

# ORIGINAL

## STATE OF INDIANA

Commissioner	Yes	No	Not Participating
Huston	√		
Bennett	√		
Freeman	√		
Veleta	√		
Ziegner	√		

### INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF THE BOARD OF )  
DIRECTORS FOR UTILITIES OF THE )  
DEPARTMENT OF PUBLIC UTILITIES OF THE )  
CITY OF INDIANAPOLIS, D/B/A CITIZENS )  
THERMAL, FOR (1) AUTHORITY TO ADJUST ITS ) CAUSE NO. 45855  
RATES AND CHARGES FOR STEAM UTILITY )  
SERVICE, (2) APPROVAL OF A NEW SCHEDULE ) APPROVED: NOV 08 2023  
OF RATES AND CHARGES, AND (3) APPROVAL )  
OF CERTAIN REVISIONS TO ITS TERMS AND )  
CONDITIONS APPLICABLE TO STEAM UTILITY )  
SERVICE )

### ORDER OF THE COMMISSION

#### Presiding Officers:

**James F. Huston, Chairman**

**Jennifer L. Schuster, Senior Administrative Law Judge**

On March 1, 2023, the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis d/b/a Citizens Thermal (“Citizens Thermal” or “Petitioner”) filed its Verified Petition (“Petition”) with the Indiana Utility Regulatory Commission (“Commission”) seeking authority to adjust its rates and charges for steam utility service, approval of a new schedule of rates and charges, and approval of certain revisions to its terms and conditions applicable to steam utility service. Petitioner also filed its case-in-chief on March 1, 2023.

On May 8, 2023, the Citizens Thermal Customer Group (“Customer Group”), an *ad hoc* group of large users located in Petitioner’s steam service territory filed a petition to intervene in this proceeding, which was amended on May 17, 2023 to include an additional group of users. The Presiding Officers granted the petition to intervene on May 25, 2023.

The Indiana Office of Utility Consumer Counselor (“OUCC”) and Customer Group filed their cases-in-chief on June 7, 2023.

On August 2, 2023, Petitioner, the OUCC, and Customer Group filed a Stipulation and Settlement Agreement (“Settlement Agreement”), and Petitioner and the OUCC filed settlement testimony.

On August 23, 2023 at 10:30 a.m., the Commission held a hearing on the Settlement Agreement in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis Indiana. The parties appeared and participated in the hearing by counsel. During the hearing, the Settlement Agreement was offered and admitted into evidence without objection. The parties’ cases-in-chief and settlement testimony filed were also offered and admitted into the record without objection.

Based upon the applicable law and the evidence of record, the Commission now finds:

**1. Notice and Jurisdiction.** Due, legal, and timely notice of the filing of the Petition in this Cause was published by Petitioner, as required by law. Due, legal, and timely notice of the public hearing conducted in this Cause was caused to be published by the Commission.

Petitioner is a steam utility subject to the jurisdiction of this Commission in the manner and to the extent provided by Indiana law. Pursuant to Ind. Code § 8-1-11.1-3(c)(9) and Ind. Code § 8-1.5-3-8, Petitioner is required to obtain Commission approval of changes in its schedule of rates, charges, terms, and conditions for steam service. Therefore, the Commission has jurisdiction over the Petitioner and the subject matter of this proceeding.

**2. Petitioner's Characteristics.** Petitioner's principal office is located at 2020 North Meridian Street, Indianapolis, Indiana. Petitioner owns, operates, manages, and controls plant, properties, equipment, and facilities used for the production, distribution, and furnishing of steam utility service to the public. On average, during the 12 months ended September 30, 2022, Petitioner provided steam service to approximately 130 customers in the City of Indianapolis through its steam production and distribution facilities.

**3. Test Year.** Petitioner requested a test year using a 12-month period ended September 30, 2022, with a period for fixed, known, and measurable adjustments for the 12-month period following the end of the test year. We find the September 30, 2022 test year, as adjusted during the subsequent 12-month period, is sufficiently representative of Petitioner's normal utility operations to provide reliable data for ratemaking purposes.

**4. Background and Relief Requested.** Petitioner's current rates and charges were established pursuant to the Commission's order in Cause No. 44781 dated November 22, 2016, which authorized Petitioner to decrease its rates and charges for steam service. The rates and charges approved by the Commission in Cause No. 44781 became effective on December 1, 2016. In addition, on May 2, 2022, Petitioner sought approval to decrease its rates to reflect the repeal of the Indiana Utility Receipts Tax via a 30-day filing (50555). That request was approved by the Commission on June 28, 2022, and the decreased rates became effective July 1, 2022.

In its case-in-chief in this Cause, Petitioner requested an increase to its authorized revenue requirement of \$5,888,635. Petitioner also requested approval to adjust its existing rates and charges to reflect the results of a cost-of-service study. Finally, Petitioner requested approval of certain revisions to its terms and conditions for steam utility service.

**5. Petitioner's Case-in-Chief.** Jeffrey A. Harrison, Citizens Energy Group's President and Chief Executive Officer, stated that the base rate revenue requirement proposed in this case is 7.07% higher than the pro forma revenues at the current effective rates and charges. Mr. Harrison explained that the proposed increase is driven by Petitioner's need to increase its investment in infrastructure (i.e. extensions and replacements, or "E&R"), as well as address increases to its operating and maintenance ("O&M") costs. Mr. Harrison testified that Petitioner is also requesting approval of certain changes to its terms and conditions.

Craig L. Jackson, Citizens Energy Group's Senior Vice President and Chief Financial Officer, provided support for and sponsored the Petitioner's pro forma debt service. Mr. Jackson also discussed credit rating matters and provided Petitioner's calculated coverage ratios on a pro forma basis.

Mr. Jackson testified that the pro forma amount of debt service Petitioner is proposing to be included in its revenue requirements is \$11,094,831. Mr. Jackson described the debt structure of the thermal system as a lien structure that is secured only by the net revenues of the thermal energy system. Mr. Jackson explained that the methodology used to apportion the debt between Petitioner and the chilled water system is based on the specific identification of the use of proceeds of each series of debt at the time the debt was issued. Mr. Jackson testified that this methodology has always been used since the formation of the thermal energy system in 2000 and noted that the Commission found this methodology reasonable in Cause No. 44349.

Mr. Jackson testified the series 2022A bonds were issued after Cause No. 44781, and therefore, this issuance was not applicable in that proceeding. Mr. Jackson stated that the series 2022A bonds on Petitioner's Attachment CLJ-1 were financed through CGFinCo, LLC, and explained that issuing the debt this way was more beneficial and less costly to Petitioner.

Mr. Jackson discussed the test year and pro forma debt outstanding and debt service and described Attachment CLJ-1 in detail. Mr. Jackson explained that the pro forma debt service of \$11,094,831 reflects the annualized amounts of required principal and interest for Series 2013A, Series 2014A, Series 2016A, and Series 2022A for the 12-month period following the expected order date in this proceeding.

Mr. Jackson next discussed credit ratings, risk, and debt-related matters. He stated that the thermal energy system's debt includes covenants for debt service coverage requiring the thermal energy system to maintain a minimum debt service coverage ratio. Mr. Jackson opined that Petitioner needs to maintain debt service coverage at levels higher than the bare minimum so it can maintain financial flexibility that provides comfort to bondholders that Petitioner is not continually operating on the edge of a bond covenant violation. He stated that such debt service coverage also ensures reasonable access to both the long-term and short-term debt markets.

Mr. Jackson explained that the thermal energy system's bond indentures dictate a higher priority for debt service than E&R, which means a revenue shortfall will impact funds available for capital spending before any other element of Petitioner's revenue requirement.

J.P. Ghio, Citizens Energy Group's Vice President of Energy Operations, provided an overview of Petitioner and its operations, described Petitioner's E&R expenditures, and described Petitioner's cost pressures and efforts toward cost containment. Mr. Ghio stated Petitioner's approximately 130 customers fall into four main segments of commercial, institutional, governmental, and industrial. He testified that warmer weather could have a negative impact on Petitioner's revenue, but, at the same time, the costs associated with maintaining the capacity and facilities to meet peak winter loads does not diminish due to a transitory reduction in demand.

Mr. Ghio explained that Petitioner receives its supply from three plants: (1) Covanta, (2) Petitioner's Perry K Plant, and (3) Petitioner's boiler plant near Eskenazi Hospital. Mr. Ghio stated that, upon receiving the supply, steam is distributed to customers through approximately 31 miles of thermally insulated steel pipe.

Mr. Ghio testified that Petitioner has an agreement with Covanta to purchase all available steam production subject to a limited number of operational and legal conditions. The demand charge and operating costs associated with Covanta steam are included in base rates. He stated that, since the last rate case, Petitioner's expenses have increased almost \$260,000 on an annual basis from Covanta alone.

Mr. Ghio explained the two major categories of expenditures that make up E&R, production plant E&R and distribution plant E&R. He described the process Petitioner follows to determine the amount of E&R it will invest in on an ongoing basis. Capital expenditures are planned over a five-year horizon and updated each year based on ongoing assessments of production and distribution plant. Throughout the year, the E&R budget is also managed and adjusted as necessary to account for unplanned changes, such as changes in material costs or new regulations.

Attachment JPG-1, sponsored by Mr. Ghio, provides detailed information related to development of the pro forma amount of the E&R revenue requirement. Mr. Ghio testified that this amount is reflective of ongoing operations and the amount Petitioner reasonably needs to invest annually in order to maintain its plant in a sound physical condition to render safe, reliable, and efficient steam service.

Camela Johnson, Citizens Energy Group's Senior Accounting Manager, Shared Services and Financial Planning, testified regarding the pro forma adjustments related to property taxes and depreciation, as well as cloud computing amortization expense recorded in other operating expenses. Ms. Johnson explained that property taxes show an increase primarily due to increased assessment values. Depreciation expense is increasing due to increases in the plant in service balance for steam and cloud computing amortization expense shows an increase due to normalizing the costs to represent a full year of the expense.

Sabine E. Karner, Citizens Energy Group's Vice President and Controller, testified in support of Petitioner's test year financial statements (Attachment SEK-1). Ms. Karner also discussed pro forma adjustments related to certain operating expenses, as well as the test year allocation of Shared Services costs to Petitioner.

Mitchell L. Bilbe, Consulting Actuary at Rudd and Wisdom, Inc., described the actuarial funding methods that are used to determine the funding amount for the Citizens Energy Group Retirement Plan and the Citizens Energy Group Qualified Governmental Excess Benefit Arrangement, specifically the amount allocable to Petitioner.

Jodi L. Whitney, Vice President, Human Resources and Chief Diversity Officer of Citizens Energy Group, testified in support of Petitioner's compliance with the Commission's directive in Cause No. 45151 that Petitioner include with its case-in-chief an updated compensation study of

executive salaries that includes distinct municipal utilities. Ms. Whitney also discussed how the Citizens Energy Group Board of Directors carries out its statutory authority to establish the amount of compensation paid to Citizens Energy Group's executive management employees and the reasonableness of the amount of executive compensation allocated to Petitioner.

David J. Wathen, Managing Director, Southeast Work & Rewards Practice Leader in Atlanta for WTW (formerly known as Willis Towers Watson), also testified regarding executive compensation. Mr. Wathen sponsored and explained an executive compensation study (Attachment DJW-2) examining competitive compensation levels for peer organizations that reflect of Citizens Energy Group's market for executive talent in accordance with the executive compensation philosophy established by the Citizens Energy Group Board of Directors.

Scott A. Miller, Certified Public Accountant and Partner in the firm of Baker Tilly Municipal Advisors, LLC, presented the results of the cost-of-service study ("COSS") filed in this proceeding by Petitioner and discussed the underlying methodology he used to conduct the cost-of-service study ("COSS"). He explained Petitioner's proposed design of rates and charges and stated that he used the same methodology that was used in Cause No. 44781, with one exception related to Petitioner's revenue requirements on a "Cash-Needs Basis" versus a "Utility-Basis."

Korlon L. Kilpatrick, II, Director, Regulatory Affairs of Citizens Energy Group, described the overall revenue requirements for Citizens Thermal's provision of service and sponsored Petitioner's rate schedules, including the proposed changes thereto. Mr. Kilpatrick described the pro forma revenue requirement for the test year and its proposed annual revenue requirement adjusted for fixed, known, and measurable changes for the 12 months following the end of the test year (as shown on Attachment KKK-1). Mr. Kilpatrick indicated that Petitioner was proposing an increase in base rate revenues by \$5,888,635 to provide it with an opportunity to earn an operating income of \$12,455,775.

**6. OUC's Evidence.** Kaleb G. Lantrip, Utility Analyst in the OUC's Electric Division, described the OUC's evaluation of Petitioner's revenue requirements. He testified that affordability is a crucial factor in any utility rate case regardless of the size and scope of the customer base; however, he stated Petitioner's customer base is small compared to other utilities, stressing the importance of the reasonableness of costs charged for service, as the effect cannot be diluted through a large group of ratepayers. Mr. Lantrip noted that, although Petitioner does not serve residential customers, it serves major employers who are vital to the local and state economy and whose financial performances will have ripple effects that may directly or indirectly affect residential customers.

Mr. Lantrip described the amount Petitioner is requesting for property tax expense, depreciation, expense, cloud computing expense, and executive search fees. Of those expenses, Mr. Lantrip only objected to the executive search fees, stating they were a non-recurring expense. He proposed a downward adjustment of \$7,981 to Petitioner's pro forma operating expenses. Mr. Lantrip also recommended Petitioner be required to conduct a depreciation study before its next rate case.

Brittany L. Baker, Utility Analyst in the OUCC's Electric Division, sponsored Attachment BLB-1 and provided testimony relating to the OUCC's overall revenue requirement calculation; continuation of an earnings test in conjunction with the Petitioner's fuel adjustment clause ("FAC") proceeding; adjustments to Petitioner's proposed operating expense; recommendations and comments on pro forma fuel cost amount; and a recommendation that Petitioner continue to formally document its long-term planning and production analysis, conservation results, and discussions.

Ms. Baker explained that the OUCC's overall cumulative proposed revenue requirement is \$1,061,587 less than the revenue requirement increase requested by Petitioner. She stated that Attachment BLB-1 displays differences in operating expenses, taxes other than income, E&R, depreciation expense, debt service, and various offsets to revenue requirements.

Brian R. Latham, Utility Analyst in the OUCC's Electric Division, discussed Petitioner's proposed rate increase relating to labor costs, shared services, and rate case expense in response to Petitioner's witnesses Karner and Kilpatrick. Mr. Latham stated that he is not opposed to the amount of the rate case expense that Petitioner requests, but opposed the three-year amortization period proposed by Petitioner. Mr. Latham proposed an amortization period of five years, which would result in a downward adjustment to operating expenses of \$64,790. Mr. Latham also proposed reductions to Petitioner's pro forma operating expenses of \$16,000, \$160,508, and \$12,709 based on adjustments he proposed to amounts included in Petitioner's proposed revenue requirement for overtime expenses, short-term incentive plan payments, and payroll taxes, respectively.

Roopali Sanka, Utility Analyst in the OUCC's Electric Division, addressed Petitioner's E&R revenue requirement request. Ms. Sanka provided an overview of the primary elements of Petitioner's E&R program and stated the E&R amounts requested in this current rate case are significantly higher than the budgeted amounts from Petitioner's previous rate case. She listed amounts for two specific projects that she recommended be removed from Petitioner's revenue requirement. Ms. Sanka testified that the removal of the amounts for these two projects would reduce the four-year average E&R component of Petitioner's revenue requirement by \$800,000. Ms. Sanka also recommended Petitioner include pro forma and actual E&R expenses from previous fiscal years along with the current pro-forma E&R expense in future filings.

John W. Hanks, Utility Analyst in the OUCC's Electric Division, provided an analysis of Petitioner's proposed Debt Service Coverage Ratio ("DSCR") and COSS offered in this case. Mr. Hanks stated that Petitioner's debt includes covenants that stipulate the thermal energy system must maintain a minimum DSCR of 1.0 times debt service. Based on the requested \$1,061,587 reduction in Petitioner's requested pro forma revenue requirement adjustments proposed by Ms. Baker, the OUCC recommended a DSCR of approximately 1.53. Mr. Hanks opined that Petitioner would maintain a strong financial profile at the suggested rate, which would be higher than the average of 1.4 of Petitioner's previous two rate cases. Mr. Hanks testified the OUCC does not oppose Petitioner's COSS in this proceeding and found the methodology consistent with prior rate cases.

**7. Customer Group's Evidence.** Michael P. Gorman, Managing Partner of Brubaker & Associates, Inc., addressed Petitioner's claimed revenue deficiency, the COSS, and recommended adjustments to rates.

Mr. Gorman disputed the amount of Petitioner's claimed revenue deficiency and recommended reductions in the E&R and debt service components of Petitioner's revenue requirement of \$1,057,018 and \$3,043,663, respectively, reducing the claimed revenue deficiency from \$5.88 million to \$1.79 million. Mr. Gorman stated that his adjusted revenue requirement provides the Petitioner with rates that are sufficient to provide adequate debt service coverage.

Mr. Gorman expressed concerns with Mr. Miller's COSS, noting that the proposed classification of production and distribution main costs resulted in Rate 3 being allocated no demand-related costs, so that all costs classified as demand are allocated to other customers. Mr. Gorman recommended changes to the COSS and noted that no customer class is getting a significant increase relative to the system average increase under his proposal. He also stated the classification of distribution mains is incomplete in Petitioner's analysis and should be studied more closely to properly allocate those costs among the rate classes. He recommended the Commission moderate the increase to rate classes that get an increase by not changing the rates for customer classes that are currently priced above cost of service.

Finally, Mr. Gorman addressed Petitioner's proposal for a standard contract rate for Rate 2 demand rate service and opined that the contract as proposed is not entirely reasonable. Mr. Gorman pointed out several concerns he has with the language as proposed by Petitioner, including inconsistency between the proposed contract and the tariff language as well as a customer's inability to modify its minimum demand due to changed circumstances. Mr. Gorman recommended the Commission reject the proposed contract unless modified as outlined in his testimony.

**8. Settlement Agreement.** On August 2, 2023, the parties filed the Settlement Agreement as Joint Settlement Exhibit 1, which resolves all issues in this Cause.

**A. Revenue Requirements.** The parties agreed that Petitioner's total pro forma operating revenues at present rates are \$83,235,876 and agreed Petitioner's pro forma operating revenues should be increased by \$2,507,407 to arrive at agreed total annual operating revenues of \$85,743,283.

Petitioner's annual net revenue requirement as agreed upon by the parties is \$85,743,283 as detailed below:

Cost of Fuel	\$44,645,007
Operating Expenses	\$25,663,734
Extensions and Replacements	\$6,648,832
Taxes	\$782,506
Debt Service	<u>\$8,051,168</u>
Total Revenue Requirement	\$85,791,247

Less: Other Income

(\$47,964)

Net Revenue Requirement

\$85,743,283

The OUCC and Customer Group did not challenge the level of executive compensation for Citizens Thermal as presented in Petitioner's case-in-chief. The parties agreed that the amount of Petitioner's executive compensation included in the agreed upon revenue requirement is reasonable and the final agreed upon revenue requirement is reasonable as a collective package.

**B. Cost of Service and Rate Design.** The parties agreed that the COSS Mr. Miller prepared, subject to the following modifications, should be used to allocate the agreed revenue requirement among the customer classes and to develop rates and charges implementing the approved change in operating revenues. The parties agreed that the COSS will be modified to reflect the classification of production and distribution plant on an 81% demand and 19% energy basis and that the adjustment to the COSS will not impact Rate 3 customers and be revenue neutral. The parties further agreed that the foregoing results in the allocation of the revenue requirement to and among Petitioner's customer classes in a fair and reasonable manner. However, the parties reserved all rights to challenge the agreed-to allocations and to present alternative cost-of-service positions in future proceedings.

The parties also agreed that the "Standard Contract for Rate 2 Demand Service" template set forth in Attachment KKK-S1 to Mr. Kilpatrick's settlement testimony should be approved as reasonable, non-discriminatory, and just. The parties agreed that Petitioner will regularly provide to the Commission and OUCC on a confidential basis all executed Option 2 Standard Contracts and will make such contracts available through discovery to representatives of the Customer Group in accordance with appropriate non-disclosure agreements. The parties also agreed that the establishment of the Standard Contract will apply prospectively and will not impact any contracts entered into under the Steam Rate 2 – Demand Rate Service tariff in effect prior to an order in this Cause.

**C. Other Agreements.** The parties agreed that Petitioner will conduct a new depreciation study prior to its next rate case. The parties further agreed that Petitioner will continue its commitment to afford the OUCC thirty days to review its FAC filings and file the OUCC's testimony.

## **9. Settlement Evidence.**

**A. Petitioner's Settlement Evidence.** Mr. Kilpatrick testified that the Settlement Agreement was the product of negotiations that began after the OUCC and the Customer Group filed their respective cases-in-chief and before Petitioner's rebuttal filing deadline. Mr. Kilpatrick noted that neither the OUCC nor the Customer Group challenged the level of executive compensation presented in Citizens Thermal's case-in-chief and, as part of the Settlement Agreement, the parties agreed that the amount of executive compensation included in Citizens Thermal's revenue requirement is reasonable.



Mr. Kilpatrick testified that the revenue requirement agreed to by the parties is the product of compromise and the give and take of negotiations through which each party receives certain benefits of the bargain in exchange for concessions from their respective positions. He opined that the revenue requirement agreed to by the parties is reasonable as a collective package. He noted that the agreed-to increase, which is \$3.381 million less than the increase initially proposed by Citizens Thermal, is within the range of outcomes presented in the parties' various cases-in-chief and therefore supported by the record evidence. Mr. Kilpatrick opined that the rates and charges resulting from the agreed-to revenue requirement are reasonable and just and will produce revenues sufficient to maintain Petitioner's property in a sound physical and financial condition so as to render adequate and efficient service.

Mr. Kilpatrick discussed the parties' agreement that the annual revenue requirement shall be allocated among the customer classes based on the COSS prepared by Mr. Miller, subject to two adjustments on a revenue neutral basis. The parties agreed to adjust the proposed COSS to reflect the classification of production and distribution plant on an 81% demand and 19% energy related basis. Mr. Kilpatrick also noted that the parties agreed that rates for Rate 3 customers will be maintained at present levels and that the agreed-upon Rate 3 subsidy is less than the amount approved in Petitioner's last base rate case, provides a slight decrease to the amount to be recovered from Rates 1 and 2, and continues to move the rate classes another step closer to full cost-of-service.

Mr. Kilpatrick testified that the parties agreed that Petitioner will conduct a new depreciation study prior to its next rate case. He discussed how the Settlement Agreement memorializes Citizens Thermal's commitment to continue to afford the OUCC 30 days to review Citizens Thermal's FAC filings and file the OUCC's testimony.

Mr. Kilpatrick addressed the parties' agreement that the Standard Contract for Rate 2 Demand Service is reasonable, non-discriminatory, and just. He discussed how the Demand Service Rate 2 Standard Contract ("Rate 2 Standard Contract") provides Rate 2 customers Options 1 and 2 for service. The Rate 2 Standard Contract makes clear that the default is Option 1, which calculates billing demand in accordance with the standard language of the Rate 2 Demand Rate Service rate schedule. The Rate 2 Standard Contract language makes it explicit to Rate 2 customers that the selection of Option 2 may result in higher monthly charges than service under Option 1 or a special contract. The Rate 2 Standard Contract language requires affirmative action by a Rate 2 customer to select service under Option 2 rather than under Option 1. Mr. Kilpatrick also testified that Citizens Thermal will confidentially provide the Commission and the OUCC on a regular basis all executed Option 2 Rate 2 Standard Contracts and will make such contracts available through discovery to representatives of the Customer Group in accordance with appropriate non-disclosure agreements. He also noted the parties' agreement that the establishment of the Rate 2 Standard Contract recommended for approval in this proceeding will apply prospectively and will not impact any contracts entered into under the Steam Rate 2 – Demand Rate Service Tariff in effect prior to the date of an order being issued in this proceeding.

**B. OUCC's Settlement Evidence.** Mr. Lantrip testified that the Settlement Agreement is the product of multiple negotiations, with each party offering compromise on its testimonial issues. Mr. Lantrip stated the Settlement Agreement represents a balance of all parties'

interests. Mr. Lantrip testified the OUCC believes the Settlement Agreement is in the public interest, is reasonable, and should be approved by the Commission in its entirety.

Mr. Lantrip stated the Settlement Agreement addresses affordability by reducing Petitioner's requested revenue increase in various ways. He specifically pointed out Petitioner's agreement to reduce debt service, rate case amortization expense, and E&R by \$3.04 million, \$40,494, and \$297,070, respectively.

Mr. Lantrip discussed the cost-of-service allocation adjustment (81% demand and 19% energy) and how the adjustment will not impact Rate 3 customers. He noted that the parties reserved the right to challenge the allocations and propose alternative cost-of-service positions in future proceedings.

## **10. Commission Discussion and Findings.**

**A. Commission Review of Settlement Agreements.** Settlements presented to the Commission are not ordinary contracts between private parties. *U.S. Gypsum, Inc. v. Ind. Gas Co.*, 735 N.E.2d 790, 803 (Ind. 2000). When the Commission approves a settlement, that settlement "loses its status as a strictly private contract and takes on a public interest gloss." *Id.* (quoting *Citizens Action Coal. of Ind., Inc. v. PSI Energy, Inc.*, 664 N.E.2d 401, 406 (Ind. Ct. App. 1996)). Thus, the Commission "may not accept a settlement merely because the private parties are satisfied; rather [the Commission] must consider whether the public interest will be served by accepting the settlement." *Citizens Action Coal.*, 664 N.E.2d at 406.

In addition, any Commission decision, ruling, or order, including the approval of a settlement, must be supported by specific findings of fact and sufficient evidence. *U.S. Gypsum*, 735 N.E.2d at 795 (citing *Citizens Action Coal. of Ind., Inc. v. Public Service Co. of Ind., Inc.*, 582 N.E.2d 330, 331 (Ind. 1991)). The Commission's own procedural rules require that settlements be supported by probative evidence. 170 Ind. Admin. Code 1-1.1-17(d). Therefore, before the Commission can approve the Settlement Agreement, we must determine whether the evidence in this Cause sufficiently supports the conclusions that the Settlement Agreement is reasonable, just, and consistent with the purpose of Ind. Code ch. 8-1-2, and that such agreement serves the public interest.

**B. Base Rate Relief.** In this case, the Commission has before it a large body of evidence with which to judge the reasonableness of the terms of the Settlement Agreement, including the parties' agreement as to the level of annual operating revenues necessary to satisfy the "reasonable and just rates and charges for services" standard of Ind. Code § 8-1.5-3-8. Petitioner provided substantial evidence supporting its originally proposed \$5,888,634 increase in pro forma operating revenues. In their respective case-in-chief testimony and testimony in support of the Settlement Agreement, the parties provided further evidence in support of the agreed-upon \$2,507,407 increase in pro forma operating revenues. As a result of good faith negotiations among Petitioner, the OUCC, and the Customer Group, the parties agreed Petitioner's total pro forma operating revenues at present rates are \$83,235,876, and the net revenue requirements are \$85,791,247, which is comprised of operating expenses of \$25,663,734, E&R expenses of

\$6,648,832, debt service of \$8,051,168, fuel costs of \$44,645,007 and taxes of \$782,506. The Commission finds these adjustments reasonable and supported by sufficient evidence.

The record includes substantial evidence supporting each element of Petitioner's agreed-upon revenue requirements. In addition to being supported by Mr. Kilpatrick's and Mr. Lantrip's supplemental testimony, the stipulated revenue requirement of \$85,791,247, as well as the agreed-to operating expense, debt service, and E&R components specifically, are within the range of outcomes based on the case-in-chief testimony presented by each settling party. We therefore find the agreed-to revenue requirement is reasonable and supported by substantial record evidence.

The Settlement Agreement notes that neither the OUCC nor the Customer Group challenged the level of executive compensation included in the revenue requirement proposed in Citizen's Thermal's case-in-chief. The parties agreed that the amount of executive compensation included in Petitioner's agreed-upon revenue requirement is reasonable and that the final agreed-upon revenue requirement is reasonable as a collective package. We agree and find that the executive compensation included in Petitioner's revenue requirement is reasonable. We also find that the evidence demonstrates that the final agreed-upon revenue requirement as shown in Attachment A to the Settlement Agreement is reasonable.

Based on the evidence of record, we find the provisions of the Settlement Agreement regarding the proposed increase in Petitioner's operating revenues are reasonable and just and are supported by record evidence. We find the proposed operating revenue will produce reasonable and just rates and charges and allow Petitioner to maintain Petitioner's property in sound physical and financial condition and meet its obligation to continue to provide adequate and efficient service to its customers. Each of the revenue requirement elements constituting the agreed-to annual operating revenue amount were addressed in Petitioner's pre-filed testimony and exhibits and in the Settlement Agreement and its exhibits and supplemental testimony. Therefore, the Commission has been able to examine the basis for all components of the total revenue requirement, and we find all pro forma adjustments and the resulting operating revenues agreed upon in the Settlement Agreement are reasonable and supported by substantial evidence of record.

**C. Cost of Service and Rate Design.** In the Settlement Agreement, the parties agreed that the COSS prepared by Mr. Miller should be used to allocate the agreed revenue requirement among the customer classes and to develop rates and charges implementing the approved change in operating revenues subject to two adjustments on a revenue neutral basis. Mr. Kilpatrick explained that the agreed-upon Rate 3 subsidy is less than the amount approved in Petitioner's last base rate case, provides a slight decrease to the amount to be recovered from Rates 1 and 2, and continues to move the rate classes another step closer to full cost of service. The parties agreed to adjust the COSS to reflect the classification of production and distribution plan on an 81% demand-related and 19% energy-related basis and that this change will not impact Rate 3 customers. The parties further agreed that this COSS will result in the allocation of the revenue requirement to and among Petitioner's customer classes in a fair and reasonable manner, but the parties also reserved all rights to challenge the allocations in the future and expressly did not waive any rights to present alternative cost-of-service positions in future cases. Rate schedules reflecting the application of the COSS, as adjusted, to the agreed-upon operating revenues were attached to the Settlement Agreement. We find the parties' agreement with respect to the allocation of the

revenue requirement and resulting rates and charges for each customer class are appropriate, fair, reasonable, and in the public interest.

**D. Other Issues.** In the Settlement Agreement, the parties reached agreement regarding a new depreciation study, the FAC process, and the Rate 2 Standard contract provisions. In his settlement testimony, Mr. Kilpatrick discussed that Citizens Thermal agreed to conduct a new depreciation study prior to filing its next rate case. We find this agreement reasonable and should be approved.

Citizens Thermal also agreed in settlement to memorialize its continued commitment to afford the OUCC 30 days to review its FAC filing and file the OUCC's testimony. Mr. Lantrip discussed how this process was approved as part of the Order in Cause No. 43201. We accept this provision and find that process previously approved is effective and does not need to be altered.

In the Settlement Agreement the parties also agreed that the Rate 2 Standard Contract, included as an attachment to Mr. Kilpatrick's supplemental testimony is reasonable, non-discriminatory, and just. Mr. Kilpatrick and Mr. Lantrip discussed the Rate 2 Standard Contract and its two options for service. Citizens Thermal has agreed to provide to the Commission and OUCC on a regular basis, under confidential terms, all executed Option 2 Standard Contracts and will make such contracts available through discovery to representatives of the Customer Group in subsequent proceedings pursuant to the terms of an appropriate Non-Disclosure Agreement. We agree with the parties and find the establishment of the Rate 2 Standard Contract is reasonable, non-discriminatory, and just and should be approved.

**E. Conclusion.** For all the foregoing reasons, we find that the Settlement Agreement is reasonable, supported by the evidence, and in the public interest. Therefore, we find that the Settlement Agreement should be approved in its entirety, without modification.

**F. Effect of Settlement Agreement.** The parties agree that the Settlement Agreement should not be used as precedent in any other proceeding or for any other purpose, except to the extent necessary to implement or enforce its terms. Consequently, with regard to future citation of the Settlement Agreement, we find that our approval herein should be construed in a manner consistent with our finding in *Richmond Power & Light*, Cause No. 40434.

**11. Confidentiality.** Petitioner filed a Motion for Protection and Nondisclosure of Confidential and Proprietary Information on March 1, 2023, which was supported by an accompanying affidavit, showing certain workpapers, exhibits, and attachments to be submitted to the Commission contained confidential, proprietary, and trade secret information within the scope of Ind. Code §§ 5-14-3-4 and 24-2-3-2. The Presiding Officers issued a docket entry on April 3, 2023 making preliminary findings of confidentiality, after which Petitioner submitted the information to the Commission under seal. We find that all information submitted under seal by Petitioner is confidential pursuant to Ind. Code §§ 5-14-3-4 and 24-2-3-2 and shall continue to be exempt from public access and disclosure by the Commission.

**IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:**

1. The Settlement Agreement entered into among Petitioner, OUCC, and the Customer Group, a copy of which is attached to this order, is approved in its entirety. The terms and conditions thereof shall be and hereby are incorporated herein as part of this order.

2. Petitioner is authorized to increase its rates and charges for steam utility service to generate an increase in revenues of \$2,507,407 to arrive at agreed total annual operating revenues of \$85,743,283, representing a 3.01% increase in rates and charges from sales to retail customers.

3. The proposed changes to Petitioner's Steam Service Tariff, Rates, Terms and Conditions for Steam Service Within Marion County, Indiana, as set forth in Petitioner's Exhibit No. 11, Attachment KKK-S1, are hereby approved.

4. Petitioner shall file a revised Steam Service Tariff, Rates, Terms and Conditions for Steam Service Within Marion County, Indiana in accordance with this order with the Energy Division of the Commission under this Cause. The rates and charges and terms and conditions set forth therein shall be effective for service rendered on and after the date of approval by the Energy Division.

5. Petitioner shall conduct a new depreciation study prior to filing its next base rate case.

6. The information filed in this Cause pursuant to a motion for protection and nondisclosure of confidential and proprietary information is deemed confidential under Ind. Code § 5-14-3-4, is exempt from public access and disclosure by Indiana law and shall be held confidential and protected from public access and disclosure by the Commission.

7. In accordance with Ind. Code § 8-1-2-70, Petitioner shall pay the following itemized charges within 20 days of the date of this Order to the Secretary of the Commission:

Commission charges:	\$ 7,893.55
OUCC charges:	\$17,945.67
Legal advertising charges:	<u>\$ 30.15</u>
Total:	\$25,869.37

8. This Order shall be effective on and after the date of its approval.

**HUSTON, BENNETT, FREEMAN, VELETA, AND ZIEGNER CONCUR:**

**APPROVED: NOV 08 2023**

**I hereby certify that the above is a true  
and correct copy of the Order as approved.**

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**Dana Kosco  
Secretary of the Commission**

**BEFORE THE**

**INDIANA UTILITY REGULATORY COMMISSION**

**VERIFIED PETITION OF THE BOARD OF )  
DIRECTORS FOR UTILITIES OF THE )  
DEPARTMENT OF PUBLIC UTILITIES OF THE )  
CITY OF INDIANAPOLIS, D/B/A CITIZENS )  
THERMAL, FOR (1) AUTHORITY TO ADJUST ITS )  
RATES AND CHARGES FOR STEAM UTILITY ) CAUSE NO. 45855  
SERVICE, (2) APPROVAL OF A NEW SCHEDULE )  
OF RATES AND CHARGES, AND (3) APPROVAL OF )  
CERTAIN REVISIONS TO ITS TERMS AND )  
CONDITIONS APPLICABLE TO STEAM UTILITY )  
SERVICE )**

**STIPULATION AND SETTLEMENT AGREEMENT**

On March 1, 2023, the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis, as trustee of a public charitable trust, d/b/a Citizens Thermal (“Citizens Thermal” or “Petitioner”) filed with the Indiana Utility Regulatory Commission (“Commission”) a Verified Petition requesting the relief set forth in the above-captioned proceeding along with its case-in-chief in support thereof. On May 8, 2023, the Citizens Thermal Customer Group (“Customer Group”)<sup>1</sup> filed a Petition to Intervene, which the Presiding Officers granted by Docket Entry dated May 25, 2023.

On June 7, 2023, the Indiana Office of Utility Consumer Counselor (“OUCC”) and the Customer Group filed their respective cases-in-chief. Subsequent to the filing of the OUCC’s and Customer Group’s testimony, Citizens Thermal, the OUCC, and the Customer Group (collectively the “Settling Parties”) conducted face-to-face meetings and otherwise communicated with each other regarding resolution of the issues in this

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<sup>1</sup> For purposes of this proceeding, the Customer Group is comprised of the following Citizens Thermal customers: Indiana University – Indianapolis Campus, Indiana University Health, and Eli Lilly & Company.

proceeding through a settlement, subject to the Commission's approval. On July 21, 2023, the Settling Parties notified the presiding Administrative Law Judge that a settlement in principle had been reached, subject to final client approval and memorialization in a formal settlement agreement. In a docket entry issued on July 27, 2023, the Commission established August 2, 2023, as the day by which a Settlement Agreement and supporting testimony would be filed and continued the evidentiary hearing in this Cause to August 23, 2023.

The Settling Parties, solely for purposes of compromise and settlement and having been duly advised by their respective staff, experts and counsel, stipulate and agree that the terms and conditions set forth in this Stipulation and Settlement Agreement ("Settlement Agreement") represent a fair, just, and reasonable resolution of all matters raised in this proceeding, subject to incorporation by the Commission into a final, non-appealable order without modification or further condition that may be unacceptable to any Settling Party ("Final Order").

## **I. Operating Revenues and Revenue Requirements**

1. Citizens Thermal's Operating Revenues. The Settling Parties agree that Citizens Thermal's total *pro forma* annual operating revenues from present rates and charges are \$83,235,876. Upon the Commission's adoption of a Final Order approving the terms and conditions of this Settlement Agreement, the Settling Parties agree that Citizens Thermal's *pro forma* annual operating revenues should be increased by \$2,507,407 in order to arrive at agreed total annual operating revenues of \$85,743,283, representing a 3.01% increase in total operating revenue.



2. Citizens Thermal's Annual Revenue Requirements. Citizens Thermal's annual revenue requirements determined pursuant to Ind. Code § 8-1.5-3-8 on the evidence of record and agreed to by the Settling Parties is reflected in Attachment A, which is attached hereto and incorporated by reference herein, and is summarized, in part, below.

3. Operating and Maintenance Expenses. The Settling Parties agree that Citizens Thermal's annual revenue requirement for operating and maintenance ("O&M") expenses is \$25,633,734. Citizens Thermal, through compromise, agreed to reduce the annual amount of O&M expenses of \$25,704,228, proposed in its case-in-chief, by a total of \$40,494 to arrive at the agreed upon amount.

4. Extensions and Replacements. The Settling Parties agree that Citizens Thermal's annual revenue requirement for Extensions and Replacements ("E&R") is \$6,648,832. Citizens Thermal, through compromise, agreed to reduce the annual amount of E&R proposed in its case-in-chief of \$6,945,902 by a total of \$297,070 to arrive at the agreed upon amount.

5. Debt Service. The Settling Parties agree that Citizens Thermal's annual revenue requirement for debt service is \$8,051,168. Citizens Thermal, through compromise, agreed to reduce the annual amount of debt service proposed in its case-in-chief of \$11,094,381 by a total of \$3,043,633 to arrive at the agreed upon amount.

6. Executive Compensation. The OUCC and Customer Group did not challenge the level of executive compensation presented in Citizens Thermal's case-in-chief. Accordingly, the Settling Parties agree that: (i) the amount of executive compensation included in Citizens Thermal's revenue requirement is reasonable; and (ii) the final agreed upon revenue requirement as shown in Attachment A is reasonable as a collective package.

7. Other. Any revenue requirement matters not addressed by this Settlement Agreement will be as proposed by Citizens Thermal in its case-in-chief.

## **II. Cost of Service and Rate Design**

8. Cost of Service Study. The Settling Parties agree that the annual revenue requirement shall be allocated between and among Citizens Thermal's customer classes based on the cost-of-service study prepared by Citizens Thermal's witness Scott A. Miller, which was filed in this Cause as Attachment SAM-1 to Petitioner's Exhibit No. 9, subject to the following adjustments:

a. Citizens Thermal will adjust its proposed cost-of-service study to reflect the classification of production and distribution plant on an 81% demand and 19% energy related basis; and

b. The adjustment will not impact Rate 3 customers.

9. The Settling Parties further agree that the foregoing adjustments to the cost of service study will be implemented to be revenue neutral to the steam utility.

10. The Settling Parties agree that the foregoing revenue requirement allocation has been done in a fair and reasonable manner; provided, however, the Settling Parties reserve all rights to challenge the allocations agreed to herein in future proceedings, and do not waive any rights to present alternative cost-of-service positions in future proceedings, including but not limited to those involving Citizens Thermal.

11. Rate 2 Standard Contract Provisions. Citizens Thermal's tariff for Steam Rate 2 – Demand Rate Service contemplates the use of a contract for Rate 2 Demand customers. For purposes of establishing a template steam service contract for Rate 2 customers, the Settling Parties agree to the following:

a. The Settling Parties recommend to the Commission for approval as reasonable, non-discriminatory, and just, the “Standard Contract for Rate 2 Demand Service” template as set forth in Attachment KLK-S1 to Petitioner’s Exhibit No. 11, the Verified Supplemental Testimony of Korlon L. Kilpatrick II (“Standard Contract”);

b. Citizens Thermal will provide to the Commission and OUCC on a regular basis, under confidential terms, all executed Option 2 Standard Contracts; and will make such contracts available through discovery to representatives of the Customer Group in subsequent proceedings pursuant to the terms of an appropriate Non-Disclosure Agreement; and

c. The establishment of the Standard Contract will apply prospectively and shall not apply nor impact any contracts entered into under the Steam Rate 2 – Demand Rate Service tariff that were in effect prior to the date of an Order being issued in this proceeding.

### **III. Other Agreements**

12. Depreciation Study. Citizens Thermal will conduct a new depreciation study prior to its next rate case.

13. Fuel Cost Adjustment Cases (“FAC”). With respect to Citizens Thermal’s FAC proceedings, the Settling Parties agree that Citizens Thermal will continue the practice of affording the OUCC thirty (30) days to review Citizens Thermal’s filing and to file the OUCC’s testimony.

14. Other Matters. Any matters not addressed by this Settlement Agreement will be adopted as proposed by Citizens Thermal in its case-in-chief.

#### **IV. Settlement Agreement -- Scope and Approval**

15. Neither the making of this Settlement Agreement nor any of its provisions shall constitute in any respect an admission by any Settling Party in this or any other litigation or proceeding. The Settling Parties intend that neither the making of this Settlement Agreement, nor the provisions thereof, nor the entry by the Commission of a Final Order approving this Settlement Agreement, shall establish any principles or legal precedent applicable to Commission proceedings other than those resolved herein.

16. This Settlement Agreement shall not constitute nor be cited as precedent by any person or deemed an admission by any Settling Party in any other proceeding except as necessary to enforce its terms before the Commission, or any tribunal of competent jurisdiction. This Settlement Agreement is solely the result of compromise in the settlement process and, except as provided herein, is without prejudice to and shall not constitute an admission or waiver of any position that any of the Settling Parties may take with respect to any or all of the issues resolved herein in any future regulatory or other proceeding. Each of the Settling Parties has entered into this Agreement solely to avoid further disputes and litigation with the attendant inconvenience and expenses in this Cause. In accordance with the Order in *Re Petition of Richmond Power & Light*, Cause No. 40434, p. 10, the Settling Parties agree and ask the Commission to incorporate as part of its Final Order that this Settlement Agreement, or the Order approving it, not be cited as precedent by any person or deemed an admission by any party in any other proceeding except as necessary to enforce its terms before the Commission, or any court of competent jurisdiction on these particular issues.

17. The communications and discussions during the negotiations and conferences have been conducted based on the explicit understanding that the communications and discussions are or relate to offers of settlement and therefore are both privileged and inadmissible. All prior drafts of this Settlement Agreement and any settlement proposals and counterproposals also are or relate to offers of settlement and are both privileged and inadmissible.

18. This Settlement Agreement is conditioned upon and subject to Commission acceptance and approval of its terms in their entirety, without any change or condition that is unacceptable to any Settling Party. If the Settlement Agreement is not approved in its entirety by the Commission, the Settling Parties agree that the terms herein shall not be admissible in evidence or discussed by any party in a subsequent proceeding. Moreover, the concurrence of the Settling Parties with the terms of the Settlement Agreement is expressly predicated upon the Commission's approval of the Settlement Agreement in its entirety without any material modification or any material condition deemed unacceptable by any Settling Party. If the Commission does not approve the Settlement Agreement in its entirety, the Agreement shall be null and void and deemed withdrawn, upon notice in writing by any of the Settling Parties within fifteen (15) business days after the date of the Final Order that any modifications made by the Commission are unacceptable to it. In the event the Settlement Agreement is withdrawn, the Settling Parties will request an Attorneys' Conference to be convened to establish a procedural schedule for the continued litigation of this proceeding. If the Settlement Agreement is withdrawn, the Settling Parties agree that the terms herein shall not be admissible in evidence or cited by any party in a subsequent proceeding.

19. The Settling Parties stipulate that the evidence of record presented in this Cause constitutes substantial evidence sufficient to support the Settlement Agreement and provides an adequate evidentiary basis upon which the Commission may make any findings of fact and conclusions of law necessary for the approval of the Settlement Agreement, as filed.

20. Citizens Thermal and the OUCC shall, and the Customer Group may, offer supplemental testimony supporting the Commission's approval of this Settlement Agreement and will request that the Commission issue a Final Order incorporating the agreed proposed language of the Settling Parties and accepting and approving the same in accordance with its terms without any modification. Such supportive testimony will be agreed-upon by the Settling Parties and offered into evidence without objection by any Settling Party and the Settling Parties will waive cross-examination of each other's witnesses regarding such testimony.

21. The Settling Parties will support this Settlement Agreement before the Commission and request that the Commission accept and approve the Settlement Agreement. This Settlement Agreement is a complete, interrelated package and is not severable, and is conditioned on it being accepted and approved in its entirety without modification or further condition(s) that may be unacceptable to any Settling Party.

22. The Settling Parties will work together to prepare an agreed-upon proposed order to be submitted in this Cause. The Settling Parties will request that the Commission issue a Final Order promptly accepting and approving this Settlement Agreement in accordance with its terms.

23. The Settling Parties shall not appeal or seek rehearing, reconsideration or a stay of any Final Order entered by the Commission approving the Settlement Agreement in its entirety without changes or condition(s) unacceptable to any Settling Party (or related orders to the extent such orders are specifically and exclusively implementing the provisions hereof) and shall not oppose this Settlement Agreement in the event of any appeal or a request for rehearing, reconsideration or a stay by any person not a party hereto.

24. The undersigned have represented and agreed that they are fully authorized to execute the Settlement Agreement on behalf of their designated clients who will be bound thereby.

25. This Settlement Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which shall constitute the same instrument.

Accepted and Agreed on this 2nd day of August, 2023.

The Board of Directors for Utilities of the Indiana Office of Utility  
Department of Public Utilities of the City of Consumer Counselor  
Indianapolis, as trustee of a public charitable trust,  
d/b/a Citizens Thermal



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An Attorney for the Indiana  
Office of Utility Consumer  
Counselor

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An Attorney for Citizens Thermal  
Citizens Thermal Customer Group

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An Attorney for the Citizens Thermal Customer  
Group



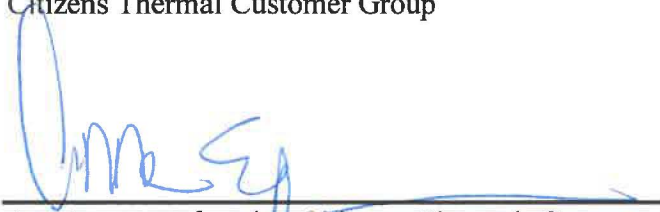
Accepted and Agreed on this 2nd day of August, 2023.

The Board of Directors for Utilities of the Indiana Office of Utility  
Department of Public Utilities of the City of Consumer Counselor  
Indianapolis, as trustee of a public charitable trust,  
d/b/a Citizens Thermal



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An Attorney for the Indiana  
Office of Utility Consumer  
Counselor

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An Attorney for Citizens Thermal  
Citizens Thermal Customer Group

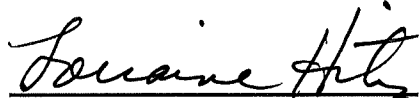


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An Attorney for the Citizens Thermal Customer  
Group

Accepted and Agreed on this 2nd day of August, 2023.

The Board of Directors for Utilities of the  
Department of Public Utilities of the City of  
Indianapolis, as trustee of a public charitable trust,  
d/b/a Citizens Thermal

Indiana Office of Utility  
Consumer Counselor



An Attorney for the Indiana  
Office of Utility Consumer  
Counselor

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An Attorney for Citizens Thermal  
Citizens Thermal Customer Group

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An Attorney for the Citizens Thermal Customer  
Group

# ATTACHMENT A

## Citizens Thermal CN 45855 Comparison of Revenue Requirements

		A	B	C
		Petitioner Case-in-Chief	Settlement in Principle Offer	Differential
	Revenue Requirements			
1	Fuel Costs	44,645,007	44,645,007	-
2	Operating Expenses <sup>a</sup>	25,704,228	25,663,734	(40,494)
3	Taxes	782,506	782,506	-
4	Extensions & Replacements	6,945,902	6,648,832	(297,070)
5	Debt Service	11,094,831	8,051,168	(3,043,663)
6	Total Revenue Requirements	89,172,474	85,791,247	(3,381,227)
7	Less: Other Income	47,964	47,964	-
8	Less: Other Expenses	-	-	-
9	Net Revenue Requirements	89,124,510	85,743,283	(3,381,227)
10	Less: Revenues at current rates subj. to incr.	83,235,876	83,235,876	-
11	Net Revenue Increase (Decrease) Req'd	5,888,634	2,507,407	(3,381,227)
12	Percent Increase (Decrease)	7.07%	3.01%	

<sup>a</sup> This component includes Non-Fuel Cost of Goods.  $\$20,795,633 + 4,868,101 = \$25,663,734$