

5 A. Exhibit No. FV-8-2 shows the calculation of the thirteen-month average of projected
6 builders' deposits and water revenues paid in advance in the amount of \$409,315 based
7 upon the actual month-end balances of builders' deposits and water revenues paid in
8 advance for the thirteen months ended December 31, 2024. The thirteen-month average
9 of projected builders' deposits and water revenues in advance of \$409,315 has been
10 carried forward to Exhibit No. FV-8 page 1 and FV-8 page 2.

11
12 Q. Explain Exhibit No. FV-8-3.

13 A. Exhibit FV-8-3 presents the calculation of the projected payment lag for interest
14 payments for the years ending December 31, 2025, and February 28, 2027, in the
15 amounts of \$429,536 and \$539,280, respectively. The amount of \$429,536 on page 1 of
16 Exhibit No. FV-8-3 is calculated by multiplying the projected average daily interest
17 expense of \$26,931 by the net interest payment lag of 15.9 days ($\$26,931 \times 15.9$). The
18 average projected daily interest expense in the amount of \$26,931 is calculated by
19 dividing the projected interest payments in the amount of \$9,829,636 by the number of
20 days in the future test year of 365 ($\$9,829,636 \div 365 = \$26,921$). The net interest
21 payment lag of 15.9 days is determined by subtracting the weighted average lag days in
22 receipt of operating revenues of 61.2 days from the weighted average lag days for interest
23 payments of 77.1 days ($77.1 \text{ days} - 61.2 \text{ days} = 15.9 \text{ days}$). The weighted average lag
24 days for interest payments of 77.1 days is determined by dividing weighted projected

1 interest payments of 757,991,589, shown in Column 3, by projected interest payment in
2 the amount of \$9,829,636, shown in Column 1 ($757,991,589 \div \$9,829,636 = 77.1$). The
3 amount of \$429,536 has been carried forward to Exhibit No. FV-8, page 1.

4
5 The amount of \$539,280 on page 2 of Exhibit No. FV-8-3 is calculated by multiplying the
6 projected average daily interest expense of \$24,522 by the net interest payment lag of
7 22.0 days ($\$24,522 \times 22.0$). The average projected daily interest expense in the amount
8 of \$24,522 is calculated by dividing the projected interest payments in the amount of
9 \$8,950,427 by the number of days in the fully projected future test year of 365
10 ($\$8,950,427 \div 365 = \$24,522$). The net interest payment lag of 22.0 days is determined
11 by subtracting the weighted average lag days in receipt of operating revenues of 61.2 days
12 from the weighted average lag days for interest payments of 83.2 days ($83.2 \text{ days} - 61.2$
13 $\text{days} = 22.0 \text{ days}$). The weighted average lag days for interest payments of 83.2 days is
14 determined by dividing weighted projected interest payments of 744,301,854, shown in
15 Column 3, by projected interest payment in the amount of \$8,950,427, shown in Column
16 1 ($744,301,854 \div \$8,950,427 = 83.2$). The amount of \$539,280 has been carried forward
17 to Exhibit No. FV-8, page 2.

18
19 Q. Explain Exhibit No. FV-8-4.

20 A. Exhibit No. FV-8-4 shows the calculation of the thirteen-month average of projected
21 prepaid Commission, OCA, OSBA, and DPC assessments of \$220,289 and \$219,788
22 based upon the projected month-end balances of prepaid Commission, OCA, OSBA, and
23 DPC assessments for the thirteen months ending December 31, 2025, and for the thirteen
24 months ending February 28, 2027, respectively. Prepaid Commission, OCA, OSBA, and

1 DPC assessments have been excluded from the Company's lead-lag study. The thirteen-
2 month average of projected prepaid Commission, OCA, OSBA, and DPCA assessments
3 of \$220,289 for December 31, 2025, has been carried forward to Exhibit FV-8, page 1,
4 and the thirteen-month average of \$219,788 for February 28, 2027, has been carried
5 forward to Exhibit No. FV-8, page 2.

6
7 Q. Explain Exhibit No. FV-9.

8 A. Exhibit No. FV-9 shows that amortized expenses and bad debt expense have been
9 removed from total expenses for the cash working capital calculations for the period
10 ending December 31, 2025, and the period ending February 28, 2027.

11
12 Q. Explain Exhibit No. FV-11.

13 A. Exhibit No. FV-11 shows the calculation of the thirteen-month average, in the amounts of
14 \$3,830,308 and \$4,100,231, of projected materials and supplies based upon projected
15 month-end balances for the thirteen months ending December 31, 2025, and February 28,
16 2027, respectively. The 2025-month end balances were projected by applying the 2024
17 (13-month average) ratio of materials and supplies to utility plant in service, to projected
18 2025 monthly plant in service balances. I note that under the Company's accounting
19 procedure, amounts are included in the materials and supplies balance upon receipt of the
20 materials and supplies. The total for the thirteen-month period is \$49,794,006, and this
21 amount is divided by 13 to arrive at the thirteen-month average of the materials and
22 supplies balance in the amount of \$3,830,308 for the period ending December 31, 2025.
23 The thirteen-month average in the amount of \$3,830,308 has been carried forward to
24 Exhibit No. FV-1, page 2 and has been added to the original cost measure of value.

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The February 28, 2027 month end balances were projected by applying the 2024 (13-month average) ratio of materials and supplies to utility plant in service, to projected 2026 monthly plant in service balances. The total for the thirteen-month period is \$53,303,007, and this amount is divided by 13 to arrive at the thirteen-month average of the materials and supplies balance in the amount of \$4,100,231 for the period ending February 28, 2027. The thirteen-month average in the amount of \$4,100,231 has been carried forward to Exhibit No. FV-1, page 3 and has been added to the original cost measure of value.

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

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

Q. Are you sponsoring any other exhibits?

A. No.

Q. Does this conclude your future test year and fully projected future test year direct testimony at this time?

A. Yes.