

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

JOINT PETITION OF HOWARD COUNTY )  
UTILITIES, INC. ("SELLER"), AND )  
GREEN ACRES SUBDIVISION SEWER SYSTEM, )  
INC. ("PURCHASER") FOR: (A) )  
APPROVAL OF THE TRANSFER OF SELLER'S )  
FRANCHISE, WORKS, SYSTEM, )  
AND CERTIFICATE OF TERRITORIAL )  
AUTHORITY TO PURCHASER PURSUANT )  
TO AN AGREEMENT FOR ACQUISITION OF )  
ASSETS; (B) APPROVAL OF RATES )  
THAT PURCHASER MAY CHARGE UPON )  
CLOSING THE ACQUISITION; AND (C) )  
AUTHORITY FOR PURCHASER TO ISSUE )  
BONDS, NOTES, OR OTHER OBLIGATIONS, )  
INCLUDING A MORTGAGE ENCUMBRANCE )  
THEREON. )

CAUSE NO. 45360

TESTIMONY OF

RICHARD J. COREY – PUBLIC'S EXHIBIT NO. 1

ON BEHALF OF

THE INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

JULY 22, 2020

Respectfully Submitted,



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Daniel M. Le Vay, Atty. No. 22184-49  
Deputy Consumer Counselor  
Scott Franson, Atty. No. 27839-49  
Deputy Consumer Counselor  
115 W. Washington St., Ste 1500 South  
Indianapolis, IN 45204

**CERTIFICATE OF SERVICE**

This is to certify that a copy of the foregoing *Office of Utility Consumer Counselor's Testimony of Richard J. Corey* has been served upon the following counsel of record in the captioned proceeding by electronic service on July 22, 2020.

Nicholas K. Kile  
Hillary J. Close  
Lauren M. Box  
**BARNES & THORNBURG LLP**  
11 South Meridian Street  
Indianapolis, Indiana 46204  
Email: [nicholas.kile@btlaw.com](mailto:nicholas.kile@btlaw.com)  
[hillary.close@btlaw.com](mailto:hillary.close@btlaw.com)  
[lauren.box@btlaw.com](mailto:lauren.box@btlaw.com)

Marcus Misinec  
**BAYLIFF, HARRIGAN, CORD,  
MAUGANS, &  
COX P.C.**  
319 North Main Street  
P.O. Box 2249  
Kokomo, Indiana 46904  
Email: [marcus.misinec@bhcmlaw.com](mailto:marcus.misinec@bhcmlaw.com)



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Daniel M. Le Vay  
Deputy Consumer Counselor  
Scott Franson  
Deputy Consumer Counselor

**INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR**  
115 West Washington Street  
Suite 1500 South  
Indianapolis, IN 46204  
[infomgt@oucc.in.gov](mailto:infomgt@oucc.in.gov)  
317/232-2494 – Phone  
317/232-5923 – Facsimile

**TESTIMONY OF OUCC WITNESS RICHARD J. COREY**  
**CAUSE NO. 45360**  
**HOWARD COUNTY UTILITIES, INC. AND**  
**GREEN ACRES SUBDIVISION SEWER SYSTEM, INC.**

**I. INTRODUCTION**

1 **Q: Please state your name and business address.**

2 A: My name is Richard J. Corey, and my business address is 115 West Washington  
3 Street, Suite 1500 South, Indianapolis, Indiana 46204.

4 **Q: By whom are you employed and in what capacity?**

5 A: I am employed the Indiana Office of Utility Consumer Counselor (“OUCC”) as a  
6 Utility Analyst in the Water/Wastewater Division. My qualifications and  
7 experience are described in Appendix A.

8 **Q: What relief are Joint Petitioners seeking in this case?**

9 A: Howard County Utilities, Inc. (“Howard County” or “Seller”) and Green Acres  
10 Subdivision Sewer System, Inc. (“Green Acres” or “Purchaser” and together “Joint  
11 Petitioners”) are requesting: (1) Commission approval for the transfer of Seller’s  
12 franchise, works, system, and Certificate of Territorial Authority (“CTA”) to  
13 Purchaser pursuant to an agreement for acquisition of assets; (2) approval of rates  
14 that Purchaser may charge upon closing the acquisition; (3) authority for Purchaser  
15 to issue bonds, notes, or other obligations, to finance the purchase of Seller’s utility  
16 assets. The Purchaser also seeks to encumber the utility plant with a mortgage.

17 **Q: What is the purpose of your testimony?**

18 A: The purpose of my testimony is to present the OUCC’s position as reflected in the  
19 OUCC schedules attached to my testimony. I discuss and explain my adjustments

1 to working capital, rental expense, contract legal expense, insurance expense, utility  
2 receipts tax ("URT") expense, allocated utility expense, sludge disposal expense,  
3 Indiana Utility Regulatory Commission ("IURC") fee and Indiana Department of  
4 Environmental Management ("IDEM") fee. As a result of its review and analysis,  
5 the OUCC proposes a monthly rate of \$120.42.

6 **Q: What did you do to prepare your testimony?**

7 A: I reviewed Joint Petitioners' Petition and case-in-chief, including its schedules and  
8 workpapers. I participated in the OUCC's field audit of Howard County Utilities  
9 conducted on October 10, 2019 for Cause No. 45283-U. I reviewed Howard  
10 County's Indiana Utility Regulatory Commission ("Commission" or "IURC")  
11 Annual Reports for 2016, 2017, and 2018. I reviewed the final order from Howard  
12 County's last docketed case (Cause No. 43294). I reviewed ratepayer comments  
13 submitted to the OUCC. I prepared discovery questions and reviewed Howard  
14 County's, Green Acres' and Joint Petitioners' responses.

15 **Q: Do you sponsor any schedules or attachments?**

16 A: Yes. I sponsor the following schedules and attachments:

17 Schedule 1 – Comparison of Revenue Requirements (Page 1) and  
18 Comparison of Income Statement Adjustments (Page 2).

19 Schedule 2 – Comparative Balance Sheet of Howard County Utilities, Inc. as of  
20 December 31, 2018, 2017 and 2016.

21 Schedule 3 – Comparative Income Statement of Howard County Utilities Inc. for  
22 the Twelve Months Ended December 31, 2018, 2017 and 2016.

23 Schedule 4 – *Pro Forma* Net Operating Income Statement.

24 Schedule 5 – OUCC Revenue Adjustments.

25 Schedule 6 - OUCC Expense Adjustments.

1 Schedule 7 – Extensions and Replacements.

2 Schedule 8 – Current and Proposed Rates and Charges.

3 Attachment RJC – 1 – Joint Petitioners' Response to OUCC Data Request No. 5-  
4 10.

5 Attachment RJC – 2 – Joint Petitioners' Supplemental Response to OUCC Data  
6 Request No. 5-10.

7 Attachment RJC – 3 – Joint Petitioners' Response to OUCC Data Request No. 3-3.

8 Attachment RJC – 4 - Joint Petitioners' Response to OUCC Data Request No. 5-3.

9 Attachment RJC – 5 – Joint Petitioners' Response to OUCC Data Request No. 3-4.

10 Attachment RJC – 6 – Joint Petitioners' Pre-Filed Workpapers, Pages 25 to 33.

**II. THE TRANSFER OF ASSETS INCLUDING THE CTA**

11 **Q: Does the OUCC agree with the transfer of assets including the CTA from**  
12 **Howard County to Green Acres?**

13 A: With certain conditions, yes. The OUCC's position regarding the transfer of assets  
14 from Howard County to Green Acres will be discussed in the testimony of OUCC  
15 Analyst Shawn Dellinger.

**III. PROPOSED RATES FOR GREEN ACRES**

16 **Q: What initial rate does the OUCC recommend?**

17 A: The OUCC recommends a monthly rate of \$120.42 per customer. This rate will  
18 allow the utility the opportunity to produce sewer revenues of \$313,135 per year.  
19 Table 1 compares Joint Petitioners' overall proposed revenue requirement with the  
20 OUCC's recommendation.

**Table RJC-1: Comparison of Overall Revenue Requirement**

	Per Petitioner	Per OUCC	More (Less)
Operating Expenses	\$ 150,881	\$ 122,259	\$ (28,622)
Extensions and Replacements	54,700	54,700	-
Working Capital	5,376	-	(5,376)
Debt Service	151,372	136,176	(15,196)
Debt Service Reserve	30,274	-	(30,274)
Total Revenue Requirements	392,604	313,135	(79,469)
Less: Interest Income	-	-	-
Net Revenue Requirements	\$ 392,604	\$ 313,135	\$ (79,469)
Less: Revenue at Current Rates Subject to Increase	(178,848)	(179,518)	(670)
Other Revenues at Current Rates	-	-	-
Net Revenue Increase Required	213,756	\$ 133,617	(80,139)
Add: Additional IURC Fee	-	170	170
Recommended Increase	\$ 213,756	133,787	\$ (79,969)

1 **Q: What are the differences between the overall revenue requirement proposed**  
2 **by Joint Petitioners and that recommended by the OUCC?**

3 A: OUCC Schedule 1, page 2 of 2, lists all differences between the OUCC’s and Joint  
4 Petitioners’ operating revenue and expense adjustments. The OUCC recommends  
5 eliminating increases to Joint Petitioners’ rental expense, contract legal expense  
6 and utility receipts tax expense. Additionally, the OUCC proposes insurance  
7 expense and allocated utility expense, which differ from Green Acres’ proposals.  
8 Finally, the OUCC proposes to add a revenue requirement to allow Green Acres to  
9 perform sludge disposal. We also have different proposed IURC Fee and IDEM  
10 Fee expenses.

11 **Q: Why have you used the financial statements of Howard County as the basis for**  
12 **Green Acres’ test year information?**

13 A: In this filing, Joint Petitioners requested that initial rates be set for Green Acres.  
14 Since Green Acres has no historical data upon which it can base its proposed rates,  
15 it has included the historical financial statement information of Howard County as

1 a proxy and is using the information from Howard County's twelve month period  
2 of operation ending December 31, 2018 as its test year.

3 **Q: Do you accept Joint Petitioners' proposal to use the financial statements from**  
4 **Howard County's year ended December 31, 2018?**

5 A: Yes. Since Green Acres will essentially be continuing the operation of the same  
6 utility under a different name, the existing financial records of Howard County  
7 Utilities are useful to estimate the ongoing operational and financial requirements  
8 for the operation of the Utility. Howard County's financial records for the twelve  
9 months ended December 31, 2018 are used as a proxy for Green Acres prospective  
10 operations.

#### IV. OPERATING REVENUES

11 **Q: What level of *pro forma* present operating revenues does Green Acres use in**  
12 **calculating its proposed revenues?**

13 A: Green Acres proposes *pro forma* present operating revenues of \$178,848.

14 **Q: How did Green Acres calculate its *pro forma* present operating revenues?**

15 A: Green Acres calculated its *pro forma* present operating revenues by multiplying the  
16 current rate for residential and commercial customers by the number of customers  
17 at the end of calendar year 2018. The sum of revenues for these two customer  
18 classes equals \$178,848. See Joint Petitioner Exhibit SKB-2, lines 204 and 638.

1 The following table illustrates Green Acres' *pro forma* proposed present revenue

2 calculation.

**Table RJC-2: Green Acres' Proposed Present Revenue**

Customer Class	Current	Number	Annual	Revenue
	Rate	of	Revenue	Revenue
		Customers		
Residential	\$ 69.00	211	\$ 14,559	\$ 174,708
Commercial	345.00	1	345	4,140
				178,848

3 **Q: Do you accept Green Acres' proposed *pro forma* present revenue amount?**

4 A: No. I propose that actual 2018 total operating receipts of \$179,519 which are

5 shown on Howard County's income statement be used in the calculation of Green

6 Acres' revenue increase. Since we are using Howard County's financial

7 information as a proxy for Green Acres, I feel using the actual results more clearly

8 reflects the outcome of a given twelve-month period for the operation of the utility.

9 See Joint Petitioners' Exhibit SKB-2, line 242 and OUCC Schedules 1, 4 and 5.

10 **Q: What level of operating expense does Green Acres propose?**

11 A: Green Acres proposes *pro forma* operating expenses of \$150,881. This is an

12 increase of \$59,474 to what Howard County spent during the calendar year 2018 of

13 \$91,407.

14 **Q: What operating expense adjustments did Green Acres propose?**

15 A: To set its initial rates, Green Acres proposed several operating expense adjustments

16 to Howard County Utility's test year, including adjustments to salaries and wages,



1 payroll taxes, building rental expense, contract accounting expense, contract legal  
2 expense, contract testing expense, other contracts expense, contract operator  
3 expense, contract sewer cleaning expense, insurance expense, utility receipts tax  
4 (“URT”) expense, and allocated utility cost expense.

5 **Q: Does the OUCC accept any of Green Acres’ proposed operating expense**  
6 **adjustments?**

7 A: Yes. The OUCC accepts Green Acres’ adjustments to salaries and wages, payroll  
8 taxes, contract accounting expense, contract testing expense, the elimination of  
9 other contracts expense, contract operator expense and contract sewer cleaning  
10 expense.

11 **Q: Which of Green Acres’ adjustments do you disagree with?**

12 A: I disagree with Green Acres’ proposed building rental expense, contract legal  
13 expense, Indiana Utility Receipt tax expense, insurance expense and allocated  
14 utility cost expense. Additionally, I make adjustments for Green Acres’ sludge  
15 removal expense, IURC fee and IDEM fee. See OUCC Schedule 6.

A. **Building Rental Expense**

16 **Q: How did Green Acres calculate its proposed *pro forma* building rental**  
17 **expense?**

18 A: Green Acres proposed renting 838 square feet of space from the Green Acres Golf  
19 Course (“golf course”) club house at a rate of \$12 per square feet per year for total  
20 *pro forma* rental expense of \$10,056 (838 square feet times \$12 equal \$10,056).

1 **Q: Do you agree with Green Acres proposed *pro forma* rental expense?**

2 A: No. In its initial response to OUCC Data Request No. 5-10,<sup>1</sup> Joint Petitioners  
3 indicated that the utility would own the golf course upon the execution of a formal  
4 written agreement. Since the response indicated that the Utility will be the owner  
5 of the club house, I disallowed the rental expense for the club house space. See  
6 OUCC Schedule 6, Adjustment No. 1.

7 **Q: Does Joint Petitioners' supplemental response to OUCC Data Request No. 5-**  
8 **10 cause you to change your opinion regarding the Utility's proposed *pro***  
9 ***forma* rental expense?**

10 A: No. In its supplemental response to OUCC Data Request No. 5-10,<sup>2</sup> Joint  
11 Petitioners stated that it has not yet been determined what entity will be purchasing  
12 the golf course. Accordingly, it is not known from whom Green Acres will propose  
13 renting office space. For a utility to be able to recover an operating expense as a  
14 revenue requirement in rates, it is required that that expense be fixed in time, known  
15 to occur and measurable in amount. Since Joint Petitioners have indicated that they  
16 do not know from whom, or if they will be renting office space, it cannot be said  
17 that this expense is fixed, known and measurable and accordingly it should be  
18 disallowed.

19 **Q: Is there any other reason Green Acres' proposed rental expense should be**  
20 **excluded as a revenue requirement?**

21 A: Yes. As part of the asset transfer Green Acres will own a maintenance facility with  
22 more than 2,000 square feet of space which is used primarily for the storage of  
23 blowers and other utility equipment. This facility has bathrooms and excess space

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<sup>1</sup> See Attachment RJC No. 1.

<sup>2</sup> See Attachment RJC No. 2.

1 that could be used for the same functions for which Green Acres proposes using the  
2 rental space in the golf course club house. Accordingly, there is no need to rent  
3 the golf course club house office space.

#### B. Contract Legal Expense

4 **Q: How did Green Acres calculate its proposed *pro forma* contract legal expense?**

5 A: In response to OUCC Data Request No. 3-3,<sup>3</sup> Joint Petitioners indicated their  
6 attorney estimated he would provide the utility \$2,000 worth of legal services each  
7 month for total annual legal services of \$24,000. In response to OUCC Data  
8 Request No. 5-3<sup>4</sup> Joint Petitioners indicated that the monthly services provided  
9 would relate to bill collection, entity reporting, document drafting and revision or  
10 other legal services.

11 **Q: Does Joint Petitioners response to OUCC Data Request No. 3-3 and 5-3 justify  
12 an annual contract legal expense of \$24,000?**

13 A: No. The duties enumerated in Joint Petitioners' response to OUCC Data Request  
14 No. 5-3 are routine legal services that would recur in any given twelve-month  
15 period during a utility's normal operations. Accordingly, the Howard County test  
16 year contract legal expense of \$8,383 should be considered more representative of  
17 the *pro forma* cost that the utility will incur. I propose that this amount be used in  
18 Green Acres' rate calculation. See OUCC Schedule 6, Adjustment No. 2.

#### C. Insurance Expense

19 **Q. Please explain your adjustment to Green Acres' proposed insurance expense.**

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<sup>3</sup> See Attachment RJC No. 3.

<sup>4</sup> See Attachment RJC No. 4.



1 9.458% of the office rented from the HOA resulted in the allocated utility expense  
2 of \$1,455. The following table shows the calculation of Green Acres' proposed  
3 allocated office space:

**Table RJC No. 4 – Calculation of Green Acres' Proposed Allocated Utility Expense**

Utilities Paid in 2019					
Duke Energy	\$ 7,713				
Phone & Internet	1,319				
NIPSCO	1,188				
Sewer	4,140				
Trash Removal	1,028				
Total Utilities	15,387				
Square Footage Rented by Joint Petitioners	838				
Total Building Square Footage	8,860				
Allocation Percentage	9.458%				
Annual Utility Cost Apportioned to GASSS	\$ 1,455				

4 **Q: Do you agree with Green Acres' calculation for proposed utility expense?**

5 A: No. As discussed above I have removed both the office rental and insurance

6 expense related to the office space at the club house. Accordingly, I have

7 eliminated the annual utility cost apportioned to Green Acres as a revenue

8 requirement. See OUGC Schedule 6, Adjustment No. 5.

**E. Indiana Utility Receipts Tax**

9 **Q: How did Green Acres' calculate its proposed adjustment to Indiana Utility**

10 **Receipts tax?**

11 A: In the calculation of its adjustment to URT tax, Green Acres multiplied their entire

12 proposed revenue requirement of \$392,604 by the current utility receipts tax rate of

13 1.4% for total proposed utility receipts tax of \$5,482. From this amount was

1           deducted miscellaneous expenses totaling \$4,000 to derive an adjustment of  
2           \$1,482. See lines 561 and 636 of Joint Petitioners' Exhibit SKB-2.

3   **Q:   Do you accept Green Acres' proposed adjustment to Indiana Utility Receipts**  
4   **Tax?**

5   A:   No. Pursuant to Indiana Code § 8-1-2-125 not-for-profit utilities are not subject to  
6       Indiana Utility Receipts Tax. Accordingly, I have not included an amount for  
7       Utility Receipts Tax.

8   **Q:   Did Green Acres adjust for the Indiana Utility Regulatory Commission**  
9   **(“IURC”) fee or the Indiana Department of Environmental Management**  
10   **(“IDEM”) fee?**

11   A:   No.

#### F. IURC Fee

12   **Q:   How did you calculate Green Acres' IURC fee revenue requirement?**

13   A:   I used a two-step process. First, I multiply Green Acres' *pro forma* present  
14       operating revenues of \$179,518 by the current IURC fee rate of .1273654% to  
15       calculate *pro forma* present utility receipts tax of \$229. From this amount I have  
16       deducted test year utility receipts tax of \$54 to derive an adjustment of \$175. See  
17       OUCC Schedule 6, Adjustment No. 6.

18               In the second step of the calculation of Green Acres' IURC fee revenue  
19       requirement, I have multiplied the current IURC fee rate of .1273654% by Green  
20       Acres' net revenue increase required of \$133,617 for a *pro forma* proposed IURC  
21       fee adjustment of \$170. The sum of the *pro forma* present and proposed IURC fee  
22       adjustments result in a total increase of \$399. See OUCC Schedules 1 and 4.

#### G. IDEM Fee

1 **Q: How did you calculate Green Acres' IDEM fee revenue requirement?**

2 A: I took the number of customer connections that Howard County had at the end of  
3 2018 and multiplied it by the IDEM fee rate of \$.95 per customer for a *pro forma*  
4 present IDEM fee of \$201. From this amount I deducted the amount of IDEM fee  
5 expense incurred by Howard County in 2018 of \$1,200 for an adjustment of  
6 negative \$(999). See OUCC Schedule 6, Adjustment No. 7.

#### H. Sludge Disposal

7 **Q: Did you add a provision for sludge disposal expense as an operating expense**  
8 **revenue requirement for Green Acres?**

9 A: Yes. I have included a provision of \$3,000 per year for sludge disposal expense.  
10 The OUCC's support for sludge disposal expense is discussed in the testimony of  
11 OUCC Analyst Jim Parks. See OUCC Schedule 6, Adjustment No. 8.

### VI. EXTENSIONS AND REPLACEMENTS

12 **Q: Did Green Acres request a provision for extensions and replacements in its**  
13 **proposed revenue requirement?**

14 A: Yes. Green Acres has proposed a *pro forma* revenue requirement of \$54,700 for  
15 extensions and replacements ("E&R").

16 **Q: How did Green Acres calculate its proposed E&R revenue requirement?**

17 A: Green Acres' proposed E&R revenue requirement is calculated as though the utility  
18 was requesting depreciation as a revenue requirement. In their calculation, the  
19 utility sales price of \$2,200,000 is reduced by the value attributed to non-  
20 depreciable land of \$12,000<sup>7</sup> for depreciable property of \$2,188,000. The value of

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<sup>7</sup> See Joint Petitioners' Attachment SKB 2, line 722.

1 depreciable property is then multiplied by the composite depreciation rate for a  
 2 complete wastewater system of 2.5% to arrive at total annual depreciation of  
 3 \$54,700. The following table illustrates Green Acres' depreciation-based  
 4 calculation for its proposed extension and replacements revenue requirement.

	Purchase Price of Utility	\$ 2,200,000			
	Less: Land Cost	(12,000)			
	Depreciable Plant	2,188,000			
	Composite Depreciation Rate for Complete Water System	2.50%			
	Annual Depreciation	\$ 54,700			

5 **Q: Do you agree with Green Acres' proposed E&R revenue requirement**  
 6 **calculation?**

7 A: No. Indiana Code 8-1-2-125 (d) (7) regarding revenue requirements for not-for-  
 8 profit utilities provides that:

A reasonable and just charge for water or sewer service within the meaning of this section is a charge that will produce sufficient revenue to pay all legal and other necessary expense incident to the operation of the not-for-profit utility's system, including ... [a] provision for making *extensions and replacements*. (Emphasis added).

15 Accordingly, under accepted not-for-profit utility rate setting methodology,  
 16 depreciation cannot be used as a revenue requirement. Green Acres' proposed  
 17 revenue requirement of \$54,700 for E&R should be disallowed because it is a  
 18 calculation for depreciation.

19 **Q: Has Green Acres provided a capital improvement plan upon which an E&R**  
 20 **revenue requirement can be based?**

21 A: No. However, because the utility clearly will require ongoing E&R expenditures,



1 the OUCC proposes the \$54,700 revenue requirement recommended by Green  
2 Acres be used in calculating its initial rates. The OUCC's position regarding Green  
3 Acres' E&R revenue requirement is discussed in the testimony of OUCC Analyst  
4 Jim Parks.

## **VII. WORKING CAPITAL**

5 **Q: Did Green Acres request a revenue requirement for working capital?**

6 A: Yes.

7 **Q: Please explain how Green Acres calculated its working capital revenue**  
8 **requirement.**

9 A: Green Acres used the FERC 45-day method in calculating its working capital  
10 requirement. In making its calculation, Green Acres reduced operating and  
11 maintenance expense of \$150,881 by purchased power of \$21,859 to derive  
12 expenses requiring working capital of \$129,022. Green Acres then divided this  
13 amount by the 45 day factor of 8 which represents the number of times a 45 day  
14 period will fit into a calendar year (360 days divided by 45 equals 8) which resulted  
15 in a total working capital requirement of \$16,121. Green Acres then divided this  
16 amount by an amortization period of 3 years for an annual working capital revenue  
17 requirement of \$5,376. See Joint Petitioners' Exhibit SKB-2, line 687.

18 **Q: Do you agree with Green Acres proposed working capital requirement?**

19 A: No. A review of Joint Petitioners' filing reveals a working capital provision of  
20 \$24,000 has been included in the estimated non-construction costs of their  
21 \$2,200,000 borrowing. Accordingly, there is no need to include a working capital  
22 revenue requirement in the calculation of Joint Petitioners' proposed rates. See  
23 OUCC Schedule 1.

**VIII. DEBT SERVICE & DEBT SERVICE RESERVE**

1 **Q: Did Green Acres included debt service and debt service reserve in its proposed**  
2 **revenue requirement?**

3 A: Yes. Green Acres included a proposed revenue requirement of \$151,372 for debt  
4 service and \$30,274 for debt service reserve. The OUCC's position regarding Joint  
5 Petitioners' debt service and debt service reserve revenue requirements is discussed  
6 in the testimony of OUCC witness Shawn Dellinger. Mr. Dellinger's proposed debt  
7 service and debt service reserve requirements are included in OUCC Schedule 1.

**IX. OUCC RECOMMENDATIONS**

8 **Q: Please summarize your recommendations to the Commission.**

9 I recommend the Commission authorize a monthly rate of \$120.42 per customer  
10 which will provide Green Acres the opportunity to collect \$313,135 in net revenues.

11 **Q: Does this conclude your testimony?**

12 A: Yes.

**APPENDIX A**

1 **Q: Please describe your educational background and experience.**

2 A: I graduated from Indiana University with a Bachelor of Science degree majoring in  
3 accounting. Upon graduation, I took a position as an accountant for Tousley-Bixler  
4 Construction Company for whom I worked until 1984. At that time, I began  
5 attending Indiana University School of Law. After graduating from law school in  
6 1988, I was employed by the public accounting firm of Boyd, Stamper & Leeds  
7 and participated in the preparation of compilations, audits, and corporate and  
8 individual tax returns. From 1990 to 1993, I worked for the CPA firm of Myers &  
9 Stauffer, which specializes in Medicaid accounting, consulting and rate setting.  
10 After a short tenure with the OUCC as a Principal accountant in 1993, I became  
11 Controller, Corporate Secretary, and a member of the Board of Directors of General  
12 Acceptance Corporation. I returned to the OUCC in 1998 as an Assistant Utility  
13 Consumer Counselor and represented the interests of the public before the Indiana  
14 Utility Regulatory Commission ("Commission") in a variety of Gas, Water and  
15 Telecommunications cases. I assumed my current position as a Utility Analyst with  
16 the OUCC in April of 2005. Since joining the OUCC, I have attended the NARUC  
17 Annual Regulatory Studies Program, the NARUC Utility Rate School, and other  
18 continuing education programs. I became licensed as a Certified Public  
19 Accountant in 1983. Having left the practice of public accounting in 1993, my

1 license is currently inactive. I am also an inactive member of the Indiana Bar in  
2 good standing.

3 **Q: Have you previously testified before the Indiana Utility Regulatory**  
4 **Commission?**

5 A: Yes. I have testified in many cases before the Commission including a number of  
6 applications by municipal, not-for-profit and investor owned water utilities for  
7 financing authority and changes to rates and charges.

**GREEN ACRES SUBDIVISION SEWER SYSTEM INC.**  
**CAUSE NUMBER 45360**

**Comparison of Petitioner's and OUC's  
Revenue Requirements**

	<u>Per Petitioner</u>	<u>Per OUC</u>	<u>Sch Ref</u>	<u>OUC More (Less)</u>
Operating Expenses	\$ 147,974	\$ 119,352	4	\$ (28,622)
Taxes other than Income	2,907	2,907	4	-
Extensions and Replacements	54,700	54,700	7	-
Working Capital	5,376	-		(5,376)
Debt Service	151,372	136,176		(15,196)
Debt Service Reserve	30,274	-		(30,274)
Total Revenue Requirements	<u>392,603</u>	<u>313,135</u>		<u>(79,468)</u>
Less: Interest Income	-	-	3	-
Other Income	-	-	3	-
Add:				-
Net Revenue Requirements	<u>392,603</u>	<u>313,135</u>		<u>(79,468)</u>
Less: Revenues at current rates subject to increase	(178,848)	(179,518)	4	(670)
Other revenues at current rates	-	-	4	-
Net Revenue Increase Required	<u>213,755</u>	<u>133,617</u>		<u>(80,138)</u>
Add: Additional IURC Fee	-	170		170
Recommended Increase	<u>\$ 213,755</u>	<u>\$ 133,787</u>		<u>\$ (79,968)</u>
Recommended Percentage Increase	<u>119.52%</u>	<u>74.53%</u>		<u>-44.99%</u>

<u>Current Rate</u>	<u>Proposed</u>		<u>OUC More (Less)</u>
	<u>Petitioner</u>	<u>OUC</u>	
Current Rate = \$69.00	\$ 151.47	\$ 120.42	\$ (31.05)

**GREEN ACRES SUBDIVISION SEWER SYSTEM INC.**  
**CAUSE NUMBER 45360**

**Reconciliation of Net Operating Income Statement Adjustments**  
*Pro-forma Present Rates*

	<u>Per Petitioner</u>	<u>Per OUC</u>		<u>OUC More (Less)</u>
Operating Revenues				
Residential	\$ -	\$ (312)	5-1	\$ (312)
Commercial	-	-		-
Penalties	-	982	5-1	982
Other	-	-		-
Total Operating Revenues	<u>-</u>	<u>670</u>		<u>670</u>
O&M Expense				
Annual salaries 5 board members	17,100	17,100		-
Payroll tax on salaries	2,907	2,907		-
Building rental	10,056	-	6-1	(10,056)
Contract accounting	4,857	4,857		-
Contract legal	15,617	-	6-2	(15,617)
Contract testing	(850)	(850)		-
Eliminate contract other	(32,435)	(32,435)		-
Contract operator	30,000	30,000		-
Contract cleaning	6,000	6,000		-
Insurance cost	3,285	1,098	6-3	(2,187)
URT	1,482	-	6-4	(1,482)
Allocated utility cost	1,455	-	6-5	(1,455)
IURC Fee	-	175	6-6	175
IDEM Fee	-	(999)	6-7	(999)
Sludge Removal	-	3,000	6-8	3,000
Depreciation Expense	-	-		-
Amortization Expense	-	-		-
Taxes Other than Income	-	-		-
Total Operating Expenses	<u>59,474</u>	<u>30,853</u>		<u>(28,621)</u>
Net Operating Income	<u>\$ (59,474)</u>	<u>\$ (30,183)</u>		<u>\$ 29,291</u>

**GREEN ACRES SUBDIVISION SEWER SYSTEM INC.**  
**CAUSE NUMBER 45360**

**COMPARATIVE BALANCE SHEET**  
**As of December 31,**

<b><u>ASSETS</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Utility Plant:			
Utility Plant in Service	\$ 1,882,049	\$ 1,878,634	\$ 1,875,780
Construction Work in Progress			
Less: Accumulated Depreciation	(341,088)	(294,873)	(247,908)
Less: Accumulated Amortization	(9,224)	(8,384)	(7,544)
Net Utility Plant in Service	<u>1,531,737</u>	<u>1,575,377</u>	<u>1,620,328</u>
Cash and Cash Equivalents	133,520	58,650	6,420
Accounts Receivable	0	-	-
Provision for uncollectible accounts	4211	9,367	7,943
Materials and Supplies	0	4,000	15,000
Prepays	250	-	-
Other Current Assets			
Total Current Assets	<u>137,981</u>	<u>72,017</u>	<u>29,363</u>
Total Assets	<u>\$ 1,669,718</u>	<u>\$ 1,647,394</u>	<u>\$ 1,649,691</u>
<b><u>LIABILITIES</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Equity			
Common Stock	\$ 1,000	\$ 1,000	\$ 1,000
Paid in Capital	1,612,236	1,612,236	1,620,237
Retained Earnings	(20,836)	(37,435)	(41,934)
Total Equity	<u>1,592,400</u>	<u>1,575,801</u>	<u>1,579,303</u>
Contributions in Aid of Construction	70,388	70,388	70,388
Current Liabilities			
Accrued Taxes	6,930	1,205	-
Other Current Liabilities	6,930	1,205	-
Total Liabilities	<u>\$ 1,669,718</u>	<u>\$ 1,647,394</u>	<u>\$ 1,649,691</u>

**GREEN ACRES SUBDIVISION SEWER SYSTEM INC.**  
**CAUSE NUMBER 45360**

**COMPARATIVE INCOME STATEMENT**  
**Twelve Months Ended December 31,**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Operating Revenues			
Residential	\$ 174,396	\$ 176,353	\$ 177,053
Commercial	4,140	4,140	4,140
Penalties	982	929	1,079
Other			
Total Operating Revenues	<u>179,518</u>	<u>181,422</u>	<u>182,272</u>
Operating Expenses			
Salaries and Wages	900	900	-
Employee Benefits			
Purchased Power	21,859	26,603	18,971
Chemicals			
Materials and Supplies	5,037	1,328	2,478
Contractual Services - Accounting	7,143	8,103	1,386
Contractual Services - Legal	8,383	11,749	-
Contractual Services - Testing	11,650	12,279	-
Contractual Services - Other	32,435	34,975	84,891
Insurance	-	-	-
Miscellaneous Expense	4,000	3,581	4,319
Total O&M Expense	<u>91,407</u>	<u>99,518</u>	<u>112,045</u>
Depreciation Expense	46,215	46,965	42,584
Amortization Expense	840	840	840
Property Taxes	16,223	17,422	19,846
Other Taxes	2,509	10,973	208
Income Taxes	5,725	-	-
Deferred Federal	-	855	-
Deferred State	-	350	-
Total Operating Expenses	<u>71,512</u>	<u>77,405</u>	<u>63,478</u>
Net Operating Income	16,599	4,499	6,749
Net Income	<u>\$ 16,599</u>	<u>\$ 4,499</u>	<u>\$ 6,749</u>



**GREEN ACRES SUBDIVISION SEWER SYSTEM INC.  
CAUSE NUMBER 45360**

***Pro-forma Net Operating Income Statement***

	<b>Year Ended 12/31/2018</b>	<b>Adjustments</b>	<b>Sch Ref</b>	<b><i>Pro forma</i> Present Rates</b>	<b>Adjustments</b>	<b>Sch Ref</b>	<b><i>Pro forma</i> Proposed Rates</b>
Operating Revenues							
Residential	\$ 174,708	\$ (312)	5-1	\$ 174,396	\$ 129,970		\$ 304,366
Commercial	4,140			4,140	3,085		7,225
Penalties	-	982	5-1	982	732		1,714
Other	-			-			-
Total Operating Revenues	<u>178,848</u>	<u>670</u>		<u>179,518</u>	<u>133,787</u>	1	<u>313,305</u>
O&M Expense	-			-			-
Annual salaries 5 board members	900	17,100	Pet	18,000			18,000
Payroll tax on salaries		2,907	Pet	2,907			2,907
Building rental		-	6-1	-			-
Purchase Power	21,859			21,859			21,859
Contract accounting	7,143	4,857	Pet	12,000			12,000
Contract legal	8,383	-	6-2	8,383			8,383
Contract testing	11,650	(850)	Pet	10,800			10,800
Contract Operator & Testing	32,435	(32,435)	Pet	-			-
New Contract Operator	0	30,000	Pet	30,000			30,000
Materials and Supplies	5,037			5,037			5,037
Contract cleaning		6,000	Pet	6,000			6,000
Insurance expense		1,098	6-3	1,098			1,098
URT		-	6-4	-			-
Utilities	2,633	-	6-5	2,633			2,633
IURC Fee	54	175	6-6	229	170	1	399
IDEM Fee	1,200	(999)	6-7	201			201
Miscellaneous	113	-	Pet	113			113
Sludge Removal	0	3,000	6-8	3,000			3,000
Depreciation Expense	46,215			46,215			46,215
Amortization Expense	840			840			840
Taxes Other than Income	16,223			16,223			16,223
Total Operating Expenses	<u>154,684</u>	<u>30,853</u>		<u>185,537</u>	<u>170</u>		<u>185,707</u>
Net Operating Income	<u>\$ 24,164</u>	<u>\$ (30,183)</u>		<u>\$ (6,019)</u>	<u>\$ 133,617</u>		<u>\$ 127,598</u>

**GREEN ACRES SUBDIVISION SEWER SYSTEM INC.  
CAUSE NUMBER 45360**

**OUC Revenue Adjustments**

(1)

**Operating Revenues**

To convert proof of annual receipts to test year operating revenues.

Residential Revenues	\$ (312)
Penalties	<u>982</u>
<b>Adjustment Increase (Decrease)</b>	<b><u><u>\$ 670</u></u></b>

**GREEN ACRES SUBDIVISION SEWER SYSTEM INC.**  
**CAUSE NUMBER 45360**

**OUCG Expense Adjustments**

(1)

**Building Rental**

To reflect office rental expense on building.

<i>Pro forma</i> Rental Expense	\$	-
Less: Test Year Rental Expense		<u>0</u>
<b>Adjustment Increase (Decrease)</b>	<b>\$</b>	<b><u><u>-</u></u></b>

(2)

**Contract Legal Expense**

To reflect annual contract legal expense.

<i>Pro forma</i> Contract Legal Expense	\$	8,383
Less: Test Year Contract Legal Expense		<u>(8,383)</u>
<b>Adjustment Increase (Decrease)</b>	<b>\$</b>	<b><u><u>-</u></u></b>

(3)

**Insurance Expense**

To reflect insurance expense.

<i>Pro forma</i> Insurance Expense	\$	1,098
Less: Test year Insurance Expense		<u>0</u>
<b>Adjustment Increase (Decrease)</b>	<b>\$</b>	<b><u><u>1,098</u></u></b>

(4)

**Utility Receipts Tax**

To reflect zero URT liability.

<i>Pro forma</i> Utility Receipts Tax	\$	-
Less: Test year URT		<u>0</u>
<b>Adjustment Increase (Decrease)</b>	<b>\$</b>	<b><u><u>-</u></u></b>

(5)

**Allocated Utilities**

To reflect correct test year allocated utilities.

<i>Pro forma</i> Allocated Utilities	\$	-
Less: Test year Allocated Utilities		<u>0</u>
	<b>\$</b>	<b><u><u>-</u></u></b>

**GREEN ACRES SUBDIVISION SEWER SYSTEM INC.**  
**CAUSE NUMBER 45360**

**OUCG Expense Adjustments**

(6)

**IURC Fee**

TO reflect annual IURC fee.

<i>Pro forma</i> Present Utility Revenues	\$	179,518
Times: IURC Fee		0.1273654%
<i>Pro forma</i> Present Utility Receipts Tax		229
Less: Test Year Expense	\$	<u>(54)</u>
<b>Adjustment Increase (Decrease)</b>	<b>\$</b>	<b><u>175</u></b>

(7)

**IDEM Fee**

To reflect annual IDEM Fee.

Number of Customers at End of Test Year		212
Times: IDEM Fee	\$	<u>0.95</u>
<i>Pro forma</i> Present Utility Receipts Tax		201
Less: Test Year Expense	\$	<u>(1,200)</u>
<b>Adjustment Increase (Decrease)</b>	<b>\$</b>	<b><u>(999)</u></b>

(8)

**Sludge Removal Expense**

To reflect a provision for sludge removal expense.

<i>Pro forma</i> Sludge Removal	\$	3,000
Less: Test Year Expense		<u>0</u>
<b>Adjustment Increase (Decrease)</b>	<b>\$</b>	<b><u>3,000</u></b>

**GREEN ACRES SUBDIVISION SEWER SYSTEM INC.  
CAUSE NUMBER 45360**

**Current and Proposed Rates and Charges**

	<u>Current</u>	<u>Petitioner Proposed</u>	<u>OUC Proposed</u>	<u>OUC More (Less)</u>
Residential (One EDU)	\$ 69.00	\$ 151.47	\$ 120.42	\$ (31.04)

**OUCC DR 5-10**

**DATA INFORMATION REQUEST  
Howard County Utilities, Inc., and  
Green Acres Subdivision Sewer System, Inc.**

**Cause No. 45360**

**Information Requested:**

Please explain what entity is purchasing this golf course.

**Information Provided:**

See response to OUCC DR 5-8. Green Acres Subdivision Sewer System, Inc. is the entity that will purchase the golf course upon execution of a formal written agreement.

**OUCC DR 5-10 (Supplemental)**

**DATA REQUEST**

**Howard County Utilities, Inc., and  
Green Acres Subdivision Sewer System, Inc.**

**Cause No. 45360**

**Information Requested:**

Please explain what entity is purchasing this golf course.

**Original Information Provided:**

See response to OUCC DR 5-8. Green Acres Subdivision Sewer System, Inc. is the entity that will purchase the golf course upon execution of a formal written agreement.

**Supplemental Information Provided:**

GASSS has not yet determined what entity will be purchasing the golf course. It was originally thought that GASSS would be the purchaser, but after further discussions it was determined that this decision has not yet been made.

**OUCC DR 3-3**

**DATA INFORMATION REQUEST  
Howard County Utilities, Inc., and  
Green Acres Subdivision Sewer System, Inc.**

**Cause No. 45360**

**Information Requested:**

For Operating Expense Adjustment 5 (Contractual Services – Legal), please explain why Green Acres anticipates spending \$24,000 per year on legal expenses once the acquisition is complete. In addition, please provide the anticipated number of hours of legal service anticipated per year and the cost per hour. If a professional services agreement (for ongoing legal services) exists please provide a copy.

**Information Provided:**

The \$24,000 in annual legal expenses is based on an estimate by the attorney providing, on average, \$2,000 per month of legal services.

The estimate is based on a legal services agreement dated 11/21/2019. The agreement is attached as “GAAS-LegalServicesAgreement”.

**Attachment:**

OUCC DR 3-3.pdf



**OUCC DR 5-3**

**DATA INFORMATION REQUEST  
Howard County Utilities, Inc., and  
Green Acres Subdivision Sewer System, Inc.**

**Cause No. 45360**

**Information Requested:**

In response to OUCC Data Request No. 3-3, GASSS indicated it will receive 10 hours of legal services per month at a rate of \$200 per hour from Attorney Marcus L. Misinec. Please explain how the 10 hours of legal service per month was determined. Please include the projects Mr. Misinec anticipates working on for the projected 10 hours.

**Information Provided:**

Mr. Misinec provided the estimation based on advisement from Steve Brock, rate analyst from Therber Brock and Associates, LLC, who has experience in working with utility entities. Mr. Misinec anticipates there will likely be a fluctuation of legal services needed from month to month depending on bill collection assistance, entity reporting, document drafting/revision, or other legal services.

**OUCR DR 3-4**

**DATA INFORMATION REQUEST  
Howard County Utilities, Inc., and  
Green Acres Subdivision Sewer System, Inc.**

**Cause No. 45360**

**Information Requested:**

Please explain the \$1,455.38 “allocated utility cost” listed in Operating Adjustment 12. What is the cost, why is it allocated, and from whom is it being allocated?

**Information Provided:**

The allocated utility cost of \$1,455.38 from operating adjustment 12, is an allocation of total building utility costs to Green Acres Sewer Subdivision (GAAS). The calculation allocates historic annual utility cost by the percentage of GAAS office space square footage to the entire HOA building square footage (approximately 9.5%).

The utilities being allocated include electric, phone, sewage internet and trash. The calculation of this allocation is attached as “GreenAcres-UtilitiesAllocated”.

**Attachment:**

OUCR DR 3-4.pdf



**Property-Owners Insurance Company**  
**Tailored Protection Policy New Business Proposal**

Date: **12/05/2019**

Agency Code: **02-0135-00**

CLIENT:

**Green Acres Homeowners Sewer System Inc**  
**1300 GREENACRES DR**  
**KOKOMO, IN 46901-9546**  
**Phone: (765) 480-9294**

AGENCY:

**UNDERWOOD INSURANCE AGENCY INC**  
**3990 STATE ROAD 38 E STE 5A**  
**LAFAYETTE, IN 47905-9516**  
**Phone: (765) 742-7320**  
**E-Mail: aklaus@underwoodagency.com**

Proposed premium is: **\$3,285.00 (Annual Term)**  
Proposed premium if Paid In Full Discount Applies: **\$3,005.00**

**The Paid in Full Discount is not Available for Escrow Direct Bill or Agency Bill**

Company Bill Option	Required Down Payment	Number of Remaining Payments	Remaining Payment Amount
<b>Full Pay</b>	<b>\$3,005.00</b>	<b>0</b>	<b>\$0.00</b>
<b>Semi-Annual</b>	<b>\$1,642.50</b>	<b>1</b>	<b>\$1,642.50</b>
<b>Quarterly</b>	<b>\$821.25</b>	<b>3</b>	<b>\$821.25</b>
<b>Monthly</b>	<b>\$273.64</b>	<b>11</b>	<b>\$273.76</b>

Delays in issuing policies may result in larger payment amounts spread over fewer installments. Your payment due date is based on your policy effective date and may be changed at your request.

Your total amount per payment may vary due to unique situations affecting your account.



LIFE • HOME • CAR • BUSINESS

**Commercial Building Valuation Summary**  
Property-Owners Insurance Company

Date: 12/05/2019

Location # 1	
678 S 950 W RUSSIAVILLE, IN 46979-9748	
Location # 1	Building # 1
Program:	Institutional - Other
Business Description:	Homeowners and/or Mobile Homeowners Associations - No Building or Premises Owned or Leased Except for Office Purposes - Not for Profit - NOC
Zip Code:	46979-9748
Square Footage:	1,920
Construction Type:	Frame
Construction Year:	2011
Building Insurance to Value Limit:	\$270,148
Coinsurance Selected:	90%
Estimated Building Insurance to Value Limit:	\$243,133
Estimated Building Insurance-to-Value Identifier:	2213320
Location # 1	Building # 2
Program:	Institutional - Other
Business Description:	Water Treatment Plants - Pumping Stations, Water Tanks and Auxiliary Buildings
Zip Code:	46979-9748
Square Footage:	720
Construction Type:	Frame
Construction Year:	2011
Building Insurance to Value Limit:	\$131,101
Estimated Building Insurance to Value Limit:	\$117,991
Estimated Building Insurance-to-Value Identifier:	2213336



**Property-Owners Insurance Company**  
**Indiana Tailored Protection Policy (TPP)**  
**New Business Proposal**

Date: **12/05/2019**

Proposal ID: **GreenAcresSubdivisiTPP-3678160**

<b>CLIENT</b>	<b>AGENCY</b>
---------------	---------------

Client: **Green Acres Homeowners Sewer System Inc** Agency Code: **02-0135-00**  
Contact/Producer: **CHARLES W CLARK JR**  
Agency: **UNDERWOOD INSURANCE AGENCY INC**

Address: **1300 GREENACRES DR KOKOMO, IN 46901-9546** Address: **3990 STATE ROAD 38 E STE 5A LAFAYETTE, IN 47905-9516**

Phone: **(765) 480-9294** Phone: **(765) 742-7320**  
Website: Email: **aklaus@underwoodagency.com**

<b>PROPOSAL INFORMATION</b>
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Proposal Effective Date: **12/16/2019 - 12/16/2020**  
Rate Effective Date: **12/12/2019**  
Proposal Started: **12/05/2019**  
Entity Type of Primary Named Insured: **Corporation**

<b>PREMIUM OVERVIEW</b>
-------------------------

Total Commercial Property Premium	<b>\$2,795.00</b>
Total Commercial General Liability Premium	<b>\$490.00</b>
<b>Total Proposed Premium</b>	<b>\$3,285.00</b>
<b>Total Premium if Paid in Full</b>	<b>\$3,005.00</b>

**Premiums quoted are subject to change based upon the actual coverages requested and completed underwriting information provided. All terms, conditions, coverages and premiums are subject to underwriting acceptance and approval.**

<b>PREMIUM ADJUSTMENTS</b>
----------------------------

Cumulative Multi Policy Discount (CMPD):

Policy Tier:

Commercial Property: **338** (Confirmation # **97568755**)  
General Liability: **362** (Confirmation # **97568755**)

Individual Risk Premium Modification Factor Applies:

Commercial General Liability **40% credit**  
Commercial Property **40% credit**

Package Modification Factor Applies

<b>Commercial Property</b>
----------------------------

<b>NOTICE:</b> Acceptability of all proposed applicants will be subject to approval by our Underwriting Department.
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**THIS PROPOSAL IS VALID FOR 60 DAYS**



**Green Acres Homeowners Sewer System Inc**

**Location 1 678 S 950 W  
RUSSIAVILLE, IN 46979-9748**

Program:	<b>Institutional - Other</b>	Deductible:	<b>\$2,500</b>
County/City:	<b>034 - Howard</b>	Theft Deductible:	<b>\$2,500</b>
Territory:	<b>Group I - 340 - HOWARD</b>	Windstorm/Hail Deductible:	<b>\$2,500</b>
	<b>Group II - 001 - NORTHERN COUNTIES</b>		
Protection Class:	<b>10</b>		

**Building 1 0702 Homeowners and/or Mobile Homeowners Associations - No Building or Premises Owned or Leased Except for Office Purposes - Not for Profit - NOC**

Construction: **Frame**  
Square Footage: **1,920**  
Estimated Building Insurance to Value Limit: **\$243,133**  
Exclude Windstorm/Hail Coverage: **No**  
Sprinklered: **No**

<b>BUILDING</b>				<b>\$1,008.00</b>
Limit of Insurance:	<b>\$300,000</b>	<b>Replacement Cost</b>	<b>Blanket</b>	
Cause of Loss:	<b>Special With Theft</b>			
Coinsurance:	<b>90%</b>			
Inflation Guard:	<b>Automatic</b>			
<b>BUSINESS PERSONAL PROPERTY - INSURED</b>				<b>\$223.00</b>
Limit of Insurance:	<b>\$100,000</b>	<b>Replacement Cost</b>	<b>Blanket</b>	
Cause of Loss:	<b>Special With Theft</b>			
Coinsurance:	<b>90%</b>			
Inflation Guard:	<b>Automatic</b>			
<b>MACHINERY AND EQUIPMENT</b>				<b>\$803.00</b>
Limit of Insurance:	<b>\$250,000</b>	<b>Replacement Cost</b>		
Cause of Loss:	<b>Special With Theft</b>			
Coinsurance:	<b>90%</b>			
Inflation Guard:	<b>Automatic</b>			
<b>BUILDING ORDINANCE OR LAW</b>				<b>Included</b>
Coverage A (Loss of value)		<b>(Included in the Building Limit of Insurance)</b>	<b>Included</b>	
Coverage B (Demolition costs)		<b>\$60,000</b>	<b>Included</b>	
Coverage C (Increased costs of construction)		<b>\$60,000</b>	<b>Included</b>	
Coverage D (Tenants Improvements and Betterments)		<b>\$60,000</b>		<b>Included</b>
<b>EQUIPMENT BREAKDOWN</b>				<b>\$37.00</b>
Property Plus Coverage Package: Standard Option				<b>\$94.00</b>
Without Refrigerated Products				
Business Income Waiting Period: 0 Hours				
Terrorism - Certified Acts				<b>\$22.00</b>

**Total Commercial Property Building 1 Premium \$2,187.00**

**Building 2 1070 Water Treatment Plants - Pumping Stations, Water Tanks and Auxiliary Buildings**

Construction: **Frame**  
Square Footage: **720**

**Green Acres Homeowners Sewer System Inc**

Estimated Building Insurance to Value Limit: **\$117,991**  
Exclude Windstorm/Hail Coverage: **No**  
Sprinklered: **No**

<b>BUILDING</b>			<b>\$413.00</b>
Limit of Insurance:	<b>\$135,000</b>	<b>Replacement Cost</b>	<b>Blanket</b>
Cause of Loss:	<b>Special With Theft</b>		
Coinsurance:	<b>90%</b>		
Inflation Guard:	<b>Automatic</b>		
<b>BUSINESS PERSONAL PROPERTY - INSURED</b>			<b>\$123.00</b>
Limit of Insurance:	<b>\$60,000</b>	<b>Replacement Cost</b>	<b>Blanket</b>
Cause of Loss:	<b>Special With Theft</b>		
Coinsurance:	<b>90%</b>		
Inflation Guard:	<b>Automatic</b>		
<b>BUILDING ORDINANCE OR LAW</b>			<b>Included</b>
Coverage A (Loss of value)		<b>(Included in the Building Limit of Insurance)</b>	<b>Included</b>
Coverage B (Demolition costs)		<b>\$60,000</b>	<b>Included</b>
Coverage C (Increased costs of construction)		<b>\$60,000</b>	<b>Included</b>
Coverage D (Tenants Improvements and Betterments)		<b>\$60,000</b>	<b>Included</b>
<b>EQUIPMENT BREAKDOWN</b>			<b>\$10.00</b>
Property Plus Coverage Package: Standard Option			<b>\$41.00</b>
Without Refrigerated Products			
Business Income Waiting Period: 0 Hours			
Terrorism - Certified Acts			<b>\$6.00</b>
<b>Total Commercial Property Building 2 Premium</b>			<b>\$593.00</b>
<b>Total Commercial Property Location 1 Premium</b>			<b>\$2,780.00</b>
<b>Property Plus Coverage Package Balance to Minimum</b>			<b>\$15.00</b>

<b>Total Commercial Property Premium</b>	<b>\$2,795.00</b>
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<b>Commercial General Liability</b>
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**Limits of Liability**

General Aggregate	
(Other than Products-Completed Operations):	<b>\$2,000,000</b>
Products-Completed Operations Aggregate:	<b>\$2,000,000</b>
Each Occurrence:	<b>\$1,000,000</b>
Personal and Advertising Injury:	<b>\$1,000,000</b>
Damage to Premises Rented to You:	<b>\$50,000 Any One Premises</b>
Medical Payments:	<b>\$5,000 Any One Person</b>
Association Directors & Officers Aggregate:	<b>\$1,000,000</b>
Association Directors & Officers Occurrence:	<b>\$1,000,000</b>
Hired Auto and Non-Owned Auto:	<b>\$1,000,000 Each Occurrence</b>

**Green Acres Homeowners Sewer System Inc**

**UNDERWOOD INSURANCE AGENCY INC**  
Cause No. 45360  
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Twice the "General Aggregate Limit" shown above is provided at no additional charge for each 12 month period.

**Optional Coverages:**

Hired Auto and Non-Owned Auto Liability	<b>\$63.00</b>
Association Directors and Officers Errors and Omissions	<b>\$169.00</b>
Exposure: <b>5</b> - Members/Units	
Premium Basis: <b>Total Number of Units/Members</b>	

**Location 1 - 678 S 950 W RUSSIAVILLE, IN 46979-9748**  
Program: **Institutional - Other**  
County: **Howard**  
Territory: **6 - REMAINDER OF STATE**

CLASSIFICATIONS:	CGL Base Rate	CGL Final Rate	Premium
<b>41668 - Clubs - Civic, Service or Social, Buildings or Premises Owned or Leased - Not for Profit - Without Cooking</b>			
Exposure: <b>2,000</b>			
Premium Basis: <b>Area</b>			
Premises-Operations:	213.820	94.391	<b>\$189.00</b>
Products-Completed Operations:	1.730	0.764	<b>\$2.00</b>
<b>41670 - Homeowners and/or Mobile Homeowners Associations - No Building or Premises Owned or Leased Except for Office Purposes - Not for Profit - NOC</b>			
Exposure: <b>5</b>			
Premium Basis: <b>Member(s)</b>			
Premises-Operations:	1.360	0.680	<b>\$3.00</b>
Products-Completed Operations:	0.010	0.005	<b>\$1.00</b>
Terrorism - Certified Acts			<b>\$4.00</b>

<b>Total Commercial General Liability Location 1 Premium</b>	<b>\$199.00</b>
<b>Balance to Minimum - Premises Operations</b>	<b>\$59.00</b>

<b>Total Commercial General Liability Premium</b>	<b>\$490.00</b>
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**PREMIUM RECAP**

Total Commercial Property Premium	<b>\$2,795.00</b>
Total Commercial General Liability Premium	<b>\$490.00</b>
<b>Total Proposed Premium</b>	<b>\$3,285.00</b>
<b>Total Premium if Paid in Full</b>	<b>\$3,005.00</b>



**THIS PROPOSAL IS VALID FOR 60 DAYS**

**Premiums quoted are subject to change based upon the actual coverages requested and completed underwriting information provided. All terms, conditions, coverages and premiums are subject to underwriting acceptance and approval.**

We are required to notify you of the federal Terrorism Risk Insurance Act of 2002 (including ensuing Congressional actions pursuant to the Act). Please refer to form 59345 IMPORTANT INFORMATION REGARDING TERRORISM RISK INSURANCE COVERAGE and REJECTION OF TERRORISM RISK INSURANCE COVERAGE, attached to this proposal. When coverage for certified acts of terrorism is elected, the premium for the coverage is shown in this proposal. If coverage for certified acts of terrorism is rejected, an additional premium charge may be made after 12-31-2020 if the Act is not extended or revised in any way. It will not apply if the Act is simply extended.

**ADDITIONAL DISCOUNTS AVAILABLE**

An additional 2% discount may apply if the business owner, a partner, or a corporate officer has one of the following policies with Auto-Owners Life Insurance Company:

- Life Insurance policy - \$100,000 or greater face amount
- Disability policy - \$1,000 or greater monthly benefit
- Annuity policy - combined cash value exceeding \$10,000
- Annuity policy or Retirement Plan - combined cash value exceeding \$10,000 written in the name of the business
- Simplified Issue Life policy with a face amount of \$50,000
- Long Term Care policy

This discount is not available in all states.  
Please ask your agent for details.

**Equipment Breakdown Endorsement**

The Equipment Breakdown endorsement provides coverage for physical loss or damage to a variety of types of electronic and mechanical equipment resulting from mechanical breakdown, electrical or electronic breakdown and electronic equipment deficiency, or rupture, bursting, bulging, implosion or steam explosion.

The Equipment Breakdown endorsement also provides the following additional coverages for coverage property as the result of an Equipment Breakdown loss:

- Pollutant Clean-up and Removal
- Electronic Data Restoration
- Expediting Expenses
- Refrigerant Contamination
- Spoilage Coverage
- CFC Refrigerants
- Computer Equipment
- Business Interruption, Extra Expense, Electronic Data and Service Interruption
- Temperature Fluctuation
- Unauthorized Instruction
- Risk Improvement
- Off Premises Coverage

**Property Plus Coverage Package**

<u>COVERAGE</u>	<u>STANDARD OPTION LIMIT OF INSURANCE</u>	<u>ENHANCED OPTION LIMIT OF INSURANCE</u>	<u>PREMIER OPTION LIMIT OF INSURANCE</u>
Accounts Receivable	\$100,000	\$150,000	\$200,000
Bailees	\$5,000 per occurrence / \$2,500 per item	\$10,000 per occurrence / \$5,000 per item	\$15,000 per occurrence / \$10,000 per item
Business Income & Extra Expense w/Rental Value, including Newly Acquired Locations	\$50,000	\$100,000	\$150,000
Debris Removal	\$25,000	\$50,000	\$100,000
Electronic Data Processing Equipment	\$25,000	\$50,000	\$100,000
Employee Dishonesty	\$15,000	\$25,000	\$50,000
Fine Arts, Collectibles and Memorabilia	\$10,000 per occurrence / \$2,500 per item	\$25,000 per occurrence / \$5,000 per item	\$50,000 per occurrence / \$10,000 per item
Fire Department Service Charge	\$5,000	\$10,000	\$25,000
Forgery or Alteration	\$10,000	\$25,000	\$50,000
Money and Securities	\$15,000 inside premises / \$15,000 outside premises	\$25,000 inside premises / \$25,000 outside premises	\$50,000 inside premises / \$50,000 outside premises
Newly Acquired Business Personal Property	\$500,000 for 90 days	\$500,000 for 90 days	\$500,000 for 90 days
Newly Acquired or Constructed Property	\$1,000,000 for 90 days	\$1,000,000 for 90 days	\$1,000,000 for 90 days
Ordinance or Law	Included in Building Limit - Coverage A	Included in Building Limit - Coverage A	Included in Building Limit - Coverage A
	\$50,000 - Coverage B	\$100,000 - Coverage B	\$150,000 - Coverage B
	\$50,000 - Coverage C	\$100,000 - Coverage C	\$150,000 - Coverage C
	\$50,000 - Coverage D	\$100,000 - Coverage D	\$150,000 - Coverage D
Outdoor Property	\$15,000 for fences, trees, shrubs, plants	\$20,000 for fences, trees, shrubs, plants	\$25,000 for fences, trees, shrubs, plants
	\$1,000 limitation trees shrubs, plants only	\$1,000 limitation trees shrubs, plants only	\$1,000 limitation trees shrubs, plants only
	\$10,000 for radio or television antennas	\$15,000 for radio or television antennas	\$20,000 for radio or television antennas
Personal Effects and Property of Others	\$15,000	\$25,000	\$50,000
Pollutant Clean Up and Removal	\$25,000	\$50,000	\$100,000
Property in Transit	\$25,000	\$50,000	\$100,000
Property Off-Premises	\$25,000	\$50,000	\$100,000
Refrigerated Products	\$10,000	\$15,000	\$25,000

**Green Acres Homeowners Sewer System Inc**

Cause No. 45360  
**UNDERWOOD INSURANCE AGENCY INC**  
0290135100

<u>COVERAGE</u>	<u>STANDARD OPTION LIMIT OF INSURANCE</u>	<u>ENHANCED OPTION LIMIT OF INSURANCE</u>	<u>PREMIER OPTION LIMIT OF INSURANCE</u>
Salesperson's Samples	\$10,000	\$15,000	\$25,000
Utility Services Failure	\$50,000	\$100,000	\$150,000
Valuable Papers and Records	\$50,000 on premises / \$10,000 off premises	\$100,000 on premises / \$20,000 off premises	\$150,000 on premises / \$25,000 off premises
Water Back-Up from Sewers or Drains	\$15,000	\$25,000	\$50,000

Deductible: No deductible applies for the coverage listed above, up to the limit shown in the Property Plus Declarations.