

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF THE TOWN OF CHANDLER,)
INDIANA, FOR AUTHORITY AND)
APPROVAL TO: (1) INCREASE RATES AND)
CHARGES FOR WATER UTILITY SERVICE,)
INCLUDING APPROVAL OF NEW) **CAUSE NO. 46124**
SCHEDULE(S) OF RATES AND CHARGES)
FOR WATER SERVICES; AND (2) ISSUE)
REVENUE BONDS, NOTES, OR OTHER)
OBLIGATIONS OF INDEBTEDNESS)

PETITIONER’S EXHIBIT NO. 2-S

Prepared Settlement Testimony and Attachments of
Scott A. Miller
Certified Public Accountant and Principal for
Baker Tilly Municipal Advisors, LLC

Sponsoring Petitioner’s Attachment No. SAM-S1

VERIFIED SETTLEMENT TESTIMONY OF SCOTT A. MILLER, CPA

Introduction

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

2 A. My name is Scott A. Miller, and my business address is 9229 Delegates Row, Suite 400,
3 Indianapolis, Indiana 46240.

4 **Q. Are you the same Scott A. Miller who previously provided direct testimony and**
5 **attachments in this Cause on behalf of the Waterworks Utility of the Town of Chandler,**
6 **Indiana ("Petitioner")?**

7 A. Yes, I am.

8 **Q. Mr. Miller, please describe the purpose of your testimony?**

9 A. The purpose of my testimony is to describe and provide support for the settlement that
10 has been reached between the Petitioner and the Indiana Office of Utility Consumer
11 Counselor ("OUCC").

12 **Q. Are you sponsoring any attachments to your settlement testimony?**

13 A. Yes. I am sponsoring Attachment SAM-S1, which is a copy of the Settlement Agreement.
14 I was involved in the negotiation of the Settlement Agreement and helped prepare the
15 schedules attached to the Settlement Agreement, which includes the pro forma revenue
16 requirements and annual operating receipts.

Q. Would you briefly describe the terms of the proposed settlement?

A. Yes. As described in the Stipulation and Settlement Agreement and shown on Settlement Schedule 1, page 1, the parties have reached an agreement that provides for an overall 47.74% across-the-board increase in the Petitioner's existing rates and charges over three phases. The adjustment in rates and charges would produce an increase in the Petitioner's annual revenues of \$2,220,188 to meet its net revenue requirement of \$6,871,136. That net revenue requirement and resulting increase in annual revenues are composed of the following elements:

	<u>Phase 1</u>	<u>Phase 2</u>	<u>Phase 3</u>
Operating Expenses	\$2,880,784	\$2,880,784	\$2,880,784
Depreciation Expense	300,000	803,500	1,345,782
Working Capital	-	-	-
Debt Service:			
Existing	1,564,918	1,564,918	1,564,918
Proposed	723,130	1,063,611	1,061,434
Debt Service Reserve:			
Existing	100,320	100,320	100,320
Proposed	<u>141,266</u>	<u>141,266</u>	<u>141,266</u>
Total Revenue Requirements	5,710,418	6,554,399	7,094,504
Less: Revenue Requirement Offsets			
Interest Income	(133,800)	(133,800)	(133,800)
Other Operating Receipts	(65,687)	(65,687)	(65,687)
Other Non-Operating Receipts	(6,366)	(6,366)	(6,366)
Disconnection Service Charges	<u>(17,515)</u>	<u>(17,515)</u>	<u>(17,515)</u>
Net Revenue Requirements	5,487,050	6,331,031	6,871,136
Less: Revenues at current rates			
subject to increase	<u>(4,650,948)</u>	<u>(5,487,050)</u>	<u>(6,331,031)</u>
Net Revenue Increase Required	<u>\$836,102</u>	<u>\$843,981</u>	<u>\$540,105</u>
Recommended Percentage Increase	<u>17.98%</u>	<u>15.38%</u>	<u>8.53%</u>

Q. Mr. Miller, did the OUCC accept all of the Petitioner's proposed adjustments to test year operation and maintenance disbursements to arrive at the \$6,871,136 shown above?

1 A. Yes. The OUCC accepted all the Petitioner's proposed adjustments; however, the OUCC
2 also recommended additional adjustments, which the Petitioner accepted.

3 **Q. Mr. Miller, do you have any concerns regarding the approval of the financing and**
4 **corresponding debt service and debt service reserve requirements in this case?**

5 A. Yes, I do. The OUCC accepts the Petitioner's proposed financing(s) in the aggregate
6 amount of \$15,155,000 and agrees with the annual revenue requirement included for the
7 debt service on the proposed bonds. Petitioner and the OUCC also agree that the
8 proposed financing(s) will be trued up based on the results of the actual financing. Mr.
9 Dellinger did, however, discuss a generational timing concern regarding Petitioner's
10 original proposal to "wrap" the new debt service payments around the repayment of its
11 outstanding debt. Such a structure would significantly delay principal repayment due to
12 the existing debt service requirements.

13 Mr. Dellinger was concerned that delaying the principal repayment to such an extent
14 would unfairly shift the burden of paying for the new assets to future customers that
15 would not enjoy a substantial of the assets' useful life. Instead, Mr. Dellinger proposed a
16 level debt service structure for the proposed Series B bonds. A level debt service structure
17 will speed up principal repayment compared to Petitioner's proposal and will decrease
18 the overall amount of interest paid over the life of the proposed bonds. It will, however,
19 result in a higher combined annual debt service payment during the life of these rates than

1 would otherwise be necessary with a wrapped structure. This results in a somewhat
2 higher debt service revenue requirement embedded in rates as authorized in this cause.

3 Regarding the debt service reserve ("DSR") revenue requirement, Mr. Dellinger
4 calculated the DSR revenue requirement with a different methodology than required by
5 the State Revolving Fund. The State Revolving Fund will require the Petitioner to keep
6 the monthly transfers for funding the DSR on the outstanding bonds at the current level
7 to fully fund the DSR within five years from the date of issuance of those bonds according
8 to its existing Deposit Agreement with SRF and the paying agent. Then, at the time of an
9 additional bond issuance, a new monthly transfer for the DSR related to the proposed
10 bonds will be initiated subject to a revised deposit agreement. The OUCC's methodology,
11 however, calculates the proposed DSR revenue requirement by subtracting the current
12 DSR balance from the proposed new DSR requirement to determine a new monthly
13 transfer over five years from the new bond closing date. This results in a "blended" DSR
14 funding pattern as opposed to specific monthly transfer amounts for each individual bond
15 issue.

16 For the purpose of avoiding the cost of a litigated hearing and facilitating a settlement of
17 the issues in this matter, the Petitioner is willing to accept the impact of the level funding
18 structure and DSR calculation proposed by Mr. Dellinger in his testimony.

1 **Q. Mr. Miller, did the OUCC accept the Petitioner's proposed System Development**
2 **Charge?**

3 A. Yes.

4 **Q. Do you believe the terms of the proposed settlement are fair and reasonable, are in the**
5 **public interest, and benefit all of the customers of the Petitioner?**

6 A. Yes, I do. In my opinion, the settlement is a reasonable compromise of the issues that have
7 been raised in this case.

8 **Q. Does this conclude your settlement testimony in this Cause?**

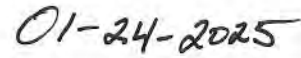
9 A. Yes, this concludes my settlement testimony at this time.

VERIFICATION

I, Scott A. Miller, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information, and belief.

A handwritten signature in black ink, appearing to read "Scott A. Miller", is written over a horizontal line.

Scott A. Miller

A handwritten date "01-24-2025" is written in black ink over a horizontal line.

Date:

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF THE TOWN OF CHANDLER,)
INDIANA, FOR AUTHORITY AND APPROVAL)
TO: (1) INCREASE RATES AND CHARGES FOR)
WATER UTILITY SERVICE, INCLUDING) CAUSE NO. 46124
APPROVAL OF NEW SCHEDULE(S) OF RATES)
AND CHARGES FOR WATER SERVICES; AND)
(2) ISSUE REVENUE BONDS, NOTES, OR OTHER)
OBLIGATIONS OF INDEBTEDNESS)

STIPULATION AND SETTLEMENT AGREEMENT

Petitioner, the Town of Chandler, Indiana, by counsel, (“Chandler” or “Town” or “Petitioner”) and the Indiana Office of Utility Consumer Counselor (“OUCC”) (collectively, the “Settling Parties”), by their respective counsel, respectfully request the Indiana Utility Regulatory Commission (“Commission”) to approve this Stipulation and Settlement Agreement (“Settlement”). The Settling Parties agree that the terms and conditions set forth below represent a fair and reasonable resolution of the issues described herein, subject to incorporation into a final order of the Commission, which approves this Settlement without any modification or condition that is not acceptable to the Settling Parties.

1. In this proceeding, this Settlement follows the filing of Petitioner’s direct testimony and attachments and the OUCC’s pre-filed testimony and attachments. Since the time of Petitioner’s and OUCC’s filings in this Cause, the parties have engaged in discussions to address items the OUCC has identified in testimony as its primary issues in this Cause. Those interactions framed the discussions between the Settling Parties and formed the basis for the

Settling Parties to reach agreement on the terms reflected in this Settlement. A basic component of each party's willingness to enter this agreement is the overall result that is achieved hereby. The Settling Parties have agreed to concessions on individual issues to which the Settling Parties would not be willing to agree but for the overall result produced by this Stipulation and Settlement Agreement. In other words, each party has agreed to forego or compromise on positions on individual issues in exchange for the overall result produced collectively by all of the concessions. As set forth below, the parties have negotiated terms that resolve all issues in this proceeding. In most cases, the agreed upon terms are founded upon documented positions that are in the record in this proceeding, including in Settlement Testimony that the Settling Parties have agreed each of them will file in support of this Settlement. Such supportive testimony will be offered into evidence without objection by any Settling Party. While the parties intend to submit testimony in support of the Settlement, the parties agree that the respective cases of the parties and facts in evidence substantially support all terms of the Settlement. The Settling Parties agree that certain schedules detailing the Petitioner's debt and revenue requirements, attached hereto as Exhibit A, are integral to this Settlement and are incorporated herein by reference.

2. For purposes of Settlement, the Settling Parties stipulate and agree as follows:

A. Borrowing Authority

(a) Petitioner shall be authorized to issue debt in total amount of \$15,155,000, split into two phases (series A and series B), with a debt service revenue requirement in Phase I, Phase II and Phase III as follows:

<u>Phase</u>	<u>Debt Service Revenue Requirement</u>
Phase I	\$723,130
Phase II	\$1,063,611
Phase III	\$1,061,434

(b) The 2025 Series B bond issuance shall use a level funding structure instead of a wrapped structure.

(c) Petitioner shall be granted a debt service reserve revenue requirement of \$241,586 in Phase I, Phase II and Phase III.

(d) The financing authority granted herein shall expire on December 31, 2026, if not used by that date.

B. Stipulated Rates and Revenue

(a) The schedules detailing the debt service revenue requirements, stipulated rates, and other financial metrics referenced in this Settlement are attached hereto as Exhibit A. Exhibit A is incorporated herein by reference and shall be binding upon the Settling Parties. Any conflict between Exhibit A and the main body of this Agreement shall be resolved in favor of Exhibit A.

(b) Rates shall be increased in three phases as presented in Petitioner's case-in-chief, modified to produce an overall rate increase of 47.74% to generate an additional \$2,220,188 of operating revenue per year. The Settling Parties agree the initial increase in rates will take effect upon the issuance of an approving order by the Commission in 2025. The Phase II increase will then take effect twelve months later in 2026. Phase III will then be implemented twelve months after Phase II in 2027.

(c) Petitioner's System Development Charge shall be increased to \$1,130 per equivalent dwelling unit.

(d) Petitioner's authorized rates shall be based on a cash operating disbursements revenue requirement of \$2,823,586 in all Phases (Phase I, Phase II and Phase III).

(e) Petitioner's authorized rates shall be based on a replacements and improvements revenue requirement of \$300,000 in Phase I, \$803,500 in Phase II, and \$1,345,782 in Phase III.

(f) Petitioner's residential metered sales shall be normalized to account for actual new connections through September 30, 2024, which equals \$3,071,667.

(g) The Commission shall require a true-up process that incorporates actual project costs through a report filed by Petitioner within thirty (30) days after closing on each long-term debt issuance explaining the terms of the new loan, the balance actually borrowed, the amount of debt service reserve required, bid tabulations for any projects for which these are available at the time of the true-up, and an itemized account of all issuance costs (such as bond counsel, legal, and financial advising fees), including issuance costs actually incurred to that date. Additionally, all collections for the debt service revenue requirement and the debt service reserve revenue requirement for the new bonds that take place more than two months after the date of the order and before closing on such debt should be placed in a restricted account and used to pre-pay the debt service reserve.

C. Other Settlement Terms

- (a) Petitioner shall meter and charge Town departments for their water usage.
- (b) Petitioner, not the Town of Chandler, shall independently purchase and manage all fuel required for its operations.
- (c) Petitioner shall endeavor to provide to the best of its ability all applicable information requested by the Commission in its Annual Report forms for each page, including the Performance Measures.
- (d) Petitioner shall complete its Asset Management Plan and submit copies to the Commission and the OUCC once completed in conjunction with SRF funding.
- (e) The borrowing authority stipulated in Section 2(A) herein includes alternate tank sizes for its proposed 1.5 MG Paradise Water Tank, if Petitioner chooses to pursue those alternatives; provided, however, that Petitioner shall not be required to expend additional resources to obtain bids for alternate sizes.
- (f) All other items not expressly addressed herein or in the schedules incorporated herein by reference shall be resolved as presented in Petitioner's case-in-chief in this Cause.

3. **Settlement Effect, Scope, and Approval.** The Settlement is conditioned upon and subject to its acceptance and approval by the Commission in its entirety without any change or condition that is unacceptable to any Settling Party. Each term of the Settlement is in consideration and support of each and every other term. The Settling Parties will work together to prepare an agreed upon proposed order to be submitted in this Cause. If the Commission does not approve the Settlement in its entirety or if the Commission makes modifications that are

unacceptable to any Settling Party, the Settlement shall be null and void and shall be deemed withdrawn upon notice in writing by any party within 14 days after the date of the order stating that a modification made by the Commission is unacceptable to the Settling Party.

The Settlement is the result of compromise in the settlement process and neither the making of the Settlement nor any of its provisions shall constitute an admission or waiver by any Settling Party in any other proceeding, now or in the future. The Settlement shall not be used as precedent in any other current or future proceeding or for any other purpose except to the extent provided for herein or to the extent necessary to implement or enforce its terms.

The evidence to be submitted in support of the Settlement, together with evidence already admitted, constitutes substantial evidence sufficient to support the Settlement and provides an adequate evidentiary basis upon which the Commission can make any findings of fact and conclusions of law necessary for the approval of the Settlement. The Settling Parties hereby waive cross-examination of each other's witnesses.

The parties agree that the communications and discussions and materials produced and exchanged during the negotiation of the Settlement relate to offers of settlement and shall be inadmissible in this or any other proceeding.

The undersigned represent and agree that they are fully authorized to execute the Settlement on behalf of the designated party who will be bound thereby. The Settling Parties will either support or not oppose on rehearing, reconsideration, and/or appeal, a Commission Order accepting and approving this Settlement in accordance with its terms.

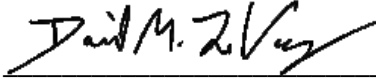
ACCEPTED and AGREED this 24th day of January, 2025

Town of Chandler, Indiana

Indiana Office of Utility Consumer Counselor

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Chandler, Indiana*

CHANDLER (INDIANA) MUNICIPAL WATER UTILITY

PRO FORMA ANNUAL REVENUE REQUIREMENTS AND ANNUAL OPERATING RECEIPTS

See Explanation of Adjustments, Pages 2 - 3.

	Phase I (September 2025)					Phase II (September 2026)					Phase III (September 2027)				
	Petitioner	OUCC	Rebuttal or Settlement	Increase / Decrease	Ref.	Petitioner	OUCC	Rebuttal or Settlement	Increase / Decrease	Ref.	Petitioner	OUCC	Rebuttal or Settlement	Increase / Decrease	Ref.
<u>Annual Revenue Requirements:</u>		(12/20/2024)				(12/20/2024)					(12/20/2024)				
Operating disbursements															
Cash operating disbursements	\$2,991,163	\$2,808,344	\$2,823,586	\$15,242	(1)	\$2,991,163	\$2,808,344	\$2,823,586	\$15,242	(1)	\$2,991,163	\$2,808,344	\$2,823,586	\$15,242	(1)
Taxes other than income	57,198	57,198	57,198	-		57,198	57,198	57,198	-		57,198	57,198	57,198	-	
Debt service															
Outstanding debt	1,564,918	1,564,918	1,564,918	-		1,564,918	1,564,918	1,564,918	-		1,564,918	1,564,918	1,564,918	-	
Proposed debt	155,281	-	723,130	723,130	(2)	749,371	723,129	1,063,611	340,482	(2)	974,706	1,059,806	1,061,434	1,628	(2)
Debt service reserve															
Outstanding debt	100,320	100,320	100,320	-		100,320	100,320	100,320	-		100,320	100,320	100,320	-	
Proposed debt	195,093	139,761	141,266	1,505	(3)	195,093	139,761	141,266	1,505	(3)	195,093	139,761	141,266	1,505	(3)
Replacements and improvements	415,000	963,146	300,000	(663,146)	(4)	633,000	1,072,236	803,500	(268,736)	(4)	1,345,782	1,345,782	1,345,782	-	(4)
Total revenue requirements	5,478,973	5,633,687	5,710,418	76,731		6,291,063	6,465,906	6,554,399	88,493		7,229,180	7,076,129	7,094,504	18,375	
Less: Test year interest receipts	(133,800)	(133,800)	(133,800)	-		(133,800)	(133,800)	(133,800)	-		(133,800)	(133,800)	(133,800)	-	
Less: Other operating receipts	(65,687)	(65,687)	(65,687)	-		(65,687)	(65,687)	(65,687)	-		(65,687)	(65,687)	(65,687)	-	
Less: Other non-operating receipts		(6,366)	(6,366)	-			(6,366)	(6,366)	-			(6,366)	(6,366)	-	
Less: Disconnection service charges		(17,515)	(17,515)	-			(17,515)	(17,515)	-			(17,515)	(17,515)	-	
Net Revenue Requirements	<u>\$5,279,486</u>	<u>\$5,410,319</u>	<u>\$5,487,050</u>	<u>\$76,731</u>		<u>\$6,091,576</u>	<u>\$6,242,538</u>	<u>\$6,331,031</u>	<u>\$88,493</u>		<u>\$7,029,693</u>	<u>\$6,852,761</u>	<u>\$6,871,136</u>	<u>\$18,375</u>	
<u>Annual Receipts:</u>															
Metered sales:															
Residential	\$2,994,595	\$3,110,054	\$3,071,667	(\$38,387)	(5)	\$2,994,595	\$3,110,054	\$3,071,667	(\$38,387)	(5)	\$2,994,595	\$3,110,054	\$3,071,667	(\$38,387)	(5)
Commercial	1,135,426	1,119,909	1,119,909	-		1,135,426	1,119,909	1,119,909	-		1,135,426	1,119,909	1,119,909	-	
Industrial	7,127	7,030	7,030	-		7,127	7,030	7,030	-		7,127	7,030	7,030	-	
Fire protection	438,779	438,779	438,779	-		438,779	438,779	438,779	-		438,779	438,779	438,779	-	
Penalties	-	13,563	13,563	-		-	13,563	13,563	-		-	13,563	13,563	-	
Additional revenues from phased increases	-	-	-	-		703,559	720,984	836,102	115,118		1,515,649	1,553,203	1,680,083	126,880	
Totals	<u>\$4,575,927</u>	<u>\$4,689,335</u>	<u>\$4,650,948</u>	<u>(\$38,387)</u>		<u>\$5,279,486</u>	<u>\$5,410,319</u>	<u>\$5,487,050</u>	<u>\$76,731</u>		<u>\$6,091,576</u>	<u>\$6,242,538</u>	<u>\$6,331,031</u>	<u>\$88,493</u>	
Additional Revenues Required	<u>\$703,559</u>	<u>\$720,984</u>	<u>\$836,102</u>	<u>\$115,118</u>		<u>\$812,090</u>	<u>\$832,219</u>	<u>\$843,981</u>	<u>\$11,762</u>		<u>\$938,117</u>	<u>\$610,223</u>	<u>\$540,105</u>	<u>(\$70,118)</u>	
Approximate Across-the-Board															
Percentage Increase Calculated	<u>15.38%</u>	<u>15.38%</u>	<u>17.98%</u>			<u>15.38%</u>	<u>15.38%</u>	<u>15.38%</u>			<u>15.40%</u>	<u>9.78%</u>	<u>8.53%</u>		
Overall Across-the-Board Percentage Increase											<u>53.62%</u>	<u>46.14%</u>	<u>47.74%</u>		
Debt Service Coverage	<u>137%</u>	<u>171%</u>	<u>120%</u>			<u>137%</u>	<u>153%</u>	<u>136%</u>			<u>162%</u>	<u>157%</u>	<u>157%</u>		

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CHANDLER (INDIANA) MUNICIPAL WATER UTILITY

(Cont'd)

PRO FORMA ANNUAL REVENUE REQUIREMENTS AND ANNUAL OPERATING RECEIPTS

- (1) To reflect pro forma operation and maintenance disbursements as calculated on pages 4 - 6.
- (2) To provide an allowance for the average annual debt service on the proposed bonds.
See page 8.

	Phase I (3/1/26 & 9/1/26)	Phase II (3/1/27 & 9/1/27)	Phase III (3/1/28 & 9/1/28)
Proposed 2025A annual interest payments	\$370,273	\$375,833	\$364,146
Proposed 2025A annual principal payments	-	237,000	247,000
Proposed 2025B annual interest payments	352,857	359,778	355,288
Proposed 2025B annual principal payments	-	91,000	95,000
Adjustment	<u>\$723,130</u>	<u>\$1,063,611</u>	<u>\$1,061,434</u>

- (3) To provide an allowance for funding the debt service reserve equal to the maximum annual debt service on the outstanding and proposed bonds over a five-year period.

Estimated debt service reserve requirement	\$2,628,952
Less: Estimated debt service reserve on July 1, 2025*	<u>(1,421,024)</u>
Sub-total	1,207,928
Divide by 5 years	<u>5</u>
Required annual funding	241,586
Less: Current debt service reserve required funding	<u>(100,320)</u>
Adjustment	<u>\$141,266</u>

* Annual interest rate per December 2024 BONY DSR Bank Statement is 4.30%, which calculates to a monthly interest rate of 0.36%. Per OUCC Testimony, anticipate receiving Order by July 1, 2025.

<u>Date</u>	<u>Beginning Balance</u>	<u>Monthly Transfer</u>	<u>Interest Earnings</u>	<u>Ending Balance</u>
1/1/2025	\$1,327,988.71	\$8,360	\$4,788.58	\$1,341,137.29
2/1/2025	1,341,137.29	8,360	4,835.70	1,354,332.99
3/1/2025	1,354,332.99	8,360	4,882.98	1,367,575.97
4/1/2025	1,367,575.97	8,360	4,930.44	1,380,866.41
5/1/2025	1,380,866.41	8,360	4,978.06	1,394,204.47
6/1/2025	1,394,204.47	8,360	5,025.86	1,407,590.33
7/1/2025	1,407,590.33	8,360	5,073.82	<u>1,421,024.15</u>

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CHANDLER (INDIANA) MUNICIPAL WATER UTILITY

(Cont'd)

PRO FORMA ANNUAL REVENUE REQUIREMENTS AND ANNUAL OPERATING RECEIPTS

- (4) To provide an allowance for replacements and improvements equal to \$300,000 for Phase I, \$803,500 for Phase II, and the annual depreciation allowance prior to the proposed project for Phase III.

	Phase I	Phase II	Phase III
Estimated replacements and improvements	<u>\$300,000</u>	<u>\$803,500</u>	<u>\$1,345,782</u>

- (5) To normalize test year interest income based on current percentage earnings and to exclude earnings on remaining bond proceeds.

	Residential Customers Billed	Increase (Decrease) in Users	Times Additional Monthly Bills	Additional Monthly Bills
January, 2023	7,257			
February	7,272	15	1	15
March	7,291	19	2	38
April	7,327	36	3	108
May	7,374	47	4	188
June	7,476	102	5	510
July	7,504	28	6	168
August	7,509	5	7	35
September	7,541	32	8	256
October	7,569	28	9	252
November	7,494	(75)	10	(750)
December	7,410	(84)	11	(924)
January, 2024	7,420	10	12	120
February	7,415	(5)	12	(60)
March	7,436	21	12	252
April	7,482	46	12	552
May	7,492	10	12	120
June	7,617	125	12	1,500
July	7,627	10	12	120
August	7,627	0	12	0
September	<u>7,654</u>	<u>27</u>	<u>12</u>	<u>324</u>
Totals	<u>89,024</u>	<u>397</u>		2,824

Times average residential monthly bill at existing rates for 4,384 gallons x \$32.83

Total normalized increase in residential metered sales 92,712

Plus: Test year metered sales normalized for a 1.75% decrease per
Tariff effective August 13, 2023 2,978,955

Total Normalized Metered Residential Sales \$3,071,667

CHANDLER (INDIANA) MUNICIPAL WATER UTILITY

PRO FORMA ANNUAL CASH OPERATING DISBURSEMENTS

See Explanation of Adjustments, pages 5 to 6.

	<u>Petitioner</u>	<u>OUC</u> <u>(12/20/2024)</u>	<u>Rebuttal or Settlement</u>	<u>Increase / Decrease</u>	<u>Ref.</u>
<u>Operating Disbursements:</u>					
Test year operating disbursements	\$2,847,403	\$2,847,403	\$2,847,403	\$ -	
Adjustments:					
System delivery	-	12,168	8,905	(3,263)	(1)
Capital and non-recurring:					
Materials and supplies	-	(25,000)	(25,000)	-	(2)
Contractual services	-	(16,737)	(16,737)	-	(3)
Accounting	-	(6,135)	(6,135)	-	(4)
Legal	-	(10,043)	(10,043)	-	(5)
Contractual services:					
Engineering	-	(124,240)	(124,240)	-	(6)
Accounting	-	(12,832)	5,673	18,505	(7)
All other adjustments	<u>143,760</u>	<u>143,760</u>	<u>143,760</u>	<u>-</u>	
Total Operating Disbursements	<u>\$2,991,163</u>	<u>\$2,808,344</u>	<u>\$2,823,586</u>	<u>\$15,242</u>	

(Continued on next page)

CHANDLER (INDIANA) MUNICIPAL WATER UTILITY

(Cont'd)

PRO FORMA ANNUAL CASH OPERATING DISBURSEMENTS

Explanation of adjustments
No inflation adjustment made.

	<u>Petitioner</u>	<u>OUCC</u> (12/20/2024)	<u>Rebuttal or Settlement</u>	<u>Increase / Decrease</u>
<u>Adjustment (1) - System Delivery</u>				
To account for increased operating costs due to customer growth.				
	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
Cost per Residential Bill:				
Purchased power		\$1.60	\$1.60	\$1.60
Chemicals		0.76	0.76	0.76
Postage		0.73	0.73	0.73
Sub-total		3.09	3.09	3.09
Times Increase in Billings		3,938	2,882	(1,056)
Adjustment	<u>\$ -</u>	<u>\$12,168</u>	<u>\$8,905</u>	<u>(\$3,263)</u>
<u>Adjustment (2) - Capital and Non-Recurring Items - Materials and Supplies</u>				
To eliminate materials and supplies expenses (Account 6101001451.000) that are considered capital in nature.				
<u>Vendor</u>	<u>Description</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
Metzger Construction, Inc.	Baker Rd Repair	<u>\$ -</u>	<u>(\$25,000)</u>	<u>(\$25,000)</u>
<u>Adjustment (3) - Capital and Non-Recurring Items - Contractual Services</u>				
To eliminate contractual services expenses (Account 6101001312.000) that are considered capital in nature.				
<u>Vendor</u>	<u>Description</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
Beam, Longest & Neff, LLC.	Pro Serv 2/27 - 4/30/23		(\$5,813)	(\$5,813)
Beam, Longest & Neff, LLC.	Engineering Services		(4,070)	(4,070)
Beam, Longest & Neff, LLC.	Services		(4,060)	(4,060)
Beam, Longest & Neff, LLC.	Engineering Services		(1,600)	(1,600)
Beam, Longest & Neff, LLC.	Engineering Services		(1,194)	(1,194)
Adjustment		<u>\$ -</u>	<u>(\$16,737)</u>	<u>(\$16,737)</u>
<u>Adjustment (4) - Capital and Non-Recurring Items - Accounting</u>				
To eliminate accounting expenses (Account 6101001313.000) that are considered non-recurring in nature.				
<u>Vendor</u>	<u>Description</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
Baker Tilly Municipal Advisors, LLC	Revised Water Rates	<u>\$ -</u>	<u>(\$6,135)</u>	<u>(\$6,135)</u>

(Continued on next page)

CHANDLER (INDIANA) MUNICIPAL WATER UTILITY

(Cont'd)

PRO FORMA ANNUAL CASH OPERATING DISBURSEMENTS

Explanation of adjustments
No inflation adjustment made.

	Petitioner	OUCC (12/20/2024)	Rebuttal or Settlement	Increase / Decrease
<u>Adjustment (5) - Capital and Non-Recurring Items - Legal</u>				
To eliminate contractual services expenses (Account 6101001311.000) that are considered capital in nature.				
<u>Vendor</u>	<u>Description</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
Jackson Kelly PLLC	Transmission Main		(\$3,712)	\$ -
Jackson Kelly PLLC	Transmission Main		(3,331)	-
Jackson Kelly PLLC	Legal Services		(3,000)	-
Adjustment		\$ -	(\$10,043)	\$ -
<u>Adjustment (6) - Contractual Services - Engineering</u>				
To adjust test year expenses to amortize hydraulic model analysis over five years.				
Hydraulic model analysis		\$155,300	\$155,300	
Amortize over 5 years		5	5	
Sub-total		31,060	31,060	
Less test year amount		(155,300)	(155,300)	
Adjustment		\$ -	(\$124,240)	
<u>Adjustment (7) - Contractual Services - Accounting</u>				
To adjust test year expenses to amortize State Board of Accounts audit over two years.				
State Board of Accounts audit		\$13,311	\$25,160	
Amortize over number of years covered		2	1	
Sub-total		6,655	25,160	
Less test year amount		(13,311)	(13,311)	
Adjustment		\$ -	\$11,849	\$18,505
To adjust test year expenses to amortize 30 day filing for non-recurring charges over five years.				
Non-recurring charges expense		\$7,720	\$7,720	
Amortize over 5 years		5	5	
Sub-total		1,544	1,544	
Less test year amount		(7,720)	(7,720)	
Adjustment		\$ -	(\$6,176)	\$ -

CHANDLER (INDIANA) MUNICIPAL WATER UTILITY

**SCHEDULE OF AMORTIZATION OF \$7,395,000 PRINCIPAL AMOUNT
OF PROPOSED WATERWORKS REVENUE BONDS OF 2025, SERIES B**

Principal and interest payable semiannually March 1st and September 1st, beginning March 1, 2026.

Assumed interest rate as indicated.

Assumes bonds are dated September 9, 2025.

Payment Date	Principal		Assumed Interest Rate* (%)			Bond Year Total
	Balance (-----In \$1,000's-----)	Principal		Interest (-----In Dollars-----)	Total	
3/1/2026	\$7,395			\$172,418.53	\$172,418.53	
9/1/2026	7,395			180,438.00	180,438.00	\$352,856.53
3/1/2027	7,395	\$45	4.88	180,438.00	225,438.00	
9/1/2027	7,350	46	4.88	179,340.00	225,340.00	450,778.00
3/1/2028	7,304	47	4.88	178,217.60	225,217.60	
9/1/2028	7,257	48	4.88	177,070.80	225,070.80	450,288.40
3/1/2029	7,209	49	4.88	175,899.60	224,899.60	
9/1/2029	7,160	51	4.88	174,704.00	225,704.00	450,603.60
3/1/2030	7,109	52	4.88	173,459.60	225,459.60	
9/1/2030	7,057	53	4.88	172,190.80	225,190.80	450,650.40
3/1/2031	7,004	54	4.88	170,897.60	224,897.60	
9/1/2031	6,950	56	4.88	169,580.00	225,580.00	450,477.60
3/1/2032	6,894	57	4.88	168,213.60	225,213.60	
9/1/2032	6,837	58	4.88	166,822.80	224,822.80	450,036.40
3/1/2033	6,779	60	4.88	165,407.60	225,407.60	
9/1/2033	6,719	61	4.88	163,943.60	224,943.60	450,351.20
3/1/2034	6,658	63	4.88	162,455.20	225,455.20	
9/1/2034	6,595	64	4.88	160,918.00	224,918.00	450,373.20
3/1/2035	6,531	66	4.88	159,356.40	225,356.40	
9/1/2035	6,465	67	4.88	157,746.00	224,746.00	450,102.40
3/1/2036	6,398	69	4.88	156,111.20	225,111.20	
9/1/2036	6,329	71	4.88	154,427.60	225,427.60	450,538.80
3/1/2037	6,258	73	4.88	152,695.20	225,695.20	
9/1/2037	6,185	74	4.88	150,914.00	224,914.00	450,609.20
3/1/2038	6,111	76	4.88	149,108.40	225,108.40	
9/1/2038	6,035	78	4.88	147,254.00	225,254.00	450,362.40
3/1/2039	5,957	80	4.88	145,350.80	225,350.80	
9/1/2039	5,877	82	4.88	143,398.80	225,398.80	450,749.60
3/1/2040	5,795	84	4.88	141,398.00	225,398.00	
9/1/2040	5,711	86	4.88	139,348.40	225,348.40	450,746.40
3/1/2041	5,625	88	4.88	137,250.00	225,250.00	
9/1/2041	5,537	90	4.88	135,102.80	225,102.80	450,352.80
3/1/2042	5,447	92	4.88	132,906.80	224,906.80	
9/1/2042	5,355	95	4.88	130,662.00	225,662.00	450,568.80
3/1/2043	5,260	97	4.88	128,344.00	225,344.00	
9/1/2043	5,163	99	4.88	125,977.20	224,977.20	450,321.20
3/1/2044	5,064	102	4.88	123,561.60	225,561.60	
9/1/2044	4,962	104	4.88	121,072.80	225,072.80	450,634.40
3/1/2045	4,858	107	4.88	118,535.20	225,535.20	
9/1/2045	4,751	109	4.88	115,924.40	224,924.40	450,459.60
3/1/2046	4,642	112	4.88	113,264.80	225,264.80	
9/1/2046	4,530	115	4.88	110,532.00	225,532.00	450,796.80
Sub-totals		\$2,980		\$6,382,657.73	\$9,362,657.73	\$9,362,657.73

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CHANDLER (INDIANA) MUNICIPAL WATER UTILITY

(Cont'd)

**SCHEDULE OF AMORTIZATION OF \$7,395,000 PRINCIPAL AMOUNT
OF PROPOSED WATERWORKS REVENUE BONDS OF 2025, SERIES B**

Principal and interest payable semiannually March 1st and September 1st, beginning March 1, 2026.

Assumed interest rate as indicated.

Assumes bonds are dated September 9, 2025.

Payment Date	Principal Balance (-----In \$1,000's-----)	Principal	Assumed Interest Rate* (%)			Bond Year Total
				Interest	Total (-----In Dollars-----)	
Sub-totals carried forward		\$2,980		\$6,382,657.73	\$9,362,657.73	\$9,362,657.73
3/1/2047	\$4,415	117	4.88	107,726.00	224,726.00	
9/1/2047	4,298	120	4.88	104,871.20	224,871.20	449,597.20
3/1/2048	4,178	123	4.88	101,943.20	224,943.20	
9/1/2048	4,055	126	4.88	98,942.00	224,942.00	449,885.20
3/1/2049	3,929	129	4.88	95,867.60	224,867.60	
9/1/2049	3,800	133	4.88	92,720.00	225,720.00	450,587.60
3/1/2050	3,667	136	4.88	89,474.80	225,474.80	
9/1/2050	3,531	139	4.88	86,156.40	225,156.40	450,631.20
3/1/2051	3,392	142	4.88	82,764.80	224,764.80	
9/1/2051	3,250	146	4.88	79,300.00	225,300.00	450,064.80
3/1/2052	3,104	149	4.88	75,737.60	224,737.60	
9/1/2052	2,955	153	4.88	72,102.00	225,102.00	449,839.60
3/1/2053	2,802	157	4.88	68,368.80	225,368.80	
9/1/2053	2,645	161	4.88	64,538.00	225,538.00	450,906.80
3/1/2054	2,484	165	4.88	60,609.60	225,609.60	
9/1/2054	2,319	169	4.88	56,583.60	225,583.60	451,193.20
3/1/2055	2,150	173	4.88	52,460.00	225,460.00	
9/1/2055	1,977	177	4.88	48,238.80	225,238.80	450,698.80
3/1/2056	1,800	181	4.88	43,920.00	224,920.00	
9/1/2056	1,619	186	4.88	39,503.60	225,503.60	450,423.60
3/1/2057	1,433	190	4.88	34,965.20	224,965.20	
9/1/2057	1,243	195	4.88	30,329.20	225,329.20	450,294.40
3/1/2058	1,048	200	4.88	25,571.20	225,571.20	
9/1/2058	848	204	4.88	20,691.20	224,691.20	450,262.40
3/1/2059	644	209	4.88	15,713.60	224,713.60	
9/1/2059	435	215	4.88	10,614.00	225,614.00	450,327.60
3/1/2060	220	220	4.88	5,368.00	225,368.00	225,368.00
Totals		<u>\$7,395</u>		<u>\$8,047,738.13</u>	<u>\$15,442,738.13</u>	<u>\$15,442,738.13</u>

*Assumes bond will be issued through the SRF pooled program in fall 2025. Assumed interest rate is based on current market conditions with an additional 100 basis points to account for market fluctuations.

CHANDLER (INDIANA) MUNICIPAL WATER UTILITY

SCHEDULE OF PROPOSED COMBINED BOND AMORTIZATION

Payment Date	Outstanding				Proposed			Total	Bond Year Total
	2010 Bonds	2016 Bonds	2019 Bonds	2023 Bonds	2024 BANs	2025 Bonds, Series A	2025 Bonds, Series B		
03/01/24	\$54,325.20	\$285,401.25	\$174,699.36	\$241,407.70				\$755,833.51	
09/01/24	55,120.80	282,903.75	173,933.88	241,407.70				753,366.13	\$1,509,199.64
03/01/25	49,901.80	285,406.25	178,169.22	241,407.70	\$78,073.61			832,958.58	
09/01/25	50,755.80	287,862.50	177,339.88	266,407.70	104,875.00			887,240.88	1,720,199.46
03/01/26	47,595.20	290,272.50	180,511.34	264,065.20	26,218.75 (1)	\$180,928.71	\$172,418.53	1,162,010.23	
09/01/26	48,478.40	287,636.25	172,631.60	273,750.10		189,344.00	180,438.00	1,152,278.35	2,314,288.58
03/01/27	359,347.00		152,841.12	270,298.00		306,344.00	225,438.00	1,314,268.12	
09/01/27	359,675.00		154,293.00	268,887.00		306,489.20	225,340.00	1,314,684.20	2,628,952.32 (2)
03/01/28	359,930.00		154,718.93	267,489.70		305,561.20	225,217.60	1,312,917.43	
09/01/28	359,112.00		156,132.41	267,106.10		305,584.40	225,070.80	1,313,005.71	2,625,923.14
03/01/29	359,235.60		155,520.94	267,722.50		305,534.40	224,899.60	1,312,913.04	
09/01/29	359,286.20		154,908.52	268,325.20		306,411.20	225,704.00	1,314,635.12	2,627,548.16
03/01/30	359,263.80		156,297.16	266,914.20		306,190.40	225,459.60	1,314,125.16	
09/01/30	359,168.40		155,658.87	267,516.90		305,896.40	225,190.80	1,313,431.37	2,627,556.53
03/01/31			530,777.65	252,105.90		305,529.20	224,897.60	1,313,310.35	
09/01/31			530,777.82	251,900.40		306,088.80	225,580.00	1,314,347.02	2,627,657.37
03/01/32			530,777.99	251,694.90		305,550.80	225,213.60	1,313,237.29	
09/01/32			530,778.14	251,489.40		305,939.60	224,822.80	1,313,029.94	2,626,267.23
03/01/33			530,778.23	251,283.90		306,230.80	225,407.60	1,313,700.53	
09/01/33			530,778.22	252,078.40		306,424.40	224,943.60	1,314,224.62	2,627,925.15
03/01/34			530,778.03	251,859.20		306,520.40	225,455.20	1,314,612.83	
09/01/34			530,777.58	251,640.00		306,518.80	224,918.00	1,313,854.38	2,628,467.21
03/01/35			530,777.78	251,420.80		306,419.60	225,356.40	1,313,974.58	
09/01/35			530,777.52	251,201.60		306,222.80	224,746.00	1,312,947.92	2,626,922.50
03/01/36			530,777.66	250,982.40		305,928.40	225,111.20	1,312,799.66	
09/01/36			530,778.06	251,763.20		305,536.40	225,427.60	1,313,505.26	2,626,304.92
03/01/37			530,777.56	251,530.30		306,046.80	225,695.20	1,314,049.86	
09/01/37			530,778.00	251,297.40		306,435.20	224,914.00	1,313,424.60	2,627,474.46
03/01/38			530,778.18	252,064.50		305,701.60	225,108.40	1,313,652.68	
09/01/38			530,777.90	250,817.90		305,870.40	225,254.00	1,312,720.20	2,626,372.88
03/01/39			530,777.94	251,585.00		305,917.20	225,350.80	1,313,630.94	
09/01/39			530,778.06	251,338.40		305,842.00	225,398.80	1,313,357.26	2,626,988.20
03/01/40				782,091.80		305,644.80	225,398.00	1,313,134.60	
09/01/40				782,570.50		306,325.60	225,348.40	1,314,244.50	2,627,379.10
03/01/41				781,939.60		305,860.00	225,250.00	1,313,049.60	
09/01/41				782,212.80		306,272.40	225,102.80	1,313,588.00	2,626,637.60
03/01/42				782,376.40		305,538.40	224,906.80	1,312,821.60	
09/01/42				782,430.40		305,682.40	225,662.00	1,313,774.80	2,626,596.40
03/01/43				782,374.80		305,680.00	225,344.00	1,313,398.80	
09/01/43				782,209.60		305,531.20	224,977.20	1,312,718.00	2,626,116.80
03/01/44				781,934.80		306,236.00	225,561.60	1,313,732.40	
09/01/44				782,550.40		305,770.00	225,072.80	1,313,393.20	2,627,125.60
03/01/45				782,042.70		306,157.60	225,535.20	1,313,735.50	
09/01/45				782,425.40		306,374.40	224,924.40	1,313,724.20	2,627,459.70
03/01/46				782,684.80		306,420.40	225,264.80	1,314,370.00	
09/01/46				781,820.90		306,295.60	225,532.00	1,313,648.50	2,628,018.50
03/01/47				781,847.40			224,726.00	1,006,573.40	
09/01/47				781,750.60			224,871.20	1,006,621.80	2,013,195.20
03/01/48				782,530.50			224,943.20	1,007,473.70	
09/01/48				782,173.40			224,942.00	1,007,115.40	2,014,589.10
03/01/49				782,693.00			224,867.60	1,007,560.60	
09/01/49				782,075.60			225,720.00	1,007,795.60	2,015,356.20
03/01/50				782,334.90			225,474.80	1,007,809.70	
09/01/50				782,457.20			225,156.40	1,007,613.60	2,015,423.30
03/01/51				782,442.50			224,764.80	1,007,207.30	
09/01/51				782,290.80			225,300.00	1,007,590.80	2,014,798.10
03/01/52				782,002.10			224,737.60	1,006,739.70	
09/01/52				782,576.40			225,102.00	1,007,678.40	2,014,418.10
03/01/53							225,368.80	225,368.80	
09/01/53							225,538.00	225,538.00	450,906.80
03/01/54							225,609.60	225,609.60	
09/01/54							225,583.60	225,583.60	451,193.20
03/01/55							225,460.00	225,460.00	
09/01/55							225,238.80	225,238.80	450,698.80
03/01/56							224,920.00	224,920.00	
09/01/56							225,503.60	225,503.60	450,423.60
03/01/57							224,965.20	224,965.20	
09/01/57							225,329.20	225,329.20	450,294.40
03/01/58							225,571.20	225,571.20	
09/01/58							224,691.20	224,691.20	450,262.40
03/01/59							224,713.60	224,713.60	
09/01/59							225,614.00	225,614.00	450,327.60
03/01/60							225,368.00	225,368.00	225,368.00
Totals	\$3,181,195.20	\$1,719,482.50	\$11,851,658.55	\$28,539,598.60	\$209,167.36	\$12,610,795.91	\$15,442,738.13	\$73,554,636.25	\$73,554,636.25

(1) Only includes interest paid. Assumes BAN is redeemed with the issuance of the proposed 2025 bonds.

(2) Maximum annual debt service.

Average annual principal and interest payment for the five bond years ending September 1, 2031.

\$2,627,527.50