BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF  )
ARTESIAN WASTEWATER MANAGEMENT, INC.  )
FOR AUTHORITY TO INCREASE EXISTING )
RATES AND CHARGES FOR WASTEWATER )
SERVICE (FILED APRIL 11, 2014)  )

PSC DOCKET NO. 14-132

DIRECT TESTIMONY OF

TONI M. LOPER

ON BEHALF OF THE STAFF OF THE

DELAWARE PUBLIC SERVICE COMMISSION

SEPTEMBER 24, 2014
Statement of Qualifications

Q: Please state your name and the name and address of your employer.
A: My name is Toni M. Loper. I am employed by the Delaware Public Service Commission (the “Commission”). My business address is 861 Silver Lake Boulevard, Suite 100, Dover, Delaware, 19904.

Q: What is your position with the Public Service Commission?
A: I am a Public Utilities Analyst with the Commission. I have been employed with the Commission since June 2012.

Q: As an analyst with the Commission, what is the general nature of your duties?
A: My duties include the review of filings by regulated utilities that propose increases in rates and charges; participating in the audit of small regulated companies; participation, review and processing of securities issuance applications; review of the Commission’s regulations and recommendation of changes to regulations for implementation of electronic filing; and other tasks assigned by management.

Q: What is your professional experience and education?
A: I received a Bachelor of Science Degree in Accounting, with a Minor in Business Administration from the University of Maryland University College in 2012. I am currently enrolled in the Masters of Business Administration program at Wilmington University. My professional experience includes sitting as the Board Treasurer for two non-profit organizations over 4 ½ years where my main duties included overseeing all financial transactions for both organizations, preparing and maintaining monthly and annual budgets, preparing all monthly, quarterly and annual reports, and preparing tax returns for both organizations. I was employed as a tax preparer with H&R Block for four years. My duties included reviewing and interpreting federal and state
income tax laws, preparing income tax return forms for individuals and small businesses and reviewing financial records.

Q: For whom are you testifying in this proceeding?
A: I am testifying on behalf of the Commission Staff (“Staff”).

Q: What is the purpose of your testimony?
A: The purpose of my testimony is to present Staff’s review and adjustments of certain operating expenses claimed by Artesian Water Company, Inc. for ratemaking purposes.

Q: What was your specific assignment in this case?
A: I was assigned to review several general, administrative and expense accounts. I was to determine if those expenses were appropriate for inclusion in Artesian’s revenue requirement and if those amounts should be charged to ratepayers.

Q: What adjustments is Staff proposing?
A: Staff is proposing adjustments to eliminate expenditures such as charitable donations and certain service and social club dues.

Q: Are you proposing any adjustments to charitable donations?
A: Yes.

Q: What recommendation are you proposing for charitable donations?
A: Artesian claimed expenses of $45,825 in charitable donations, as detailed on Artesian Exhibit DLV-3F, these expenses have been reclassified from “below-the-line” expenses to “above-the-line” for ratemaking purposes. I believe it is not appropriate to charge ratepayers for Artesians’s charitable donations. These donations are unrelated to providing safe and adequate water service. The Commission addressed the issue of charitable donations in Order No.
6911, dated February 4, 2004 (PSC Docket No. 04-41), stating in paragraph 92:

"In our view, charitable donation costs are not necessary for the provision of safe and adequate service...we adopt the Hearing Examiner’s Findings and Recommendation, and conclude that charitable contributions will not be included as operating expenses in this proceeding."

Q: Are there any additional proposed adjustments.
A: Yes. I am making an adjustment to remove certain social and service club dues that Artesian has as “above the line” expenses. These expenses are for local lobbying expenses relating to public relations and marketing efforts to attract additional customers or sales. As such, these expenses, similar to charitable donations, are unrelated to providing safe, reliable and adequate water service and should not be chargeable to ratepayers.

Q: What is the total adjustment that you recommend?
A: I recommend a total reduction of $99,411 to Artesian’s expenses claimed for rate making purposes as shown on PSC Exhibits TML-1 through TML-2.

Q: Does this conclude your testimony in this proceeding?
A: Yes.
ARTESIAN WATER COMPANY, INC.
Adjustment to Charitable Donations
For The Test Year Ended December 31, 2013

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<tr>
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<td>2. Charitable Donation expense claimed</td>
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<td>4. State Income Taxes @ 8.7%</td>
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<td>7. Net Income Adjustment</td>
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Sources:
Artesian Schedule DLV-3F
### ARTESSIAN WATER COMPANY, INC.
Adjustment to Charitable Donations
For The Test Year Ended December 31, 2013

<table>
<thead>
<tr>
<th></th>
<th>(A)</th>
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<tbody>
<tr>
<td>1. Adjusted Amount</td>
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<td>2. Social and Service Club Dues expense claimed</td>
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**Sources:**
Artesian Schedule DLV-3G