

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**

**PETITION OF COMMUNITY UTILITIES OF )  
INDIANA, INC. FOR APPROVAL OF (A) A )  
NEW DISTRIBUTION SYSTEM )  
IMPROVEMENT CHARGE (“DSIC”) )  
PURSUANT TO IND. CODE CHAP. 8-1-31; (B) ) CAUSE NO. 45998 DSIC-1  
A NEW RATE SCHEDULE REFLECTING )  
THE DSIC; AND (C) INCLUSION OF THE )  
COST OF ELIGIBLE DISTRIBUTION )  
SYSTEM IMPROVEMENTS IN ITS DSIC )**

**PUBLIC’S EXHIBIT NO. 1-S**

**SETTLEMENT TESTIMONY OF JASON T. COMPTON**

**ON BEHALF OF**

**THE INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR**

**February 14, 2024**

Respectfully submitted,

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR



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**CERTIFICATE OF SERVICE**

This is to certify that a copy of the *Public's Exhibit No. 1-S OUCC's Settlement Testimony of Jason T. Compton on behalf of the OUCC* has been served upon the following captioned proceeding by electronic service February 14, 2024.

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**SETTLEMENT TESTIMONY OF OUCC WITNESS JASON T. COMPTON**  
**CAUSE NO. 45998 DSIC-1**  
**COMMUNITY UTILITIES OF INDIANA, INC.**

**I. INTRODUCTION**

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

2 A: My name is Jason Compton, and my business address is 115 West Washington Street, Suite  
3 1500 South, Indianapolis, IN 46204.

4 **Q: Are you the same Jason T. Compton that previously filed testimony in this Cause?**

5 A: Yes.

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

7 A: I am employed by the Indiana Office of Utility Consumer Counselor (“OUCC”) as a Utility  
8 Analyst in the Water and Wastewater Division. My qualifications and credentials are set  
9 forth in Appendix A attached to this testimony.

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

11 A: Community Utilities of Indiana, Inc. (hereafter “Petitioner” or “CUII”) and the OUCC have  
12 entered into a Stipulation and Settlement Agreement (“Settlement Agreement”) with  
13 respect to the relief requested in this proceeding. I explain what the Settlement Agreement  
14 entails and support that the Settlement Agreement is in the public’s interest.

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

16 A: Yes. I sponsor the following attachment:

- 17
  - OUCC Attachment JTC-1S – DSIC Settlement Calculation

18 **Q: What review and analysis have you conducted to prepare your testimony?**

19 A: I reviewed the revised testimony and attachments of Andrew Dickson along with the  
20 associated workpapers. I prepared and aided in the preparation of discovery questions and  
21 reviewed Petitioner’s responses. I reviewed IC Chapter 8-1-31 (Indiana’s distribution

1 system improvement charge (“DSIC”) statute); 170 IAC 6, Rule 1.1 - Distribution System  
2 Improvement Charges; and materials and orders from prior DSIC Causes. I reviewed the  
3 Settlement Agreement between CUII and the OUCC.

## II. SETTLEMENT AGREEMENT

4 **Q: Please describe who the Settling Parties are regarding the proposed settlement**  
5 **agreement.**

6 A: Although Lake of the Four Seasons has intervened as a party to this DSIC, the Settling  
7 Parties are currently composed of the OUCC and CUII.

8 **Q: What investments did CUII initially propose to recover through its DSIC filing?**

9 A: CUII requested recovery of its investment for its AMR meter replacement projects,  
10 amounting to \$776,823. In addition, CUII sought to recover investments for water main  
11 and service line projects as well as “net general ledger additions” for mains, service lines,  
12 and hydrants it made between October 1, 2023, and December 20, 2023, amounting to an  
13 additional \$334,269. Overall, netted against retirements, Petitioner sought approval to earn  
14 a return on and return of \$863,107 of DSIC eligible rate base projects.

15 **Q: What total revenues did CUII’s initially proposed DSIC 1 provide?**

16 A: In total, CUII’s DSIC-1 is designed to recover \$95,182 of additional operating revenues  
17 above its currently approved rates through a \$1.47 monthly DSIC charge per equivalent  
18 5/8” meter. Of the overall \$95,182 of additional operating revenue, Petitioner is proposing  
19 a \$77,920 return *on* its investments and a \$17,262 return *of* its investments (depreciation  
20 expense).

21 **Q: Did the Settling Parties agree to adjustments to CUII’s request?**

22 A: Yes. The OUCC reviewed CUII’s filing and testified as to several concerns regarding  
23 whether certain projects were DSIC-eligible. The OUCC also identified some concerns

1 regarding CUII's service line replacements. CUII and the OUCC have addressed these  
2 concerns in the Settlement Agreement in this Cause.

3 **Q: Please identify the adjustments that the OUCC proposed in its testimony that CUII**  
4 **has accepted in the Settlement Agreement.**

5 A: CUII accepted my proposed removal of \$50,684 in incidental main break investments,  
6 along with the associated retirements (\$959). CUII accepted my proposed removal of  
7 \$4,602 in incidental investments in net general ledger additions to service lines. CUII  
8 accepted my proxy retirement calculation for the proposed meter replacement project. CUII  
9 agreed with OUCC witness Parks' recommendation to provide up-to-date water main  
10 inventory in its IURC annual reports. CUII agreed with Mr. Parks to discuss the format and  
11 information to be provided with the OUCC prior to filing in future DSIC filings (or follow  
12 the framework set forth in Mr. Parks' testimony) and agreed to investigate the five service  
13 line replacements Mr. Parks discussed no later than its next rate case.

14 **Q: Please identify the components of the Settlement Agreement where the OUCC agreed**  
15 **with CUII's position**

16 A: The OUCC's position with respect to meter replacement costs was based on the  
17 Commission's findings in Cause No. 45651, which determined that CUII's reasonable and  
18 allowed rate base additions for meter replacements should be limited to 10% per year or  
19 \$124,470 per year. The OUCC's testimonial position was that with respect to meters  
20 replaced the value to be included in DSIC 1 should be 10% of the cost which was  
21 established to be \$124,470 for purposes of Phase 1 and Phase 2. In exchange for settlement  
22 of all issues presented in this DSIC and as identified in the settlement Agreement, the  
23 OUCC accepted CUII's position that the value to be used for eligible DSIC meter  
24 replacement additions in DSIC 1 is \$161,168. The OUCC also accepted CUII's position

1 that the \$4,602 of incidental investments in net general ledger addition to service lines was  
2 not associated with any retirements.

3 **Q: Were there any miscellaneous components of the Settlement Agreement that the**  
4 **Settling Parties agree to?**

5 A: Yes. The OUCC agreed to strike part of OUCC witness Willoughby's testimony regarding  
6 CUII's meter testing under "III. Other Concerns" starting on page 6 continuing through  
7 Page 8, line 3. In essence, the parties agreed meter testing need not be addressed in this  
8 DSIC. Neither party intends to waive any argument with respect to meter testing in any  
9 subsequent proceeding.

10 **Q: Please explain why the settled meter replacement investment of \$161,168 is in the**  
11 **public's interest.**

12 A: In general, Settlements are beneficial and in the public interest because they promote  
13 certainty of result. Settlements also promote efficiency and avoid litigation costs that may  
14 be passed on to the ratepayers through higher operating costs. Petitioner presented evidence  
15 that 10% of the cost of meter replacement is \$161,168. While the OUCC accepts that  
16 amount for purposes of this DSIC proceeding, the Settlement Agreement does not prohibit  
17 the OUCC from contesting that value or cost in any subsequent proceeding.

18 **Q: What total revenues would the agreed upon DSIC settlement provide?**

19 A: In total, the agreed upon DSIC would recover \$43,356 of additional operating revenues  
20 above CUII's currently approved rates through a \$0.67 monthly DSIC charge per  
21 equivalent 5/8" meter. Of the overall \$43,356 of additional operating revenue, it would  
22 provide a \$35,493 return *on* its investments and a \$7,863 return *of* its investments  
23 (depreciation expense) (OUCC Attachment JTC-1S).

1 **Q: What percentage revenue increase does the Settlement represent?**

2 A: The Settlement represents a 1.08% (\$43,356 / \$4,020,089) increase in total water operating  
3 revenues over the Phase II rates approved in Cause No. 45651 (OUCC Attachment JTC-  
4 1S).

5 **Q: Do you consider the Settlement Agreement reached between the OUCC and CUII to**  
6 **be in the public interest?**

7 A: Yes. The Settlement Agreement reflects compromise and resolves the disputed issues in  
8 this proceeding without further expenditure of the time and resources of the parties in  
9 litigating the contested issues to a conclusion. It also promotes certainty of what is being  
10 included as DSIC-eligible projects and being paid for by ratepayers without ambiguity.

### III. CONCLUSION

11 **Q: Please summarize your recommendations for the Commission.**

12 A: I recommend that the Commission approve the Settlement Agreement in its entirety as  
13 submitted and allow CUII a DSIC of \$0.67 per equivalent 5/8" meter.

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

15 A: Yes.

**APPENDIX A TO TESTIMONY OF**  
**OUCW WITNESS JASON T. COMPTON**

1 **Q: Describe your educational background and experience.**

2 A: I graduated from Indiana University Bloomington with a Bachelor of Science in  
3 Accounting in May 2022, and a Master of Science in Accounting with Data and Analytics  
4 in May 2023. Throughout my undergraduate education, I worked as an undergraduate  
5 instructor for Indiana University Bloomington, teaching the lab portion of a web  
6 development and data analytics class, CSCI-A110. From May 2022 through August 2022,  
7 I worked as a Staff Accounting Intern for Greystone Property Management Company  
8 where I was responsible for completing daily bank reconciliations, truing up accruals, and  
9 preparing the monthly financial statements for nine separate properties.

10 In May 2023, I began my employment with the Indiana Office of Utility Consumer  
11 Counselor as a Utility Analyst in the Water and Wastewater Division. My current  
12 responsibilities consist of reviewing accounting adjustments to expenses and revenues,  
13 ensuring accurate financial reporting, and performing data analyses for proposed models.

14 **Q: Have you previously testified before the Commission?**

15 A: Yes. I have testified in Cause No. 45870, Cause No. 45900, Cause No. 45929, Cause No.  
16 45767 DSIC 2, Cause No. 45964, and Cause No. 45998 DSIC 1.



**AFFIRMATION**

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



\_\_\_\_\_  
By: Jason T. Compton  
Cause No. 45998 DSIC-1  
Office of Utility Consumer Counselor (OUCC)

Date: February 14, 2024

OUCG  
Settlement DSIC Calculation

OUCG Attachment JTC-1 - Settlement  
Page 1

Line No.	Description	Petitioner's Proposed	Settlement Proposed	Settlement More (Less)
1	DSIC Additions	1,111,092	\$440,152	(\$670,941)
2	Less: INDOT Reimbursements (if applicable)	-	-	-
3	Less: Retirements	(247,986)	(47,004)	200,982
4	<b>Net investor-supplied DSIC Additions</b>	<b>863,107</b>	<b>393,148</b>	<b>(469,959)</b>
5	Pre-Tax Rate of Return	9.03%	9.03%	0.00%
6	Pre-Tax Return on Additions	77,920	35,493	(42,427)
7	Add: Depreciation of DSIC Additions (2% Composite rate)	17,262	7,863	(9,399)
8	<b>Total DSIC Revenues for DSIC-4</b>	<b>95,182</b>	<b>43,356</b>	<b>(51,826)</b>
9	Projected twelve (12) months meter equivalents	64,589	64,589	(0)
10	DSIC-4 Rate per 5/8" meter	\$1.47	\$0.67	-\$0.80
11	DSIC-4 Rate per 3/4" meter	\$1.47	\$0.67	-\$0.80
12	DSIC-4 Rate per 1" meter	\$3.32	\$1.51	-\$1.81
13	DSIC-4 Rate per 1.5" meter	\$6.40	\$2.91	-\$3.48
14	DSIC-4 Rate per 2" meter	\$10.08	\$4.59	-\$5.49
15	DSIC-4 Rate per 3" meter	\$18.70	\$8.52	-\$10.18
16	DSIC-4 Rate per 4" meter	\$31.00	\$14.12	-\$16.88
17	DSIC-4 Rate per 6" meter	\$61.75	\$28.13	-\$33.62
18	Total Water Revenue, Phase II Cause No. 45651	\$4,020,089	\$4,020,089	\$0
19	<b>Percentage Increase (10% limit per IC 8-1-31-13) (Line 9/Line 11)</b>	<b>2.37%</b>	<b>1.08%</b>	<b>-1.29%</b>