

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**PETITION OF JACKSON COUNTY WATER)
UTILITY, INC., FOR AUTHORITY TO ISSUE) CAUSE NO. 44986
LONG TERM DEBT AND CHANGES TO ITS)
RATES, CHARGES AND TARIFF)**

TESTIMONY

OF

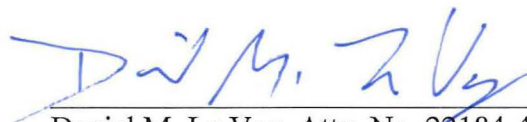
CARL N. SEALS - PUBLIC'S EXHIBIT NO. 5

ON BEHALF OF THE

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

November 8, 2018

Respectfully Submitted,



Daniel M. Le Vay, Atty. No. 22184-49
Deputy Consumer Counselor

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing *Office of Utility Consumer Counselor Testimony of Carl N. Seals* has been served upon the following counsel of record in the captioned proceeding by electronic service on November 8, 2018.

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**TESTIMONY OF CARL N. SEALS
CAUSE NO. 44986 PHASE II
JACKSON COUNTY WATER UTILITY, INC.**

I. INTRODUCTION

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

2 A: My name is Carl N. Seals, and my business address is 115 West Washington Street, Suite
3 1500 South, Indianapolis, Indiana 46204.

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

5 A: I am employed by the Indiana Office of Utility Consumer Counselor ("OUCC") as a Utility
6 Analyst in the Water/Wastewater Division.

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

8 A: The purpose of my testimony is to address Petitioner's proposed extensions and
9 replacements revenue requirement and a modification to the collection of its tap fee.

10 **Q: What have you done to prepare your testimony in this case?**

11 A: I reviewed the Phase II testimony of Earl A. Ridlen, III, Lori A. Young, P.E. and Larry W.
12 McIntosh. I reviewed the Stipulation and Settlement Agreement entered into by the OUCC
13 and Jackson County Water Utility, Inc. ("Petitioner" or Jackson County") in Cause No
14 44461 Phase 2. I reviewed the testimonies of Mr. McIntosh and Mr. Ridlen in that phase.
15 Finally, I reviewed the Commission's Final Order approving the Stipulation and Settlement
16 Agreement in that phase.

II. EXTENSIONS & REPLACEMENTS REVENUE REQUIREMENT

17 **Q: What is Petitioner proposing for its extensions and replacements revenue**
18 **requirement?**

19 A: Petitioner is proposing to recover \$458,000 per annum through its extensions and
20 replacements ("E&R") revenue requirement.

1 **Q: Is this level of E&R revenue requirement the same as was approved in Petitioner's**
2 **previous rate case, Cause No. 44461?**

3 A: Yes. This same E&R revenue requirement amount was approved in Petitioner's previous
4 rate case, Cause No. 44461 (Final Order approved December 9, 2015). In that case, the
5 OUCC and Petitioner entered into a Stipulation and Settlement Agreement, which was
6 approved by the Commission. In support of its E&R revenue requirement in that case,
7 Jackson County provided a five-year capital improvement plan. That capital plan included
8 seventeen projects totaling \$2,290,000, which when amortized over five years, resulted in
9 a \$458,000 annual E&R revenue requirement. Since less than three years have passed
10 since the order in Cause No. 44461 was issued, Petitioner is continuing to complete the
11 capital projects proposed in the last case.

12 **Q: Has Petitioner been making capital improvements in 2016 and 2017?**

13 A: Yes. Based on my calculations, excluding Contributions in Aid of Construction Petitioner's
14 2016 and 2017 additions to Utility Plant totaled \$551,499 and \$526,623, respectively.¹

15 **Q: Do you have a recommendation regarding Petitioner's requested E&R revenue**
16 **requirement?**

17 A: Yes. I recommend that Petitioner's requested E&R revenue requirement of \$458,000 be
18 approved by the Commission.

III. TAP FEE

19 **Q: What is Petitioner proposing with regard to its Tap Fee?**

20 A: To reduce the financial burden to new customers served by the project, Petitioner proposes
21 to collect its \$1,300 tap fee in installments. The new customer would pay \$600 at the time

¹ Source data from Petitioner's 2017 IURC Annual Report.

1 of the tap, and the remaining balance over 36 months. These payments would be added to
2 the customer's bill for water service.

3 **Q: Do you support this proposal?**

4 A: Yes. Allowing new customers to pay the tap fee in installments will lower the barrier for
5 those homeowners wishing to connect to the utility.

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

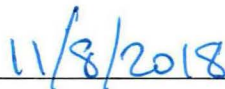
7 A: Yes.

AFFIRMATION

I affirm the representations I made in the foregoing testimony are true to the best of my knowledge, information, and belief.



By: Carl N. Seals
Cause No. 44986
Indiana Office of
Utility Consumer Counselor



Date: