

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF NEW MEXICO WATER)
SERVICE COMPANY’S APPLICATION FOR)
APPROVALS OF REVISED RATES)
PURSUANT TO ADVICE NOTICE NO. 23,)
FOURTEENTH REVISED RATE NOS. 1, 2,)
AND 4 AND FIRST REVISED RATE NO. 5)
)
)
)
NEW MEXICO WATER SERVICE COMPANY,)
)
APPLICANT.)
)
_____)

Case No. _____

DIRECT TESTIMONY

OF

CHRIS EKRUT

**ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY**

June 26, 2026

NMPRC CASE NO.

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I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS.

A. My name is Chris Ekrut. I am a Partner and Chief Executive Officer for NewGen Strategies and Solutions, LLC ("NewGen"). My business address is 275 W. Campbell Rd., Ste. 440, Richardson, Texas 75080.

Q. ON WHOSE BEHALF ARE YOU PRESENTING TESTIMONY IN THIS PROCEEDING?

A. I am presenting testimony on behalf of the New Mexico Water Service Company, Inc. ("New Mexico Water," "Company," or "NMWSC").

Q: ARE YOU SPONSORING ANY EXHIBITS WITH YOUR TESTIMONY?

A: Yes, I am sponsoring the following Exhibits to my testimony:

CE-1 – Excel spreadsheet containing schedules required under 17.13.930 NMAC and other data

CE-2 – Resume of Chris Ekrut

CE-3 – Testifying Record of Chris Ekrut

Q. PLEASE OUTLINE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND.

A. My educational and professional background are outlined in my professional resume, herein included as Exhibit CE-2.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?

A. Yes. Exhibit CE-3 is a copy of my testifying record.

NMPRC CASE NO.

**DIRECT TESTIMONY OF CHRIS EKRUT
ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY**

1 **Q. ARE YOU AN ATTORNEY?**

2 A. No. Nor should my testimony be construed as offering any legal opinions or
3 interpretations. My testimony is offered from a technical practitioner and is specific to the
4 concepts of utility ratemaking.

5 **Q. WHAT IS THE PURPOSE AND SCOPE OF YOUR TESTIMONY IN THIS**
6 **PROCEEDING?**

7 A. The purpose of my testimony is to present and support the calculation of the amended
8 Utility Capacity Charge (“UCC”), as well as the revenue requirements, the underlying class
9 cost-of-service study filed in accordance with 17.13.930 NMAC, and the proposed sewer
10 rates requested by NMWSC specific to the Rio Sewer District sewer system, comprised of
11 the Rio Del Oro plant and the Rio plant for the 12-month period beginning July 1, 2026,
12 and ending June 30, 2027 (“Test Year”).

13 **Q. HAVE YOU PREPARED ANY EXHIBITS, SCHEDULES, OR STUDIES IN**
14 **CONNECTION WITH YOUR TESTIMONY?**

15 A. Yes. All attachments or schedules which I sponsor will be referred to and referenced within
16 the body of my testimony. See Exhibit CE-1 for the rate filing package that contains a
17 complete List of Schedules that identifies the related topics.

18 **Q. WERE YOUR TESTIMONY AND THE EXHIBITS, SCHEDULES, STUDIES OR**
19 **WORKPAPERS YOU SPONSOR PREPARED BY YOU OR BY SOMEONE**
20 **UNDER YOUR DIRECT SUPERVISION?**

21 A. Yes.

**DIRECT TESTIMONY OF CHRIS EKRUT
ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY**

II. UTILITY CAPACITY CHARGE

Q. WHAT REQUIREMENTS HAS THE NEW MEXICO PUBLIC REGULATION COMMISSION PLACED ON NMWSC SPECIFIC TO ITS UTILITY CAPACITY CHARGE?

A. The Company previously filed for an amended UCC in Case No. 25-00035-UT. The Final Order in that proceeding granted NMWSC's motion to withdraw its prior UCC application and dismissed that case, subject to four conditions. Three of those conditions are directly addressed within my testimony, specifically: (1) NMWSC was required to file a general rate case in the first half of 2026; (2) the issues identified by the parties – including the appropriate revision to the present UCC, the methodology to calculate it, whether a UCC remains the appropriate cost-recovery mechanism, and the allocation of costs between existing customers and new development – are to be addressed in the general rate case; and (3) the Company's existing Rate No. 5 was to remain in effect for all new sewer connections pending a final determination in this case. The Final Order also required NMWSC to true up any amounts collected in excess of the then-existing Rate No. 5 from new connections during the interim period.¹

Q. HOW DOES YOUR TESTIMONY RESPOND TO THESE REQUIREMENTS?

A. My testimony addresses the first two requirements above: the appropriate revision to the present UCC and the methodology used to calculate it. The presentation in this filing also retains a UCC as the cost-recovery mechanism for capital in support of new connections,

¹ NMPRC Case No. 25-00035-UT, Order Granting Leave to Withdraw and Dismissing Application (Feb. 13, 2026) ("Dismissal Order").

NMPRC CASE NO.

**DIRECT TESTIMONY OF CHRIS EKRUT
ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY**

1 consistent with the structure approved by the Commission in 2002 and continued in effect
2 under Rate No. 5 through the pendency of this case.

3 **Q. HAS NMWSC COMPLIED WITH THE TRUE-UP CONDITION?**

4 A. Yes. NMWSC has refunded to applicable EDUs the difference between the amount
5 collected during the interim period and the then-approved Rate No. 5. Specific to the base
6 year ended December 31, 2025, that amounts to a refund of 68 EDUs.² That refund is
7 reflected in the base period as a reduction to gross CIAC.³

8 **Q. WHAT METHODOLOGY HAVE YOU EMPLOYED TO CALCULATE THE**
9 **RECOMMENDED UCC?**

10 A. I used a net incremental cost methodology in which the UCC equals the per-EDU cost of
11 growth-related capital additions required to serve new connections, less a credit reflecting
12 each new connection's proportional share of existing net plant investment.

13 **Q. WHY IS THIS METHODOLOGY APPROPRIATE?**

14 A. The methodology is consistent with the UCC framework approved by the Commission in
15 2002, which established the UCC structure applicable to all new sewer customers. It is also
16 directly responsive to Staff's position in Case No. 25-00035-UT, which identified the
17 absence of an embedded-cost credit in NMWSC's prior application as a departure from the
18 previously approved rate and from AWWA M1 Manual guidance.⁴ The methodology used
19 here includes such a credit. The calculation is performed separately for each plant and on
20 a system-wide basis.

² See NMWSC's Affirmation of Compliance, NMPRC Case No. 25-00035-UT (May 15, 2025).

³ (\$11,688 - \$866) * 68 EDUs = \$735,896.

⁴ Direct Testimony of Jonah B. Mauldin, NMPRC Case No. 25-00035-UT, at 4-9 (Aug. 8, 2025).

NMPRC CASE NO.

**DIRECT TESTIMONY OF CHRIS EKRUT
ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY**

1 Q. WHAT IS THE EXISTING PLANT BALANCE USED IN THE CALCULATION?

2 A. Net plant investment for the combined sewer systems as of December 31, 2025 is
3 approximately \$3.0 million, after accumulated depreciation, CIAC net of accumulated
4 amortization, and the plant acquisition adjustment. Common plant is allocated between the
5 Rio Del Oro Plant (“RDO”) and the Rio Plant (“Rio”) based on each plant’s share of system
6 EDUs at December 31, 2025. The derivation of the existing system credit per EDU is
7 illustrated in workpaper “UCC Calc” within Exhibit CE-1.

8 Q. WHAT IS THE INCREMENTAL INVESTMENT USED IN THE CALCULATION?

9 A. Incremental investment is sourced from Exhibit CE-1, Schedule I-1, which identifies the
10 construction program required between January 1, 2026 and the end of the test year on June
11 30, 2027. The growth-related share of each project is then identified. The growth amount
12 specific to RDO is 49.73% which is the same growth allocation NMWSC presented in its
13 prior UCC application in Case No. 25-00035-UT. Specific to RC, the growth amount was
14 calculated at approximately 11%.

**15 Q. WHAT IS THE BASIS FOR THE RIO PLANT’S CAPITAL IMPROVEMENT
16 PLAN SET FORTH IN SCHEDULE I-1?**

17 A. All figures for the Rio plant capital improvement plan as set forth in Exhibit CE-1,
18 Schedule I-1, are estimates developed by Water Works Engineers on behalf of NMWSC,
19 current as of May, 2026.

NMPRC CASE NO.

**DIRECT TESTIMONY OF CHRIS EKRUT
ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY**

Q. WHAT IS THE PROJECTED EDU GROWTH EMPLOYED IN THE CALCULATION?

A. Projected growth during the period covered by the construction program is 290 EDUs system-wide, consisting of 240 EDUs at RDO and 50 EDUs at Rio plant. Dividing growth-related incremental investment by growth EDUs yields the incremental plant investment per growth EDU.

Q. WHAT IS THE CALCULATED UCC UNDER YOUR PROPOSED METHODOLOGY?

A. The calculated UCC for each plant and on a system-wide basis is summarized in the table below:

Table 1 – Proposed Utility Capacity Charge

	Rio Del Oro Plant	Rio Plant	Total System
Incremental Plant Investment per EDU	\$11,687	\$5,964	\$10,701
Less: Existing System Credit per EDU	(\$1,277)	(\$523)	(\$931)
Calculated UCC per EDU	\$10,410	\$5,441	\$9,769

Q. WHAT UCC IS NMWSC PROPOSING TO BE APPROVED WITHIN THIS PROCEEDING?

A. NMWSC proposes a uniform, system-wide UCC of \$9,769 per EDU applicable to all new sewer connections in both the Rio Del Oro and Rio Communities service areas.

NMPRC CASE NO.

**DIRECT TESTIMONY OF CHRIS EKRUT
ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY**

1 **Q. WHY DOES NMWSC PROPOSE A UNIFORM UCC RATHER THAN THE**
2 **PLANT-SPECIFIC CHARGES YOU HAVE CALCULATED?**

3 A. Three key reasons support NMWSC's proposal for a uniform UCC. First, NMWSC has
4 operated the Rio Sewer District, which encompasses the areas served by both RDO and
5 Rio plants, under a uniform tariff for the entire period of its ownership of these systems,
6 including a uniform Rate No. 5 UCC approved in 2002. Second, capital investment in a
7 multi-plant utility varies by system over time. The system requiring the larger investment
8 today is not necessarily the system that will require the larger investment over the longer
9 period. Calculating plant-specific UCCs based on a single point-in-time snapshot of capital
10 plans would lock in cost differentials that do not persist over the long run. Third, uniform
11 pricing is consistent with how customers are charged for ongoing service. Existing
12 customers in both service areas pay the same monthly sewer rates today and have done so
13 throughout NMWSC's ownership. Applying a uniform principle to the connection charge
14 is consistent with that established practice.

15 **Q. DOESN'T A UNIFORM UCC REQUIRE NEW CUSTOMERS ON THE RIO**
16 **SYSTEM TO SUBSIDIZE NEW CUSTOMERS ON THE RIO DEL ORO SYSTEM?**

17 A. Yes, at this point in time. New customers on the Rio system will pay somewhat more than
18 the standalone calculation, and new customers on the Rio Del Oro system will pay
19 somewhat less than the standalone calculation. Inter-divisional cost differentials of this
20 kind are a feature of any uniform tariff applied to multiple systems, and they shift over time
21 as the systems require capital additions in different cycles. The Commission has previously

NMPRC CASE NO.

**DIRECT TESTIMONY OF CHRIS EKRUT
ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY**

1 approved uniform pricing across these two systems, and the same considerations support
2 continued uniform pricing here.

3 **Q. HOW IS THE PROPOSED UCC REFLECTED IN THE RATE CASE TEST YEAR?**

4 A. CIAC additions during the test year are calculated based on the 290 projected new EDU
5 connections applied to the proposed \$9,769 UCC. This treatment is reflected in Schedule
6 B-2(c) and is consistent with the methodology applied throughout this proceeding. It is
7 important to note that funds collected through the UCC are booked as CIAC and act as an
8 offset to Net Plant when calculating Rate Base. The more money collected as CIAC from
9 new connections, the lower the rate base for NMWSC. This results in reduced annual
10 depreciation expense and return on investment recovery and, ultimately, lower customer
11 rates. In this way, CIAC acts as a vehicle of assigning costs of new construction to new
12 customers and alleviates the impact on existing customers.

13 **III. OVERVIEW OF PROPOSED RATE INCREASE**

14 **Q. PLEASE DESCRIBE THE NMWSC SEWER SYSTEMS AND THE REASON FOR**
15 **THE PROPOSED RATE INCREASE?**

16 A. NMWSC provides sewer service to Rio Communities and the Rio Grande Industrial Park
17 through its Rio plant and to outlying areas in Valencia County with its RDO plant.
18 NMWSC has serviced these areas under a uniform sewer tariff as the Rio Sewer District
19 for the entire period of its ownership. The current sewer rates were established under
20 Advice Notice No. 20, effective October 14, 2024, which implemented previously
21 approved rates. NMWSC is filing this case to: (i) align rates with the projected cost of

NMPRC CASE NO.

**DIRECT TESTIMONY OF CHRIS EKRUT
ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY**

1 providing sewer service over the future Test Year, including the cost of capital additions
2 needed to meet permitted treatment capacity and serve new residential growth; and (ii)
3 implement the revised UCC required by the Commission's Final Order in Case No. 25-
4 00035-UT.

5 **Q. PLEASE PROVIDE A BRIEF OVERVIEW OF THE REVENUE REQUIREMENT**
6 **AND RATE INCREASE REQUESTED IN THIS PROCEEDING.**

7 A. NMWSC proposes a total revenue requirement of approximately \$2.73 million for the Test
8 Year, which represents an increase of approximately \$234,000, or approximately 9.4
9 percent, over revenues at current rates. A summary of the revenue requirement is shown in
10 Table 2 below and is detailed in Exhibit CE-1, Schedule A-1.

11 **Table 2 – Summary of Revenue Requirement**

Component	Test Year Amount	Schedule Reference
O&M Expenses	\$1,420,915	Sch A-1
Other Taxes	\$ 26,894	Sch H-7
Depreciation Expense	\$662,399	Sch H-6
Amortization Expense (CIAC, net)	(\$153,664)	Sch H-6
State Income Tax	\$ 36,051	Sch H-8
Federal Income Tax	\$ 120,746	Sch H-8
Requested Return	\$ 617,502	Sch A-5
Total Revenue Requirement	\$ 2,730,845	Sch A-1
Less: Revenues at Current Rates	(\$2,497,059)	Sch A-2
Revenue Deficiency	\$ 233,786	Sch A-1

12 **Q. HOW WAS THE REVENUE REQUIREMENT DETERMINED?**

NMPRC CASE NO.

**DIRECT TESTIMONY OF CHRIS EKRUT
ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY**

1 A. The revenue requirement was developed using a future test year period, consistent with
2 17.13.930 NMAC. The Test Year is the twelve-month period ending June 30, 2027. The
3 Test Year revenue requirement was developed by adjusting base period results to reflect:
4 (i) adjustments within the base period; (ii) Linkage Period adjustments that update base
5 period results through June 30, 2026, reflecting six months of activity; and (iii) pro forma
6 known and measurable adjustments that update the Linkage Period through the end of the
7 Test Year. The revenue requirement includes operation and maintenance expenses,
8 depreciation and amortization expense, taxes other than income tax, income tax, and a
9 return on the Company's invested capital.

10 **IV. OPERATIONS AND MAINTENANCE ("O&M") EXPENSES**

11 **Q. PLEASE DESCRIBE THE SCHEDULES THAT SUPPORT THE OPERATIONS**
12 **AND MAINTENANCE EXPENSES INCLUDED IN THE REQUESTED REVENUE**
13 **REQUIREMENT.**

14 A. The Operation and Maintenance ("O&M") expenses included in the revenue requirement
15 are presented on Schedule H-1, with supporting detail on Schedules H-2 through H-15.
16 Schedule H-1 follows the NARUC Uniform System of Accounts and presents Base Period
17 O&M from the twelve months ended December 31, 2025, the adjustments applied to the
18 Base Period, the Linkage Period adjustments through June 30, 2026, and the pro forma
19 known and measurable adjustments through June 30, 2027.

20 **Q. HOW WERE SALARIES AND WAGES DEVELOPED FOR THE TEST YEAR?**

NMPRC CASE NO.

**DIRECT TESTIMONY OF CHRIS EKRUT
ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY**

1 A. Salaries and wages were prepared from the actual NMWSC sewer employee roster as of
2 December 31, 2025, by employee, position, and operating location. Base wages were
3 escalated through the Test Year utilizing the Bureau of Labor Statistics Employment Cost
4 Index for Civilian Workers, First Quarter 2026 release. Benefits and other payroll-related
5 costs were applied as load factors against direct wages using actual base year benefit, off-
6 duty, payroll tax, and workers' compensation experience. The detail supporting salaries
7 and wages is set out in Schedule H-3(a) through H-3(c).

8 **Q. WHAT ESCALATION FACTOR HAVE YOU APPLIED TO HISTORICAL**
9 **SALARIES AND WAGES TO REFLECT THE FUTURE TEST YEAR?**

10 A. NMWSC applied the Bureau of Labor Statistics Employment Cost Index for Civilian
11 Workers, First Quarter 2026 release, as the wage escalator. The implied annualized
12 escalation is approximately 3.4 percent. The Linkage Period reflects six months of
13 escalation; the Test Year reflects a full twelve months. The escalator percentage and the
14 resulting adjustments are set out on Schedule H-3(b).

15 **Q. PLEASE DESCRIBE THE PURCHASED POWER EXPENSE INCLUDED IN THE**
16 **REVENUE REQUIREMENT.**

17 A. Purchased power is the largest single non-payroll O&M item. The Base Period amount
18 reflects actual purchased power expense for the twelve months ended December 31, 2025.
19 The Linkage Period and Test Year reflect adjustments for both billed sewer volumes and
20 unit-cost escalation.

21 **Q. HOW IS PURCHASED POWER EXPENSE ADJUSTED FOR THE TEST YEAR?**

NMPRC CASE NO.

**DIRECT TESTIMONY OF CHRIS EKRUT
ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY**

1 A. Purchased power for the Test Year reflects two adjustments. First, volume is increased to
2 reflect Test Year billed sewer volumes. Second, the unit cost per thousand gallons is
3 escalated using a 1.78 percent annual rate, based on the five-year compound annual growth
4 rate in the U.S. Energy Information Administration's published average retail price for
5 commercial electricity in New Mexico over the period 2020 through 2025. Both the
6 volume and unit-cost adjustments are set out on Schedule H-2.

7 **Q. DOES THE REVENUE REQUIREMENT INCLUDE ALLOCATED COSTS FROM**
8 **AFFILIATED ENTITIES?**

9 A. Yes. NMWSC is a wholly owned subsidiary of California Water Service Group. As is
10 typical in multi-jurisdictional utility holding company structures, certain corporate
11 functions including human resources, accounting, treasury, legal, information technology,
12 regulatory affairs, and executive management are provided to operating subsidiaries by
13 California Water Service Company ("Cal Water"). The revenue requirement includes
14 directly assigned costs as well as allocated costs from Cal Water.

15 **Q. WHAT IS THE BASIS FOR ALLOCATING AFFILIATED ENTITY COSTS TO**
16 **NMWSC?**

17 A. Corporate services costs are allocated using a four-factor methodology that has been
18 approved by the California Public Utilities Commission and is applied consistently across
19 all California Water Service Group subsidiaries, including NMWSC. The four factors are
20 equivalent customers, gross plant in service, direct operations and maintenance expense,
21 and direct gross payroll. Each factor is computed as NMWSC's share of the consolidated
22 total, and the four factor percentages are averaged to produce a single allocation

NMPRC CASE NO.

**DIRECT TESTIMONY OF CHRIS EKRUT
ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY**

percentage. The Test Year corporate allocation is reflected in GL Account 799999, “GO Department Allocation In/Out,” and is set out on Schedules H-1 and H-13.

Q. WHY IS RECOVERY OF ALLOCATED AFFILIATED EXPENSE APPROPRIATE?

A. Allocated corporate costs represent services that NMWSC requires in order to operate as a regulated utility. If these services were not provided by Cal Water, NMWSC would have to procure them directly or build the corresponding capabilities in-house. Either alternative would likely be more expensive than the cost of receiving the services from a shared corporate function. Allocating these costs based on objective drivers of cost causation – customers, plant, O&M, and payroll – produces a reasonable approximation of NMWSC’s share of the corporate resources required to support its operations.

Q. HOW ARE THE REMAINING O&M EXPENSE CATEGORIES DEVELOPED?

A. Remaining O&M categories are projected forward from Base Period actuals using the cascade adjustments described above. Inflationary factors have only been applied to payroll and payroll-related expense as well as purchased power expense.

Q. IS NMWSC REQUESTING RECOVERY OF RATE CASE EXPENSE IN THIS PROCEEDING?

A. Yes. NMWSC requests recovery of the costs of preparing and prosecuting this proceeding, amortized over a multi-year period. Total rate case expense at the time of filing is \$152,077, consisting of \$102,577 of deferred costs from the prior proceeding and \$49,500 of contracted cost for this filing. NMWSC proposes to amortize this amount over four years, producing an annual recovery of \$38,019. The annual amortization is included in

NMPRC CASE NO.

**DIRECT TESTIMONY OF CHRIS EKRUT
ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY**

1 Administrative and General expense within Regulatory Commission Expense as a known
2 and measurable adjustment on Schedule H-1.

3 **Q. WHY IS A FOUR-YEAR AMORTIZATION PERIOD APPROPRIATE FOR RATE**
4 **CASE EXPENSES?**

5 A. A multi-year amortization spreads these non-recurring costs across the estimated interval
6 between rate proceedings, so that customers in any single year bear only a proportional
7 share rather than the full cost of a case in the year it is incurred.

8 **V. DEPRECIATION AND AMORTIZATION EXPENSES**

9 **Q. WHAT DEPRECIATION RATES ARE USED IN THIS APPLICATION?**

10 A. The depreciation rates used in this filing are the book depreciation rates currently in use by
11 the Company and reflected in the Company's books and records. These rates are the same
12 rates that were in effect at the time of the acquisition of the NMWSC sewer systems and
13 have been consistently applied since. Using the book rates ensures that the depreciation
14 expense recovered in rates matches the depreciation actually being booked, avoiding any
15 long-term over- or under-recovery. The rates by NARUC account are set out in Schedule
16 H-6.

17 **Q. HOW IS DEPRECIATION EXPENSE CALCULATED FOR THE TEST YEAR?**

18 A. Depreciation expense is calculated by applying each plant account's book depreciation rate
19 to the plant balance for that account at each cascade period. Linkage Period additions
20 receive six months of depreciation, reflecting the duration of the Linkage Period from
21 January 1 through June 30, 2026. Test Year additions and beginning Test Year balances

NMPRC CASE NO.

**DIRECT TESTIMONY OF CHRIS EKRUT
ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY**

1 receive a full year of depreciation. Test Year depreciation expense is set out on Schedule
2 H-6.

3 **Q. IS NMWSC REQUESTING RECOVERY OF ANY AMORTIZATION EXPENSE**
4 **SPECIFIC TO THE TEST YEAR?**

5 A. Yes. Amortization expense in this filing reflects the amortization of CIAC over the useful
6 life of the related contributed plant, which reduces net depreciation expense recoverable
7 from customers, as well as the final-year amortization of the plant acquisition adjustment.

8 **Q. HOW IS CIAC AMORTIZATION CALCULATED?**

9 A. CIAC amortization is calculated by applying a composite amortization rate of 1.9017
10 percent, which approximates the weighted-average book life of the underlying contributed
11 treatment plant, to the gross CIAC balance at each cascade period. Test Year CIAC
12 amortization is set out on Schedule H-6. On Schedule A-1, the net amortization expense
13 line reflects CIAC amortization combined with the final year's plant acquisition adjustment
14 amortization.

15 **VI. TAX EXPENSE**

16 **Q. WHAT TAXES ARE INCLUDED IN THE PROPOSED REVENUE**
17 **REQUIREMENT?**

18 A. The revenue requirement includes both taxes other than income taxes (property tax and
19 payroll tax) and income taxes (federal and state). Taxes other than income taxes are
20 presented on Schedule H-7, and income taxes are presented on Schedule H-8.

21 **Q. HOW ARE TAXES OTHER THAN INCOME TAXES CALCULATED?**

NMPRC CASE NO.

**DIRECT TESTIMONY OF CHRIS EKRUT
ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY**

1 A. Other taxes consist of property tax and payroll tax. Property tax is escalated by applying
2 NMWSC's effective property tax rate of approximately 0.045 percent to projected plant
3 balances at each cascade period. Payroll taxes are escalated in step with payroll itself. The
4 calculations are set out on Schedule H-7.

5 **Q. HOW ARE FEDERAL AND STATE INCOME TAX EXPENSE CALCULATED**
6 **FOR THE TEST YEAR?**

7 A. Federal and state income tax for the Test Year are calculated on a stand-alone, normalized
8 basis at the New Mexico divisional level. Taxable income is determined as Test Year
9 revenue less Test Year expense less synchronized interest, and statutory federal and state
10 income tax rates are applied to that base. Book-tax timing differences are accounted for
11 through standard normalization, with the resulting deferred tax balance reflected in rate
12 base as described in Section VII. The income tax calculation is set out on Schedule H-8.

13 **VII. RATE BASE**

14 **Q. WHAT ARE THE COMPONENTS OF RATE BASE?**

15 A. Rate base represents the Company's net investment in plant, property, and equipment used
16 in providing sewer service, plus working capital, less non-investor-supplied capital. The
17 principal components are gross plant in service, less accumulated depreciation; less CIAC,
18 net of accumulated amortization; less the plant acquisition adjustment, net of amortization;
19 plus or minus the accumulated deferred income tax ("ADIT") balance depending on
20 whether it is in a liability or asset position; plus working capital.

21 **Q. WHAT PERIOD IS UTILIZED FOR THE CALCULATION OF RATE BASE?**

NMPRC CASE NO.

**DIRECT TESTIMONY OF CHRIS EKRUT
ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY**

1 A. Rate base is calculated on an end-of-test-period basis as of June 30, 2027. The end-of-
2 period methodology is consistent with the future test year framework prescribed by
3 17.13.930 NMAC, under which the Test Year is forward-looking and the rate base used to
4 set rates represents the investor capital expected to be in service when the rates take effect.
5 The build-up from the Base Period balance through end of Test Year is shown on Schedules
6 A-4 and J-2(c).

7 **Q. HOW WERE THE NET PLANT IN SERVICE BALANCES DETERMINED?**

8 A. The starting point for plant in service was the actual book balance at December 31, 2025,
9 supported by the Company's general ledger and trial balance. Plant additions during the
10 Linkage Period and Test Year reflect CWIP rolling into plant in service, as shown on
11 Schedule B-3, and reflect the construction program presented on Schedule I-1.
12 Accumulated depreciation was rolled forward by applying the book depreciation rates
13 described in Section V to the plant balance over each cascade period.

14 **Q. PLEASE DESCRIBE THE ADDITIONS THAT HAVE BEEN MADE TO THE**
15 **PLANT BALANCES AFTER DECEMBER 31, 2025.**

16 A. Plant additions during the Linkage Period and Test Year reflect the construction program
17 presented on Schedule I-1. The most significant additions are associated with the RDO
18 Phase 1 improvements identified in the Rio Del Oro Sanitary Sewer System Master Plan
19 Update (January 2025) and anticipated improvements to the Rio plant based on early
20 estimates developed by Water Works Engineers on behalf of NMWSC, current as of May,
21 2026.

NMPRC CASE NO.

**DIRECT TESTIMONY OF CHRIS EKRUT
ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY**

1 **Q. DOES THE CONSTRUCTION PROGRAM RESULT IN THE RETIREMENT OF**
2 **EXISTING PLANT?**

3 A. Yes. Several of the projects in the construction program replace existing assets that are
4 removed from service when the new facilities are placed in service. The retirements are
5 concentrated in NARUC Account 382 (treatment and disposal equipment), with a smaller
6 amount in Account 373 (pumping equipment), and are itemized by asset in the Retirements
7 workpaper.

8 **Q. HOW ARE THESE RETIREMENTS REFLECTED IN RATE BASE AND THE**
9 **REVENUE REQUIREMENT?**

10 A. The original cost of each retired asset is removed from plant in service on Schedule B-2(c),
11 and an equal amount is removed from the accumulated depreciation reserve on Schedule
12 C-1(c). Consistent with composite depreciation, no gain or loss is recognized on retirement,
13 and the retirements therefore have no net effect on rate base. Removing these assets from
14 the depreciable base also reduces Test Year depreciation expense accordingly.

15 **Q. PLEASE DESCRIBE HOW THE CIAC BALANCES WERE ESTABLISHED AND**
16 **WHY CIAC IS INCLUDED AS AN OFFSET TO RATE BASE.**

17 A. CIAC balances were developed on the same basis as plant: actual gross CIAC and
18 accumulated amortization at December 31, 2025, rolled forward through the Linkage
19 Period and Test Year. Linkage Period and Test Year CIAC additions reflect projected new
20 EDU connections at the proposed UCC of \$9,769 per EDU as discussed in Section II. CIAC
21 amortization is calculated by applying the book composite amortization rate of 1.9017
22 percent to the gross CIAC balance over each cascade period. CIAC is included as an offset

NMPRC CASE NO.

**DIRECT TESTIMONY OF CHRIS EKRUT
ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY**

1 to rate base because it represents plant funded by parties other than the utility — typically
2 developers and new customers paying the UCC — and therefore does not represent
3 investor-supplied capital on which a return is required.

4 **Q. PLEASE DESCRIBE THE PLANT ACQUISITION ADJUSTMENT INCLUDED**
5 **AS A RATE BASE DEDUCTION.**

6 A. The plant acquisition adjustment reflects the unamortized portion of the original purchase
7 price differential associated with the acquisition of the sewer systems by NMWSC, and is
8 being amortized over its remaining regulatory life. The unamortized balance at each
9 cascade period date is included as a rate base reduction. Note that by the end of the Test
10 Year, the Acquisition Adjustment is fully amortized.

11 **Q. HOW IS ACCUMULATED DEFERRED INCOME TAX REFLECTED IN RATE**
12 **BASE?**

13 A. NMWSC's accumulated deferred income tax balance for its New Mexico sewer operations
14 is in a net asset position rather than the more common net liability position. This results
15 from the cumulative book-tax timing differences on NMWSC's sewer plant, where the net
16 book basis of assets is currently less than the net tax basis, producing a deferred tax asset
17 under standard normalization accounting. Because the ADIT balance is a net asset, it is
18 added to rate base on Schedule A-4 rather than deducted. The calculation is set out on
19 Schedule H-11.

20 **Q. WHAT OTHER ADDITIONS IS NMWSC PROPOSING BE MADE TO RATE**
21 **BASE?**

NMPRC CASE NO.

**DIRECT TESTIMONY OF CHRIS EKRUT
ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY**

1 A. The principal addition to rate base is working capital. Working capital is calculated as one-
2 eighth of annual cash O&M expense, equivalent to approximately 45 days of cash
3 operating expense. This is a standard regulatory approximation of the cash investors must
4 have available to fund day-to-day operations between the time costs are incurred and the
5 time revenues are collected from customers. Working capital is presented on Schedule E-
6 1.

7 **Q. WHAT IS THE TOTAL RATE BASE REQUESTED IN THIS PROCEEDING?**

8 A. The total Test Year rate base is presented on Schedule J-2(c).

9 **VIII. RATE OF RETURN**

10 **Q. WHAT RATE OF RETURN IS NMWSC REQUESTING IN THIS PROCEEDING?**

11 A. NMWSC requests a weighted average cost of capital of 7.46 percent, based on a capital
12 structure of 46.6 percent debt at a cost of 4.23 percent and 53.4 percent common equity at
13 a cost of 10.27 percent. These values reflect the capital structure and component cost rates
14 most recently approved for California Water Service Company.

15 **Q. WHY IS NMWSC USING THE CAL WATER-APPROVED COST OF CAPITAL**
16 **RATHER THAN DEVELOPING A STAND-ALONE NMWSC COST OF**
17 **CAPITAL?**

18 A. NMWSC has chosen to use the Cal Water-approved values for two reasons. First, those
19 values were approved by the Water Division of the California Public Utilities Commission
20 on January 31, 2024, in California Water Service Company Advice Letter 2506, and
21 represent an independently tested regulatory benchmark. Second, the Direct Testimony of

NMPRC CASE NO.

**DIRECT TESTIMONY OF CHRIS EKRUT
ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY**

1 Mr. Zachary Wright presents an independent analysis of NMWSC's stand-alone cost of
2 capital based on NMWSC's size, risk profile, and capital structure. Mr. Wright's analysis
3 yields a cost of capital that is higher than the Cal Water-approved values. NMWSC's use
4 of the lower, Cal Water-approved values is therefore conservative relative to its stand-alone
5 cost of capital and produces lower rates for customers than would otherwise be supportable.

6 **Q. HOW IS THE REQUESTED RETURN REFLECTED IN THE REVENUE**
7 **REQUIREMENT?**

8 A. The requested return is calculated by multiplying the Test Year rate base by the weighted
9 average cost of capital of 7.46 percent. The result is shown as the Requested Return line
10 on Schedule A-1 and on Schedule A-5.

11 **IX. COST OF SERVICE STUDY**

12 **Q. WHAT IS THE PURPOSE OF THE COST-OF-SERVICE STUDY PRESENTED IN**
13 **THIS PROCEEDING?**

14 A. The cost-of-service study is filed in accordance with 17.13.930 NMAC, which requires a
15 class cost-of-service study as part of a general rate case filing. The study allocates the Test
16 Year revenue requirement between the areas served by the RDO and Rio plants within the
17 Rio Sewer District, and within each division among the residential, commercial, and
18 industrial customer classes. NMWSC does not use the class cost-of-service results to set
19 class-specific rates in this proceeding. NMWSC proposes to maintain its long-standing
20 uniform tariff structure across both service areas and across all customer classes, with fixed
21 charges scaled by meter size using AWWA M1-consistent equivalency factors. The cost-

NMPRC CASE NO.

**DIRECT TESTIMONY OF CHRIS EKRUT
ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY**

1 of-service study informs the reasonableness of that uniform tariff and supports the meter
2 equivalency scaling described in Section XI.

3 **Q. HOW IS THE COST-OF-SERVICE ANALYSIS PERFORMED?**

4 A. The cost-of-service analysis is performed in two steps. First, Test Year rate base and
5 expenses are allocated between the areas served by the RDO and Rio plants within the Rio
6 Sewer District using six system-level allocators. Each plant or expense item is assigned the
7 allocator that best reflects the cost driver for that item; the allocator assignments are set out
8 on Schedule L-1(a) and Schedules L-2(a) and L-2(b). Second, within each division,
9 allocated rate base and expenses are classified among Flow, Customer, and Administrative
10 & General cost categories, and within each category, allocated to the residential,
11 commercial, and industrial customer classes using class-level allocators set out on
12 Schedule L-1(b). The resulting Test Year cost of service by class and by division is
13 summarized on Schedule M-1.

14 **Q. HOW ARE THE COST-CAUSATION ALLOCATORS ASSIGNED?**

15 A. Treatment plant assets are allocated by Treatment Plant Flow Ratio because flow is the
16 primary cost driver for treatment capacity. Collection mains are allocated by EDUs because
17 mains are sized based on connected service equivalents. Customer-related plant, including
18 services and customer accounts plant, is allocated by Customer Count. General plant,
19 including transportation, tools, and office, is allocated by Payroll. The allocator applied to
20 each plant account and each expense account is set out on Schedules L-2(a) and L-2(b).

21 **Q. DID THE COST-OF-SERVICE STUDY CLASSIFY ANY PLANT OR EXPENSE**
22 **ITEMS AS STRENGTH- OR SEWER-QUALITY-RELATED?**

NMPRC CASE NO.

DIRECT TESTIMONY OF CHRIS EKRUT
ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY

1 A. No. Strength- and quality-related classifications are appropriate where a system serves
2 customers producing non-domestic strength flow because the cost of treating high-strength
3 wastewater can be material and varies by class. NMWSC's existing tariff already addresses
4 non-domestic strength flow through a surcharge under Rate Nos. 2 and 4 that recovers 110
5 percent of incremental costs from any customer whose sewage characteristics differ from
6 normal domestic sewage. NMWSC does not currently have any customers producing non-
7 domestic strength flow, and the surcharge provision is not currently invoked. A strength-
8 related cost-of-service classification would therefore allocate no incremental cost to any
9 class and is unnecessary in this proceeding.

10 **Q. WHAT DO THE COST-OF-SERVICE RESULTS SHOW ABOUT THE TWO**
11 **SERVICE AREAS?**

12 A. The cost-of-service study calculates unit costs for each service area on Schedules K(a) and
13 K(b). The flow-related unit costs at the RDO and Rio service areas are within
14 approximately 4 percent of each other, and the customer-related unit costs differ modestly,
15 by roughly 7%. These results support the longstanding uniform tariff structure NMWSC
16 has applied to both service areas.

17 **Q. WHAT DOES THE CLASS RATE-OF-RETURN ANALYSIS SHOW ABOUT**
18 **CURRENT RATES?**

19 A. The class rate-of-return analysis on Schedule M-1 shows that at current rates, certain
20 customer classes are not recovering their full cost of service. At Rio Del Oro, the industrial
21 class earns a negative rate of return at the Test Year, indicating it is not covering its
22 allocated cost of service. At Rio, the commercial class earns a similar negative return. The

NMPRC CASE NO.

**DIRECT TESTIMONY OF CHRIS EKRUT
ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY**

1 Rio residential class, by contrast, earns a rate of return that is higher than the rate of return
2 for the under-recovering commercial and industrial classes. This pattern indicates that
3 current rates are recovering disproportionately more from smaller residential customers
4 and less from larger commercial and industrial customers.

5 **Q. HOW DOES THE PROPOSED RATE DESIGN ADDRESS THIS?**

6 A. The classes that are under-recovering under current rates — industrial at Rio Del Oro and
7 commercial at Rio — are concentrated in larger meter sizes. The majority of customers in
8 those classes are on meter sizes of 1 inch or larger. NMWSC’s proposed rate design applies
9 AWWA M1-consistent meter equivalency factors to the fixed monthly customer charge,
10 which has the effect of increasing the fixed charge on larger meter sizes more than the fixed
11 charge on the 5/8-inch residential meter. This shifts a larger share of fixed-cost recovery
12 onto the meter sizes that are currently under-recovering, partially correcting the inter-class
13 cost recovery imbalance shown on Schedule M-1, while preserving NMWSC’s
14 longstanding uniform tariff structure.

15 **X. REVENUES AT CURRENT AND PROPOSED RATES**

16 **Q. PLEASE DESCRIBE THE CURRENT NMWSC SEWER RATE DESIGN.**

17 A. The current sewer tariff consists of (i) a monthly fixed customer charge that varies by meter
18 size and customer class and (ii) a uniform volumetric commodity charge applied to monthly
19 billed usage. A Return Flow Use Credit is also applied against the volumetric commodity
20 charge. The current rates are set out in NMWSC’s Thirteenth Revised Rate Nos. 1, 2, and
21 4 – Sewer Service Tariff, effective October 14, 2024 under Advice Notice No. 20.

NMPRC CASE NO.

**DIRECT TESTIMONY OF CHRIS EKRUT
ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY**

1 Q. HOW WERE CUSTOMER COUNTS ESTIMATED FOR THE TEST YEAR?

2 A. Test Year customer counts begin with the actual customer counts at December 31, 2025 by
3 class and meter size and add the projected EDU growth associated with the Company's
4 capital plan. Specifically, residential EDU growth at the 5/8-inch meter size is added to
5 reflect the 290 new connections supported by the construction program described in
6 Sections II and VII. Non-residential customer counts are held at Base Period levels through
7 the Test Year. The customer count development is set out in the Determinants Workpaper.

8 Q. HOW WERE BILLING VOLUMES FORECASTED FOR THE TEST YEAR?

9 A. Billing volumes for existing customers are held at Base Period actual levels, reflecting that
10 sewer billing is based on each customer's average winter water use. Incremental Test Year
11 volumes associated with new residential growth are calculated by applying the actual
12 average per-connection flow from existing residential 5/8-inch customers to the 290 new
13 residential EDUs added during the cascade period.

**14 Q. WHAT REVENUES AT CURRENT RATES WERE USED IN THIS
15 PROCEEDING?**

16 A. Revenues at current rates are calculated by applying the current monthly customer charges
17 by meter size to Test Year customer counts, applying the current volumetric rate to Test
18 Year billing volumes, and applying the current Return Flow Use Credit as a reduction to
19 volumetric revenues. Miscellaneous revenues are held flat at Base Period actuals. The
20 calculation is set out on Schedule N-2.

**21 Q. IS NMWSC PROPOSING ANY CHANGE TO THE RETURN FLOW USE
22 CREDIT?**

NMPRC CASE NO.

**DIRECT TESTIMONY OF CHRIS EKRUT
ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY**

1 A. No. My understanding is that the Return Flow Use Credit is the sewer-side component of
2 a paired mechanism. The corresponding Return Flow Use Charge appears on the affiliated
3 water tariff and is paid by water customers. The Charge and the Credit are calibrated
4 together; the water tariff funds the sewer tariff for return flow that has water-rights value
5 to the water division. Because this is a paired mechanism, the Credit cannot be recalibrated
6 in isolation without breaking its balance with the Charge on the water tariff, and the water
7 tariff is not before the Commission in this proceeding. NMWSC has therefore held the
8 Return Flow Use Credit constant in this filing and requests that the Charge and the Credit
9 be addressed holistically, on a coordinated cost-of-service record, in NMWSC's next water
10 general rate case.

XI. PROPOSED RATES AND BILL IMPACTS

Q. WHAT RATE DESIGN CHANGES IS NMWSC PROPOSING?

13 A. NMWSC proposes to maintain its existing uniform tariff structure with three
14 modifications. First, the fixed monthly customer charge for the 5/8-inch meter is adjusted
15 to maintain the current mix of fixed cost recovery as generated by the current rate structure.
16 Second, the fixed charges for larger meter sizes are scaled from the 5/8-inch charge using
17 meter equivalency factors consistent with the AWWA M1 Manual. Third, the volumetric
18 commodity charge is increased by approximately 9.3 percent to recover the remaining
19 revenue requirement. As previously discussed, the Return Flow Use Credit remains
20 unchanged. The proposed rates are set out on Schedule N-3.

NMPRC CASE NO.

DIRECT TESTIMONY OF CHRIS EKRUT
ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY

1 **Q. HOW DID NMWSC DETERMINE THE SHARE OF REVENUE REQUIREMENT**
2 **TO BE RECOVERED THROUGH FIXED CHARGES VERSUS VOLUMETRIC**
3 **CHARGES?**

4 A. The proposed rate design preserves the existing balance between fixed and volumetric
5 revenue recovery generated by current rates. Under current rates, fixed charges recover
6 approximately 53 percent of total operating revenues and volumetric charges recover
7 approximately 47 percent. The proposed rates maintain that same approximate split, with
8 the revenue increase apportioned in roughly the same proportion between the fixed and
9 volumetric components. The cost-of-service study is not used to set the fixed-to-volumetric
10 allocation. The cost-of-service results would support a larger share of revenue recovered
11 through volumetric charges. Implementing that reallocation in this proceeding would
12 produce wide swings in customer bills relative to current rates. NMWSC has therefore
13 preserved the existing fixed-to-volumetric mix in this filing to maintain gradualism in
14 customer rate impacts.

15 **Q. WHY IS THE PERCENTAGE INCREASE IN PROPOSED RATES FOR LARGER**
16 **METER SIZES LARGER THAN THE 5/8-INCH RESIDENTIAL INCREASE?**

17 A. The percentage increases reflect a realignment of fixed charges with AWWA M1 meter
18 equivalency factors. Under the current tariff, the ratio between the 8-inch fixed charge and
19 the 5/8-inch fixed charge is approximately 29 to 1. The AWWA M1 equivalency ratio for
20 the same comparison, set out in Table VII.2-5 of the AWWA M1 Manual, Principles of
21 Water Rates, Fees, and Charges, 7th edition, is 80 to 1. The M1 equivalency factors are
22 derived from each meter size's maximum-rated safe operating flow capacity, which

NMPRC CASE NO.

**DIRECT TESTIMONY OF CHRIS EKRUT
ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY**

1 represents the proportional capacity demand that each meter size places on the system. The
2 current tariff therefore under-charges larger meter sizes for their capacity demand. The
3 proposed rates apply the standard AWWA M1 equivalency factors, restoring cost-
4 causation alignment between meter size and fixed charge. Customers at larger meter sizes
5 will see correspondingly larger percentage increases, but those increases reflect a
6 correction of the current under-scaling rather than an excessive new burden.

7 **Q. WHAT IS THE BILL IMPACT ON A TYPICAL RESIDENTIAL CUSTOMER?**

8 A. A typical residential customer at the 5/8-inch meter size with average monthly usage of
9 4,000 gallons will see a monthly bill increase of approximately \$3.61, or approximately
10 5.9 percent. Bill impacts at additional residential usage tiers and bill impacts by class and
11 meter size for commercial and industrial customers are set out on Schedule N-3.

12 **Q. WHAT IS THE BILL IMPACT ON COMMERCIAL AND INDUSTRIAL**
13 **CUSTOMERS?**

14 A. Commercial and industrial customers will see bill increases proportional to their meter size.
15 While the percentage increases on the fixed charge for larger meter sizes are substantial,
16 the bill impact reflects the realignment of fixed charges with AWWA M1 equivalency
17 factors discussed above. As shown on Schedule M-1, the industrial class served by Rio Del
18 Oro and the commercial class served by the Rio plant are currently earning negative rates
19 of return, indicating those classes are not recovering their cost of service under current
20 rates. The proposed rate design moves the class contribution closer to cost of service while
21 preserving the uniform tariff structure that applies a single set of rates to all customers
22 across both service areas.

NMPRC CASE NO.

**DIRECT TESTIMONY OF CHRIS EKRUT
ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY**

1

XII. CONCLUSION

2

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY AT THIS TIME?

3

A. Yes.

NMPRC CASE NO.

DIRECT TESTIMONY OF CHRIS EKRUT
ON BEHALF OF
NEW MEXICO WATER SERVICE COMPANY

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF NEW MEXICO WATER)
SERVICE COMPANY'S APPLICATION FOR)
APPROVALS OF REVISED RATES)
PURSUANT TO ADVICE NOTICE NO. 23,)
FOURTEENTH REVISED RATE NOS. 1, 2,)
AND 4 AND FIRST REVISED RATE NO. 5)
)
)
NEW MEXICO WATER SERVICE COMPANY,)
)
APPLICANT.)
)
)
)
_____)

Case No. _____

ELECTRONICALLY SUBMITTED VERIFICATION

Chris Ekrut, under penalty of perjury under the laws of the State of New Mexico, states:

1. I make this verification pursuant to 1.2.2.10(E) NMAC and New Mexico R. 1-011(B) NMRA.

2. I have read and am familiar with the foregoing *Direct Testimony of Chris Ekrut*, and the statements therein are true and correct based on my personal knowledge and belief.

Dated: 06/24/26

/s/ Chris Ekrut
Chris Ekrut



CONTACT

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Richardson, TX 75080
cekrut@newgenstrategies.net
www.newgenstrategies.net

EDUCATION

Master of Public Administration,
University of North Texas

Bachelor of Arts in Public Administration,
West Texas A&M University

PROFESSIONAL REGISTRATIONS/ CERTIFICATIONS

Certified Rate of Return Analyst (CRRA)
from the Society of Utility and Regulatory
Financial Analysts

KEY EXPERTISE

Cost of Service
Feasibility/Rate Impact Studies
Indirect Cost Allocation Studies
Litigation and Regulatory Support
Operations and Management Review
Rate Design
System Valuations
Utility Business Plans

CHRIS EKRUT

President & CEO

Mr. Chris Ekrut is a founding Partner and CEO for NewGen. Mr. Ekrut has been providing consulting services since 2004, with the majority of his client-related projects focused on pricing services and developing rates and fees for utility systems, as well as supporting clients before regulatory agencies.

Mr. Ekrut is a recognized expert witness, having filed testimony regarding cost of service and rate design and providing litigation support and regulatory filing assistance before rate regulatory agencies. He has conducted numerous wholesale and retail water and wastewater rate studies, developed utility rate and fee models, and assisted in negotiations and litigation involving several wholesale service contracts. He also serves as an instructor for the national "Fundamentals of Water Cost of Service and Rate Design" class sponsored by EUCI and serves on the Faculty of the National Association of Regulatory Commissioners' (NARUC) Rate School. Mr. Ekrut was also recently accredited as a Certified Rate of Return Analyst by the Society of Utility and Regulatory Financial Analysts (SURFA).

RELEVANT EXPERIENCE

*Note that * indicates that multiple studies have been completed for that client.*

Utility Business Plans

- City of Blue Mound, TX
- City of Gainesville, TX
- Town of Prosper, TX

Operational Reviews

- Lower Colorado River Authority's (LCRA) Water and Wastewater Service Unit
- Brownsville Public Utilities Board

Indirect Cost Allocation Studies

- City of Allen, TX
- City of Brenham, TX
- City of Terrell, TX
- North Texas Municipal Water District

Wholesale and/or Retail Water, Reclaimed Water, Wastewater, and Drainage Cost of Service and Rate Design Studies

- Alliance Regional Water Authority
- Canyon Regional Water Authority *
- Cash Special Utility District
- City of Aledo, TX *
- City of Allen, TX *
- City of Amarillo, TX
- City of Aransas Pass, TX
- City of Bastrop, TX *
- City of Bay City, TX *
- City of Bedford, TX *
- City of Bellaire, TX
- City of Bellmead, TX *
- City of Blue Mound, TX *

CHRIS EKRUT

President & CEO

Wholesale and/or Retail Water, Reclaimed Water, Wastewater, and Drainage Cost of Service and Rate Design Studies (cont.)

- City of Bonham, TX *
- City of Bowie, TX
- City of Breckenridge, TX
- City of Brenham, TX *
- City of Brownfield, TX
- City of Burkburnett, TX *
- City of Burnet, TX *
- City of Carthage, TX
- City of Cedar Park, TX
- City of Celina, TX
- City of Childress, TX
- City of Cisco, TX
- City of Coleman, TX
- City of Colleyville, TX
- City of Decatur, TX
- City of Eunice, NM
- City of Farmersville, TX *
- City of Forest Hill, TX *
- City of Forney, TX
- City of Gainesville, TX *
- City of Gatesville, TX *
- City of Garland, Texas *
- City of Glenn Heights, TX *
- City of Godley, TX
- City of Graham, TX
- City of Grapevine, TX *
- City of Greenville, TX *
- City of Houston, TX
- City of Hudson Oaks, TX
- City of Idalou, TX
- City of Irving, TX *
- City of Jacksonville, TX *
- City of Jarrell, TX
- City of Lubbock, TX
- City of McGregor, TX *
- City of Mabank, TX
- City of Mansfield, TX *
- City of Marshall, TX
- City of Mexia, TX
- City of Mineral Wells, TX *
- City of Mount Pleasant, TX *
- City of Murphy, TX
- City of Odessa, TX *
- City of Olney, TX
- City of Paris, TX *
- City of Portland, TX
- City of Rhome, TX
- City of Roanoke, TX *
- City of Sanger, TX *
- City of Schertz, TX
- City of Seagoville, TX *
- City of Stamford, TX
- City of Temple, TX
- City of Terrell, TX
- City of Texarkana, TX
- City of Thornton, CO
- City of Tioga, TX
- City of Tyler, TX *
- City of Waco, TX *
- City of Weatherford, TX *
- City of Willow Park, TX *
- City of Wichita, KS
- City of Wolfforth, TX *
- Colorado River Municipal Water District
- County Line Special Utility District
- Maxwell Special Utility District
- Mustang Special Utility District*
- MSEC Enterprises
- Navajo Tribal Utility Authority
- North Texas Municipal Water District
- Northeast Texas Municipal Water District
- Nueces County Water Control and Improvement District No. 3
- Palo Pinto Municipal Water District No. 1
- Parker Special Utility District
- Pillan Income Asset Management
- Pittsburgh Water and Sewer Authority
- Possum Kingdom Water Supply Corporation
- Quadvest
- Riverbend Water Resources District *
- Sabine River Authority
- South Texas Water Authority *
- Timberon Water and Sanitation District
- Town of Addison, TX
- Town of Argyle, TX
- Town of Flower Mound, TX
- Town of Lakeside, TX *
- Town of Munster, IN
- Town of Pantego, TX
- Town of Prosper, TX *

CHRIS EKRUT

President & CEO

- City of Justin, TX *
- City of Killeen, TX *
- City of Kerrville, TX *
- City of Kilgore, TX
- City of Lancaster, TX*
- City of League City, TX*
- City of Lewisville, TX *
- City of Liberty Hill, TX
- Double Diamond Utilities Co. *
- Green Valley Special Utility District
- Hammond Sanitary District
- Johnson County Special Utility District *
- Marilee Special Utility District*
- Travis County Water Control and Improvement District No. 18
- Trophy Club Municipal Utility District No. 1 *
- Unity Water Solutions
- West Wise Special Utility District

Appraisals/Service Area Valuations/System Valuation/Sale, Transfer, Merger Engagements

- Aquilla Water Supply Corporation
- Cash Special Utility District
- Central States Water Resources *
- City of Blue Mound, TX
- City of Justin, TX
- City of Oak Point, TX
- City of Southmayd, TX
- City of Tyler, TX
- City of Waco, TX
- Cooper Empire *
- Double Diamond Utilities *
- Green Valley Special Utility District
- Guadalupe-Blanco River Authority
- Johnson County Special Utility District
- Kempner Water Supply Corporation
- Lennar Homes of Texas Land and Construction, LTD.
- Marilee Special Utility District *
- MSEC Enterprises
- Mustang Special Utility District *
- Private appraisals for individuals (Confidential)
- Redbird Development
- Riverbridge Ranch, LLC
- SIG Magnolia, LP
- Town of Lakeside, TX
- Water's Edge, LLC

Feasibility Studies/Rate Impact of Engineering Recommendations/Peer Review

- Bell County Water Control & Improvement District No. 1
- City of Forney, TX
- City of Garland, TX *
- City of Odessa, TX
- City of Waco, TX *
- McLennan County, TX
- North Texas Municipal Water District
- Town of Palm Beach, Florida (Electric Study)
- Town of Trophy Club, Town of Westlake, Trophy Club Municipal Utility District No. 1
- Upper Trinity Regional Water District

Rulemaking Regulatory Support

Mr. Ekrut provided Expert Assistance to the Office of Public Utility Counsel (OPUC) for the following PUC rulemaking projects.

- PUC Project No. 43871
- PUC Project No. 43876
- PUC Project No. 44462
- PUC Project No. 44706
- PUC Project No. 45113
- PUC Project No. 45118

CHRIS EKRUT

President & CEO

- PUC Project No. 43967
- PUC Project No. 45111
- PUC Project No. 45758

Gas Utility Experience

Mr. Ekrut provided litigation support in Texas Railroad Commission Docket No. 9670 – Petition for De Novo Review of the Reduction of the Gas Utility Rates of ATMOS Energy Corp., Mid-Tex Division. He also assisted the City of Brenham, Texas, in analyzing and amending their Gas Cost Adjustment Factor.

General Fund Studies

- City of Arlington, TX (Oil/Gas Well Emergency Fee)
- City of Bonham, TX (Ambulance Service Fee, Street Maintenance Fee)
- City of Burkburnett, TX (Planning and Development Fees) City of New Braunfels, TX (Planning and Development / Community Service Fees)
- City of Killeen, TX (Street Maintenance Fee)
- City of Waco, TX (Animal Services)

Solid Waste Experience

Mr. Ekrut has assisted with the following solid waste studies and efforts:

- City of Denton, TX (Municipal Solid Waste Operations Study)
- City of Peoria, AZ (Alternative Feasibility Study)
- North Central Texas Council of Governments (Mixed Recycling Facility (MRF) Study)
- Siemens Energy and Environmental Services (Waste Shed Analysis of the DFW Metroplex)

Electric Utility Experience

Mr. Ekrut has assisted the following entities with a variety of services including developing financial forecasting tools, developing retail user rates and fees, analyzing changes to Power Cost Recovery Factors, and assisting with regulatory filings including, but not limited, Earnings Monitoring Reports and Transmission Cost of Service filings.

- City of Austin, TX
- City of Bastrop, TX
- City of Brenham, TX
- City of Burnet, TX
- City of Liberty, TX
- City of Sanger, TX
- Garland Power & Light

Impact Fee/Capital Recovery Experience

Mr. Ekrut has assisted in developing Water, Wastewater, and/or Roadway Impact Fees for the following clients.

- Argyle Water Supply Corporation
- City of Bastrop, TX *
- City of Burnet, TX *
- City of College Station, TX
- City of Denton, TX *
- City of Flower Mound, TX *
- City of Frisco, TX *
- City of Ft. Worth, TX *
- City of Galveston, TX
- City of Garland, TX
- City of Glenn Heights, TX
- City of Godley, TX
- City of League City, TX
- City of McKinney, TX *
- City of Mesquite, TX
- City of Prairie View, TX
- City of Waco, TX
- City of Willow Park, TX
- Johnson County Special Utility District
- Nueces County Water Control and Improvement District No. 4
- Parker County Special Utility District
- Town of Wolfforth, TX

CHRIS EKRUT

President & CEO

Franchise Fee Experience

Mr. Ekrut has assisted in conducting reviews of franchise fee payments for the following clients.

- Payments made by Charter Communications to the Cities of Rockwall and Denton, Texas.
- Payments made by Oncor to a coalition of Cities within the State of Texas
- Gas and electric providers in Fayette County, Kentucky.

PRESENTATIONS

American Water Works Association, Texas Section

- *When, Water, Where, and Why – The Importance of Rate Studies in Utility Management* (April 2019)
- *That'll Be the Day that Water Rates Change in Lubbock* (April 2018)
- *Decimated by Data – Common Utility Billing Mistakes and the Impact on Water and Sewer Utilities* (April 2018)
- *Getting a Good Opinion: The Importance of Financial Policies and the Impact on a Utility's Credit Rating* (April 2016)
- *Business Planning and its Benefits to Municipal Utilities* (2008)
- *Canyon Regional Water Authority: The Strengths and Challenges of Regional Cooperation* (April 2023)

American Water Works Association, Utility Management Conference

- *Aledo, Texas – How a Small City Overcame a Capital Improvement Giant* (January 2015)

Forester University

- *Machine Learning Facilitated Stormwater Financing* (September 2020)

Government Finance Officers Association of Texas

- *Legislative and Regulatory Update for Water and Wastewater Utilities* (July 2016)
- *When in Drought! Utility Ratemaking 101* (April 2014)

Government Finance Officers Association of Texas (West Region)

- *To the PUC . . . and Beyond!* (November 2015)

National Association of State Utility Consumer Advocates

- *O&M Expense Analysis* (December 2023)

North Central Texas Council of Governments

- *Utility Management and Revenue Considerations; New and Emerging City Manager Roundtable and New and Emerging Finance Director Roundtable* (2014, 2015, 2016, 2017, and 2018)

South Plains Association of Governments

- *Water Rates and Pricing* (October 2022)

Texas Municipal League

- *Water and Sewer Business 101: A Guide to Balancing the Interests of your Business and Customers*

CHRIS EKRUT

President & CEO

Texas Municipal Utilities Association

- *Water Rate Affordability: Balancing Business Needs with a Customer's Ability to Pay* (February 2023)
- *Precision Pays: Common Mistakes to Avoid in Utility Billing* (February 2024)

Texas Water Conservation Association

- *Texas Water Development Board Water Conversation Best Management Practices Model: Estimating Water Conservation Savings for New Annual Reporting Requirements* (March 2014)
- *Strategies for Pricing Direct Water Reuse* (March 2013)

Texas Water Law Conference

- *Allocating the Costs of Population Growth in Wholesale Water Contracts* (January 2007)

PUBLICATIONS

Texas Town & City, 2009

- *Plan Your Work and Work Your Plan: The Benefits of Municipal Utility Business Planning* (October 2009)

Record of Testimony: **Chris Ekrut**

UTILITY	PROCEEDING	SUBJECT	BEFORE	CLIENT	YEAR
1. Old North State Water Company	Docket No. W-1300, Sub 118	Water and Wastewater Rate Filing Package - Revenue Requirements and Rates	North Carolina Utilities Commission	Old North State Water Company	2026
2. T&W Water Service Company dba Blue Topaz Utilities	Docket No. 59530	Water and Wastewater Rate Filing Package - Revenue Requirements and Rates	Public Utility Commission of Texas	T&W Water Service Company	2026
3. Montana-Dakota Utilities Co.	Docket No. 2025.09.072	Electric Revenue Requirements and Proposed new rider / tracker, Testimony Supporting Settlement	Public Service Commission of the State of Montana	Montana Consumer Counsel	2026
4. Aqua Texas	Docket No. 58124	Review and Adjustments to Water and Wastewater Cost of Service and Rate/Tariff Change	Public Utility Commission of Texas	City of Houston	2026
5. Hawaii Water Service Company, Inc.	Docket No. 2025-0220	Water and Wastewater Rate Filing Package - Revenue Requirements and Rates	Public Utilities Commission of the State of Hawaii	Hawaii Water Service Company, Inc.	2025
6. City of McKinney, Texas	Docket No. 55656	CCN Decertification	Public Utility Commission of Texas	City of McKinney	2025
7. Undine, LLC	Docket No. 56354	Review and Adjustments to Water and Wastewater Cost of Service and Rate/Tariff Change	Public Utility Commission of Texas	Office of Public Utility Counsel	2025
8. BVRT Utility Holding Company, LLC	Docket No. 56664	Review and Adjustments to Water and Wastewater Cost of Service and Rate/Tariff Change	Public Utility Commission of Texas	Office of Public Utility Counsel	2025
9. Hilco United Services, Inc.	Docket No. 55279	Settlement Terms and Conditions	Public Utility Commission of Texas	Hilco United Services, Inc	2025
10. Lawrence Water Supply Corporation / City of Terrell	Docket No. 53824	Rebuttal Testimony – Public Interest of STM Transaction	Public Utility Commission of Texas	Lawrence Water Supply Corporation / City of Terrell	2025
11. Westwood Shores Municipal Utility District	Docket No. 54713	Rebuttal Testimony – Water and Wastewater Cost of Service and Rate Design	Public Utility Commission of Texas	Westwood Shores Municipal Utility District	2025

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UTILITY	PROCEEDING	SUBJECT	BEFORE	CLIENT	YEAR
12. Montana-Dakota Utilities Co.	Docket No. 2024.05.061	Natural Gas Revenue Requirements and Cost of Service	Public Service Commission of the State of Montana	Montana Consumer Counsel	2025
13. CSWR – Texas Utility Operating Company	Docket No. 57386	Water and Wastewater Rate Filing Package - Cost of Service and Revenue Requirements	Public Utility Commission of Texas	CSWR - Texas Utility Operating Company, LLC	2024
14. Old North State Water Company	Docket No. W-1300, Sub 100	Wastewater Rate Design	North Carolina Utilities Commission	Old North State Water Company	2024
15. Timberon Water and Sanitation District	Case No. 23-00049-UT	Water Cost of Service and Rate Adjustments	New Mexico Public Regulation Commission	Timberon Water and Sanitation District	2024
16. City of Round Rock, Texas	Docket No. 48836	Ratemaking Principles	Public Utility Commission of Texas	Paloma Lake MUD No. 1, Vista Oaks MUD, Williamson County MUD No. 10 and No. 11.	2024
17. Integra Water Texas, LLC	Docket No. 54940	Settlement Terms and Conditions	Public Utility Commission of Texas	Integra Water Texas, LLC	2024
18. Corix Utilities (Texas)	Docket No. 53815	Review and Adjustments to Water and Wastewater Cost of Service and Rate/Tariff Change	Public Utility Commission of Texas	Office of Public Utility Counsel	2023
19. Crystal Springs Water Company, Inc.	Docket No. 53234	Review and Adjustments to Water and Wastewater Cost of Service and Rate/Tariff Change	Public Utility Commission of Texas	Office of Public Utility Counsel	2023
20. CSWR - Texas Utility Operating Company, LLC	Docket No. 54565	Water and Wastewater Rate Filing Package - Cost of Service and Revenue Requirements	Public Utility Commission of Texas	CSWR - Texas Utility Operating Company, LLC	2023
21. Dobbins-Plantersville Water Supply Corporation	Civil Action 1:21vs-00612-RP	Rebuttal of Present Value of Future Profit Analysis	U.S. District Court, Western District of Texas, Austin Division	SIG Magnolia, L.P. and Redbird Development, LLC	2022
22. Corix Utilities (Texas)	Docket No. 50557	Review and Adjustments to Water and Wastewater Cost of Service and Rate/Tariff Change	Public Utility Commission of Texas	Office of Public Utility Counsel	2021
23. City of Columbus, Indiana	Cause No. 45427	Cost of Service specific to Wholesale Customers	Indiana Utility Regulatory Commission	Southwestern Bartholomew Water Company	2020

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UTILITY	PROCEEDING	SUBJECT	BEFORE	CLIENT	YEAR
24. Monarch Utilities I, LP	Docket No. 50944	Review and Adjustments to Water and Wastewater Cost of Service and Rate/Tariff Change	Public Utility Commission of Texas	Office of Public Utility Counsel	2020
25. Undine Texas	Docket No. 50200	Review and Adjustments to Water and Wastewater Cost of Service and Rates/Tariff Change	Public Utility Commission of Texas	Office of Public Utility Counsel	2020
26. Kendall West Utility, LLC	Docket No. 49887	Review and Adjustments to Water Rate/Tariff Change	Public Utility Commission of Texas	Office of Public Utility Counsel	2020
27. City of Forney	Docket No. 47814	Public Interest	Public Utility Commission of Texas	City of Forney, Texas	2019
28. Indiana American Water Company	Cause No. 45142	Cost of Service and Revenue Requirements specific to Sale for Resale Customers	Indiana Utility Regulatory Commission	Towns of Schererville and Whiteland	2019
29. Liberty Silverleaf	Docket No. 47976	Review and Adjustments to Water and Wastewater Cost of Service and Rates/Tariff Change	Public Utility Commission of Texas	Office of Public Utility Counsel	2018
30. North Texas Municipal Water District	Docket No. 46662	Public Interest	Public Utility Commission of Texas	North Texas Municipal Water District	2018
31. Custom Water Company	Docket No. 46670	Water Cost of Service and Rate Design	Public Utility Commission of Texas	Custom Water Company	2017
32. Liberty Utilities	Docket No. 46256	Review and Adjustments to Wastewater Rate/Tariff Change / Appeal of Rate Denial by City of Tyler	Public Utility Commission of Texas	City of Tyler, Texas	2017
33. Double Diamond Properties Construction	Docket No. 46247	Water Cost of Service and Rate Design/Settlement Terms and Conditions	Public Utility Commission of Texas	Double Diamond Properties Construction	2016
34. Monarch Utilities I, LP	Docket No. 45570	Review and Adjustments to Water and Wastewater Rate/Tariff Change	Public Utility Commission of Texas	Office of Public Utility Counsel	2016
35. Trophy Club Municipal Utility District No. 1	Docket No. 45231	Water and Wastewater Cost of Service and Rate Design / Support of Rate Action on Appeal	Public Utility Commission of Texas	Trophy Club Municipal Utility District No. 1	2016

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UTILITY	PROCEEDING	SUBJECT	BEFORE	CLIENT	YEAR
36. Quadvest, LP	Docket No. 44809	Review and Adjustments to Water Rate/Tariff Change	Public Utility Commission of Texas	Office of Public Utility Counsel	2016
37. Double Diamond Utilities	Docket No. 42919	Water and Wastewater Cost of Service and Rate Design / Settlement Terms and Conditions	Public Utility Commission of Texas	Double Diamond Utilities	2014
38. City of Arlington	Cause No. 153-259190-12	Municipal Fee Determination	Tarrant County District Court, 153rd Judicial District	City of Arlington, Texas	2013
39. Double Diamond Utilities	Docket No. 582-09-6112	Wastewater Cost of Service and Rate Design	Texas Commission on Environmental Quality	Double Diamond Utilities	2010
40. Double Diamond Utilities	Docket No. 582-09-4288	Water Cost of Service and Rate Design	Texas Commission on Environmental Quality	Double Diamond Utilities	2010