

**STATE OF VERMONT
PUBLIC UTILITY COMMISSION**

Case No. 24-0969-PET

Tariff filing of Woodstock Aqueduct Company for a change in rates, pursuant to 30 V.S.A. § 225, effective for service rendered on or after May 16, 2024	
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**WOODSTOCK AQUEDUCT COMPANY’S RESPONSES
TO THE DEPARTMENT OF PUBLIC SERVICE’S
FIRST SET OF INFORMATION REQUESTS**

These are the responses of Woodstock Aqueduct Company (“WAC”) to the First Set of Information Requests (“Information Requests”) from the Department of Public Service (“DPS”).

General Objections:

1. WAC objects to the “Instructions” contained in the Information Requests to the extent such instructions purport to place greater requirements on WAC, or reserve greater rights to the DPS than are permitted by the procedural rules of the Public Utility Commission.
2. WAC objects to any request for information or production of documents that is or are subject to the attorney-client privilege, that constitute work product, that are protected under state or federal law, or that are proprietary, competitively sensitive, or confidential.
3. WAC objects to requests to the extent that they (a) are overbroad or unduly burdensome; (b) are cumulative; (c) call for the production of documents not in the possession, custody, or control of WAC; (d) call for the review, compilation, or production of publicly available documents that could be obtained by the requesting party in a less burdensome manner; (e) are vague and/or ambiguous; (f) seek information not reasonably calculated to lead to the discovery of admissible evidence; (g) are not proportional to the needs of the cases and/or (h) call for the review, compilation, and/or production of a voluminous number of documents at great expense to WAC.
4. WAC does not hereby waive any objections, and reserves the right to later raise any additional, available objection.

WOODSTOCK AQUEDUCT COMPANY'S RESPONSES
TO THE DEPARTMENT OF PUBLIC SERVICE'S
FIRST SET OF INFORMATION REQUESTS

Q.PSD.PET.1-1. Please produce the totals for each of the past five years (2019-2023) for the following expense categories:

- a) Operating: Backhoe expenses, Heat, Electricity, Operating Supplies, Repair and Maintenance, Truck and Travel.
- b) A&G: Miscellaneous, Office Supplies and Expenses, Professional Services, Telephone.

A.DPS:PET.1-1: Please see **Attachments DPS.PET.1-1.a-k.**

Person Responsible for Response: Jireh Billings

Title: President

Date: June 21, 2024

Q.PSD.PET.1-2. WAC's financial statements show Depreciation and Amortization Expenses, however these do not appear to be reflected in the filed cost of service. Please produce a depreciation and/or amortization record indicating WAC's rate year costs.

A.DPS:PET.1-2: Please see **Attachments DPS.PET.1-2.a-b.**

Person Responsible for Response: Jireh Billings
Title: President
Date: June 21, 2024

Q.PSD.PET.1-3. WAC's financial statements show Interest Income in the test year, however this does not appear to be reflected in the filed cost of service. Please produce WAC's anticipated rate year interest income.

A.DPS:PET.1-3: The financial statements show interest income in the test year related to a Vgap grant that the Company put into a money market account. The Vgap grant from the state is for the purpose of assisting in repair work related to last summer's flood damage to the system. Under the terms of the grant, the Company is eligible to receive 30% of all flood-related expenses that meet certain requirements, however, any funds that do not meet the requirement of the program will need to be returned to the state. While interest income in the Rate Year is expected to be between \$1,500 and \$3,000 on this amount, it is not yet clear whether some portion of the grant—including the interest earned—will need to be returned to the state.

Person Responsible for Response: Jireh Billings
Title: President
Date: June 21, 2024

Q.PSD.PET.1-4. Please explain whether WAC expects to receive any government grants, miscellaneous income, or other similar income in the rate year, as it did in the 2023 test year according to its financial statement. If so, please produce any documentation used to support your answer.

A.DPS:PET.1-4: We do not expect to receive any grants in 2024.

Person Responsible for Response: Jireh Billings

Title: President

Date: June 21, 2024

Q.PSD.PET.1-5. Please refer to the Prefiled Direct Testimony of Jireh Billings at page 10, stating, “. . . we anticipate that successfully recruiting a water utility manager will require a \$125,000 salary.” Please provide an update on WAC's progress in hiring a professional manager, including whether the position has been posted or filled. Additionally:

- a. Please produce the job listing ad for the position, if posted.
- b. Please produce any supporting documentation that confirms hiring for the position will occur in the rate year.
- c. Please produce any supporting data and documentation used to support WAC's determination of the \$125,000 salary figure.

A.DPS:PET.1-5: Please see **Attachments DPS.PET.1.5.**

Person Responsible for Response: Jireh Billings
Title: President
Date: June 21, 2024

Q.PSD.PET.1-6. Please produce any data or documentation that provides a breakdown of the Salaries and Wages expenses totaling \$266,262 listed in Exh. WAC-JSB-1.

A.DPS:PET.1-6: Salaries and Wages in 2023 totaled, \$128,420. These expenses cover current field personnel, including one full-time employee and four part-time positions, which will all persist following the recruitment and engagement of a professional water manager. This amount was increased during the Rate Year by 10% to remain competitive, totaling \$141,262. This does not include the current salaries to manage the company, which are shown under Administrative and General in the Test Year on Exhibit WAC-JSH-1, totaling \$43,000. In the Rate Year, the \$43,000 salary figure is removed, and a \$125,000 salary for a professional water manager was added. When this \$125,000 salary is combined with the \$141,262 in current salaries, the total Rate Year Salaries and Wages is \$266,262.

Person Responsible for Response: Jireh Billings
Title: President
Date: June 21, 2024

Q.PSD.PET.1-7. Please refer to the Prefiled Direct Testimony of Jireh Billings at page 12, lines 9 through 11. Please produce any meeting minutes, contract, or other documentation confirming the 10% wage increase and the start date.

A.DPS:PET.1-7: The wage increase has not yet been implemented and the Company cannot afford to increase wages based on current cash flow. As a result, we have already lost one employee and risk losing more personnel if we are unable to increase wages by at least 10%. In the event that the Company's proposed rate increase is approved by the Commission, the Company will immediately implement a 10% wage increase for employees, who have had only minimal pay increases since the 2015 Rate Case.

Person Responsible for Response: Jireh Billings
Title: President
Date: June 21, 2024

Q.PSD.PET.1-8. Please produce any data or documentation that may support the Pension increase from \$0 to \$26,626 listed in Exh. WAC-JSB-1.

A.DPS.PET.1-8: The Company has offered a pension to the employees that equals 10% of the yearly gross pay. In 2023 the Company did not have enough cash flow to fulfill this benefit. The expense of \$26,626 in the Rate Year is 10% of the proposed \$266,262 total yearly gross payroll.

Person Responsible for Response: Jireh Billings
Title: President
Date: June 21, 2024

Q.PSD.PET.1-9. Please produce detailed amortization schedules for all the debt instruments included in the tab labeled "Cost of Debt" in Exh. WAC-JSB-1 and totaling \$160,218.04 for 2024.

A.DPS:PET.1-9: Please see **Attachments DPS.PET.1.9.a-f.**

Person Responsible for Response: Jireh Billings

Title: President

Date: June 21, 2024

Q.PSD.PET.1-10. Please refer to the Prefiled Direct Testimony of Jireh Billings at page 7, stating, “[t]o finance the Elm Street Crossing construction, we will need to further increase our annual debt expense by \$62,000 in the rate year and obtain approval to finance approximately \$665,000. . .”

- a) Please explain whether WAC filed for and received PUC approval for this loan.
- b) Please produce approved loan documentation verifying the principal and interest payments included in the cost of service.

A.DPS:PET.1-10: The Company has not yet applied for this loan or sought PUC approval because the Company's current cash flow cannot support the financing requirements of lenders. Accordingly, this debt will only be attainable if we increase rates. In the event that the Company's rate case is approved with this debt expense, the Company will promptly submit loan applications and associated requests for Commission approval.

Person Responsible for Response: Jireh Billings

Title: President

Date: June 21, 2024

Q.PSD.PET.1-11. Please refer to the Prefiled Direct Testimony of Jireh Billings at page 6, stating, “[w]e have also solicited construction estimates that demonstrate the cost of this work will be approximately \$665,000.”

- a) The referenced Exh. WAC-JSB-2 is a scope breakdown dated September 2023.
Please produce a signed contract, or an updated signed cost proposal, if available.
- b) Please explain the anticipated length of time for this project to be completed.
- c) Please explain the expected life of this project.

A.DPS:PET.1-11: See **Attachments DPS.PET.1.11.** The project is expected to take 30 days to complete. The expected life of the project would be approximately 40 years.

Person Responsible for Response: Jireh Billings

Title: President

Date: June 21, 2024

Q.PSD.PET.1-12. Please refer to the Prefiled Direct Testimony of Jireh Billings at page 8, lines 13 through 18.

- a) Please explain whether there is any documentation from VEDA that can verify the length of the loan and the principal and interest included in the cost of service. If affirmed, please produce.
- b) Please explain whether WAC has filed for PUC approval for this loan.
- c) Please explain the anticipated length of time for this project to be completed.
- d) Please explain the expected life of this project.

A.DPS:PET.1-12:

- a) The Company has discussed this potential loan with a senior lender at VEDA regarding the potential terms of a loan. Based on these discussions, the Company expects the rate would be approximately 3% and the term would be over 30 years. Increasing rates will help improve our eligibility for this loan because the cash flow will assist in demonstrating our ability to pay. But the Company will also need to negotiate whether the Company has sufficient collateral. We currently do not have enough collateral to pledge against the entire debt amount. Accordingly, the better our cash flow position is going forward, the more likely we will be able to secure funding for this work.
- b) We will file for approval when we can get a loan approved.
- c) We are not certain of the length but expect that this Project would take several months.
- d) The expected life of the project would be approximately 40 years.

Person Responsible for Response: Jireh Billings

Title: President

Date: June 21, 2024

Q.PSD.PET.1-13. Please produce any data or documentation that provides a breakdown of the professional services expense of \$59,609 listed in Exh. WAC-JSB-1. Additionally:

- a. Please explain how much of the cost increase included in the rate year is expected to be ongoing or whether the cost will be one-time or non-recurring. For those costs related to the sale and transfer of the water system, please explain the length of time those services are anticipated to be needed.
- b. Please produce any documentation supporting any other services included in the rate year expenses that are not included in Exh. WAC-JSB-6, if applicable.

A.DPS:PET.1-1: In the Test Year, the Company had \$19,609 in professional expenses related to relatively routine regulatory and account issues, including financing requests and loans. As set forth on Exhibit WAC-JSB-6, accounting expenses (\$20,000) and legal costs (\$15,000-\$25,000) are likely to exceed normal operating costs in the Rate Year by approximately \$40,000. Accordingly, the total is \$59,609. These increased costs are expected to persist for the next two years, however, we expect that professional services will then decline thereafter.

Person Responsible for Response: Jireh Billings

Title: President

Date: June 21, 2024

Q.PSD.PET.1-14. Please refer to Exh. WAC-JSB-5, SCADA Quote System Costs. The unsigned quote provided expired on March 12, 2024. Please produce an updated, signed version specifying when this work will be performed and the length of time it will continue.

A.DPS.PET.1-14: Attached Quote signed. The work will be performed when we get the rate increase. It will take about a month to install.

Person Responsible for Response: Jireh Billings
Title: President
Date: June 21, 2024

Q.PSD.PET.1-15. Please explain whether the required pipe replacement expenses of \$150,000 and the SCADA system costs of \$45,300 will result in assets that remain in service and provide benefits beyond the rate year. If affirmed, what are the expected lifetimes and number of years for each to be fully depreciated. Please produce detailed schedules if there are different components in each project that have varying expected lifetimes or years to become fully depreciated.

A.DPS:PET.1-15: Yes. Both assets will provide service benefits beyond the rate year, however, they are included as an expense in the Rate Year rather than an amortization expense for several reasons. First, the Company will need to incur \$150,000 annually to meet ANR pipe replacement requirements and cannot fund that level of investment with capital. Second, given the extensive debt obligations that are contemplated in the Company's rate petition (both existing and expected debt), we do not believe the pipe replacement work can be funded with a debt expense. Third, the pipe replacement work is anticipated to be effectively ongoing for years, with \$150,000 in annual costs. Accordingly, this is treated as an expense rather than an amortized capital investment because it will be incurred like an expense.

Person Responsible for Response: Jireh Billings
Title: President
Date: June 21, 2024

Q.PSD.PET.1-16. Please refer to the Prefiled Direct Testimony of Jireh Billings at page 13, lines 3 through 7. Please provide any documentation to verify the ANR pipe replacement plan will occur and that supports the anticipated cost to WAC.

A.DPS:PET.1-16: The ANR pipe replacement plan will occur because it is required under DEC regulation. The Preliminary Engineering Report was approved by ANR on the condition that Woodstock engage in the pipe replacement plan. Accordingly, continued compliance with ANR requires that we engage in the pipe replacement work identified in the PER.

Person Responsible for Response: Jireh Billings

Title: President

Date: June 21, 2024

Q.PSD.PET.1-17. Please produce current copies of an example or redacted water bill for a typical residential customer, a commercial customer, and a customer with hydrants.

A.DPS:PET.1-17: See **Attachments DPS.PET.1-17.**

Person Responsible for Response: Jireh Billings

Title: President

Date: June 21, 2024

Q.PSD.PET.1-18. Please produce a copy of a mock-up water bill showing the impact of the new rates for a typical residential customer, a commercial customer, and a customer with hydrants.

A.DPS:PET.1-18: See **Attachments DPS.PET.1-18.**

Person Responsible for Response: Jireh Billings
Title: President
Date: June 21, 2024

As to objections:

Dated at Burlington, Vermont this 21st day of June 2024

WOODSTOCK AQUEDUCT COMPANY

By: /s/ Owen McClain

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