

FILED

October 30, 2017

INDIANA UTILITY
REGULATORY COMMISSION

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF CWA AUTHORITY, INC. FOR)
APPROVAL PURSUANT TO INDIANA CODE)
SECTION 8-1-31.5-12 TO IMPLEMENT A RATE) CAUSE NO. 44990
SCHEDULE TO ESTABLISH A SYSTEM INTEGRITY)
ADJUSTMENT.)

TESTIMONY OF

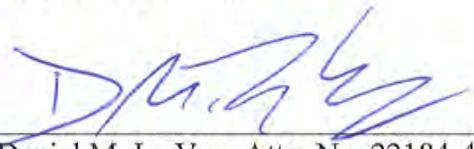
MARGARET A. STULL – PUBLIC’S EXHIBIT NO. 1

ON BEHALF OF THE

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

OCTOBER 30, 2017

Respectfully submitted,


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

TESTIMONY OF OUCC WITNESS MARGARET A. STULL
CAUSE NO. 44990
CWA AUTHORITY, INC.

I. INTRODUCTION

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

2 A: My name is Margaret A. Stull, and my business address is 115 W. Washington St.,
3 Suite 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
6 a Senior Utility Analyst in the Water/Wastewater Division. My qualifications are
7 set forth in Appendix A to this testimony.

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

9 A: I provide the OUCC's calculation of the system integrity adjustment. I note CWA
10 Authority, Inc. (hereinafter referred to as "CWA" or "Petitioner") did not provide
11 with its petition any testimony, workpapers, or other documentation to support its
12 adjustment. I propose that, given the short time frame afforded both the OUCC and
13 the Commission under the authorizing statute, CWA should be directed to include
14 testimony and workpapers with its petition. I identify the type of workpapers and
15 information that should be filed in any system integrity adjustment filings. For
16 instance, I note that such information and documentation should include operating
17 revenue data and a detailed trial balance. Finally, I note that while CWA provided
18 a certification that it would use any adjustment revenues to complete eligible

1 infrastructure improvements, it was not prepared to identify those projects to which
2 the adjustment revenues would be applied.

3 **Q: What review and analysis did you perform?**

4 A: I read CWA's verified petition, including Attachments 1 through 3. I also reviewed
5 IC Chapter 8-1-31.5, also known as Senate Enrolled Act No. 383 (Attachment
6 MAS-1). On October 6, 2017, Edward Kaufman and I participated in a conference
7 call with Korlon Kilpatrick, an employee of Citizens Energy Group, to discuss
8 CWA's request and learn how it calculated its system integrity adjustment. Finally,
9 I prepared discovery questions and reviewed responses to those questions.

II. SYSTEM INTEGRITY ADJUSTMENT

10 **Q: What is a "system integrity adjustment"?**

11 A: A system integrity adjustment is a revenue recovery mechanism created by IC
12 Chapter 8-1-31.5¹ and defined by IC 8-1-31.5-9 as "an amount charged by an
13 eligible utility to allow the automatic adjustment of the eligible utility's basic rates
14 and charges to recover from or credit to customers an adjustment amount."

15 **Q: What utilities are eligible to petition for a system integrity adjustment?**

16 A: An "eligible utility" means a (1) public utility, (2) a municipally owned utility, or
17 (3) a not-for-profit utility that provides water or wastewater service and is under the
18 jurisdiction of the IURC for the approval of rates and charges. (See IC 8-1-31.5-7.)
19 In other words, most of the water or wastewater utilities that are subject to the
20 Commission's jurisdiction are eligible utilities.

¹ Senate Enrolled Act No. 383, codified as IC 8-1-31.5, effective July 1, 2016.

1 **Q: Are all of an eligible utility's customers charged a system integrity**
2 **adjustment?**

3 A: No. IC 8-1-31.5-11(b) states that "For purposes of the credit or recovery of an
4 adjustment amount, a system integrity adjustment must be allocated only to an
5 eligible utility's non-industrial rate classes." Therefore, only CWA's non-industrial
6 customers are charged a system integrity adjustment. While this would appear to
7 include CWA's Satellite customers, only two satellite customers will actually be
8 charged a system integrity adjustment according to CWA's response to OUCC Data
9 Request No. 2.7² (Attachment MAS-3). Therefore, the burden for this adjustment
10 will fall primarily on CWA's residential and commercial customers and will
11 constitute a departure from the cost based rates set in CWA's last general rate case.

12 **Q: How is the amount of a system integrity adjustment determined?**

13 A: A system integrity adjustment calculation requires three steps. The first step is to
14 calculate the difference between actual revenues and the authorized revenues in the
15 eligible utility's most recent general rate case. The second step is to calculate a
16 "system integrity collar" by multiplying the authorized revenues by 2.0% and then
17 subtracting this amount from the amount calculated in Step 1. (See IC 8-1-31.5-10.)
18 (According to IC 8-1-31.5-12(a), when determining whether the system integrity
19 collar has been satisfied, the calculation is to be on a cumulative basis following
20 the effective date of the Commission's order in the utility's most recent general rate
21 case.) The third step is to multiply the amount determined in Step 2 by 94%. (See

² Tri-County Conservancy District and Hamilton Southeastern Utilities.

1 IC 8-1-31.5-11.) In the table below, I provide a sample calculation of a system
2 integrity adjustment.

Table 1: Sample System Integrity Adjustment Calculation

	Authorized Revenues	\$ 200,000,000
	Actual Revenues	190,000,000
Step 1	Revenue Deficit (Excess)	10,000,000
	System Integrity Collar (2%)	4,000,000
Step 2	System Integrity Adjustment	6,000,000
		94.00%
Step 3	Allowed System Integrity Adjustment	\$ 5,640,000

3 **Q: Can a system integrity adjustment result in a credit to a customer?**

4 A: Yes. Depending upon whether authorized revenues are less than or greater than
5 actual revenues, a system integrity adjustment can either be recovered from or
6 credited to a customer. (See IC 8-1-31.5-3(2).)

7 **Q: Are all eligible utilities required to file for a system integrity adjustment?**

8 A: No. An eligible utility is not required to file for a system integrity adjustment. As
9 a result, we may expect eligible utilities will only file for a system integrity
10 adjustment when there is a deficit in the actual revenues compared to authorized
11 revenues.

12 **Q: How long can a system integrity adjustment be recovered by an eligible utility?**

13 A: According to IC 8-1-31.5-12(d), the system integrity adjustment must be collected
14 for four years (48 months) or until an order is issued in the utility's next general
15 rate case, whichever comes first.³

³ IC 8-1-31.5-12(d)(1) – 48 months after the date set forth in the order entered under this subsection on which the eligible utility may begin collecting the system integrity adjustment.

1 **Q: Does the system integrity adjustment remain the same amount during the**
2 **period it must be collected?**

3 A: No. Once a system integrity adjustment is established, the eligible utility is required
4 to petition for a change in its adjustment amount on an annual basis. (See IC 8-1-
5 31.5-13(b).)

6 **Q: What are the requirements of these annual filings?**

7 A: These annual filings must occur within 30 days after the end of each twelve (12)
8 month period following the date on which the eligible utility filed its initial petition
9 for a system integrity adjustment. (See IC 8-1-31.5-13(b)(1).)

10 **Q: Is the system integrity adjustment reconciled?**

11 A: Yes. IC 8-1-31.5-15 states that at the same time a utility files its annual petition
12 under IC 8-1-31.5-13, the utility shall reconcile the difference between (1) the
13 adjustment amount approved by the Commission for a previous 12 month period
14 and (2) the adjustment revenues received by the utility during the same twelve
15 month period.

16 **Q: Does IC 8-1-31.5 impose any other requirement on utilities under the**
17 **Commission's jurisdiction?**

18 A: Yes. Section 17 of this statute requires eligible utilities serving 5,000 or more
19 customers to include in their annual report to the Commission, on a form prescribed
20 by the Commission, a comparison of actual revenues and authorized revenues for
21 the period covered by the report. It does not appear that this requirement is limited
22 to utilities requesting a system integrity adjustment but rather all utilities under the
23 Commission's jurisdiction serving 5,000 or more customers.

III. CWA'S PROPOSAL

1 **Q: What is CWA seeking in its filing under IC 8-1-31.5 of September 28, 2017?**

2 A: On September 28, 2017, CWA filed its verified petition in this Cause in which it is
3 seeking to add a system integrity adjustment of \$0.2598 per 1,000 gallons
4 (\$0.1948 per CCF) to its tariff as "Rider B."

IV. OUCC'S REPORT

A. Calculation of the System Integrity Adjustment

5 **Q: Do you agree with CWA's calculation of its system integrity adjustment?**

6 A: No. I disagree with the amount of authorized revenues Petitioner used in its
7 calculation. IC 8-1-31.5 defines "authorized revenues" as "the annual operating
8 revenues of the eligible utility approved by the Commission for a twelve (12) month
9 period in the eligible utility's most recent general rate case."

10 **Q: What amount of authorized revenues did CWA use in its calculation?**

11 A: The Final Order in Cause No. 44685, which was issued on July 19, 2016 authorized
12 annual operating revenues in Phase I of \$269,704,907 (Attachment MAS-4).
13 However, on October 21, 2016 CWA filed its Phase I debt service true-up reflecting
14 annual revenues of \$267,012,483 (Attachment MAS-5). During our October 6
15 phone conference, Mr. Kilpatrick explained that the amount reflected in its system
16 integrity adjustment calculation represents a combination of the amount authorized
17 in the Commission's final order and the amount determined in its Phase I debt
18 service true-up. In other words, it represents three months of revenues at the higher

1 rate and nine months of revenues as adjusted to reflect actual debt expense. (See
2 also CWA’s response to OUCC Data Request No. 1.8 (Attachment MAS-2).)

Table 2: CWA’s Determination of Authorized Revenues

	Authorized Revenues	Monthly Revenues		
Final Order	\$ 269,704,907	\$ 22,475,409	\$ 67,426,227	3 months
Phase I Debt Service True-up	267,012,483	22,251,040	200,259,362	9 months
Adjusted Authorized Revenues			267,685,589	
Attachment 1, Line 1			267,685,589	
Variance			\$ -	

3 **Q: What amount of authorized revenues should be included in the calculation of**
4 **CWA’s system integrity adjustment?**

5 A: For purposes of calculating the system integrity adjustment, rather than
6 \$267,685,589, the amount of revenues reflected in the Phase I true-up of
7 \$267,012,483 should be used to make this calculation. The revenues as reflected in
8 CWA’s Phase I debt service true-up reflect CWA’s actual revenue requirement and
9 is the correct amount to include in the calculation of a system integrity adjustment.
10 The higher revenues authorized in the Final Order in Cause No. 44685 were based
11 on estimated debt service requirements. Had the parties and the Commission known
12 precisely what the debt service revenue requirement would be, rates would have
13 been set at that amount.

14 **Q: Doesn’t your proposed calculation understate CWA’s system integrity**
15 **charge?**

16 A: No. CWA’s System integrity adjustment is not understated based on my proposal.
17 The revenue requirement authorized in CWA’s trued-up rates (Attachment MAS-

1 3) represents its actual debt service costs. These are the costs CWA needs to recover
2 through rates to meet its expenses. The figure for debt service included in CWA's
3 initial rates was only a temporary estimate until the actual cost was known, a cost
4 that CWA did not actually incur until September 21, 2016 and which was
5 overestimated by \$2.7 million. To the extent the estimated debt service and the
6 actual debt service are different, CWA does not need to recover that difference.

7 I understand that the purpose of a system integrity adjustment is to insure
8 that a utility is able to safely maintain its utility plant and provide reliable service
9 to its customers while protecting the affordability of utility services for present and
10 future generations of Indiana ratepayers. To the extent the revenue requirement has
11 been trued-up since the issuance of a final order, the trued-up amount should be
12 used for purposes of the system integrity adjustment calculation. I don't believe the
13 system integrity adjustment was designed to recover the estimated difference of
14 annual debt service and the actual annual debt service.

15 **Q: Are there other consequences to construing the system integrity adjustment as**
16 **Petitioner has done, using a combination of pre-true-up and post-true-up**
17 **revenues?**

18 A: Yes. It will potentially make estimating debt service expense as well as the timing
19 of debt closings much more contentious in rate cases.

20 **Q: What system integrity adjustment do you calculate?**

21 A: I calculate a system integrity adjustment of \$0.2335 per thousand gallons (\$0.1752
22 per CCF) as reflected in Table 3 below. The budgeted volume information used in
23 this calculation was provided to the OUCC in response to OUCC Data Request
24 Nos. 2.6 (gallons) and 3.2 (CCF). (See Attachments MAS-3 and MAS-6.)

Table 3: OUCC Calculation of System Integrity Adjustment

Authorized Revenues from Cause No. 44685	\$ 267,012,483
Actual Revenues for 12 months ended 7/31/17	255,800,310
Cumulative Deficit (Excess)	11,212,173
System Integrity Collar	5,340,250
Adjustment Amount	5,871,923
	94%
System Integrity Adjustment	\$ 5,519,608
Rate per 1,000 Gallons (2018 budget - 23,308,054)	\$ 0.2335
Rate per CCF (2018 budget - 31,513,332)	\$ 0.1752

B. No Workpapers

1 **Q: What is your issue regarding the lack of workpapers in CWA's filing?**

2 A: A system integrity adjustment filing is an expedited proceeding allowing the OUCC
3 only 30 days to review a utility's filing and provide a report to the Commission and
4 which provides the Commission only 90 days in which to issue an order. CWA's
5 filing included no workpapers or documentation to support the determination of its
6 proposed System Integrity Adjustment. Therefore, the OUCC needed to obtain this
7 supporting documentation through the relatively time consuming process of formal
8 discovery.

9 **Q: What workpapers or supporting documentation should be provided?**

10 A: IC 8-1-31.5, Section 12, states that the OUCC may "examine information of the
11 eligible utility to confirm proper calculation of the proposed system integrity
12 adjustment." This requires the OUCC to do more than simply check a utility's math
13 and requires the OUCC to verify the inputs into the calculation as well as verify
14 how the adjustment revenues were used.

1 A petitioner for a system integrity adjustment should provide
2 simultaneously with its petition a detailed trial balance as of the end of the twelve
3 (12) month period used. A petitioner should also provide workpapers showing
4 monthly revenues, consumption, and billing counts by customer class for each
5 month of the twelve (12) month period. If budgeted information is used in the
6 calculation, then the petitioner should state the budget period used and provide
7 supporting documentation for the budget numbers used in the calculation. A
8 petitioner should also provide a copy of the financial statements for the budget
9 period, and state any operating revenue budget assumptions used to prepare the
10 budget. If the foregoing information is provided with the filing, this will eliminate
11 the need for the OUCC to request the information and will make it more feasible
12 for the OUCC to complete its review within the limited time provided.

13 **Q: Why is the information listed above needed for the OUCC's review?**

14 A: A detailed trial balance lists all utility account balances at a given point in time. A
15 detailed trial balance will confirm that the utility's accounting records balance. It
16 will provide reasonable assurance that the petitioner's operating revenues have
17 been appropriately recorded. It will also verify that all revenue accounts have been
18 included in the calculation. Finally, a detailed trial balance will show whether any
19 operating revenues have been deferred and excluded from the calculation.

20 Operating revenue information, including revenues, customer counts, and
21 consumption, provide data that can be compared to the revenues authorized in the
22 utility's most recent general rate case. This comparison provides a "reality check"
23 for the inputs to the calculation and the reasonableness of the utility's claims

1 regarding deficit revenues. Providing this information by month gives additional
2 information regarding trends and provides additional comparative information to
3 analyze and review.

4 Budget information is only needed to the extent it is the basis for any inputs
5 into the calculation. In the current case, CWA used budgeted volumes to calculate
6 its proposed system integrity adjustment. It is important to know what year these
7 budgeted volumes represent and what level of operating revenues these volumes
8 yield. It's also important to identify any operating revenue assumptions used by the
9 utility when preparing this budget. This information allows the OUCC to determine
10 whether the budgeted data is appropriate to use in the calculation.

11 **Q: Were you able to obtain the above information from CWA?**

12 A: No, not entirely. CWA objected to many of the OUCC's data request questions
13 without providing complete responses to the questions asked.

14 **Q: What information listed above were you able to obtain from CWA?**

15 A: CWA provided monthly operating revenues by customer class, a listing of
16 operating revenue account balances included in its calculation of actual revenues,
17 and the budget period on which the volumes in Attachment 1, line 13, were based,
18 (See OUCC Attachment MAS-3.)

19 CWA did not provide a detailed trial balance, monthly consumption and
20 customer counts by customer class, or a copy of the complete budget.

21 **Q: Did the OUCC request from CWA any information in addition to the data
22 discussed above?**

23 A: Yes. In addition to the information listed above, the OUCC requested and CWA
24 provided (1) the comparable actual volumes billed during the twelve month period

1 ended July 31, 2017 (No. 2.6), (2) the satellite customers that will be billed the
2 system integrity adjustment (No. 2.7), (3) amount of budgeted volumes included
3 for minimum customer charges (No. 2.8), (4) whether bad debt expense was
4 deducted from actual revenues (No. 2.9), and (5) specific customer classes subject
5 to the system integrity adjustment (No. 2.13). (See Attachment MAS-3.)

6 CWA also provided the OUCC (1) the date when it began charging
7 customers rates authorized in the Final Order in Cause No. 44685 (No. 1.5), (2) the
8 date it began charging customers rates authorized in its Phase I debt service true-
9 up (No. 1.6), and (3) an explanation of how it determined the amount reflected on
10 line 3 of Attachment 1 (No. 1.8). (See Attachment MAS-2.)

11 **Q: Was there additional information requested by the OUCC that was not**
12 **provided by CWA?**

13 A: Yes. The OUCC requested but CWA objected to providing information regarding
14 (1) the primary cause of its inability to recover its revenue requirement authorized
15 in Cause No. 44685, (2) what the average winter water usage was for non-industrial
16 customers for each of the years 2015, 2016, and 2017, and (3) whether CWA had
17 lost any large industrial or commercial customers since its last general rate case.
18 (See Attachment MAS-3.)

19 **Q: How is the additional information requested helpful in preparing the OUCC's**
20 **report?**

21 A: It is important that a utility understand what is driving a revenue shortfall of this
22 magnitude, especially so soon after receiving an order in a general rate case. Is it
23 related to a loss of customers, declining consumption, or other causes? How has the

1 utility addressed the revenue shortfall and what changes were made to its capital
2 and maintenance plans, if any?

3 In response to OUCC Data Request No. 2.3 (Attachment MAS-3), CWA
4 provided no response, only objections which included the assertion that no study or
5 analysis has been performed. It is somewhat concerning that CWA is asking its
6 residential and commercial customers to produce an additional \$6 million in higher
7 rates when it has no opinion as to what has caused it to have collected significantly
8 less than its anticipated revenues.

9 **Q: Are any additional workpapers needed when a petitioner files its reconciliation**
10 **under IC 8-1-31.5-15?**

11 A: Yes. In addition to support for the adjustment revenues, a petitioner should state
12 what eligible infrastructure projects were completed with the system integrity
13 adjustment revenues, including a description of each project and the amount of
14 revenues used for each project.

C. Certification that Adjustment Revenues will be used for Eligible Infrastructure Improvements

15 **Q: Does the system integrity adjustment statute require any other information**
16 **under oath?**

17 A: Yes. IC 8-1-31.5-12(a) requires a petitioner for a system integrity adjustment to
18 certify that it will use any adjustment revenues for eligible infrastructure
19 improvements (as defined in IC 8-1-31-5). To that end, a utility should identify
20 any capital improvement projects it has been unable to complete due to its operating
21 revenue deficit and disclose how the utility has prioritized its capital improvement
22 projects since identifying this deficit. Further, a utility should include information

1 regarding the eligible infrastructure projects it will fund with the adjustment
2 revenues received. CWA did not provide any of the foregoing information in its
3 petition.

4 **Q: Did the OUCC request such information through discovery?**

5 A: Yes. The OUCC asked CWA to identify what projects were not completed due to
6 the "cumulative deficit." The OUCC also asked CWA to identify what projects
7 would be completed as a result of the system integrity adjustment. CWA objected
8 to those requests indicating such requests would be irrelevant and inadmissible.
9 CWA also indicated such request would require it to perform a study it had not
10 performed. The entire response to the two questions is included among the other
11 discovery responses I have attached to this report.

12 **Q: Why is such information important or relevant?**

13 A: First, it is a way of verifying that the revenues derived from the system integrity
14 adjustment will be used in accordance with the certification. Without the utility
15 having identified such improvements, it is unclear how CWA can be certain that it
16 has kept the promise it made in its certification. This is the first such case to be filed
17 by this or any other utility. It is important for the OUCC to establish its
18 expectations. A certification as required can have little meaning if it cannot
19 ultimately be verified both externally by the OUCC and the Commission and
20 internally by the entity certifying that it will use the revenues received as
21 contemplated by the statute to enhance the rate of replacing aging infrastructure.
22 Otherwise, a system integrity adjustment is merely a revenue guarantee.

1 **Q: What qualifies as an “eligible infrastructure improvement”?**

2 A: According to IC 8-1-31.5-12(a), “eligible infrastructure improvement” is defined
3 in the same way as IC 8-1-31-5 under the Infrastructure Improvement Charge
4 statute. IC 8-1-31-5 defines this term as new used and useful water or wastewater
5 utility distribution or collection plant projects that: (1) do not increase revenues by
6 connecting to new customers and (2) are in service, were not included in the utility’s
7 rate base or its utility plant in service as presented in the utility’s most recent general
8 rate case, and are not subject to another rate adjustment mechanism. Identifying the
9 projects to be completed with the system integrity adjustment revenues will avoid
10 the potential for double recovery under Chapter 31.5.

V. RECOMMENDATIONS

11 **Q: Please summarize your recommendations.**

12 A: I recommend the Commission approve a system integrity adjustment of no greater
13 than \$0.2335 per thousand gallons (\$0.175, per CCF). I recommend the
14 Commission order petitioner to provide workpapers and other supporting
15 documentation as outlined above in any future filings under the system integrity
16 adjustment statutes. Finally, I recommend the Commission require CWA to
17 identify which projects it was not going to complete without the adjustment
18 revenues.

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

20 A: Yes.

APPENDIX A

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

2 A: I graduated from the University of Houston at Clear Lake City in August 1982 with
3 a Bachelor of Science degree in accounting. From 1982 to 1985, I held the position
4 of Gas Pipeline Accountant at Seagull Energy in Houston, Texas. From 1985 to
5 2001, I worked for Enron in various positions of increasing responsibility and
6 authority. I began in gas pipeline accounting, was promoted to a position in
7 financial reporting and planning, for both the gas pipeline group and the
8 international group, and finally was promoted to a position providing accounting
9 support for infrastructure projects in Central and South America. In 2002, I moved
10 to Indiana, where I held non-utility accounting positions in Indianapolis. In August
11 2003, I accepted my current position with the OUCC. In 2011, I was promoted to
12 Senior Utility Analyst. Since joining the OUCC I have attended the National
13 Association of Regulatory Utility Commissioners ("NARUC") Eastern Utility Rate
14 School in Clearwater Beach, Florida, and the Institute of Public Utilities' Advanced
15 Regulatory Studies Program in East Lansing, Michigan. I have also attended several
16 American Water Works Association and Indiana Rural Water Association
17 conferences. I have also attended several NARUC Sub-Committee on Accounting
18 and Finance Spring and Fall conferences. I have participated in the National
19 Association of State Utility Consumer Advocates ("NASUCA") Water Committee
20 and the NASUCA Tax and Accounting Committee. In March 2016 I was appointed
21 chair of the NASUCA Tax and Accounting Committee.

1 **Q: Have you held any professional licenses?**

2 A: Yes. I passed the CPA exam in 1984 and was licensed as a CPA in the State of
3 Texas until I moved to Indiana in 2002.

4 **Q: Have you previously testified before the Indiana Utility Regulatory**
5 **Commission ("Commission")?**

6 A: Yes. I have testified before the Commission as an accounting witness in various
7 causes involving water, wastewater, electric, and gas utilities.

APPENDIX B

- Attachment MAS-1** Full text of IC 8-1-31.5
- Attachment MAS-2** CWA Response to OUCC Data Request No. 1
- Attachment MAS-3** CWA Response to OUCC Data Request No. 2
- Attachment MAS-4** Authorized Revenues from the Final Order in Cause No. 44685 dated July 28, 2016
- Attachment MAS-5** Authorized Revenues from the Phase I debt service true-up filed October 21, 2017 in Cause No. 44685
- Attachment MAS-6** CWA Response to OUCC Data Request No. 3.2 regarding the budgeted non-industrial volumes in hundreds of cubic feet

IC 8-1-31.5	Chapter 31.5. System Integrity Adjustments
8-1-31.5-1	Definitions
8-1-31.5-2	"Actual revenues"
8-1-31.5-3	"Adjustment amount"
8-1-31.5-4	"Adjustment revenues"
8-1-31.5-5	"Authorized revenues"
8-1-31.5-6	"Cumulative excess or deficit"
8-1-31.5-7	"Eligible utility"
8-1-31.5-8	"Not-for-profit utility"
8-1-31.5-9	"System integrity adjustment"
8-1-31.5-10	"System integrity collar"
8-1-31.5-11	Limit on system integrity adjustment; allocation
8-1-31.5-12	Petition for system integrity adjustment; requirements; utility consumer counselor; hearing and order; duration of system integrity adjustment
8-1-31.5-13	Utility granted system integrity adjustment is required to petition for change in its adjustment amount
8-1-31.5-14	Utility's cumulative excess or deficit must be reset to zero
8-1-31.5-15	Utility must reconcile difference between adjustment amount and adjustment revenues
8-1-31.5-16	Approval of utility's system integrity adjustment petition is not a general increase in basic rates and charges
8-1-31.5-17	Comparison of actual revenues and authorized revenues to be included in utility's annual report
8-1-31.5-18	Rules or procedures to administer chapter

IC 8-1-31.5-1 Definitions

Sec. 1. The definitions in IC 8-1-2-1 apply throughout this chapter.

As added by P.L.104-2016, SEC.3.

IC 8-1-31.5-2 "Actual revenues"

Sec. 2. As used in this chapter, "actual revenues" means the annual operating revenues that an eligible utility receives or accrues for a twelve (12) month period authorized for recovery through basic rates and charges approved by the commission in the eligible utility's most recent general rate case. However, the term does not include the following:

- (1) Revenues received through an infrastructure improvement charge approved by the commission under IC 8-1-31.
- (2) Revenues from the operation of a utility that an eligible utility acquires after the commission's most recent order establishing the eligible utility's level of annual operating revenues authorized for recovery by the eligible utility through existing rates and charges.

As added by P.L.104-2016, SEC.3.

IC 8-1-31.5-3 "Adjustment amount"

Sec. 3. As used in this chapter, "adjustment amount" means the dollar amount:

- (1) by which an eligible utility's actual revenues for a twelve (12) month period differ from the eligible utility's authorized revenues for the same twelve (12) month period; and
- (2) that the eligible utility seeks to recover from or credit to customers through a system integrity adjustment requested in a petition filed under section 12 or 13 of this chapter.

As added by P.L.104-2016, SEC.3.

IC 8-1-31.5-4 "Adjustment revenues"

Sec. 4. As used in this chapter, "adjustment revenues" means revenues produced through application of a system integrity adjustment. The term does not include revenue from other rates and charges.

As added by P.L.104-2016, SEC.3.

IC 8-1-31.5-5 "Authorized revenues"

Sec. 5. As used in this chapter, "authorized revenues" means the annual operating revenues of an eligible utility approved by the commission for a twelve (12) month period in the eligible utility's most recent general rate case.

As added by P.L.104-2016, SEC.3.

IC 8-1-31.5-6 "Cumulative excess or deficit"

Sec. 6. As used in this chapter, "cumulative excess or deficit" means the amount by which an eligible utility's actual revenues are:

- (1) in the case of an excess, greater than; or
- (2) in the case of a deficit, less than;

the eligible utility's authorized revenues measured on a cumulative annual basis from the effective date of the commission's order in the eligible utility's most recent general rate case proceeding.

As added by P.L.104-2016, SEC.3.

IC 8-1-31.5-7 "Eligible utility"

Sec. 7. As used in this chapter, "eligible utility" means a:

- (1) public utility;
- (2) municipally owned utility; or
- (3) not-for-profit utility;

that provides water or wastewater service and is under the jurisdiction of the commission for the approval of rates and charges.

As added by P.L.104-2016, SEC.3.

IC 8-1-31.5-8 "Not-for-profit utility"

Sec. 8. As used in this chapter, "not-for-profit utility" has the meaning set forth in IC 8-1-2-125(a). The term includes a utility company that is owned, operated, or held in trust by a consolidated city.

As added by P.L.104-2016, SEC.3.

IC 8-1-31.5-9 "System integrity adjustment"

Sec. 9. As used in this chapter, "system integrity adjustment" means an amount charged by an eligible utility to allow the automatic adjustment of the eligible utility's basic rates and charges to recover from or credit to customers an adjustment amount.

As added by P.L.104-2016, SEC.3.

IC 8-1-31.5-10 "System integrity collar"

Sec. 10. As used in this chapter, "system integrity collar" means a dollar amount that is equal to the product of:

- (1) an eligible utility's authorized revenues; multiplied by
- (2) two hundredths (0.02).

An eligible utility's system integrity collar is satisfied when the eligible utility's cumulative excess or deficit equals or exceeds the eligible utility's system integrity collar.

As added by P.L.104-2016, SEC.3.

IC 8-1-31.5-11 Limit on system integrity adjustment; allocation

Sec. 11. (a) A system integrity adjustment may not exceed the product of an eligible utility's adjustment amount multiplied by ninety-four hundredths (0.94).

(b) For purposes of the credit or recovery of an adjustment amount, a system integrity adjustment must be allocated only to an eligible utility's non-industrial rate classes.

As added by P.L.104-2016, SEC.3.

IC 8-1-31.5-12 Petition for system integrity adjustment; requirements; utility consumer counselor; hearing and order; duration of system integrity adjustment

Sec. 12. (a) An eligible utility that is not collecting a system integrity adjustment may file with the commission a petition setting forth rate schedules that establish a system integrity adjustment to recover from or credit to customers the eligible utility's adjustment amount. The petition must establish that the eligible utility's system integrity collar has been satisfied on a cumulative basis following the effective date of the commission's order in the eligible utility's most recent general rate case. The eligible utility's system integrity collar may not be included in the calculation of its adjustment amount. The eligible utility shall certify in the petition that the eligible utility will use any adjustment revenues for eligible infrastructure improvements (as defined in IC 8-1-31-5).

(b) An eligible utility shall serve the office of the utility consumer counselor a copy of the petition at the same time the petition is filed with the commission. The office of the utility consumer counselor may do the following:

- (1) Examine information of the eligible utility to confirm proper calculation of the proposed system integrity adjustment.
- (2) Submit a report of the examination to the commission not later than thirty (30) days after the petition is filed.

(c) The commission shall hold a hearing on the petition and issue its order not later than ninety (90) days after the petition is filed.

(d) If the commission determines that the system integrity adjustment is properly calculated, the commission shall enter an order approving the petition. The system integrity adjustment may be collected until the earlier of the following:

- (1) Forty-eight (48) months after the date set forth in the order entered under this subsection on which the eligible utility may begin collecting the system integrity adjustment.
- (2) The date on which the commission issues an order in the eligible utility's next general rate case proceeding.

As added by P.L.104-2016, SEC.3.

IC 8-1-31.5-13 Utility granted system integrity adjustment is required to petition for change in its adjustment amount

Sec. 13. (a) This section applies to an eligible utility for which the commission has issued an order approving a petition under section 12(d) of this chapter.

(b) An eligible utility shall file a petition for a change in its adjustment amount:

- (1) not more than thirty (30) days after the end of each twelve (12) month period following the date on which the eligible utility files a petition under section 12 of this chapter; and
- (2) until the commission issues an order in the eligible utility's next general rate case proceeding after the commission approves a system integrity adjustment.

(c) An eligible utility shall serve the office of the utility consumer counselor a copy of the petition at the same time the petition is filed with the commission.

(d) The commission shall hold a hearing on the petition and issue its order not later than ninety (90) days after the petition is filed.

As added by P.L.104-2016, SEC.3.

IC 8-1-31.5-14 Utility's cumulative excess or deficit must be reset to zero

Sec. 14. For purposes of satisfying a system integrity collar, an eligible utility's cumulative excess or deficit shall be reset to zero (0) upon the effective date of the commission's order in the eligible utility's next general rate case proceeding after the commission approves a system integrity adjustment.

As added by P.L.104-2016, SEC.3.

IC 8-1-31.5-15 Utility must reconcile difference between adjustment amount and adjustment revenues

Sec. 15. At the same time an eligible utility files a petition under section 13 of this chapter, the eligible utility shall reconcile the difference between:

- (1) the adjustment amount approved by the commission for a previous twelve (12) month period; and
- (2) the adjustment revenues received by the eligible utility during the same twelve (12) month period.

The eligible utility may recover from or credit to customers the reconciliation amount through a system integrity adjustment by filing a petition under section 12 of this chapter.

As added by P.L.104-2016, SEC.3.

IC 8-1-31.5-16 Approval of utility's system integrity adjustment petition is not a general increase in basic rates and charges

Sec. 16. For purposes of IC 8-1-2-42(a), the approval of a petition filed under section 12 or 13 of this chapter is not a general increase in basic rates and charges.

As added by P.L.104-2016, SEC.3.

IC 8-1-31.5-17 Comparison of actual revenues and authorized revenues to be included in utility's annual report

Sec. 17. An eligible utility that:

- (1) is subject to the jurisdiction of the commission; and
- (2) serves five thousand (5,000) or more customers;

shall include in its annual report to the commission on a form prescribed by the commission under IC 8-1-2-12 a comparison of actual revenues and authorized revenues for the period covered by the report.

As added by P.L.104-2016, SEC.3.

IC 8-1-31.5-18 Rules or procedures to administer chapter

Sec. 18. The commission shall adopt by rule under IC 4-22-2 or by order other procedures not inconsistent with this chapter that the commission finds reasonable or necessary to administer this chapter.

As added by P.L.104-2016, SEC.3.

GENERAL OBJECTIONS

1. The responses below are made solely for the purpose of this proceeding, and are not to be used in any manner in connection with any other proceeding or otherwise.

2. Any response to a Data Request set forth below is subject to all objections as to competence, relevance, materiality and admissibility, and any and all other objections on any applicable grounds, all of which objections and grounds are expressly reserved and may be interposed at the time of the evidentiary hearing in this matter.

3. Inadvertent identification or production of privileged writings or information is not a waiver of any applicable privilege. Production of writings or information does not waive any objection, including, but not limited to, relevancy to the admission of such writings in evidence.

4. CWA Authority Inc. objects to the extent any Data Request seeks disclosure of documents constituting, evidencing or reflecting confidential communications between CWA Authority Inc. and its attorneys or documents that are otherwise protected from disclosure by the attorney-client privilege or any other applicable privilege. CWA Authority Inc. may produce responsive documents without waiving the foregoing objection.

5. CWA Authority Inc. objects to the extent the Data Requests seek information or documents which are neither relevant nor material to, or are outside the scope of, the subject-matter involved in this proceeding, and which are not reasonably calculated to lead to the discovery of admissible evidence.

Cause No. 44990
Responses of CWA Authority Inc.
Office of Utility Consumer Counselor's
First Set of Data Requests

6. CWA Authority Inc. objects to the Data Requests to the extent they purport to impose any obligation, including but not limited to an obligation to supplement responses, that is different from or additional to the obligations imposed under the Commission's rules and the Indiana Rules of Trial Procedure.

7. CWA Authority Inc. objects to the Data Requests to the extent they do not adequately describe the information requested or are otherwise overly broad and unduly burdensome. CWA Authority Inc. will conduct a reasonable search of their records where responsive information may be found without undue burden and will produce such documents that are not subject to privilege or other objection.

8. CWA Authority Inc. objects to the Data Requests to the extent they are not limited to any stated period of time or specify a period of time that is longer than is relevant to this proceeding or is otherwise overly broad and unduly burdensome.

9. CWA Authority Inc. objects to the Data Requests to the extent they request CWA Authority Inc. to perform a study, conduct an analysis or otherwise prepare information that does not currently exist.

Cause No. 44990
Responses of CWA Authority Inc.
Office of Utility Consumer Counselor's
First Set of Data Requests

DATA REQUESTS

DATA REQUEST NO. 1:

Please admit that Petitioner is an eligible utility under Chapter 8-1-31.5.

RESPONSE:

Petitioner states in its Verified Petition that "CWA is an 'Eligible Utility' as that term is defined in Indiana Code Section 8-1-31.5-7."

Cause No. 44990
Responses of CWA Authority Inc.
Office of Utility Consumer Counselor's
First Set of Data Requests

DATA REQUEST NO. 2:

Petitioner asserted that "CWA's 'Actual Revenues' as that term is defined in Indiana Code Section 8-1-31.5-2 were \$255,800,310." Petition, p. 3. Please state whether that amount was based on annual operating revenues that accrued or that were received. Please explain.

RESPONSE:

Petitioner's books and records conform to generally accepted accounting principles ("GAAP"). In accordance with GAAP, revenues for the 12 months ending July 31, 2017 reflect accrual balances at the end of the period.

Cause No. 44990
Responses of CWA Authority Inc.
Office of Utility Consumer Counselor's
First Set of Data Requests

DATA REQUEST NO. 3:

State the "Actual revenues" that were *accrued* during the twelve month period ending on July 31, 2017.

RESPONSE:

The "Actual Revenues" of \$255,800,310 set forth in the Verified Petition on Attachment 1, Line No. 2 includes accrual amounts from unbilled revenues as set forth below:

<u>Unbilled Revenues</u>	
Beginning Balance July 1, 2016	\$ 9,225,687
Ending Balance July 31, 2017	\$ 9,999,089
Net accruals during period	\$ 773,402

Cause No. 44990
Responses of CWA Authority Inc.
Office of Utility Consumer Counselor's
First Set of Data Requests

DATA REQUEST NO. 4:

State the "Actual revenues" that were *received* during the twelve month period ending on July 31, 2017.

RESPONSE:

See General Objection Nos. 5, 6 and 9. Subject to and without waiving the foregoing objection, Petitioner responds as follows:

As explained in response to OUCC Data Request 1.2, Petitioner accounts for revenues on an accrual basis as specified by generally accepted accounting principles.

Cause No. 44990
Responses of CWA Authority Inc.
Office of Utility Consumer Counselor's
First Set of Data Requests

DATA REQUEST NO. 5:

State the date when CWA began to charge customers the rate approved on July 18, 2016.

RESPONSE:

July 20, 2016.

Cause No. 44990
Responses of CWA Authority Inc.
Office of Utility Consumer Counselor's
First Set of Data Requests

DATA REQUEST NO. 6:

State the date when CWA began to charge customers the rate indicated by its October 21, 2016 compliance filing.

RESPONSE:

November 4, 2016.

Cause No. 44990
Responses of CWA Authority Inc.
Office of Utility Consumer Counselor's
First Set of Data Requests

DATA REQUEST NO. 7:

Please explain how "Actual revenues" of \$255,800,310 was determined. Please show all calculations and identify all inputs used to determine "Actual revenues" of \$255,800,310.

RESPONSE:

Actual monthly revenues were obtained from CWA's monthly Income Statements and total \$255,800,310.

Aug-16	\$22,106,208
Sep-16	\$21,659,477
Oct-16	\$21,466,775
Nov-16	\$20,555,135
Dec-16	\$21,216,325
Jan-17	\$21,227,923
Feb-17	\$21,160,496
Mar-17	\$21,277,066
Apr-17	\$21,714,314
May-17	\$22,730,758
Jun-17	\$20,436,980
Jul-17	<u>\$20,248,853</u>
Total	\$255,800,310

Cause No. 44990
Responses of CWA Authority Inc.
Office of Utility Consumer Counselor's
First Set of Data Requests

DATA REQUEST NO. 8:

Please explain how Authorized revenues” of \$267,685,589 was determined. Please show all calculations and identify all inputs used to determine “Authorized revenues” of \$267,685,589.

RESPONSE:

Authorized revenues of \$267,685,589 were determined using the following calculations:

Authorized revenues from CWA Cause No. 44685 Order, Page 23-24, Paragraph 9.E: $\$269,704,907 \times 3/12 = \$67,426,227$ (effective Aug – Oct 2016)

Authorized revenues from CWA Cause No. 44685 Compliance Filing dated Oct. 21, 2016: $\$267,012,483 \times 9/12 = \$200,259,362$ (effective Nov 2016 - Jul 2017)

$\$67,426,227 + \$200,259,362 = \underline{\underline{\$267,685,589}}$

See also Paragraph 7 of the Verified Petition.

DATA REQUEST NO. 9:

Please identify any eligible infrastructure improvements not completed as a result of the “Cumulative Deficit” shown on Attachment 1.

RESPONSE:

See General Objection Nos. 5, 6 and 9. Subject to and without waiving the foregoing objections, Petitioner responds as follows. Petitioner has certified in the Verified Petition that it “will use any ‘Adjustment Revenues,’ as that term is defined in Indiana Code Section 8-1-31.5-4, for ‘Eligible Infrastructure Improvements,’ as that term is defined in Indiana Code Section 8-1-31-5.” (See Verified Petition, Attachment 5). Senate Enrolled Act 383 (the “Act”) does not require Petitioner to specifically identify any “Eligible Infrastructure Improvements” that would not be completed as a result of a “Cumulative Deficit” or that will be completed as a result of “Adjustment Revenues”; however, Petitioner believes the proposed “System Integrity Adjustment” is needed to “maintain conditions under which [Petitioner can] plan for and invest in infrastructure necessary for operation and maintenance while protecting the affordability of utility services for present and future generations of Indiana citizens” in accordance with Section 1 of the Act.

Cause No. 44990
Responses of CWA Authority Inc.
Office of Utility Consumer Counselor's
First Set of Data Requests

DATA REQUEST NO. 10:

Please identify the eligible infrastructure improvements that will be completed as a result of the adjustment revenues.

RESPONSE:

See objections and response to Data Request No. 1.9.

Cause No. 44990
Responses of CWA Authority Inc.
Office of Utility Consumer Counselor's
First Set of Data Requests

DATA REQUEST NO. 11:

Please identify the eligible infrastructure improvements that would not otherwise be completed as a result of the adjustment revenues.

RESPONSE:

See objections and response to Data Request No. 1.9 above.

Responses of CWA Authority Inc.
Office of Utility Consumer Counselor's
First Set of Data Requests

DATA REQUEST NO. 12:

Please provide the report required by IC 8-1-31.5-17.

RESPONSE:

Petitioner's most recent annual report, which is provided as Attachment OUCC DR 1-12, is for the year ended December 31, 2016, and was filed on April 28, 2017. At the time Petitioner's 2016 annual report was filed, the Commission had not yet prescribed a form to report the comparison of actual revenues and authorized revenues as described in Indiana Code Section 8-1-31.5-17. Going forward, Petitioner will either report the information on a form prescribed by the Commission or, if the Commission prefers, simply add a footnote disclosure to an existing page on the annual report form that shows the comparison.

GENERAL OBJECTIONS

1. The responses below are made solely for the purpose of this proceeding, and are not to be used in any manner in connection with any other proceeding or otherwise.

2. Any response to a Data Request set forth below is subject to all objections as to competence, relevance, materiality and admissibility, and any and all other objections on any applicable grounds, all of which objections and grounds are expressly reserved and may be interposed at the time of the evidentiary hearing in this matter.

3. Inadvertent identification or production of privileged writings or information is not a waiver of any applicable privilege. Production of writings or information does not waive any objection, including, but not limited to, relevancy to the admission of such writings in evidence.

4. CWA Authority Inc. objects to the extent any Data Request seeks disclosure of documents constituting, evidencing or reflecting confidential communications between CWA Authority Inc. and its attorneys or documents that are otherwise protected from disclosure by the attorney-client privilege or any other applicable privilege. CWA Authority Inc. may produce responsive documents without waiving the foregoing objection.

5. CWA Authority Inc. objects to the extent the Data Requests seek information or documents which are neither relevant nor material to, or are outside the scope of, the subject-matter involved in this proceeding, and which are not reasonably calculated to lead to the discovery of admissible evidence.

Cause No. 44990
Responses of CWA Authority Inc.
Office of Utility Consumer Counselor's
Second Set of Data Requests

6. CWA Authority Inc. objects to the Data Requests to the extent they purport to impose any obligation, including but not limited to an obligation to supplement responses, that is different from or additional to the obligations imposed under the Commission's rules and the Indiana Rules of Trial Procedure.

7. CWA Authority Inc. objects to the Data Requests to the extent they do not adequately describe the information requested or are otherwise overly broad and unduly burdensome. CWA Authority Inc. will conduct a reasonable search of their records where responsive information may be found without undue burden and will produce such documents that are not subject to privilege or other objection.

8. CWA Authority Inc. objects to the Data Requests to the extent they are not limited to any stated period of time or specify a period of time that is longer than is relevant to this proceeding or is otherwise overly broad and unduly burdensome.

9. CWA Authority Inc. objects to the Data Requests to the extent they request CWA Authority Inc. to perform a study, conduct an analysis or otherwise prepare information that does not currently exist.

Cause No. 44990
Responses of CWA Authority Inc.
Office of Utility Consumer Counselor's
Second Set of Data Requests

DATA REQUESTS

DATA REQUEST NO. 1:

Please provide the following information in Excel forma for each month of the twelve month period ending July 31, 2017, in the same format and in the same detail as Attachment MCB-S2 of Petitioner's October 21, 2016 Compliance Filing:

- a) Actual revenues;
- b) Billed volumes (as appropriate), and
- c) Customer counts (as appropriate).

For purposes of this question, "billed volumes" means the volumes upon which billings are based and would include 3,000 gallons per customer billed the monthly minimum charge rather than the actual consumption for each minimum customer.

RESPONSE:

See Attachment OUCC DR 2-1a for actual revenues by month for the twelve months ending July 2017. Petitioner objects to parts b and c of the question, on the basis that neither "Billed Volumes" nor "Customer Counts" were included in the OUCC referenced Attachment MCB-S2 of Petitioner's October 21, 2016 Compliance filing.

Cause No. 44990
Responses of CWA Authority Inc.
Office of Utility Consumer Counselor's
Second Set of Data Requests

DATA REQUEST NO. 2:

Please provide a detailed trial balance as of July 31, 2017. This trial balance should reflect twelve months of data for each income statement account and should reconcile with the actual information included in Petitioner's September 28, 2017 filing under Cause No. 44990.

RESPONSE:

See General Objection Nos. 5, 6 and 9. Petitioner further objects on the basis that Petitioner typically prepares a detailed trial balance for fiscal year periods only except during rate cases.

Subject to and without waiving the foregoing objections, Petitioner responds as follows. The revenue accounts in the income statement for the 12 months ending July 31, 2017, are set forth below. The approximate four dollar difference between the total revenues amount shown below and the "Actual Revenues" amount set forth in Paragraph 7 of the Verified Petition (see also Verified Petition, Attachment 1, Line No. 2) is attributed to rounding.

Account	12 MTD 31-Jul-17
521110 Flat Rate Revenues-Residenti	4,322,570.06
521210 Flat Rate Revenues-Commercia	249,037.57
521212 Flat Rate Revenues-Commercia	1,385,933.17
522110 Measured Revenue-Residential	120,341,141.77
522210 Measured Revenue-Commercial	68,114,879.04
522310 Measured Revenue-Industrial	721,671.81
522311 Measured Revenue-Industrial-	13,989,627.41
522312 Measured Revenue-Industrial-	20,786,515.68
522313 Measured Revenue-Industrial-	179,084.64
522314 Measured Revenue-Industrial-	646,283.16
522410 Measured Revenue-Public Auth	288.67
522510 Measured Revenue-Multiple Fa	15,595,969.45
523010 Revenues From Public Authori	-
523011 Revenues From Public Authori	6,175,556.09
523012 Revenues From Public Authori	154,892.04
525010 Interdepartmental Revenues	684,807.80
525011 Interdepartmental Revenues-S	14,062.27
532010 Forfeited Discounts	1,230,434.34
536010 Other Wastewater Revenues	1,207,551.49
Total Revenues	255,800,306.46

Cause No. 44990
Responses of CWA Authority Inc.
Office of Utility Consumer Counselor's
Second Set of Data Requests

DATA REQUEST NO. 3:

What is the primary cause for the inability of Petitioner to recover its revenue requirement during the twelve month period ended July 31, 2017?

RESPONSE:

See General Objection Nos. 5, 6 and 9.

Cause No. 44990
Responses of CWA Authority Inc.
Office of Utility Consumer Counselor's
Second Set of Data Requests

DATA REQUEST NO. 4:

Please state the budget period on which the volumes on line 13 of Attachment 1 are based.

RESPONSE:

The budget period is October 1, 2017 through September 30, 2018.

Cause No. 44990
Responses of CWA Authority Inc.
Office of Utility Consumer Counselor's
Second Set of Data Requests

DATA REQUEST NO. 5:

Please provide a copy of the complete budget for CWA Authority for the year on which the volumes on line 13 of Attachment 1 are based, including at a minimum an income statement, balance sheet and cash flow statement.

RESPONSE:

See General Objection Nos. 5, 6 and 9. Subject to and without waiving the foregoing objections, Petitioner responds as follows:

See Attachment OUCC DR 2-5 for the detailed budget volumes shown on line 13 of Attachment 1.

Cause No. 44990
Responses of CWA Authority Inc.
Office of Utility Consumer Counselor's
Second Set of Data Requests

DATA REQUEST NO. 6:

Please state the comparable actual volumes billed during the twelve month period ended July 31, 2017 to the volumes reflected on line 13 of Attachment 1.

RESPONSE:

23,308,054 (1,000 gallons)

Cause No. 44990
Responses of CWA Authority Inc.
Office of Utility Consumer Counselor's
Second Set of Data Requests

DATA REQUEST NO. 7:

Please identify the two satellite customers that will be subject to the proposed System Integrity Adjustment.

RESPONSE:

(1) Tri-County Conservancy District; and (2) Hamilton Southeastern Utilities.

Cause No. 44990
Responses of CWA Authority Inc.
Office of Utility Consumer Counselor's
Second Set of Data Requests

DATA REQUEST NO. 8:

What is included in "budgeted" volumes for customers billed the monthly minimum charge? Please explain.

RESPONSE:

The budgeted volumes include the following volumes (in 1,000 gallons) for customers billed the monthly minimum charge:

Residential Minimum	1,056,581
Multi-Family Minimum	162,873
Commercial Minimum	152,928

Cause No. 44990
Responses of CWA Authority Inc.
Office of Utility Consumer Counselor's
Second Set of Data Requests

DATA REQUEST NO. 9:

Are actual revenues of \$255,800,310, as reflected on line 2 of Attachment 1, net of any bad debt expense? Please explain and identify the amount of any bad debt expense deducted from actual revenues as of July 31, 2017.

RESPONSE:

The "Actual Revenues" on line 2 of Attachment 1 are not net of any bad debt expense. Likewise, the "Authorized Revenues" on line 1 of Attachment 1 also are not net of any bad debt expense.

Cause No. 44990
Responses of CWA Authority Inc.
Office of Utility Consumer Counselor's
Second Set of Data Requests

DATA REQUEST NO. 10:

Please state the average winter water usage for non-industrial customers for each of the years 2015, 2016, and 2017.

RESPONSE:

See General Objection Nos. 5, 6 and 9.

Cause No. 44990
Responses of CWA Authority Inc.
Office of Utility Consumer Counselor's
Second Set of Data Requests

DATA REQUEST NO. 11:

Has Petitioner lost any Industrial customers since December 31, 2015? If yes, please identify each such customer lost and state the amount of annual revenues from each such customer as of the twelve month period ended 12/31/2015.

RESPONSE:

See General Objection Nos. 5, 6 and 9.

Cause No. 44990
Responses of CWA Authority Inc.
Office of Utility Consumer Counselor's
Second Set of Data Requests

DATA REQUEST NO. 12:

Has Petitioner lost any large commercial customers since December 31, 2015? If yes, please identify each such customer lost and state the amount of annual revenues from each such customer as of the twelve month period ended 12/31/2015. For purposes of this questions "large" customer means a customer who used, on average, more than 100,000 gallons per month.

RESPONSE:

See General Objection Nos. 5, 6 and 9.

DATA REQUEST NO. 13:

Will the following customer classes be charged a system integrity adjustment?

- a) Self-Reporters;
- b) Septic Haulers;
- c) Grease Haulers; and
- d) Satellite Customers.

RESPONSE:

The proposed System Integrity Adjustment and Rider B will be applicable to the following customers:

- a) Self-Reporters: No
- b) Septic Haulers: Yes
- c) Grease Haulers: Yes
- d) Satellite Customers: See response to Data Request No. 2.7 above.

Lyons, Mary (OUCC)

From: Burks, Jamie <JBurks@citizensenergygroup.com>
Sent: Monday, October 16, 2017 4:42 PM
To: UCC Info Mgt; Levay, Daniel
Cc: Bardhan, Debi; Toppen, Lauren; Prentice, LaTona; Kilpatrick, Korlon L.; Phillips, Jill; Brehm, John R.; Karner, Sabine E.; Price, Thomas; Willman, Jeffrey A.; Sutherland, Joseph; Keane, Mary R.
Subject: Cause No.: 44990 (SIA) - CWA's Responses to OUCC's Sets 1 and 2 Data Requests

**** This is an EXTERNAL email. Exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email. ****

Group:

I have uploaded the above-referenced responses to a Microsoft 365 One Drive site. You can download the responses by following the link below. If you (or any of your consultants) have difficulties retrieving the documents from the site, please do not hesitate to contact me.

<https://1drv.ms/f/s!AqVejqLOj8GDgSTNDWG06klnLobX>

Thanks!

Sincerely,

Jamie L. Burks
Paralegal
Citizens Energy Group
(O) 317-927-4471



2020 N. Meridian Street
Indianapolis, IN 46202

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ORIGINAL



STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF CWA AUTHORITY, INC. FOR (1))
AUTHORITY TO INCREASE ITS RATES AND)
CHARGES FOR WASTEWATER SERVICE AND)
APPROVAL OF A NEW SCHEDULE OF RATES)
AND CHARGES APPLICABLE THERETO,)
INCLUDING A NEW RATE FOR LOW-INCOME)
CUSTOMERS; (2) APPROVAL OF CERTAIN)
CHANGES TO ITS GENERAL TERMS AND)
CONDITIONS FOR WASTEWATER SERVICE;)
AND (3) ESTABLISHMENT OF A SUBDOCKET)
PROCEEDING TO ADDRESS CERTAIN COST)
ALLOCATION ISSUES.)

CAUSE NO. 44685

APPROVED: JUL 18 2016

ORDER OF THE COMMISSION

Presiding Officers:

Carol A. Stephan, Commission Chair

James F. Huston, Commissioner

Jeffery A. Earl, Administrative Law Judge

On September 25, 2015, CWA Authority, Inc. (“CWA”) filed its Verified Petition (“Petition”) in this Cause. CWA also filed the direct testimony and exhibits of the following witnesses:

- Jeffrey A. Harrison, President and Chief Executive Officer of CWA and the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis d/b/a Citizens Energy Group (“Citizens Energy Group” or the “Board”);
- John R. Brehm, Senior Vice President and Chief Financial Officer of CWA and Citizens Energy Group;
- Jeffrey A. Willman, Vice President Water Operations for CWA and Citizens Energy Group;
- Mark C. Jacob, Vice President Capital Programs and Engineering for CWA and Citizens Energy Group;
- LaTona S. Prentice, Vice President Regulatory & External Affairs for CWA and Citizens Energy Group;
- Sabine E. Karner, Vice President and Controller for CWA and Citizens Energy Group;
- Ronnie D. Vincent, Consulting Principal at McCready and Keene, Inc.;
- Korlon L. Kilpatrick II, Director Regulatory Affairs for CWA and Citizens Energy Group; and
- Michael C. Borchers, Principal Consultant in the Management Consulting Division at Black & Veatch Corporation.

The CWA Industrial Group (“Industrial Group”), an ad hoc coalition of industrial users of CWA’s system consisting of Ingredion, Inc., Rolls-Royce Corporation, and Vertellus Agriculture &

Mr. Harrison testified that shortly after the acquisition of the water and wastewater systems, Citizens Energy Group expanded the scope of the Warm Heart Warm Home program so that it could provide assistance to water and wastewater customers. However, Mr. Harrison said that while expanding the scope of Warm Heart Warm Home has been a positive step, the needs of CWA's low-income water customers still far outweigh the assistance that it can provide. Mr. Harrison noted that unlike eligible customers of the gas utility who can take advantage of federal funding from the Low Income Home Energy Assistance Program ("LIHEAP"), there currently is no federal funding similar to LIHEAP available to low-income water customers.

The Commission has previously approved low-income customer assistance programs that are funded by voluntary contributions or other sources that are not included in the utility's revenue requirement. But the Parties did not agree to such a program. Originally, CWA proposed a special rate for low-income customers. This would result in a discriminatory rate in violation of Ind. Code § 8-1.5-3-8(b) and would require increases to the rates of other customer classes to meet Citizens Water's authorized revenue requirement.

In the Settlement Agreement, CWA agreed to instead create a low-income assistance fund using non-tariff revenues from the Cell Tower and Other Leases category. Those Cell Tower and Other Leases revenues that were originally included as an offset to CWA's revenue requirement and were removed from the revenue requirement calculation in light of the Settlement Agreement. Although the annual amount is relatively small—\$100,000, that additional revenue requirement must still be borne by CWA's customers, most of whom will not benefit from the low-income assistance fund.

While we acknowledge that low-income customers are increasingly in need of assistance to pay their utility bills, we do not believe that it is reasonable to charge captive customers for such assistance. We encourage CWA to continue to work with the Parties to develop a low-income assistance program. But such a program must be funded either through voluntary contributions or through a source of funds that does not affect CWA's revenue requirement—for example, proceeds from the Public Charitable Trust or profits from a non-regulated Citizens Energy Group entity. Therefore, we deny the request to establish a low-income assistance fund, and we have made a \$100,000 adjustment to CWA's revenue requirement to factor in the offset for non-tariff revenues. If CWA develops a low-income assistance program using an alternative source of funding, it shall notify the Commission and the OUCC of the details of the program.

E. Conclusion Regarding Settlement Agreement. Based on the evidence presented and our discussion above, we find that the Settlement Agreement is reasonable, supported by evidence, and in the public interest, and we approve the Settlement Agreement as modified above. We further find that the revised Terms and Conditions for Wastewater Service (attached to Mr. Kilpatrick's direct testimony as Attachments KLK-3 and KLK-4) as modified by the Settlement Agreement are "nondiscriminatory, reasonable, and just," and we approve the proposed Terms and Conditions.

Based on our adjustments above, CWA's authorized revenue requirement is summarized in the table below:

	<u>Phase 1</u>	<u>Phase 2</u>
Operation & Maintenance Expense	\$74,346,358	\$74,847,373
Tax Expense	18,373,201	21,153,860
Extensions & Replacements	57,000,000	57,000,000
Debt Service	126,804,647	137,410,448
Total Revenue Requirement	276,524,206	290,411,681
Less: Other Income, net	(289,552)	(289,552)
Connection Fee Offset	(7,030,763)	(7,030,763)
	(7,320,315)	(7,320,315)
Plus: Incremental Net Write Off	501,015	142,049
Net Revenue Requirement	269,704,907	283,233,415
Less: Revenues at Current Rates Subject to Increase	(220,377,972)	(268,093,707)
Other Operating Revenues	(1,611,200)	(1,611,200)
Net Revenue Increase Required	\$47,715,735	\$13,528,508
Percent Increase Required	21.49%	5.02%

F. Effect of Settlement Agreements. 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, 1997 WL 34880849, at *7-8 (IURC March 19, 1997).

G. Executive Compensation Study. In previous cases involving the utilities of Citizens Energy Group, the Commission has repeatedly questioned the level of executive compensation, and specifically the use of a compensation study that includes both municipal and investor-owned, for-profit utilities. In the Final Order in Cause No. 44644, the Commission ordered Citizens Water to submit a compensation study of executive salaries that includes only municipal utilities. Citizens Water complied with the Order in a confidential filing made in Cause No. 44644 on June 22, 2016.

In its next rate case, CWA shall include with its case-in-chief an updated compensation study of executive salaries that includes only municipal utilities. This requirement also extends to Citizens Energy Group's other regulated utilities.

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

1. The Settlement Agreement entered into among CWA, the OUCC, and the CWA Industrial Group, a copy of which is attached to this Order, is approved as modified above.

2. CWA is authorized to increase its rates and charges for wastewater utility service so as to generate additional revenues of \$47,715,735 to arrive at total operating revenues of \$269,704,907, representing a 21.49% overall increase in its pro forma operating revenues.

3. Effective as soon as CWA has notified the Commission and OUCC, and released its Official Statement for the 2017 bond issuance described in this Cause, CWA is authorized to further increase its rates and charges for wastewater utility service to generate additional revenues in the amount of \$13,528,508 to arrive at total operating revenues of \$283,233,415, representing an additional 5.02% overall increase in its pro forma operating revenues.

4. The proposed changes to CWA's Terms and Conditions of Wastewater Service, which were filed in this Cause as Petitioner's Exhibits KLK-3 and KLK-4 are hereby approved as modified by the terms of the Settlement Agreement.

5. In its next rate case, CWA shall include with its case-in-chief an updated compensation study of executive salaries that includes only municipal utilities. This requirement also extends to Citizens Energy Group's other regulated utilities.

6. Prior to implementing any of the authorized rates, CWA shall file the applicable rate schedules under this Cause for approval by the Commission's Water and Wastewater Division.

7. CWA shall pay the following itemized charges within twenty (20) days of the date of this Order to the Secretary of this Commission:

Commission charges:	\$ 4,798.33
OUCC charges:	\$ 94,148.42
Legal Advertising Charges:	\$ <u>233.93</u>
Total:	\$ 99,180.68

CWA shall pay all charges prior to placing into effect the rates and charges approved herein.

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

STEPHAN, HUSTON, AND ZIEGNER CONCUR; WEBER NOT PARTICIPATING:

APPROVED: JUL 18 2016

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



Mary M. Becerra
Secretary of the Commission

BEFORE THE
INDIANA UTILITY REGULATORY COMMISSION

PETITION OF CWA AUTHORITY, INC. FOR (1))
AUTHORITY TO INCREASE ITS RATES AND)
CHARGES FOR WASTEWATER SERVICE AND)
APPROVAL OF A NEW SCHEDULE OF RATES AND) CAUSE NO. 44685
CHARGES APPLICABLE THERETO, INCLUDING A)
NEW RATE FOR LOW-INCOME CUSTOMERS; (2))
APPROVAL OF CERTAIN CHANGES TO ITS)
GENERAL TERMS AND CONDITIONS FOR)
WASTEWATER SERVICE; AND (3))
ESTABLISHMENT OF A SUBDOCKET)
PROCEEDING TO ADDRESS CERTAIN COST)
ALLOCATION ISSUES.)

COMPLIANCE FILING

Pursuant to Finding Paragraph D.3 of the Commission's Order in this Cause dated July 18, 2016, CWA Authority, Inc., by counsel, hereby submits the report showing the actual outstanding long-term debt as a result of the September 21, 2016 financing, including revised tariff sheets reflecting the impact.

Respectfully submitted,

By: /s/ Lauren R. Toppen
Lauren R. Toppen
Counsel for CWA Authority, Inc.

Summary of Series 2016 Actual Debt Issuance Compared to Pro Forma

Line No.		Actual Series 2016	Pro Forma Series 2016	Difference
		<u>Debt Issuance</u> (A)	<u>Debt Issuance</u> (B)	(C)
1	Principal Amount Series 2016A	193,270,000 (1)	264,664,064	(71,394,064)
2	Principal Amount Series 2016B	43,545,000 (2)	45,990,000	(2,445,000)
3	Principal Amount 2016 SRF Loan	<u>12,500,000 (1)</u>	<u>-</u>	<u>12,500,000</u>
	Total Principal Amount	249,315,000	310,654,064	(61,339,064)
3	Net Premium	<u>43,284,717</u>	<u>-</u>	<u>43,284,717</u>
4	Total Bond Proceeds	292,599,717	310,654,064	(18,054,347)
5	Less: Debt Service Reserve Fund Deposit	131,635 (3)	16,826,267	(16,694,632)
6	Less: Issuance Expenses	<u>1,361,111</u>	<u>2,646,641</u>	<u>(1,285,530)</u>
7	Net Proceeds Available to Fund Extensions and Replacements and Refund 2011C Bonds	291,106,971	291,181,156	(74,185)
8	Weighted Average Coupon Rate	4.62814%	4.53350%	0.095%
9	Effective Interest Rate (takes premium into consideration)	3.346%	4.534%	-1.188%
10	Annual Debt Service	15,513,550	18,205,967	(2,692,417)
11	Term: 30 Year Levelized Debt Service			

Note 1: A portion of the pro forma 2016A bonds were issued through the Indiana Finance Authority's SRF loan program due to advantageous interest rates.

Note 2: The Series 2016B bonds refund the Series 2011C bonds that have a bullet maturity of September 30, 2016

Note 3: Market conditions allowed the reserve fund requirement to be met with a surety bond.

CWA Authority, Inc.
Exhibit 2 - Pro Forma Debt Service True Up Schedule
(in Dollars)

Cause No. 44990
Attachment MAS-5
Page 3 of 7

CWA Authority, Inc.
Phase 1 Pro Forma Debt Service True Up Schedule
(In Dollars)

Line No.	Phase 1	Phase 1	Difference (C)	
	Pro Forma Debt Service per True Up (A)	Pro Forma Debt Service per Rate Order (B)		
1	CWA Authority First Lien Bonds, Series 2011A	45,278,025	45,278,025	-
2	CWA Authority First Lien Bonds, Series 2012A	12,110,700	12,110,700	-
3	CWA Authority First Lien Bonds, Series 2014A	15,224,350	15,224,350	-
4	CWA Authority First Lien Bonds, Series 2015A	10,194,650	10,194,650	-
5	CWA Authority First Lien Bonds, Series 2016 A and B	15,513,550 (1)	18,205,967	(2,692,417)
6	CWA Authority Second Lien Bonds, Series 2011B	18,102,850	18,102,850	-
7	Obligation to reimburse City for debt service on Sanitary District General Obligation Bonds	7,677,591	7,677,591	-
8	Customer Deposits	<u>10,514</u>	<u>10,514</u>	-
9	Total Debt Service	124,112,230	126,804,647	(2,692,417)

Note 1: A portion of the pro forma 2016A bonds were issued through the Indiana Finance Authority's SRF loan program due to advantageous interest rates.

Cause No. 44990
Attachment MAS-5
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CWA Authority, Inc.
IURC Cause No. 44685
Compliance Filing
October 21, 2016

ATTACHMENT MCB-51
Wastewater Revenue Under Final Order/Debt Service True Up Phase I Rates

Line No.	Description	(1) Final Order Rates	(2) Units	(3) Revenue
Non Industrial (a)				
1	Monthly Base Charge	\$ 18.75 /Month	2,701,452 Bills	\$ 51,124,200
2	Metered Volumes			
3	Non Industrial (First 7,500 gal.)	\$ 6.3040 /Mgal.	11,570,009 Mgal.	\$ 73,617,000
4	Non Industrial (Over 7,500 gal.)	\$ 7.1396 /Mgal.	12,293,055 Mgal.	\$ 88,585,400
5	Subtotal		23,863,064 Mgal.	\$ 162,202,400
6	Total Metered Services			\$ 213,326,600
Unmetered Services				
Residential				
7	Number of Occupant(s) - 1	\$ 37.66 /Month	23,776 Bills	\$ 903,700
8	Number of Occupant(s) - 2	\$ 41.44 /Month	26,271 Bills	1,098,800
9	Number of Occupant(s) - 3	\$ 52.79 /Month	5,275 Bills	281,100
10	Number of Occupant(s) - 4	\$ 64.14 /Month	27,783 Bills	1,798,600
11	Subtotal		83,104	\$ 4,082,200
Commercial				
12	Small Flat Rate - (5-10 ccf)	\$ 42.39 /Month	1,357 Bills	\$ 58,100
13	Large Flat Rate - (11 ccf and above)	\$ 87.45 /Month	2,126 Bills	187,700
14	Subtotal		3,483	\$ 245,800
15	Total Non Industrial Revenue			\$ 217,654,600
Self Reporter (b)				
Monthly Base Charge (Based on Prior Year Average)				
16	Self Reporter Tier 1	\$ 22.46 /Month	1,870 Bills	\$ 42,400
17	Self Reporter Tier 2	\$ 51.43 /Month	1,528 Bills	\$ 79,300
18	Self Reporter Tier 3	\$ 245.96 /Month	978 Bills	242,800
19	Self Reporter Tier 4	\$ 1,699.35 /Month	440 Bills	754,800
20	Subtotal		4,816	\$ 1,119,300
21	Steam Discharge	\$ 4.3949 /Mgal.	160,200 Mgal.	\$ 710,800
22	Self Reporter Volume	\$ 4.3949 /Mgal.	5,165,550 Mgal.	22,918,600
23	Subtotal			\$ 23,629,400
24	Subtotal Self Reporter			\$ 24,748,700
Extra Strength Surcharge (b)				
25	BOD in Excess of 250 mg/l	\$ 0.4235 /lbs.	34,764,950 lbs.	\$ 14,863,400
26	TSS in Excess of 300 mg/l	\$ 0.1519 /lbs.	9,241,218 lbs.	1,417,100
27	NH3-N in Excess of 20 mg/l	\$ 0.4562 /lbs.	865,542 lbs.	398,600
28	Subtotal			\$ 16,679,100
29	Total Self Reporter and Surcharge Revenue			\$ 41,427,800
30	Commercial FOG (c)	\$ 30.00 /Month	43,656 Bills	\$ 1,322,000
Septic and Grease (d)				
31	Septic - Haulers	\$ 53.83 /Mgal.	1,010 Mgal.	\$ 54,900
32	Grease - Haulers	\$ 422.08 /Mgal.	195 Mgal.	83,100
33	Total Septic and Grease Revenue			\$ 138,000
34	Satellite	\$ 0.7883 /Mgal.	6,165,602 Mgal.	\$ 4,860,500
35	Total Revenue			\$ 265,402,900
				\$ 1,611,200
				\$ 267,014,100

Notes:

- (a) Includes revenue adjustment factor of 1.009319 to be consistent with Settlement Agreement.
- (b) Includes revenue adjustment factor of 1.009539 to be consistent with Settlement Agreement.
- (c) Includes revenue adjustment factor of 1.009359 to be consistent with Settlement Agreement.
- (d) Includes revenue adjustment factor of 1.009359 to be consistent with Settlement Agreement.

ATTACHMENT MCB-S2

Comparison of Revenue Allocation with Revenues Under Final Order/Debt Service True Up Phase 1 Rates

Line No.	Customer Class	(1)	(2)	(3)	(4)	(5)
		Settlement Revenue Under Existing Rates \$	Settlement Revenue Allocation \$	Revenue Under Final Order/Debt Service True Up Phase 1 Rates \$	Phase I Revenue as a % of Settlement Revenue Allocation %	Indicated Rev Inc Over Rev Under Existing Rates %
Wastewater						
1	NON INDUSTRIAL	175,668,900	217,654,141	217,654,600	100.00	23.90
2	SELF REPORTER	23,761,200	24,749,246	24,748,700	100.00	4.16
EXTRA STRENGTH SURCHARGE						
3	BOD	13,045,300	14,862,203	14,863,400	100.01	13.94
4	TSS	1,508,600	1,417,091	1,417,100	100.00	(6.07)
5	NH3-N	263,800	398,661	398,600	99.98	51.10
6	SEPTIC HAULERS	41,200	54,879	54,900	100.04	33.25
7	GREASE HAULERS	83,100	83,068	83,100	100.04	0.00
8	COMMERCIAL FOG	1,322,000	1,321,494	1,322,000	100.04	0.00
9	Subtotal	215,694,100	260,540,783	260,542,400	100.00	20.79
10	SATELLITE	4,683,900	4,860,500	4,860,500	100.00	3.77
11	Total System	220,378,000	265,401,283	265,402,900	100.00	20.43
12	Plus: Other Operating Revenue	1,611,200	1,611,200	1,611,200	100.00	
13	Total Operating Revenue	221,989,200	267,012,483	267,014,100	100.00	20.28

Cause No. 44990
Attachment MAS-5
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CWA Authority, Inc.
IURC Cause No. 44685
Compliance Filing
October 21, 2016

ATTACHMENT MCB-53
Revenue Under Final Order/Debt Service True Up Phase 2 Rates

Line No.	Description	(1) Rates	(2) Units	(3) Revenue
Non Industrial (a)				
1	Monthly Base Charge	\$ 18.75 /Month	2,701,452 Bills	\$ 51,124,200
2	Metered Volumes			
3	Non Industrial (First 7,500 gal.)	\$ 6.9388 /Mgal.	11,570,009 Mgal.	\$ 81,030,100
4	Non Industrial (Over 7,500 gal.)	\$ 7.5113 /Mgal.	12,293,055 Mgal.	93,197,300
5	Subtotal		23,863,064	\$ 174,227,400
6	Total Metered Services			\$ 225,351,600
Unmetered Services				
Residential				
7	Number of Occupant(s) - 1	\$ 39.57 /Month	23,776 Bills	\$ 949,600
8	Number of Occupant(s) - 2	\$ 43.73 /Month	26,271 Bills	1,159,500
9	Number of Occupant(s) - 3	\$ 56.22 /Month	5,275 Bills	299,300
10	Number of Occupant(s) - 4	\$ 68.71 /Month	27,783 Bills	1,926,700
11	Subtotal		83,104	\$ 4,335,100
Commercial				
12	Small Flat Rate - (5-10 ccf)	\$ 44.77 /Month	1,357 Bills	\$ 61,300
13	Large Flat Rate - (11 ccf and above)	\$ 93.32 /Month	2,126 Bills	200,200
14	Subtotal		3,483	\$ 261,500
15	Total Non Industrial Revenue			\$ 229,948,200
Self Reporter (b)				
Monthly Base Charge				
16	Self Reporter Tier 1	\$ 24.03 /Month	1,870 Bills	\$ 45,400
17	Self Reporter Tier 2	\$ 52.46 /Month	1,528 Bills	\$ 80,900
18	Self Reporter Tier 3	\$ 250.88 /Month	978 Bills	247,700
19	Self Reporter Tier 4	\$ 1,733.34 /Month	440 Bills	769,900
20	Subtotal		4,816	\$ 1,143,900
21	Steam Discharge	\$ 4.5387 /Mgal.	160,200 Mgal.	\$ 734,000
22	Self Reporter Volume	\$ 4.5387 /Mgal.	5,165,550 Mgal.	23,668,500
23	Subtotal			\$ 24,402,500
24	Subtotal Industrial			\$ 25,546,400
Extra Strength Surcharge				
25	BOD in Excess of 250 mg/l	\$ 0.4333 /lbs.	34,764,950 lbs.	\$ 15,207,300
26	TSS in Excess of 300 mg/l	\$ 0.1555 /lbs.	9,241,218 lbs.	1,450,700
27	NH3-N in Excess of 20 mg/l	\$ 0.4669 /lbs.	865,542 lbs.	408,000
28	Subtotal Industrial Surcharge			\$ 17,066,000
29	Total Industrial Revenue			\$ 42,612,400
30	Commercial FOG (c)	\$ 30.00 /Month	43,656 Bills	\$ 1,322,000
Septic and Grease (d)				
31	Septic - Haulers	\$ 56.24 /Mgal.	1,010 Mgal.	\$ 57,300
32	Grease - Haulers	\$ 422.08 /Mgal.	195 Mgal.	83,100
33	Total Septic and Grease Revenue			\$ 140,400
34	Satellite	\$ 0.7959 /Mgal.	6,165,602 Mgal.	\$ 4,907,000
35	Total Revenue			\$ 278,930,000

Notes:

- (a) Includes revenue adjustment factor of 1.009319 to be consistent with Settlement Agreement.
- (b) Includes revenue adjustment factor of 1.009539 to be consistent with Settlement Agreement.
- (c) Includes revenue adjustment factor of 1.009359 to be consistent with Settlement Agreement.
- (d) Includes revenue adjustment factor of 1.009359 to be consistent with Settlement Agreement.

ATTACHMENT MCB-S4

Comparison of Revenue Allocation with Revenues Under Final Order/Debt Service True Up Phase 2 Rates

Line No.	Customer Class	(1)	(2)	(3)	(4)	(5)
		Settlement Revenue Under Phase 1 Rates	Phase 2 Settlement Revenue Allocation	Revenue Under Final Order/DS True Up Phase 2 Rates	Phase 2 Revenue as a % of Settlement Revenue Allocation	Indicated Rev Inc Over Phase 1 Rates
		\$		\$	%	%
Wastewater						
1	NON INDUSTRIAL	217,654,600	229,948,854	229,948,200	100.00	5.65
2	SELF REPORTER	24,748,700	25,546,100	25,546,400	100.00	3.22
EXTRA STRENGTH SURCHARGE						
3	BOD	14,863,400	15,207,845	15,207,300	100.00	2.31
4	TSS	1,417,100	1,450,156	1,450,700	100.04	2.37
5	NH3-N	398,600	407,962	408,000	100.01	2.36
6	SEPTIC HAULERS	54,900	57,279	57,300	100.04	4.37
7	GREASE HAULERS	83,100	83,070	83,100	100.04	0.00
8	COMMERCIAL FOG	1,322,000	1,321,519	1,322,000	100.04	0.00
9	Subtotal	260,542,400	274,022,783	274,023,000	100.00	5.17
10	SATELLITE	4,860,500	4,907,000	4,907,000	100.00	0.96
11	Total System	265,402,900	278,929,783	278,930,000	100.00	5.10
12	Plus: Other Operating Revenue	1,611,200	1,611,200	1,611,200		
13	Total Operating Revenue	267,014,100	280,540,983	280,541,200		5.07

Cause No. 44990
Responses of CWA Authority Inc.
Office of Utility Consumer Counselor's
Third Set of Data Requests

DATA REQUEST NO. 2:

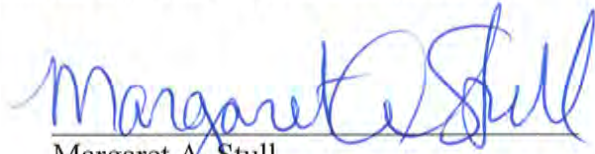
Please state "budgeted non-industrial volumes" in hundreds of cubic feet.

RESPONSE:

31,513,332 CCF. See Attachment OUCC DR 2-5 provided in Petitioner's Responses to OUCC's 2nd Set of Data Requests.

AFFIRMATION

I affirm, under the penalties for perjury, that the foregoing representations are true.



Margaret A. Stull
Indiana Office of Utility Consumer Counselor

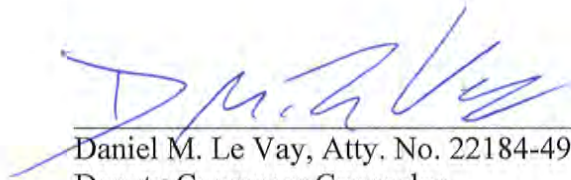
October 30, 2017
Date

Cause No. 44990
CWA Authority, Inc.

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing *OUCC'S Testimony of Margaret A. Stull: Public's Exhibit No. 1* has been served upon the following counsel of record in the captioned proceeding by electronic service on October 27, 2017.

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LaTona S. Prentice
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