

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
STAFF RESPONSE TO DATA REQUEST

DATE PREPARED: March 6, 2025 DOCKETS: UW-230598/UW-230079 REQUESTER: Washington Water		WITNESS: Jeanine Leggett RESPONDER: Jeanine Leggett TELEPHONE: (360) 664-1230
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WWS DATA REQUEST NO. 22:

Regarding Ms. Leggett’s statement in her January 22, 2025 testimony where she states that “Staff largely looks to whether the Company prudently incurred [test-year expenses],” please list which expenses were prudently incurred and which expenses were not prudently incurred.

RESPONSE:

Please see Testimony of Jeanine Leggett at 5:21 - 12:6, where Ms. Leggett testifies about the adjustments she made to calculate an appropriate rate. Where Ms. Leggett did not include an adjustment to an expense, she reviewed the expense and found it to be reasonable and prudent. Ms. Leggett made the following adjustments:

- Ready to serve revenue \$519 (revenue not accounted for by company)
- Contractual accounting \$7,627 (no contracts exist)
- Cost of trucked in water \$19,290 (being recovered through surcharges)
- Tree removal fees (amortized over 5 years instead of 1 year)
- Depreciation expenses adjustments to come into compliance with straight-line depreciation methods; reduces depreciation expense by \$509.91. This impact other revenue sensitive items as described in Ms. Leggett’s testimony at Exh. JL-1T at 11:9 – 12:6

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WWS DATA REQUEST NO. 25:

Please provide all of the reasons why Ms. Leggett determined that accounting services were not accurate or necessary.

RESPONSE:

See Staff's Response to WWSI Data Request No. 5. WWS could not establish why they paid the amount listed or the amount that was necessary to the provision of water service.

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WWS DATA REQUEST NO. 26:

Please provide all documentation demonstrating that WWS requested \$19,290 for purchased water be included in the general rate case.

RESPONSE:

Please see Jeanine Leggett's testimony and exhibits, Exh. JL-1T and Exh. JL-2 through JL-7. The Company did not file a general rate case. Purchased water was included as an expense in the Company's General Ledger. Staff entered all expenses identified in the Company's records into the ratemaking model as the baseline. Staff then made adjustments to calculate rates for the Company.

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WWS DATA REQUEST NO. 27:

Please provide all documentation demonstrating that WWS requested \$5,500 for tree removal expenses be included in the general rate case.

RESPONSE:

Please see Jeanine Leggett's testimony and exhibits, Exh. JL-1T and Exh. JL-2 through JL-7. The Company did not file a general rate case. Tree removal was included as an expense in the Company's General Ledger and included in the total expenses listed on the Company's Income Statement for the test year. Staff entered all expenses identified in the Company's records into the ratemaking model as the baseline. Staff then made adjustments to calculate rates for the Company.

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WWS DATA REQUEST NO. 31:

Please provide all documentation demonstrating that WWS requested a “hypothetical capital structure of 60 percent equity and 40 percent debt, with a 12 percent return on equity” as stated in Ms. Leggett’s January 22, 2015 testimony on page 13, lines 14-15.

RESPONSE:

Staff determined a hypothetical capital structure of 60 percent equity and 40 percent debt, with a 12 percent return on equity should be applied in this case. The Company made no changes to those assumptions within the model. A hypothetical capital structure is used when equity exceeds 60 percent (to limit risk and lower the cost of capital to customers) or when an actual capital structure cannot be determined from the balance sheet provided by the Company. There are no additional documents to provide that have not been filed in the docket or submitted in discovery.