

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**PETITION OF COMMUNITY UTILITIES OF)
INDIANA, INC. FOR: AUTHORITY TO)
INCREASE ITS RATES AND CHARGES FOR)
WATER AND WASTEWATER UTILITY)
SERVICE; APPROVAL OF NEW SCHEDULES)
OF RATES AND CHARGES APPLICABLE)
THERE TO; AUTHORITY TO RECOVER)
CERTAIN COSTS INCURRED IN)
CONNECTION WITH CAUSE NOS. 44724,)
45342 AND 45389; AUTHORITY TO RECOVER)
COSTS INCURRED AND DEFERRED IN)
CONNECTION WITH THE COVID-19)
PANDEMIC; APPROVAL OF A NEW)
RESIDENTIAL LOW-INCOME RATE FOR)
WATER AND WASTEWATER SERVICE; AND)
OTHER APPROPRIATE RELIEF)**

CAUSE NO. 45651

DIRECT TESTIMONY

OF

ANDREW DICKSON

**On Behalf of Petitioner
COMMUNITY UTILITIES OF INDIANA, INC.**

PETITIONER'S EXHIBIT 4

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1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Andrew Dickson, and my business address is 500 West Monroe, Suite 3600,
4 Chicago, Illinois 60661.

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed by Water Service Corporation ("WSC") as Senior Financial Analyst. WSC
7 provides various administrative and other services to CUUI and other affiliated companies
8 of Corix Regulated Utilities, Inc.

9 **Q. PLEASE SUMMARIZE YOUR RESPONSIBILITIES AS SENIOR FINANCIAL**
10 **ANALYST.**

11 A. As Senior Financial Analyst, I am responsible for financial analysis of individual
12 subsidiaries of Corix Regulated Utilities, Inc., preparation of annual budgets and forecasts,
13 and the preparation and submission of regulatory filings.

14 **Q. PLEASE BRIEFLY SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND**
15 **PROFESSIONAL EXPERIENCE.**

16 A. I am a Certified Business Economist, as designated by the National Association for
17 Business Economics (NABE). I hold a Master of Science in Applied Economics (2017),
18 in addition to a Bachelor of Arts in Economics (2016) and a Bachelor of Science in
19 Biological Sciences (2016) from the University of Cincinnati. After my graduation, I
20 joined Raftelis Financial Consultants as a cost of service and rate design consultant for
21 water, wastewater, and electric utilities. I served as a consultant with Raftelis for

1 approximately two years, until July of 2019, when I began my current role as a Senior
2 Financial Analyst with Water Service Corporation.

3 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE INDIANA UTILITY**
4 **REGULATORY COMMISSION OR ANY OTHER PUBLIC SERVICE**
5 **COMMISSION?**

6 A. While I have not testified before the Indiana Utility Regulatory Commission (the
7 "Commission"), I have provided testimony before commissions in Virginia, Kentucky,
8 Maryland, Pennsylvania, and Illinois. Topics covered in that testimony range from
9 elements of the revenue requirement, to cost allocations, to rate design (such as low-income
10 rates, fixed charge recovery, and rate consolidation).

11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

12 A. My testimony addresses CUII's existing rate structure, provides an overview of the
13 development of this rate case, and provides an overview of the Company's rate case
14 increase request and drivers of the need for rate relief. My testimony also describes the
15 budgeting and forecasting process underlying the projected data for the future test period
16 proposed in this case (12 months ending September 30, 2023). I sponsor and support the
17 budget and financial forecast for that future test period. In addition, my testimony explains
18 and supports several *pro forma* adjustments made to the forecasted test year revenues,
19 expenses, etc. My testimony also explains and supports the Company's proposed rate
20 design, including request for approval of a new special rate for CUII low-income water and
21 wastewater customers.

22 **Q. ARE YOU SPONSORING ANY ATTACHMENTS?**

23 A. Yes, I am sponsoring the following Attachments:

1 Petitioner's Attachment AD-1. This attachment contains the following *pro forma* financial
2 schedules:

- 3 • Schedule A - Balance Sheet
- 4 • Schedule B - Income Statement
- 5 • Schedule C - Rate Base and Rate of Return
- 6 • Schedule D - Base Year Revenues Under Existing Rates
- 7 • Schedule E - Linking Period Revenues Under Existing Rates
- 8 • Schedule F - Future Test Year Revenues Under Existing Rates
- 9 • Schedule G – Water Rate Design
- 10 • Schedule H – Sewer Rate Design
- 11 • Schedule I –Future Test Year Revenues Under Proposed Rates
- 12 • Schedule J – Rate Change Summary
- 13 • Schedule K – Average Bills

14 Petitioner's Attachment AD-2. This attachment consists of redline and clean versions of
15 the Company's proposed tariffs.

16 Petitioner's Attachment AD-3. This attachment contains workpapers relevant to the
17 production of CUII's forecasts, including:

- 18 • CUII's *pro forma* Capital Investments
- 19 • CUII's Reconnection Charge Calculation
- 20 • CUII's Consumption Decline Analysis
- 21 • CUII's Purchased Water Forecast
- 22 • CUII's Purchased Power Forecast
- 23 • CUII's Deferred Maintenance Forecast
- 24 • CUII's Preventative Maintenance Forecast
- 25 • CUII's Chemicals Forecast
- 26 • wp-a – uncollectible accounts
- 27 • wp-b – payroll and benefits
- 28 • wp-c – capitalized time

- 1 • wp-d – rate case expense
- 2 • wp-e – insurance
- 3 • wp-f – COVID-19 deferral
- 4 • wp-g – income tax
- 5 • wp-h – capital structure
- 6 • wp-i – working capital
- 7 • wp-j – corporate costs
- 8 • wp-k – cause 45389 preapproval project amortization
- 9 • wp-l – regulatory expense
- 10 • wp-m – purchase acquisition adjustment (PAA) accumulated deferred income
- 11 taxes (ADIT)
- 12 • wp-n – contributions in aid of construction (CIAC) amortization
- 13 • wp-o – taxes other than income (TOTI)
- 14 • wp-p – depreciation
- 15 • wp-q – office utilities and other expenses
- 16 • wp-r - testing

17 Petitioner's Attachment AD-4. This attachment consists a summary index of MSFR
18 accounting exhibits.

19 Petitioner's Attachment AD-5. This attachment contains CUII's most recent lease
20 agreement for its office space.

21 **Q. WERE THESE ATTACHMENTS PREPARED OR BY YOU OR UNDER YOUR**
22 **DIRECTION AND SUPERVISION?**

23 A. Yes, they were.

24 **Q. WHAT IS THE TEST PERIOD FOR THIS PROCEEDING?**

25 A. The proposed rates are based on a twelve-month forward-looking forecasted test period
26 ending September 30, 2023 (the "Test Period") and rate base as of September 30, 2023.
27 The base historical period is the actual twelve months ended September 30, 2021 (the "Base
28 Period"). The twelve-month forecasted period ending September 30, 2022, is the "Linking
29 Period."

1 **Q. HOW DOES CUII PROPOSE TO CHANGE RATES AFTER A COMMISSION**
2 **ORDER?**

3 A. A two-step rate increase is proposed. The first step, expected to occur in 4th quarter 2022,
4 will be based on the actual rate base and cost of capital as of September 30, 2022. The
5 second step, expected to occur in 4th quarter 2023, will be based on the actual rate base as
6 of September 30, 2023, and actual capital structure and cost of capital as of that date. The
7 two-step process is used to ensure that when new rates go into effect the capital
8 expenditures included in those rates are in-service and actually used and useful.

9 **Q. PLEASE DISCUSS WHAT THE COMPANY IS PROPOSING VIS A VIS**
10 **CURRENT RATE ADJUSTMENT MECHANISMS.**

11 A. The Company is proposing to include the test period costs in base rates for its rate
12 adjustment mechanisms, thus resetting all mechanisms.

13 **Q. PLEASE EXPLAIN HOW CUII HAS COMPLIED WITH THE COMMISSION'S**
14 **GENERAL ADMINISTRATIVE ORDER ON RATE CASES (GAO 2013-5) AND**
15 **THE COMMISSION'S MINIMUM STANDARD FILING REQUIREMENTS**
16 **("MSFRS").**

17 A. As the Verified Petition initiating this case indicates, on October 29, 2021, CUII submitted
18 a notice of intent to file this rate case, at least 30 days prior to the date of filing for a change
19 in base rates, and CUII notified both the Indiana Office of Utility Consumer Counselor
20 ("OUCC") and Lakes of the Four Seasons ("LOFS") of this impending filing.

21 As the GAO states, the MSFRs contemplate a historical test period, and thus the
22 documentation requirements do not perfectly fit with a forward-looking test period.
23 Accordingly, the Company used the MSFRs as guidance as to the categories of information

1 to include in its case in chief and supporting documentation. CUII's filing includes the
2 following:

- 3 • A case-in-chief that includes a complete description of the rate relief
4 requested, along with supporting workpapers;
- 5 • Documentation supporting the forecasted Test Period, including
6 calculations, assumptions, and results. In addition, CUII has provided
7 responses to the MSFRs for the Test Period and, where appropriate, for the
8 historic Base Period;
- 9 • A summary of the differences from the historic Base Period to the Test
10 Period; and
- 11 • Testimony, exhibits, and/or MSFRs that include:
 - 12 • Jurisdictional operating revenues and expenses, including taxes and
13 depreciation;
 - 14 • Balance sheet and income statements for the forecasted Test Period, the
15 historic Base Period, and Linking Period, as available;
 - 16 • Jurisdictional rate base as of the end of the Test Period;
 - 17 • Proposed cost of capital and capital structure; and
 - 18 • Proposed rate design and *pro forma* tariff sheets.

19 **Q. DOES THE COMPANY'S FILING DEVIATE IN ANY WAY FROM THE MSFRS**
20 **OR THE COMMISSION'S GAO?**

21 A. As contemplated by the GAO, CUII followed the Commission's guidance, but deviated
22 from the guidance when appropriate in light of the use of a forecasted Test Period. More
23 specifically, CUII made the following deviations from the MSFR and GAO guidance:

- 24 • CUII has provided detailed "supporting documentation" and "supporting
25 calculations" for the forward-looking Test Period. However, we have not
26 provided this supporting documentation in the form of "individual
27 adjustments" from the historic Base Period to the Test Period under GAO
28 2013-5 ¶ II.A.2.c. Later in my testimony, I explain the Company's
29 forecasting process and provide a summary of differences between the Test
30 Year and the historic Base Period.

- 1 • CUII has not provided a statement of cash flows for the Base Period or
2 future Test Period, as it does not maintain these schedules. Please refer to
3 CUII's income statements for similar accounting information.
- 4 • Because of the Two-Step rate increase, it was not necessary to use an
5 average monthly rate base under GAO 2013-5 ¶ II.A.6.b.
- 6 • Regarding revision to the Company's tariffs, which can be found in
7 Attachment AD-2, CUII has used computer redlining, as opposed to using
8 bold type as referenced in the MSFRs.

9 **Q. PLEASE EXPLAIN THE ORGANIZATION OF THE MSFRS.**

10 A. Concurrent with its case-in-chief testimony filing, the Company has submitted volumes
11 containing the MSFR requirements, numbered according to the Indiana Administrative
12 Code citations. The MSFR volumes also include workpapers associated with the MSFRs.
13 Where certain MSFRs responses are included in the case-in-chief testimony, there are
14 references to the appropriate witness' testimony, attachments, or schedules. A summary
15 index of the basic accounting exhibits required to be filed with the case-in-chief for MSFR
16 170 IAC 1-5-6 is contained in my Attachment AD-4. Finally, those MSFR responses and
17 attachments requiring confidential treatment, if any, will be supported with a Motion for
18 Confidentiality and provided to the Commission upon Commission preliminary approval
19 of confidential treatment. They will be supplied to the OUCC and intervenors upon
20 execution of a mutually agreeable non-disclosure agreement.

21 **II. CUII EXISTING RATE STRUCTURE**

22 **Q. PLEASE PROVIDE BACKGROUND ON THE LAST TIME CUII CHANGED ITS**
23 **RETAIL ELECTRIC BASIC RATES AND CHARGES.**

1 A. CUII's current water and wastewater base rates were effective in January 2018 with the
2 order from the last base rate case, Cause No. 44724, modified by the March 21, 2018 order
3 on reconsideration. Among other things, in its January 2018 order, the Commission
4 approved single-tariff pricing for CUII, along with water and wastewater rate increases.
5 The test period was a forward-looking test period of twelve months ending September
6 2017.

7 **Q. PLEASE PROVIDE BACKGROUND ON THE RATE ADJUSTMENT**
8 **MECHANISMS (OR "TRACKERS") THAT CUII CURRENTLY HAS IN PLACE.**

9 A. CUII has two adjustment mechanisms in place on its water tariff: a distribution system
10 improvement charge ("DSIC") and a water tracker ("WT"). CUII's DSIC was approved
11 by December 22, 2004 Order in Cause No. 42743 DSIC 1. CUII's WT was approved on
12 September 28, 2011. CUII has one adjustment mechanism in place on its sewer tariff: a
13 sewer system improvement charge ("SSIC"), approved on October 7, 2015, by Order in
14 Cause No. 44646.

15 **Q. PLEASE PROVIDE A DESCRIPTION OF CUII'S EXISTING RATE**
16 **STRUCTURE.**

17 A. CUII's existing rate structure for both water and sewer service are similar; one volumetric
18 charge (per kilogallon) is leveraged in combination with a meter size-based fixed charge
19 (also referred to as a base facility charge). Independent flat charges for unmetered public
20 drinking fountains (water), campgrounds (sewer), and unmetered residential and
21 commercial sewer service exist to cover all of CUII's customers. There is no functional
22 differentiation between residential and commercial customers in CUII's existing water and
23 sewer rate structures.

1 **III. OVERVIEW OF RATE CASE INCREASE REQUEST AND KEY DRIVERS**

2 **Q. WHAT IS THE OVERALL RETAIL RATE INCREASE REQUESTED BY CUII IN**
 3 **THIS PROCEEDING AND HOW IS THE PROPOSED RATE INCREASE**
 4 **BROKEN DOWN TO MAJOR CUSTOMER TYPES?**

5 A. The first step rate increase, 4th quarter 2022, is \$1.8 million and a 73.2% increase for water
 6 and \$0.9 million and a 36.5% increase for wastewater. The second step increase, 4th quarter
 7 2023, is \$0.4 million and a 8.3% increase for water and \$0.4 million and a 11.0% increase
 8 for wastewater. The step one and two increases total \$2.2 million for water (87.6%) and
 9 \$1.3 million (51.5%) for wastewater. This increase represents total revenues after the rate
 10 case versus base rates and riders before the rate increase in the forecasted test period ending
 11 September 30, 2023. In other words, it reflects a customer bill after the rate increase versus
 12 a customer bill before the rate increase. The total of both steps for the major rate groups
 13 are as follows:

14 Rate Increase by Major Rate Class -- Water

Major Tariff Groups	Average Bill Increase (\$)*	Average Bill Increase (%)*
Residential Customer (5/8” Regular Income)	\$40.16	94.63%
Residential Customer (5/8” Low Income)	\$6.75	15.90%
Commercial Customer	\$42.66	87.59%
Overall System Increase		87.59%

15 *Includes Step 1 and Step 2

16 Rate Increase by Major Rate Class – Wastewater

Major Tariff Groups	Average Bill Increase (\$)*	Average Bill Increase (%)*
Residential Customer (5/8” Regular Income)	\$34.49	56.23%
Residential Customer (5/8” Low Income)	\$3.35	5.45%
Commercial Customer	\$35.47	51.47%
Overall System Increase		51.47%

17 *Includes Step 1 and Step 2

1 **Q. WHAT ARE THE KEY DRIVERS BEHIND CUII'S NEED FOR RATE RELIEF?**

2 A. Under presents rates, CUII is not able to cover its operating expenses, cost of capital, and
3 earn a reasonable return on its investments, and will not be able to in its test year. See
4 CUII's current income statement for the 12 months ending September 30, 2021, provided
5 as Schedule B to Attachment AD-1. CUII has made significant investments in its water
6 and sewer systems since its last rate increase, constituting one of the primary drivers for
7 need for rate relief. Additionally, operating expenses have continued to increase; CUII is
8 working to maintain an adequate level of staffing in a competitive job market, perform
9 necessary maintenance activities, and meet its treatment requirements. A more detailed
10 discussion of the primary drivers behind CUII's need for rate relief is provided in the
11 testimony of Mr. Lubertozzi.

12 **Q. PLEASE DESCRIBE WHAT MAKES UP THE INCREASE IN RATE BASE.**

13 A. Proposed rate base is approximately \$13 million higher than amounts in current base rates
14 and riders for a total Test Period rate base of \$28,874,420. CUII's most substantial
15 investment in its water system is its iron filter replacement project, which it anticipates to
16 be finished by May of 2022. CUII's most substantial investment in its sewer system is its
17 wastewater treatment plant headworks project, which CUII anticipates to be finished by
18 September of 2023. The projects driving this increase to rate base are discussed in greater
19 detail in the testimony of Mr. Grosvenor.

20 **Q. PLEASE DESCRIBE CHANGES IN THE RATE OF RETURN SINCE THE TIME**
21 **OF THE LAST RATE CASE.**

1 A. The rate of return approved in the prior base rate case was 8.175%. The proposed rate of
2 return based on the September 30, 2021 capital structure is 7.288%. A notable driver of the
3 reduced rate of return is the Company's cost of debt declining from 6.60% to 5.01%.

4 **Q. WHAT DEPRECIATION RATES IS THE COMPANY PROPOSING TO USE IN**
5 **THIS CASE?**

6 A. We are proposing to use the composite rates authorized by the Commission in Cause No.
7 44724. CUII performs a restatement of the plant balances for computers and depreciation,
8 producing a level of accumulated depreciation that matches that allowed by these
9 composite rates. This is accomplished through CUII's depreciation workpapers, labeled
10 wp-p in Attachment AD-3.

11 **Q. PLEASE DESCRIBE THE RATE INCREASE DRIVER RELATED TO**
12 **OPERATIONS AND MAINTENANCE ("O&M") EXPENSE.**

13 A. CUII's operating expenses are forecasted to increase from its Base Period through its future
14 Test Period ending September 30, 2023. Salaries, wages, and other compensation related
15 expenses such as benefits are increasing from CUII's Base Period. Please refer to the
16 testimonies of Mr. Guttormsen and Mr. Grosvenor for discussion on the causes for this
17 increase. CUII's maintenance costs also continue to increase, with deferred maintenance
18 activity on a WSC sludge tank and sewer cleaning and televising completed partway
19 through the base year. Additional efforts on well and intake pumps are undertaken through
20 the future test year, as well as elevated tank painting in Twin Lakes. CUII has included
21 amortization of its spending on the engineering for the collection system expansion and
22 wastewater treatment plan projects (for which it sought preapproval in Cause No. 45389)
23 over a proposed 40-year life, as well as recovery of its legal fees incurred to pursue

1 preapproval of those projects (proposed recovery over 3 years). As an outcome of that
2 preapproval cause, CUII will incur increased chemical expenses to meet its phosphorus
3 permit, in lieu of the capital improvements that were not approved. These compose the
4 primary drivers related to O&M expense.

5 **Q. PLEASE DESCRIBE HOW ADMINISTRATIVE AND GENERAL COSTS HAVE**
6 **CHANGED SINCE THE LAST RATE CASE.**

7 A. Administrative and general costs have increased since CUII's last rate case. In particular,
8 CUII has experienced increases in insurance costs and forecasts for increased salary and
9 benefit expenses to maintain competitiveness in the tight labor market conditions CUII is
10 presently faced with. Please refer to the testimony of Mr. Guttormsen for detail on CUII's
11 salary and benefits expenses.

12 **IV. RATE CASE DEVELOPMENT PROCESS**

13 **Q. HOW WERE THE REVENUE REQUIREMENTS DEVELOPED?**

14 A. The development of the revenue requirement begins with the CUII forecast, discussed later
15 in my testimony. The forecast Test Period is the 12 months ending September 30, 2023.
16 The forecast includes the balance sheet, income statement, capital structure, and other
17 detail needed to develop rate base as of September 30, 2022, and September 30, 2023. The
18 forecast includes the supporting details of the components of net operating income for the
19 test period.

20 The next step in the process is the development of the Company's proposed *pro*
21 *forma* adjustments to the Test Period. *Pro forma* adjustments are necessary to develop a
22 reasonable level of ongoing revenues and operating expenses and to determine the

1 appropriate rate base. In this case, as I discuss later in my testimony, the Test Period
 2 forecast was developed specifically for this rate case. As a result, not many *pro forma*
 3 adjustments were necessary to achieve a representative Test Period. The table below
 4 includes a list of the proposed *pro forma* adjustments and the Company witness sponsoring
 5 the *pro forma*.

Pro Forma Adjustments

<u>Description</u>	<u>Schedule Reference</u>	<u>Sponsoring Witness</u>
Normalization and consumption decline application to revenue forecast.	Attachment AD-1, Schedules D, E, F, and I	Andrew Dickson
Inclusion of amortization of WW preapproval project spending from cause 45389. 40-year life.	Attachment AD-3, wp-k	Andrew Dickson
Inclusion of amortization of WW preapproval legal fees from cause 45389. 3-year life.	Attachment AD-3, wp-k	Andrew Dickson
Rate Case expense amortization for this cause. 3-year life.	Attachment AD-3, wp-d	James Kilbane
<i>Pro forma</i> level of legal fees to file DSIC, SSIC, and Water Tracker updates. Annual expense.	Attachment AD-3, wp-l	Andrew Dickson
Annualization of salaries, wages, and benefits expenses	Attachment AD-3, wp-b	Rob Guttormsen
Annualization of depreciation expense	Attachment AD-3, wp-p	Rob Guttormsen
COVID-19 deferrals not amortizing for ratemaking purposes	Attachment AD-3, wp-f	Steve Lubertoizzi
Restatement of vehicles and computers	Attachment AD-3, wp-p and Attachment RG-6	Rob Guttormsen

7

1 **Q. PLEASE IDENTIFY, EXPLAIN, AND SUPPORT THE *PRO FORMA***
2 **ADJUSTMENTS YOU HAVE MADE TO TEST PERIOD REVENUES.**

3 A. CUII has normalized the bill counts from its base period to better represent its expectations
4 for bill counts into the future. CUII has also applied an annual consumption decline
5 percentage to the base period usage per bill to reflect ongoing patterns in volumetric usage
6 by CUII customers. Please see below testimony regarding CUII's revenue forecast
7 methodology for a discussion of these adjustments.

8 **Q. PLEASE IDENTIFY, EXPLAIN, AND SUPPORT THE *PRO FORMA***
9 **ADJUSTMENTS YOU HAVE MADE TO TEST PERIOD EXPENSES.**

10 A. CUII makes several adjustments to test period expenses to better reflect the operational
11 needs of CUII. Six adjustments are listed above: amortization of the preapproval
12 engineering costs, amortization of the preapproval legal fees, rate case expense
13 amortization, *pro forma* levels of legal fees for CUII's rate adjustment mechanisms,
14 annualization of salaries and benefits expenses, and amortization of CUII's COVID-19
15 deferrals.

16 CUII is proposing recovery of its engineering costs incurred in pursuit of
17 preapproval of its wastewater projects over a 40-year life. This 40-year life matches the
18 authorized depreciation life of CUII's sewer assets (2.5% annual depreciation), enabling
19 CUII's shareholders an opportunity for a return of their investment, but not on. This will
20 make CUII's shareholders whole, over time, for the engineering that CUII had already paid
21 for up until the ruling in those preapproval proceedings. Please refer to workpaper wp-k
22 of Attachment AD-3.

1 Similarly, CUII is proposing recovery of the legal fees incurred to pursue
2 preapproval for those same projects. These legal fees are proposed to amortize over a 3-
3 year life, which is more reflective of the expected duration between similar legal needs
4 (i.e., rate cases). This will enable CUII's shareholders an opportunity a return of, but not
5 on, this expense. Please refer to workpaper wp-k of Attachment AD-3.

6 CUII proposes recover of its rate case expense with a life of three years. This better
7 reflects the time in between rate cases that CUII has historically had, and reflects CUII's
8 most current estimate for the costs it will incur for this case. Please see the testimony of
9 witness Kilbane for a discussion of CUII's rate case expense forecast and workpaper wp-
10 d.

11 CUII has identified an annual level of expense related to its rate adjustment
12 mechanisms (DSIC, SSIC, and WT), related to the legal fees required to complete those
13 filings. CUII will not likely have a need to file these mechanisms during the duration of
14 the linking period or forecast period, as an outcome of this rate case and its forecasts.
15 However, immediately following the test year, CUII will be making investments that will
16 be eligible for recovery through its DSIC and SSIC mechanisms, and anticipates
17 modifications to its purchased water rate that will necessitate filing of its WT mechanism
18 as well. CUII's expected annual level of expense for these filings has been included in this
19 *pro forma* adjustment. Please refer to workpaper wp-l of Attachment AD-3.

20 CUII has made a *pro forma* adjustment to normalize its salaries and benefits
21 expenses. This adjustment produces an annual level of the change that CUII expects to
22 occur for these expenses. Please refer to wp-b of Attachment AD-3 and the testimony of
23 witness Guttormsen for greater detail surrounding this adjustment. This adjustment will

1 help ensure that CUII does not build a case that results in a known and measurable gap in
2 its allowed return shortly after receiving an order for this case.

3 CUII has included an annual level of amortization (over a 3-year life) of its COVID-
4 19 deferred regulatory asset. This adjustment makes CUII shareholders whole after the
5 discontinuation of late payment charges, as a direct result of the COVID-19 pandemic.
6 Please refer to the testimony of witness Guttormsen and workpaper wp-f for greater detail.

7 **Q. PLEASE IDENTIFY, EXPLAIN, AND SUPPORT THE *PRO FORMA***
8 **ADJUSTMENTS YOU HAVE MADE TO TEST PERIOD RATE BASE.**

9 A. CUII treats capital investments as in-service for the test year provided those investments
10 are in-service prior to September 30, 2023 (September 30, 2022, for the Linking Period).
11 Please refer to Attachment AD-3 (workpaper entitled "*pro forma* Capital Investments") for
12 CUII's *pro forma* level of investment, including retirements. CUII subsequently calculates
13 reliant revenue requirement items, such as depreciation and interest expense, as if these
14 capital investments were in-service for the entirety of the year. This ensures that CUII's
15 rates reflect the go-forward level of interest expense, depreciation, and overall investment
16 that CUII will have made by the end of the test year. Please refer to CUII's capital structure
17 workpaper (wp-h) and depreciation workpapers (wp-p) for details on CUII's calculations
18 of interest expense and depreciation.

19 CUII also restates the plant balances for computers and vehicles. CUII does this to
20 reflect usage of the commission's depreciation rates, rather than those that CUII's parent
21 company uses, in the identification of accumulated depreciation. Further, this depreciation
22 expense on allocated vehicles and computers is typically pushed to CUII through its
23 corporate allocation line. However, CUII has adjusted this corporate allocation line to

1 remove depreciation of vehicles and computers such that CUII's restatement and
2 recalculation of annual depreciation expense for those investments is reflected in its
3 depreciation line. Please refer to Attachment AD-3, wp-p, Attachment RG-3, and the
4 testimony of witness Guttormsen.

5 **Q. PLEASE IDENTIFY, EXPLAIN, AND SUPPORT ANY OTHER *PRO FORMA***
6 **ADJUSTMENTS YOU HAVE MADE TO TEST PERIOD RESULTS.**

7 A. The above constitute the primary *pro forma* adjustments the CUII has made to produce its
8 revenue requirement. However, CUII has produced a number of forecasts to come to its
9 ultimate revenue requirement, which do move across time. For example, CUII has
10 included adjustments for inflation to many of its forecasted costs to best represent the level
11 of those costs in the future. These forecasts will be discussed in the ensuing testimony.

12 **Q. HOW IS THE PROPOSED REVENUE INCREASE CALCULATED?**

13 A. The proposed rate of return on rate base is 7.29% and is supported by my testimony. I also
14 support the calculation of the revenue increase. The rate of return includes the proposed
15 return on equity of 9.50%, which was settled on between the Company and the OUCC prior
16 to filing. The proposed net operating income is the result of multiplying rate base by the
17 rate of return. The incremental net operating income is determined by subtracting the net
18 operating income associated with existing revenue from the proposed net operating
19 income. The incremental net operating income is grossed up for income taxes, bad debt
20 expense and public utility fee (the public utility fee is included in CUII's calculation of
21 taxes other than income, in combination with the utility tax. Please refer to wp-o of
22 Attachment AD-3). The revenue increase is the sum of the incremental net operating

1 income, income taxes and bad debt expense. The following tables summarize the proposed
2 revenue increases.

3 Revenue Increase Summary – Water (Test Year Ending 09/30/2023)

Category	Existing Revenue	Proposed NOI	Revenue, Expense, Tax, and NOI Increase
Rate Base	\$16,860,553	\$16,860,553	\$0
Operating Revenues	2,505,461	4,647,339	2,141,878
Operation & Maintenance Expense	2,288,592	2,288,592	0
Depreciation & Amortization	639,251	639,251	0
Taxes Other Than Income Taxes	228,847	228,847	0
Income Taxes	-263,728	268,979	532,706
Total Operating Expense	2,885,776	3,418,483	532,706
Net Operating Income	-380,316	1,228,856	1,609,171
Rate of Return	-2.26%	7.29%	N/A

4

1 Revenue Increase Summary – Wastewater (Test Year Ending 09/30/2023)

Category	Existing Revenue	Proposed NOI	Revenue, Expense, Tax, and NOI Increase
Rate Base	\$12,013,887	\$12,013,887	\$0
Operating Revenues	2,444,976	3,673,508	1,228,533
Operation & Maintenance Expense	1,820,670	1,820,670	0
Depreciation & Amortization	629,738	629,738	0
Taxes Other Than Income Taxes	156,438	156,438	0
Income Taxes	-113,623	191,925	305,548
Total Operating Expense	2,492,345	2,797,893	305,548
Net Operating Income	-47,369	875,615	922,984
Rate of Return	-0.39%	7.29%	N/A

2

3 **Q. DID CUII PREPARE A COST OF SERVICE STUDY FOR THIS CASE?**

4 A. No. CUII’s last cost of service study was presented in our last rate case (Cause No. 44724)

5 and is still relevant. CUII has relied on the same rate design foundation to produce its

6 design in this case. The only divergence from CUII’s existing rate design is the

7 introduction of a low-income rate, which CUII has proposed to be a residential-only rate

8 and has designed it accordingly. This change is neutral in relation to the definition of class

9 revenue requirements. To maintain that neutrality on a class cost of service basis, a

10 separation of CUII’s residential and commercial classes is included in CUII’s proposed

11 design in this case (for both water and wastewater).

1 **Q. HAS CUII CALCULATED ITS RATE BASE AND RATE OF RETURN ON A FAIR**
2 **VALUE BASIS?**

3 A. No, we are proposing that rates be calculated using a forecasted original cost rate base.

4 **V. CUII'S FORECAST PROCESS AND TEST YEAR FORECAST**

5 **Q. PLEASE DESCRIBE THE COMPANY'S FORECASTING PROCESS USED IN**
6 **THE DEVELOPMENT OF THE FORECAST FOR THE TEST PERIOD.**

7 A. CUII's forecasts were developed with input from management, operations staff, and
8 personnel from CRU-US's shared services business unit. CUII undertakes, on an annual
9 basis, an update to its 3-year rolling forecast that ultimately constitutes its budget. The
10 budget that served as the primary foundation for CUII's forecast is currently under review
11 by CRU's Board of Directors, with approval anticipated in December 2021.

12 CUII uses a driver-based budgeting approach, which attempts to determine cost
13 drivers for each cost item, where practical. CUII's last budget process was undertaken in
14 Q2 of 2021, the results of which have been tailored to provide full detail to support CUII's
15 forecasts for this rate case. CUII follows those guidelines put in place by its corporate
16 management personnel. For example, CRU-US has guided all businesses, like CUII, to
17 assume a 3% inflation rate for costs year over year for operating expenses where better
18 insight is not available, to keep pace with CRU-US's understanding of national inflationary
19 trends. Additionally, CUII uses Bureau of Labor Statistics ("BLS") data regarding changes
20 in water and sewer maintenance to identify an inflation rate for its non-project capital
21 spending (5.86%). Budget coordinators are required to use such assumptions as this in
22 projecting their future departmental expenses. These budgeting guidelines are reflected in

1 the budgets and forecasts that are submitted to CUII's executive management and
2 ultimately its Board of Directors for approval and are also reflected in the forecasted
3 financial data in this proceeding.

4 **Q. HOW WAS THE COMPANY'S FORECASTED REVENUE REQUIREMENT**
5 **DEVELOPED?**

6 A. The Company revenue requirement is developed by identifying the necessary revenues for
7 the year the rate increase is authorized to cover CUII's forecasted operating expenses and
8 forecasted rate base. This will help provide the Company a reasonable opportunity to earn
9 its authorized return, which CUII includes in its calculation of its forecasted revenue
10 requirement. Schedule B of Attachment AD-1 demonstrates that CUII's forecasted *pro*
11 *forma* revenues give the Company this described opportunity to earn its authorized return
12 of 7.29%. In addition to the revenues, O&M expenses and capital data provided by the
13 budgeting process, other forecasted information is required as follows:

- 14 • Projected purchased water, purchased wastewater services, purchased
15 electricity, etc.;
- 16 • Depreciation;
- 17 • Property taxes;
- 18 • Other Income and Expense;
- 19 • Financing assumptions, including debt rates, issuances, and redemptions;
20 and
- 21 • Tax rates and tax depreciation.

22 **Q. PLEASE DESCRIBE HOW THE COMPANY MANAGES CHANGES TO THE**
23 **FINANCIAL FORECAST.**

1 A. CUII's Board of Directors approves the forecasted budget on an annual basis. However, it
2 is necessary that changes to the plan occur in-between forecast periods based on updated
3 information and business needs. Examples of items that can cause a change to the plan
4 include: changes in compliance/regulatory requirements, updated projections such as
5 interest rates or purchased commodity prices, evolving operational needs, changes to
6 project assumptions, customer requirements, and model corrections. The Company
7 manages these changes during the year through coordination between operational business
8 leaders, financial planning and analysis, and executive management.

9 **Q. DO YOU ANTICIPATE ANY MATERIAL CHANGES TO THE FORECASTS?**

10 A. No, I do not. CUII has produced forecasts that represent its expectations for the forward-
11 looking test years' expenses and investments.

12 **Q. DOES THE FORECAST CONTAIN THE SAME ASSUMPTIONS AND**
13 **METHODOLOGIES USED IN FORECASTED DATA PREPARED FOR USE BY**
14 **MANAGEMENT?**

15 A. Yes. The Company's annual budget is approved by executive management and the Board
16 of Directors in December. CUII's forecast for this case is based upon the annual budget
17 developed (but not yet approved) for 2022, but includes updated projections and
18 assumptions to prepare those forecasts for the granular level of detail necessary to support
19 projections through the rate case process. The forecast also removes the Company's
20 assumptions on rate case outcomes included in the annual budget.

21 **Q. DOES THE FORECASTED TEST PERIOD REFLECT ANY EXPECTED**
22 **PRODUCTIVITY AND EFFICIENCY GAINS?**

23 A. Yes. The forecasted data reflects all expected productivity and efficiency gains.

1 **A. REVENUES**

2 **Q. PLEASE DESCRIBE HOW THE OPERATING REVENUES WERE**
3 **FORECASTED.**

4 A. The first step in preparing the operating revenues for the test period budget was to obtain
5 a forecast of the projected water and wastewater sales, based on CUII's sales forecast. CUII
6 prepares sales forecasts for each customer class over the 2-year period from the end of the
7 base period through the test period, along with the number of customers for each customer
8 class. The projected revenues for the Test Year forecast were calculated by applying the
9 tariff charges to these sales forecast numbers, using end-of-Test Year projected customer
10 counts, and incorporating a usage normalization adjustment.

11 **Q. HOW IS THE COMPANY'S SALES FORECAST DEVELOPED?**

12 A. CUII forecasts sales using data from its base period (twelve months ending September 30,
13 2021). That usage and customer count data is shown in Schedule D of Attachment AD-1.
14 For forecasting its future sales, CUII normalizes the billing units from this base year by
15 averaging the last three months' bill counts, and forecasts usage per bill based on the base
16 year. As an outcome of ongoing decline in the rate of consumption by CUII's customers,
17 a subsequent usage decline adjustment is layered on top of these normalized units, based
18 on analysis of the historical trends in the usage per equivalent residential connection
19 ("ERC") used by CUII customers. This usage decline analysis is included as Attachment
20 AD-3 in the workpaper entitled "Consumption Decline Analysis," which updates the same
21 analysis used in CUII's last rate case, Cause No. 44724. This forecast of CUII's sales
22 through September 30, 2022, are mirrored in its forecast for sales through September 30,

1 2023, with one additional year of consumption decline applied to CUII's expected sales
2 volumes.

3 **Q. PLEASE DESCRIBE THE USAGE NORMALIZATION ADJUSTMENT.**

4 A. Due to an ongoing rate of consumption decline, forecasted consumption includes a usage
5 normalization adjustment specific to each territory. The usage normalization adjustment,
6 which is summarized below, was developed by averaging the annual change in
7 consumption per customer from 2009 to 2021.

Former Service Territory	Usage Decline per ERC
Twin Lakes	-2.16%
Water Service Company of Indiana	-1.62%
Indiana Water Service, Inc.	-1.82%

8
9 These usage adjustments were incorporated into CUII's forecasted sales and
10 subsequent rate design.

11 **Q. HOW IS THE COMPANY'S CONSUMPTION DECLINE ASSUMPTION**
12 **DEVELOPED?**

13 A. CUII's consumption decline analysis is provided as a workpaper entitled "Consumption
14 Decline Analysis" within Attachment AD-3. Data from 2009 to 2021 is used to assess the
15 annual level of consumption per customer. CUII then assesses trends in this figure, such
16 as calculating the compound annual growth rate and investigating the average change in
17 consumption every 12 months. This average change is used as CUII's forecast for
18 consumption decline in its test year. CUII has verified the veracity of this trend through a
19 similar investigation of winter period usage, which similarly demonstrates declining usage
20 per ERC. This corroboration of trend indicates that the decline witnessed in CUII's

1 analysis are founded in changes in indoor usage, rather than drought or weather-related
2 changes in total usage.

3 **Q. DID THE COMPANY CONSIDER THE NEED FOR A CUSTOMER GROWTH**
4 **ADJUSTMENT?**

5 A. Yes. CUII is not aware of any planned expansions during the Linking or Test Periods that
6 would result in a material change to its billing units. Consequently, it is reasonable to use
7 the normalized Base Period customer count to forecast sales and revenues.

8 **Q. HOW WERE OTHER REVENUES PROJECTED?**

9 A. Other revenue categories include miscellaneous revenues and uncollectible accounts (also
10 known as bad debt). Miscellaneous revenues are expected to match those of the base year,
11 as CUII does not currently have a DSIC or SSIC in effect that would significantly alter
12 miscellaneous revenue collections. Uncollectible accounts were forecasted by
13 recalculating the statewide percentage of uncollectible amounts to service revenues in the
14 Base Period year, and then applying that percentage to Test Period forecasted service
15 revenues. The statewide percentage of uncollectible expense to service revenue is 1.21%
16 for water and 1.20% for sewer.

17 **Q. WHAT ARE THE MAJOR OPERATING REVENUE ASSUMPTIONS**
18 **REFLECTED IN THE COMPANY'S TEST PERIOD FORECAST UNDER**
19 **EXISTING RATES?**

20 A. The major revenue assumptions are the sales forecast and current tariff rates. Tariff rates
21 are based on approved rate structures by the Commission and projected rider recovery
22 assumptions. CUII does not have any rate adjustment mechanisms or riders in effect at

1 present, and does not anticipate any prior to the effective date of rates resulting from this
2 case.

3 **Q. WHAT IS THE LEVEL OF REVENUE INCLUDED IN THE CUII TEST PERIOD**
4 **FORECAST – USING CURRENT TARIFF RATES, NOT PROPOSED OR**
5 **ANTICIPATED TARIFF RATES COMING OUT OF THIS CASE?**

6 A. As shown in Petitioner's Schedule B of Attachment AD-1, under current rates, CUII's
7 service revenues during the Test Period are forecasted to be \$4,890,993 (under existing
8 rates). When combined with miscellaneous revenues and bad debt, CUII's total operating
9 revenue forecast for the 12 months ending September 30, 2023, is \$4,950,437.

10 **Q. HOW DO THESE FORECASTED TEST PERIOD REVENUES COMPARE TO**
11 **FORECASTED REVENUES FOR BASE PERIOD AND THE LINKING PERIOD?**

12 A. A comparison of the forecasted Test Period revenues, to the forecasted revenues for the
13 Linking Period and the actual revenues for the Base Period, all under current rates, is shown
14 in the table below. The decline in revenues is primarily due to declining consumption.

15 **Table 1:**

<i>\$ under current rates</i>	Base Period	Link Period	Test Period
Revenues	\$5,045,528	\$5,014,950	\$4,950,437
Increase/(Decrease)		-\$30,578	\$64,865

16
17 **B. CAPITAL AND RATE BASE**

18 **Q. HOW IS THE COMPANY'S CAPITAL BUDGET DEVELOPED?**

19 A. During the budget process, capital budgets are developed to identify and prioritize
20 investments based on a number of factors, including: regulatory and compliance
21 requirements, customer requirements, system reliability, the asset management plan,

1 capital constraints, and business objectives. CUII's engineering group leads the
2 development of project plans to accomplish these objectives, and works with operations
3 staff to identify appropriate levels of non-project spending required to continue service.
4 The budget guidelines referenced above also apply to the capital budget. The capital budget
5 is submitted to CUII's executive management and CUII's Board of Directors for approval
6 and is reflected in the forecasted financial data in these proceedings, after modifications to
7 reflect CUII's most current information regarding its future capital investments. Please
8 refer to the workpaper entitled "*pro forma* Capital Investments" of Attachment AD-3.

9 **Q. WHAT IS THE LEVEL OF CAPITAL EXPENDITURES INCLUDED IN THE CUII**
10 **TEST PERIOD FORECAST?**

11 A. CUII's capital expenditures in the Test Period are forecasted to be \$4,494,818, after
12 investing \$5,762,198 in the Linking Period. Please refer to Schedule C of Attachment AD-
13 1.

14 **Q. HOW DO THE FORECASTED TEST PERIOD CAPITAL EXPENDITURES**
15 **COMPARE TO FORECASTED LINKING PERIOD CAPITAL EXPENDITURES?**

16 A. A comparison of the forecasted Test Period capital expenditures to the forecasted Linking
17 Period capital expenditures is shown in the table below.

18 **Table 2:**

<i>\$ in Millions</i>	Base Period	Link Period	Test Period
Capital Expenditures	\$2.4m	\$4.5m	\$5.8m
Increase/(Decrease)		\$2.1m	\$1.3m

19 The table below includes forecasted capital expenditures by function. CUII's
20 primary water investments in the Linking Period are in treatment equipment and
21 transmission/distribution mains as it completes its iron filter replacement project and works
22

1 on replacing aging mains to improve service quality. CUII's primary sewer investments
2 in the Linking Period are in sewer gravity mains as CUII performs its sewer capital
3 improvements to continue to address risk for basement backups and similar issues related
4 to its collection system. In the Test Period, CUII maintains its focus on investing in its
5 water transmission and distribution mains for the same purpose, but initiates a greater
6 degree of investment in its sewer treatment plant. Please refer to the testimonies of
7 witnesses Lubertozi and Grosvenor for discussion of CUII's capital investments.

8

1

Table 3:

		FCST			
	Account Description	Net Additions	Balance 9/30/2022	Net Additions	Balance 9/30/2023
141201	ORGANIZATION	-	-	-	-
141202	FRANCHISES	-	-	-	-
141102	LAND & LAND RIGHTS PUMP	-	-	-	-
141103	LAND & LAND RIGHTS WTR TRT	-	-	-	-
141104	LAND & LAND RIGHTS TRANS DIST	-	-	-	-
141101	LAND & LAND RIGHTS GEN PLT	676	676	665	1,341
141204	STRUCT & IMPRV SRC SUPPLY	269	269	268	537
141205	STRUCT & IMPRV WTR TRT PLT	7,717	7,717	7,579	15,296
141206	STRUCT & IMPRV TRANS DIST PLT	-	-	-	-
141203	STRUCT & IMPRV GEN PLT	2,752	2,752	2,776	5,528
141221	COLLECTING RESERVOIRS	-	-	-	-
141222	LAKE, RIVER, OTHER INTAKES	-	-	-	-
141223	WELLS & SPRINGS	230,174	230,174	6,543	236,717
141224	INFILTRATION GALLERY	-	-	-	-
141225	SUPPLY MAINS	589	589	606	1,195
141226	POWER GENERATION EQUIP	84	84	86	170
141227	ELECTRIC PUMP EQUIP SRC PUMP	9,106	9,106	8,963	18,069
141228	ELECTRIC PUMP EQUIP WTP	9,419	9,419	9,235	18,654
141229	ELECTRIC PUMP EQUIP TRANS DIST	32,287	32,287	31,580	63,867
141231	DIST RESV & STANDPIPES	(8,295)	(8,295)	(8,252)	(16,548)
141230	Water Treatment Equipment	1,619,541	1,619,541	118,009	1,737,550
141232	TRANS & DISTR MAINS	1,832,824	1,832,824	692,334	2,525,159
141233	SERVICE LINES	101,613	101,613	112,075	213,688
141234	METERS	129,984	129,984	74,424	204,408
141235	METER INSTALLATIONS	7,380	7,380	7,581	14,961
141236	HYDRANTS	10,112	10,112	9,248	19,360
141237	BACKFLOW PREVENTION DEVICES	18	18	17	36
141267	OTH PLT&MISC EQUIP INTANG PLT	-	-	-	-
141268	OTH PLT&MISC EQUIP SRC SUPPLY	-	-	-	-
141269	OTH PLT&MISC EQUIP WTP	75	75	77	152
141270	OTH PLT&MISC EQUIP TRANS DIST	-	-	-	-
141220	OFFICE FURN & EQPT	202	202	198	400
141305	STORES EQUIPMENT	-	-	-	-
141308	TOOL SHOP & MISC EQPT	6,156	6,156	6,055	12,210
141306	LABORATORY EQUIPMENT	2,652	2,652	2,589	5,241
141309	POWER OPERATED EQUIP	9,620	9,620	9,461	19,081
141310	COMMUNICATION EQPT	471	471	466	936
141311	MISC EQUIPMENT	2,219	2,219	2,223	4,442
141105	LAND & LAND RIGHTS INTANG PLT	-	-	-	-
141207	STRUCT/IMPRV COLL PLT	-	-	-	-
141208	STRUCT/IMPRV PUMP PLT LS	346,811	346,811	7,567	354,378
141209	STRUCT/IMPRV TREAT PLT	7,681	7,681	2,323,489	2,331,169
141210	STRUCT/IMPRV RECLAIM WTP	-	-	-	-
141211	STRUCT/IMPRV RECLAIM WTR DIST PLT	-	-	-	-
141238	POWER GEN EQUIP COLL PLT	33,750	33,750	11,250	45,000
141239	POWER GEN EQUIP PUMP PLT	-	-	-	-
141240	POWER GEN EQUIP TREAT PLT	830	830	853	1,683
141241	SEWER FORCE MAIN	4,694	4,694	4,688	9,381
141242	SEWER GRAVITY MAIN	1,086,296	1,086,296	875,731	1,962,027
141243	MANHOLES	2,588	2,588	2,556	5,144
141244	SPECIAL COLL STRUCTURES	2,283	2,283	2,251	4,534
141245	SERVICES TO CUSTOMERS	3,484	3,484	3,430	6,914
141246	FLOW MEASURE DEVICES	5,546	5,546	5,452	10,998
141248	RECEIVING WELLS	-	-	-	-
141249	PUMPING EQUIPMENT PUMP PLT	98,317	98,317	54,699	153,016
141250	PUMPING EQUIPMENT RECLAIM WTP	232	232	228	460
141251	PUMPING EQUIPMENT RCL WTR DIST	25	25	21	46
141252	TREAT/DISP EQUIP LAGOON	1,717	1,717	1,690	3,408
141253	TREAT/DISP EQUIP TRT PLT	44,232	44,232	27,688	71,920
141254	TREAT/DISP EQUIP RCL WTP	-	-	-	-
141255	PLANT SEWERS TRTMT PLT	631	631	615	1,245
141256	PLANT SEWERS RECLAIM WTP	-	-	-	-
141257	OUTFALL LINES	-	-	-	-
141271	OTHER PLT TANGIBLE	-	-	-	-
141272	OTHER PLT COLLECTION	-	-	-	-
141273	OTHER PLT PUMP	26	26	27	54
141274	OTHER PLT TREATMENT	18	18	18	36
141275	OTHER PLT RECLAIM WTR TRT	-	-	-	-
141276	OTHER PLT RECLAIM WTR DIST	-	-	-	-
141303	OFFICE FURN & EQPT	285	285	281	566
141261	REUSE SERVICES	-	-	-	-
141262	REUSE MTR/INSTALLATIONS	-	-	-	-
141263	REUSE DIST RESERVOIRS	-	-	-	-
141264	REUSE TRANSMISSION & DIST SYS	13	13	14	27
141401	TRANSPORTATION EQPT	-	-	70,000	70,000
141502	MINI COMPUTERS WTR	-	-	-	-
141602	COMP SYS COST WTR	115,096	115,096	7,465	122,561
141277	OTHER PLANT	-	-	-	-
		\$ 5,762,198	\$ 5,762,198	\$ 4,494,818	\$ 10,257,016

2
3
4

Q. HOW WERE PLANT IN SERVICE BALANCES CALCULATED?

1 A. The forecasted Test Period plant in service balance uses actual September 30, 2021, data
2 as a baseline. From there, the Linking Period and Test Period capital expenditure forecasts
3 were incorporated. The timing and cost of the projects are based on the capital budget plans,
4 which include estimated in-service dates. The estimated in-service dates and corresponding
5 depreciation rates were then used to calculate depreciation.

6 **C. O&M EXPENSES**

7 **Q. HOW DID YOU OBTAIN OPERATING AND MAINTENANCE EXPENSES FOR**
8 **THE TEST PERIOD BUDGET?**

9 A. O&M expenses were obtained from various areas of the Company, using the bottom-up
10 approach that I previously described. CUII's proportionate share of the shared and
11 corporate O&M expenses are directly assigned or allocated from the service company to
12 CUII and are also derived using the same bottom-up approach. The allocated share is
13 derived by the application of appropriate allocations based on the service company
14 allocation factors (Equivalent Residential or "ERC" counts for each cost type), in
15 accordance with the CUII/WSC service agreement, described in more detail in the
16 testimony of Mr. Elicegui.

17 **Q. WHAT ARE THE MAJOR O&M ASSUMPTIONS REFLECTED IN THE**
18 **COMPANY'S TEST PERIOD FORECAST?**

19 A. CUII primarily uses a 3% inflation assumption where better information is not available
20 for its O&M expenses. CUII has assumed a "return to normal" for most of its operating
21 expenses, after COVID-19 policies impacted actual costs in the base period for costs such
22 as travel. For labor-related expenses, the budget used the projected annual labor cost rate

1 increases to budget test period union and non-union employee labor expense. Please refer
2 to the testimony of Mr. Guttormsen for detail on CUII's forecast of labor-related expenses.

3 **Q. WHAT IS THE LEVEL OF O&M EXPENSES INCLUDED IN THE CUII TEST**
4 **PERIOD FORECAST?**

5 A. As shown in Petitioner's Schedule B of Attachment AD-1 CUII's O&M expenses during
6 the test period are forecasted to be \$4,109,261.

7 **Q. HOW DO THESE FORECASTED TEST PERIOD O&M EXPENSES COMPARE**
8 **TO FORECASTED O&M EXPENSES FOR THE BASE AND LINKING**
9 **PERIODS?**

10 A. A comparison of the forecasted Test Period O&M expenses, to the forecasted O&M
11 expenses for Base and Linking Periods, is shown in the table below.

12 **Table 4:**

\$	Base Period	Link Period	Test Period
Operations & Maintenance	\$3,063,277	\$3,742,120	\$4,109,261
Increase/(Decrease)		\$678,842	\$367,142

13
14 The table below includes forecasted O&M expenses by function. Primary changes
15 between years include an escalation of salary and benefits expenses to remain competitive
16 in a tight labor market, increased chemical expenses to meet CUII's relatively new
17 phosphorus treatment requirement at its wastewater facilities (after rejection of its bid for
18 preapproval for capital project to address the same permit), and amortization of preapproval
19 costs through CUII's outside services line. Please refer to the testimony below for a greater
20 level of detail surrounding these forecasts.

1

Table 5:

	Per Books	Change		9/30/2022 Forecast	Change		9/30/2023 Forecast
<u>Maintenance Expenses</u>							
Salaries and Wages	566,012	230,381	[d]	796,393	137,240	[d]	933,633
Purchase Water/Sewer	365,903	7,011		372,914	4,011		376,925
Purchased Power	264,474	20,830		285,304	3,969		289,273
Maintenance and Repair	320,143	55,147		375,290	56,867		432,156
Maintenance Testing	39,172	9,176		48,347	1,450		49,798
Meter Reading	-	-		-	-		-
Chemicals	91,438	63,655		155,093	6,222		161,315
Transportation	43,791	1,171		44,962	1,413		46,375
Operating Exp. Charged to Plant	(128,965)	(20,249)	[l]	(149,214)	(10,359)	[l]	(159,573)
Outside Services - Other	14,030	112,422	[o]	126,452	63,301		189,753
Total	1,575,998	479,543		2,055,541	264,114		2,319,655
<u>General Expenses</u>							
Salaries and Wages	206,634	114,798	[d]	321,432	19,410	[d]	340,842
Office Supplies & Other Office Exp.	36,536	1,383		37,919	857		38,776
Regulatory Expense	-	-		-	25,000	[e]	25,000
Rate Case Expense	99,802	17,936	[f]	117,738	-		117,738
Pension & Other Benefits	219,936	78,598	[d]	298,534	27,885	[d]	326,419
Rent	11,811	4,425		16,236	-		16,236
Insurance	97,509	52,530		150,039	10,058		160,097
Office Utilities	27,221	(4,510)		22,711	821		23,532
Miscellaneous	21,711	21,351		43,062	8,845		51,907
Corporate Overhead Allocation	766,120	(87,212)		678,908	10,151		689,058
Total	1,487,279	199,299		1,686,578	103,027		1,789,606

2

3 **Q. HOW DID YOU DEVELOP THE PURCHASED WATER EXPENSE FOR THE**
4 **TEST PERIOD BUDGET?**

5 A. The level of purchased water expense is forecasted, by month, based on respective levels
6 of forecasted purchased water and forecasted purchased water rates. Forecasted purchased
7 water rates of \$2.96 per thousand gallons in the test period are based on current charges
8 from CUII's supplier, Indiana American Water Co., of \$2.79 and an anticipated increase
9 of 3% per year. Forecasted purchased water volumes are calculated based CUII's base year
10 purchased volumes, reduced by the consumption decline for the Indiana Water Service,
11 Inc. percentage of 1.82%. Details of these calculations are shown on the workpaper entitled
12 "Purchased Water Forecast" of Attachment AD-3.

13 **Q. WHAT LEVELS OF PURCHASED WATER SERVICES EXPENSES ARE**
14 **INCLUDED IN THE CUII TEST PERIOD FORECAST?**

1 A. As shown in Petitioner's Schedule B of Attachment AD-1, CUII's purchased water
2 expenses during the Test Period are forecasted to be \$376,925.

3 **Q. HOW DO THE FORECASTED TEST PERIOD PURCHASED WATER SERVICES**
4 **EXPENSES COMPARE TO SUCH EXPENSES FOR THE BASE PERIOD AND**
5 **THE LINKING PERIOD?**

6 A. A comparison of the forecasted Test Period expenses for purchased water to the forecasted
7 expenses for the Base and Linking Periods, is shown in the table below. The modest
8 increase in cost is driven by the combination of consumption decline coupled with cost
9 increases anticipated from CUII's supplier.

10 **Table 6:**

\$	Base Period	Link Period	Test Period
Purchased Water	\$365,903	\$372,914	\$376,925
Increase/(Decrease)		\$7,011	\$4,011

11

12 **Q. PLEASE EXPLAIN HOW FORECASTED PURCHASED POWER COSTS WERE**
13 **DETERMINED.**

14 A. Electric power costs are forecasted, by month, based on the historical levels of electric
15 power costs. The Test Period and Linking Period forecasts are based on the latest nine years
16 of vendor invoicing, dated from 06/01/2013 through 05/31/2021. Service costs for the 12
17 months ending May 31, 2021, were used as a base for CUII's forecast, and an average
18 annual growth rate from the historical periods was applied to all forecast periods. CUII has
19 assumed that the seasonality present in its historical data will continue, and has been used
20 as the basis for all seasonality in CUII's forecast periods. Details of these calculations are
21 provided in the workpaper entitled "Purchased Power Expense" of Attachment AD-3. As

1 shown on Schedule B of Attachment AD-1, purchased power costs are forecasted to
2 increase by approximately 9.4%, from \$264,474 in the Base Period to \$289,273 in the Test
3 Period, or approximately 4.6% per year.

4 **Q. PLEASE EXPLAIN HOW FORECASTED MAINTENANCE AND REPAIR**
5 **COSTS WERE DETERMINED.**

6 A. Maintenance and repair expenses are forecasted based on analysis of historical data and
7 estimated needs of Operations. Additional detail and underlying calculations are provided
8 in workpaper "Deferred Maintenance" within Attachment AD-3 and in workpaper
9 "Preventative Maintenance" within Attachment AD-3. As shown on Schedule B of
10 Attachment AD-1, maintenance and repair expenses are forecasted to increase from
11 \$320,143 in the Base Period to \$432,156 in the Test Period. Maintenance and Repair
12 expenses are broken down into the following categories:

- 13 • Deferred Maintenance – Amortization of deferred maintenance is
14 forecasted to increase from \$155,568 in the Base Period to \$253,444 in the
15 Test Period. Deferred maintenance expense is forecasted based on current
16 and planned deferred project costs. These costs are amortized, by month,
17 over their useful lives until no value remains.
- 18 • Sewer Rodding – Sewer rodding is forecasted based on estimated cleaning
19 costs provided by Operations. 10% manhole inspections and heavy
20 cleaning, at the historical level of cost per unit for 19,517 total units within
21 CUII. Sewer Rodding expenses are forecasted to increase from \$9,880 in
22 the Base Period to \$45,228 in the Test Period, due to completion of the
23 normal level of sewer rodding in the test period.
- 24 • Sludge Hauling – Sludge Hauling expenses are forecasted to increase from
25 \$33,281 in the Base Period to \$46,968 in the Test Period. The Company is
26 forecasting reduced sludge hauling expense relative to historical levels, as
27 a result of process improvements.
- 28 • Other Plant and System Maintenance – Other Plant and System
29 Maintenance expenses are forecasted based on estimated needs of all
30 departments for activities like inspection and cleaning of lift stations, wells,

1 and other equipment. Other Plant and System Maintenance costs are
2 forecasted to increase from \$8,342 in the Base Period to \$28,689 in the Test
3 Period.

- 4 • Other – Other maintenance and repairs expenses have been forecasted for
5 the Test Period using the monthly average cost from historical levels. Other
6 maintenance expenses not included in the above are forecasted to decrease
7 from \$113,072 in the Base Period to \$57,828 in the Test Period as
8 normalized levels of expenses are realized for items such as uniforms, main
9 breaks, and repairs.

10 **Q. PLEASE EXPLAIN HOW FORECASTED MAINTENANCE TESTING COSTS**
11 **WERE DETERMINED.**

12 A. Maintenance testing costs are forecasted based on the historical level of testing expense
13 that CUII has incurred, after the application of 3% inflation. Testing expense is forecasted
14 using the annual average cost between periods 2010 to 2019. Additional detail and
15 underlying calculations are provided in workpaper wp-r of Attachment AD-3. As shown
16 on Schedule B of Attachment AD-1, testing expenses are forecasted to increase from
17 \$39,172 in the Base Period to \$49,798 in the Test Period.

18 **Q. PLEASE EXPLAIN HOW FORECASTED METER READING COSTS WERE**
19 **DETERMINED.**

20 A. As a result of the Company's installation of automated meters, no meter readings costs are
21 necessary to forecast.

22 **Q. PLEASE EXPLAIN HOW FORECASTED CHEMICAL COSTS WERE**
23 **DETERMINED.**

24 A. Chemical costs are forecasted, by month, based on chemical needs identified by operations
25 staff on a monthly basis. The forecast is based on analysis completed by Operations, which
26 includes estimated chemical costs per unit, by chemical type. The estimated chemical costs

1 per unit are determined by review of costs in current invoices from CUII's chemical
2 suppliers. An estimated number of units, which is based on historical seasonal needs and
3 forecasted changes for modified operations, of each chemical type is then used in
4 combination with the cost per unit to determine forecasted chemical expense for each
5 system. Lastly, CUII applies an inflation factor of 4%. Additional detail and underlying
6 calculations are provided in the workpaper entitled "Chemicals Forecast" of Attachment
7 AD-3. As shown on Schedule B of Attachment AD-1, chemical expense is forecasted to
8 increase from \$91,438 in the Base Period to \$161,315 in the Test Period.

9 **Q. PLEASE EXPLAIN HOW FORECASTED TRANSPORTATION COSTS WERE**
10 **DETERMINED.**

11 A. Transportation expenses are forecasted based on analysis of historical data and estimated
12 needs across all departments for auto repairs. Fuel projections are created using national
13 fuel prices and analysis of the average gallons required for CUII. Additional detail and
14 underlying calculations are provided in the workpaper entitled "Fuel Forecast" of
15 Attachment AD-3. As shown on Schedule B of Attachment AD-1, transportation costs are
16 forecasted to increase from \$43,791 in the Base Period to \$46,375 in the Test Period.

17 Transportation expenses are broken down into the following categories:

- 18 • Fuel – Fuel expense is forecasted to increase from \$21,924 in the Base
19 Period to \$26,297 in the Test Period. Fuel costs for the Test Period were
20 forecasted by using projected national fuel prices (cost per gallon) from the
21 US Energy Information Administration's July 2021 outlook as a base and
22 adjusting by the average fuel price change over the prior seven years, and
23 then normalizing for Indiana. The trailing 12-month average of gallons used
24 (July 2020 to June 2021) for the Company's vehicles was used as a base for
25 forecasted gallons to be purchased for the Test Period.
- 26 • Auto Repairs – Auto repairs for the Indiana State cost center have been
27 forecasted using the annual average cost between periods 2010 to 2020.

1 Auto Repair expense is forecasted to increase from \$18,524 in the Base
2 Period to \$18,878 in the Test Period.

3 • Other – Other transportation expenses are forecasted to decrease from
4 \$3,344 in the Base Period to \$1,200 in the Test Period. Other transportation
5 expense includes license renewals and miscellaneous transportation costs.

6 **Q. PLEASE EXPLAIN HOW FORECASTED OPERATING EXPENSE CHARGED**
7 **TO PLANT WAS DETERMINED.**

8 A. Operating expense charged to plant is forecasted based on anticipated capital investments
9 from Operations. Additional detail and underlying calculations are provided in Attachment
10 AD-3 in the workpaper entitled “*pro forma* Capital Investments.” As shown on Schedule
11 B of Attachment AD-1, operating expenses charged to plant are forecasted to increase from
12 \$128,965 in the Base Period to \$159,573 in the Test Period (the offset to operating expenses
13 is increasing; these are the absolute value of the operating expense charged to plant).
14 Operating expenses charged to plant, otherwise referred to a capitalized time or cap time,
15 is calculated based on the following components:

16 • Capital Project Cap Time – Operations has supplied a forecasted number of
17 hours to be worked on each forecasted capital project. The unit of hours is
18 multiplied against CUII’s IN operator cap time rates to determine
19 capitalized time.

20 • Capital Additions/Replacements Cap Time – the Test Period forecast is
21 based on a historical 8-year average (2012-May 2020) of capitalized time
22 hours for generic plant additions/replacements, multiplied by the applicable
23 capitalized time rate.

24 **Q. PLEASE EXPLAIN HOW FORECASTED OUTSIDE SERVICES – OTHER**
25 **COSTS WERE DETERMINED.**

26 A. Outside service expenses are forecasted based on analysis of historical data and estimated
27 needs across all departments. This results in the approximate \$10,000 in outside service

1 expenses CUII expects to incur on a recurring basis for engineering and other outside
2 services. Additional detail and underlying calculations are provided in workpaper wp-q of
3 Attachment AD-3 for this forecast. CUII has also included amortization of its COVID
4 deferred regulatory asset here (amortized over a 3-year life), as calculated in workpaper
5 wp-f of Attachment AD-3, amortization of preapproval engineering costs (amortized over
6 a 40-year life), as calculated in workpaper wp-k of Attachment AD-3, and amortization of
7 preapproval legal fees (amortized over a 3-year life), as calculated in wp-k of Attachment
8 AD-3. As shown on Schedule B of Attachment AD-3, outside service - other costs are
9 forecasted to increase from \$5,576 in the Base Period to \$145,577 in the Test Period. This
10 is driven by the amortizations that CUII has added to its forecast on a *pro forma* basis, as
11 mentioned above.

12 **Q. PLEASE EXPLAIN HOW FORECASTED OFFICE SUPPLIES AND OTHER**
13 **OFFICE COSTS WERE DETERMINED.**

14 A. Office supplies and other office expenses are forecasted based on analysis of historical data
15 and estimated needs across all departments. Additional detail and underlying calculations
16 are provided in workpaper wp-q of Attachment AD-3. As shown on Schedule B of
17 Attachment AD-1, office supplies and other office expenses are forecasted to increase from
18 \$36,536 in the Base Period to \$38,776 in the test year. Office supplies and other office
19 expenses are broken down into the following categories:

- Office Expense – Office expenses are forecasted based on the assumption that historical costs will remain relatively flat, with modest increases for changes in prices (inflationary pressure). Office costs are forecasted to increase from \$6,886 in the Base Period to \$10,926 in the Test Period. CUII's base period experienced reduced office supply needs from a CUII directive for employees (who are able) to work from home, which CUII does not expect to repeat in the test period.

- 1 • Billing and Customer Service – Billing and customer service costs are
2 forecasted to decrease from \$29,645 in the Base Period to \$26,657 in the
3 Test Period. The decrease in costs is related to timing of payment for these
4 services in the base period; generally, CUII's billing and customer service
5 costs are consistent across time and are correlated with CUII's customer
6 count. CUII does not expect material changes to its customer count, and
7 has subsequently forecasted for a typical level (based on historical levels)
8 of billing and customer service costs.

- 9 • Information Technology – Information Technology costs are generally
10 forecasted at WSC, and thus included in CUII's Corporate Allocation
11 account; however, some costs, for items like monitors and other
12 miscellaneous computer repair and maintenance needs, are handled at the
13 regional cost center to which CUII is a member of (Midwest/Mid-Atlantic
14 Cost Center). Information Technology costs are forecasted to increase from
15 \$5 in the Base Period to \$1,193 in the Test Period. The increase is driven
16 by a return to a normal level of computer repair and maintenance needs for
17 CUII.

18 **Q. PLEASE EXPLAIN HOW RENT COSTS WERE DETERMINED.**

19 A. Rent expense is forecasted based on an analysis current and anticipated lease obligations.
20 CUII's rent costs have gone up in recent months, as demonstrated in Attachment AD-5.
21 As shown on Schedule B of Attachment AD-1, rent expense is forecasted to increase from
22 \$11,811 in the Base Period to \$16,236 in the Test Period. The increase in rent expense is
23 driven by the new lease agreement that has been put in place near the end of CUII's base
24 year.

25 **Q. PLEASE EXPLAIN HOW OFFICE UTILITY COSTS WERE DETERMINED.**

26 A. Office utility expenses are forecasted based on analysis of historical data and estimated
27 needs across all departments. Additional detail and underlying calculations are provided in
28 workpaper wp-q of Attachment AD-3. As shown on Schedule B of Attachment AD-1,
29 office utility costs are forecasted to decrease from \$27,221 in the Base Period to \$23,532
30 in the Test Period. This decrease in costs is driven primarily by timing of payments made

1 in the base period; CUII expects for a normal level of office utility expense in its test year,
2 based on historical trends, with modest increases for inflation.

3 **Q. PLEASE EXPLAIN HOW MISCELLANEOUS COSTS WERE DETERMINED.**

4 A. Miscellaneous expenses are forecasted based on analysis of historical data and estimated
5 needs across all departments. As shown on Schedule B of Attachment AD-3, miscellaneous
6 costs are forecasted to increase from \$21,711 in the Base Period to \$51,907 in the Test
7 Period. Miscellaneous costs are broken down into the following categories:

- 8 • Travel – Travel costs are forecasted based on recurring travel needs of
9 supervisory personnel. Travel costs are forecasted to increase from \$6,673
10 in the Base Period to \$17,697 in the Test Period. The increase in costs is
11 driven by COVID trends, as CUII strictly limited travel during the Base
12 Period. CUII does not expect to have to employ such limitations in the Test
13 Pperiod, and is thus returning to a more normal level of travel costs relative
14 to historical levels.
- 15 • Other – Miscellaneous costs are forecasted based on an analysis of recurring
16 costs such as membership dues and bank service charges. Other
17 miscellaneous costs such as training expense, are based on the needs of each
18 department. Other Miscellaneous costs are forecasted to increase from
19 \$15,038 in the Base Period to \$34,210 in the Test Period.

20 **Q. HOW DID YOU OBTAIN THE PROPERTY AND OTHER TAX EXPENSE?**

21 A. CUII's forecasted property taxes are based on the most recent historical property tax data.
22 It is then adjusted based on projected property tax rates and forecasted plant in service.
23 Other taxes are calculated in the financial model based on current tax rates, such as those
24 for payroll taxes and utility taxes. CUII has included the public utility fee rate in its
25 calculation of utility taxes. Please refer to workpaper wp-o of Attachment AD-3.

26 **Q. WHAT IS THE LEVEL OF TAX EXPENSE, OTHER THAN INCOME TAXES,
27 INCLUDED IN THE CUII TEST PERIOD BUDGET?**

1 A. As shown in Petitioner's Attachment AD-1, Schedule B, CUII's tax expense, other than
2 income taxes, is forecasted to be \$386,691 in the Test Period.

3 **Q. HOW DOES THE FORECASTED TEST PERIOD TAX EXPENSE (OTHER THAN**
4 **INCOME TAXES) COMPARE TO ACTUAL BASE PERIOD AND FORECASTED**
5 **LINKING PERIOD TAX EXPENSE (OTHER THAN INCOME TAXES)?**

6 A. A comparison of the forecasted Test Period tax expense (other than income taxes), to the
7 forecasted Linking Period expense and the actual Base Period expense is shown in the table
8 below. CUII is forecasting for a material change in its salary and wage expense as it makes
9 changes to remain competitive in the local job market, resulting in elevated payroll tax
10 expense going from the base period to the Linking Period. Additional investment in CUII's
11 systems also elevates CUII's real estate tax as it forecasts its Linking Period. However,
12 CUII expects a modest drop in revenues as consumption decline continues to apply
13 pressure on CUII's volumetric sales. The general, upward trend in taxes other than income
14 taxes, however, persists, in particular as CUII forecasts its test period; additional capital
15 investments, continued growth in salary and wage expenses, and the effect of Phase II
16 revenues drive CUII's forecast.

17 **Table 7:**

\$	Base Period	Link Period	Test Period
Property and other Taxes	\$270,103	\$308,876	\$384,925
Increase/(Decrease)		\$38,773	\$76,049

18
19 **Q. HOW DID YOU OBTAIN THE INCOME TAX EXPENSE?**

20 A. CUII's tax department provided the appropriate state and federal income tax rates and the
21 amortization of investment tax credit ("ITC"). The income tax expense was derived in the
22 Company's financial model for the Test Period forecast by applying statutory income tax

1 rates to applicable taxable book income and then applying book-to-tax adjustments
2 according to the Internal Revenue Code. Please refer to workpaper wp-g of Attachment
3 AD-3.

4 **Q. HOW DOES THE FORECASTED TEST PERIOD INCOME TAX EXPENSE**
5 **COMPARE TO FORECASTED LINKING PERIOD AND ACTUAL BASE**
6 **PERIOD INCOME TAX EXPENSES?**

7 A. As shown in Petitioner's Schedule B of Attachment AD-1, CUII's income tax expense in
8 the Test Period is forecasted to be \$460,904. This is \$458,684 higher than the income tax
9 expense per books in the base period ending September 30, 2021, and \$605,288 than the
10 Linking Period forecasted income tax expense of -\$144,384.

11 **Q. HOW DOES THE FORECASTED TEST PERIOD INCOME TAX EXPENSE**
12 **COMPARE TO FORECASTED LINKING PERIOD AND ACTUAL BASE**
13 **PERIOD INCOME TAX EXPENSES?**

14 A. A comparison of the forecasted Test Period income tax expense, to the forecasted Linking
15 Period tax expense and the actual Base Period tax expense is shown in the table below.
16 Income taxes are directly correlated with the actual income of the utility. In the base period,
17 the combination of state and federal income taxes for CUII is essentially \$0 (actual income
18 tax expense is equal to \$2,220 – see Schedule B of Attachment AD-1). As we look into
19 the Linking Period of 2021, taxable income continues to plummet with increased operating
20 expenses, depreciation on new investments, and elevated interest expense from making
21 those investments. CUII has represented income taxes for Phase I and Phase II revenues
22 alike in workpaper wp-g of Attachment AD-3. As expected, when rates catch up with the

1 expenses that Company is incurring, taxable income turns positive and results in a material
 2 increase to income taxes.

Table 8:

\$	Base Period	Link Period	Phase I	Phase II
Income Taxes	\$2,220	-\$144,384	\$390,613	\$460,904
Increase/(Decrease)		-\$146,604	\$661,268	\$70,291

3

4
 5 **Q. HOW DID YOU OBTAIN THE “OTHER INCOME AND EXPENSE”?**

6 A. The “other income and expense” is derived from a combination of sources. Interest during
 7 construction, interest expense, and other income are the primary components. Interest
 8 during construction has been eliminated for ratemaking purposes, and no other income is
 9 included in CUII’s forecast periods (the Linking Period or Test Period). Thus, CUII’s
 10 Other Income and Expense is derived from interest expense in the forecasted periods.

11 **Q. WHAT IS THE LEVEL OF OTHER INCOME AND EXPENSE INCLUDED IN**
 12 **THE CUII TEST PERIOD BUDGET?**

13 A. As shown in Petitioner’s Schedule B of Attachment AD-1, CUII’s other income and
 14 expense is forecasted to be \$711,069 in the Test Period.

15 **Q. HOW DOES THIS FORECASTED TEST PERIOD OTHER INCOME AND**
 16 **EXPENSE COMPARE TO FORECASTED LINKING PERIOD OTHER INCOME**
 17 **AND EXPENSE AND ACTUAL BASE PERIOD OTHER INCOME AND**
 18 **EXPENSE?**

19 A. A comparison of the forecasted Test Period other income and expense to the forecasted
 20 Linking Period other income and expense and the actual Base Period other income and
 21 expense is shown in the table below. Interest expense for debt is the primary component of

1 this field, and composes the entirety of the linking period and test year forecasts. Changes
2 in interest expense are driven by CUII's investments, as discussed below.

3 **Table 9:**

\$	Base Period	Link Period	Test Period
Other Income and Expenses	\$391,349	\$602,713	\$711,069
Increase/(Decrease)		\$211,364	\$108,355

4
5 **Q. PLEASE EXPLAIN THE FORECASTED CHANGES TO INTEREST DURING**
6 **CONSTRUCTION.**

7 A. CUII eliminates interest during construction for ratemaking purposes.

8 **Q. HOW DID YOU FORECAST INTEREST EXPENSE?**

9 A. Interest expense was obtained from CUII's long-term debt balances and short-and long-
10 term interest rates for the Test Period forecast. Workpaper wp-h of Attachment AD-3
11 demonstrates the cost of debt that CUII currently experiences, and forecasts to maintain
12 through the test period (5.01%). To forecast interest expense, the ending rate base in each
13 year (linking period, test period) is multiplied by the existing debt ratio to forecast the share
14 of rate base that CUII will finance with debt. Subsequently, this 49.2% of rate base is
15 multiplied by the previously identified cost of debt, providing a normalized level of interest
16 expense for CUII's rate base funded by debt.

17 **Q. WHAT IS THE LEVEL OF INTEREST EXPENSE INCLUDED IN THE CUII**
18 **TEST PERIOD FORECAST?**

19 A. As shown in Petitioner's Schedule B Attachment AD-1, CUII's interest expense in the Test
20 Period is forecasted to be \$711,069.

1 **Q. HOW DOES THIS FORECASTED TEST PERIOD INTEREST EXPENSE**
2 **COMPARE TO FORECASTED LINKING PERIOD INTEREST EXPENSE AND**
3 **ACTUAL BASE PERIOD INTEREST EXPENSE?**

4 A. A comparison of the forecasted Test Period interest expense, to the forecasted Linking
5 Period interest expense and the actual Base Period interest expenses is shown in the table
6 below. CUII has identified a current cost of debt of 5.01%, as demonstrated in workpaper
7 wp-h of Attachment AD-3. This same cost of debt has been applied to the forecasted rate
8 base of CUII in the Linking Period and the Test Period. As investments are made,
9 incremental interest expense is incurred.

10 **Table 10:**

\$	Base Period	Link Period	Test Period
Interest Expense	\$523,398	\$602,713	\$711,069
Increase/(Decrease)		\$79,315	\$108,355

11
12
13 **Q. DO YOU HAVE AN OPINION AS TO WHETHER THE FORECASTED TEST**
14 **PERIOD FINANCIAL DATA IS REASONABLE, RELIABLE, MADE IN GOOD**
15 **FAITH, AND THAT ALL BASIC ASSUMPTIONS USED IN THE FORECAST**
16 **HAVE BEEN IDENTIFIED AND JUSTIFIED?**

17 A. Yes, the forecasted Test Period financial data is reasonable, reliable, and made in good
18 faith, based on all the information available as of the time of this filing. In my opinion, the
19 budgeting and forecasting processes are adequate, reasonable, and reliable. My testimony
20 has identified all the basic assumptions in the forecast, and reflects the work of multiple
21 teams across the Company to ensure the accuracy and reasonableness of the forecasted

1 data. These assumptions are explained in my testimony and the testimony of the other
2 witnesses I have identified.

3 **VI. OVERVIEW OF CUII'S BUDGET TO ACTUAL VARIANCES FOR 2018-2020**

4 **Q. DOES THE REVENUE FORECASTING METHODOLOGY DESCRIBED IN THIS**
5 **TESTIMONY RESULT IN AN ACCURATE ESTIMATE OF REVENUES TO BE**
6 **ACHIEVED DURING THE TEST PERIOD?**

7 A. Yes, with two caveats: my testimony describes various *pro forma* adjustments to the Test
8 Period forecast that are more reflective of actual revenues expected; and, the revenue
9 forecasts presented in this case (Schedules D, E, and F of Attachment AD-1) do not yet
10 reflect proposed or anticipated revenues coming out of this proceeding (until Schedule I of
11 Attachment AD-1). The key input to forecasted revenues is a forecast of customer sales.
12 As the table below shows, CUII's forecast of sales has been accurate and reliable.

13 **Table 11: CUII Sales Actual vs. Budget Variance**

<i>Utility</i>	2018	2019	2020	Average
Water Actuals	\$2,613,152	\$2,414,296	\$2,574,681	\$2,534,043
Water Budget	\$2,475,312	\$2,501,590	\$2,442,829	\$2,473,244
Water Variance	5.57%	-3.49%	5.40%	2.46%
Sewer Actuals	\$2,469,320	\$2,393,196	\$2,460,061	\$2,440,859
Sewer Budget	\$2,592,235	\$2,398,335	\$2,387,827	\$2,459,466
Sewer Variance	-4.74%	-0.21%	3.03%	-0.76%
Total Variance	0.29%	-1.89%	4.22%	0.86%

14
15 **Q. DOES THE O&M BUDGETING METHODOLOGY DESCRIBED IN THIS**
16 **TESTIMONY RESULT IN AN ACCURATE ESTIMATE OF EXPENSES TO BE**
17 **INCURRED DURING THE TEST PERIOD?**

1 Yes. CUII has experienced a variance of 4%, compared to its approved O&M budget over
 2 the last three years. As shown in the table below, CUII's average budgeted expenses over
 3 the 3-year period 2018 through 2020 were \$1,985,000. The average actual O&M spend for
 4 the same period was \$1,916,000. That represents an average annual underspend of \$69,000,
 5 or 4%. Given that CUII operates in an environment influenced by external factors that are
 6 outside of its control, such as weather, this average variance demonstrates a high level of
 7 historical O&M budgeting accuracy by CUII. Accordingly, these results should provide
 8 confidence as to the overall accuracy and reliability of the O&M expenses included in
 9 CUII's Test Period O&M budget.

Table 12: Direct O&M Actual vs. Budget Variance

<i>\$ Thousands</i>	2018	2019	2020	Average
Actual O&M	\$1,625	\$1,942	\$2,181	\$1,916
Budgeted O&M	\$1,735	\$2,020	\$2,200	\$1,985
Variance	6%	4%	1%	4%

11
 12 **Q. DOES THE CAPITAL BUDGETING METHODOLOGY DESCRIBED IN THIS**
 13 **TESTIMONY RESULT IN AN ACCURATE ESTIMATE OF CAPITAL TO BE**
 14 **EXPENDED DURING THE TEST PERIOD?**

15 A. Yes. CUII has experienced a variance of 67%, compared to its approved capital budget
 16 over the last three years. As shown in the table below, CUII's average annual capital budget
 17 over the 3-year period 2018 through 2020 was \$4.8 million. The average annual actual
 18 spend for the same period was \$1.6 million, representing an annual underspend of \$3.2
 19 million, or approximately 67%. The variance in 2020 is driven by the rejection of CUII's
 20 petition for preapproval of its wastewater projects, as referred to throughout testimony.
 21 Given that capital expenditures are particularly difficult to predict, and vary significantly

1 as unexpected information is encountered throughout the construction process, CUII's
2 historical budget performance demonstrates a level of capital budgeting accuracy by CUII.
3 Accordingly, these results should provide a level of confidence as to the overall accuracy
4 and reliability of the capital expenses included in CUII's Test Period capital budget.

5 **Table 13: Capital Expenditures Actual vs. Budget Variance**

<i>\$ Millions</i>	2018	2019	2020	Average
Actual CapEx	\$0.7m	\$2.9m	\$1.4m	\$1.6m
Budgeted CapEx	\$2.4m	\$4.5m	\$7.5m	\$4.8m
Variance	71%	36%	81%	67%

6
7 **Q. HAVE YOU PREPARED AN EXHIBIT WITH ACTUAL BALANCES YEAR TO**
8 **DATE?**

9 A. Petitioner's Schedule A of Attachment AD-1 is CUII's balance sheet through Q3, 2021.
10 CUII has also provided an Income Statement of actuals for the 12-months ending
11 September 30, 2021.

12 **VII. RATE DESIGN**

13 **Q. HOW DOES THE COMPANY PROPOSE TO APPLY THE PROPOSED RATE**
14 **INCREASES?**

15 A. CUII proposes that rates become effective for its Phase I increase on October 1, 2022. To
16 the extent that there is a delay between October 1, 2022, and the actual implementation
17 date of rates – for example, to provide the OUCC and Commission adequate time to review
18 the actual utility plant in service – CUII proposes a one-time charge to true-up customer'
19 bills for the period beginning on October 1, 2022, and ending on the implementation date
20 of the Commission's final order, to be billed to customers no later than 60 days from the

1 implementation date of new rates. CUII proposes to file its proposed rates, reflecting actual
2 plant in service, actual capital structure and actual cost of debt, within 45 days of receipt
3 of the Commission's order. Further, CUII proposes that the OUCC and intervenors have 30
4 days to review such filing and file any objections. CUII proposes the same methodology
5 for its Phase II change to rates, with a rate effective date of October 1, 2023.

6 **Q. WHAT BASE FACILITY CHARGES IS CUII PROPOSING FOR RESIDENTIAL**
7 **AND COMMERCIAL CUSTOMERS?**

8 A. CUII maintains the same schedule of base facility charges for its residential and
9 commercial customers. Those charges can be found in Schedule J of Attachment AD-1.
10 For customers with CUII's typical meter size of 5/8", these customers have a proposed
11 base facility charge ("BFC") of \$20.90 for water and \$35.58 for wastewater. These
12 constitute an 87.6% and a 51.5% increase over the existing BFCs of \$11.14 and \$23.49 for
13 these customers, respectively.

14 **Q. IS CUII PROPOSING ANY RATE DESIGN CHANGES IN THIS PROCEEDING?**

15 A. No, CUII's only proposed change is the addition of an opt-in low-income rate for its
16 eligible residential customers. This rate functions within the framework of CUII's proposed
17 across-the-board increase. CUII recognizes its role in ensuring a safe and healthy
18 community within its service areas and has developed this low-income rate to mitigate
19 affordability concerns that CUII has for its most vulnerable customers. Safe, reliable
20 drinking water and sewer service are cornerstones to healthy communities. Affordability
21 of those services is the only way for CUII to deliver on its mandate as the provider of those
22 services. This low-income rate ensures that those customers least able to afford these

1 essential services are given appropriate ratemaking tools and considerations to participate
2 fully in their communities and protect their families.

3 **Q. PLEASE DESCRIBE CUII'S PROPOSED NEW LOW-INCOME RATE.**

4 A. CUII's low-income rate is an opt-in rate CUII proposes to be made available to low-income
5 customers in its service territories. Residential customers whose income falls at or below
6 the federal poverty level (as defined at [https://aspe.hhs.gov/topics/poverty-economic-](https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines/prior-hhs-poverty-guidelines-federal-register-references/2021-poverty-guidelines)
7 [mobility/poverty-guidelines/prior-hhs-poverty-guidelines-federal-register-](https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines/prior-hhs-poverty-guidelines-federal-register-references/2021-poverty-guidelines)
8 [references/2021-poverty-guidelines](https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines/prior-hhs-poverty-guidelines-federal-register-references/2021-poverty-guidelines)) are eligible for the rate, which is defined as the most
9 recent ratio between the typical household income in CUII's service territories
10 (<https://www.census.gov/quickfacts/IN>) and the poverty level income for the same time
11 period ([https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines/prior-](https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines/prior-hhs-poverty-guidelines-federal-register-references/2019-poverty-guidelines)
12 [hhs-poverty-guidelines-federal-register-references/2019-poverty-guidelines](https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines/prior-hhs-poverty-guidelines-federal-register-references/2019-poverty-guidelines)). Schedules
13 G and H both leverage this ratio (38%) to pin the low-income rate at the same ratio relative
14 to the regular-income rate for residential customers. The end result and substantive benefit
15 to low-income customers is demonstrated in Schedule K of Attachment AD-1, where it
16 can be seen that the incremental increase in cost for low-income customers resulting from
17 CUII's requested rate relief is far lower than that of the system (for both water and sewer
18 service).

19 **Q. HOW DOES CUII'S LOW-INCOME RATE IMPACT THE BILLS FOR**
20 **COMMERCIAL CUSTOMERS?**

21 A. CUII's low-income rate does not impact commercial customers. CUII calculates its
22 commercial volumetric rate in the absence of the low-income rate, and removes the
23 volumetric revenue it will recover from commercial customers from its overall volumetric

1 revenue requirement, thus isolating the residential class volumetric revenue requirement.
2 This residential class volumetric revenue requirement is then divided by low-income
3 equivalents, where CUII's estimation of low-income gallons is multiplied by the low-
4 income usage factor (38%) to accomplish the desired outcome of pinning the low-income
5 rate to 38% of the regular residential rate. Please refer to schedules G and H of Attachment
6 AD-1.

7 **Q. WHY DOES CUII PROPOSE THIS 'PINNING' OF THE LOW-INCOME RATE**
8 **RELATIVE TO THE RESIDENTIAL RATE?**

9 A. Affordability is generally assessed based on the share of income required to pay for service
10 (for example, in the AWWA's Affordability Assessment Tool [https://www.](https://www.wwa.org/Portals/0/AWWA/ETS/Resources/AffordabilityAssessmentTool.pdf)
11 [awwa.org/Portals/0/AWWA/ETS/Resources/AffordabilityAssessmentTool.pdf](https://www.wwa.org/Portals/0/AWWA/ETS/Resources/AffordabilityAssessmentTool.pdf)). There
12 are a variety of modifications to how this figure is described, such as a percentage or in
13 hours worked at minimum wage (as an example), but the end result is to understand the
14 effort required from a household to cover the cost of their essential water and sewer
15 services. By performing this arithmetic pinning of the low-income rate, CUII ensures that
16 low-income customers are paying a similar share of their household income on water and
17 sewer service as their typical neighbor, thus maintaining the same level of affordability for
18 this volumetric component of their bill.

19 **Q. ARE THERE LIMITATIONS ON THE LOW-INCOME RATE?**

20 A. Yes. The first limitation is that CUII proposes the low-income rate be opt-in, such that
21 customers that believe they meet the eligibility criteria submit an application every 12
22 months to CUII's third party income identifier for verification of their eligibility for the
23 rate. CUII will hire this third-party income identifier to perform this service to protect

1 customer privacy and to leverage expertise in handling such sensitive data that CUII does
2 not have. Reverification of eligibility every 12 months will ensure that customers' current
3 income status is accurately considered, ensuring the long-term sustainability of the rate
4 design not only for the regular residential customers who are supporting low-income
5 customers, but also for customers who may become eligible in the future. To estimate the
6 number of eligible customers, CUII has leveraged the household poverty rate as identified
7 in the most recent (2019) American Community Survey ("ACS") for Indiana, which is
8 7.8% of households. CUII thus estimates that 7.8% of usage will be eligible for the low-
9 income rate.

10 The second limitation is that CUII has limited the number of gallons that are eligible
11 to be charged at the low-income rate to the residential class average usage. This ensures
12 that typical usage benefits from this discounted rate, but removes the discount for usage
13 above average usage.

14 **Q. CAN YOU QUANTIFY THE IMPACT OF THE LOW-INCOME RATE ON CUII**
15 **RESIDENTIAL CUSTOMERS?**

16 A. Yes. Low-income customer will receive an approximate 62% discount on the volumetric
17 portion of their bills. This is accomplished through an approximate 5% increase in the rate
18 for regular residential customers, which equates to less than a \$3.00 increase in the average
19 residential water bill and less than \$3.00 increase in the average residential sewer bill, all
20 while saving low-income customers approximately \$30 on their water bill and
21 approximately \$30 on their sewer bill. This impact on affordability for these low-income
22 customers is substantial relative to the impact for the remaining residential class, and will
23 contribute to the overall well-being of the communities that CUII serves as a result. Please

1 refer to Schedules G, H, J, and K of Attachment AD-1 for additional information
2 surrounding the development an impact of CUII's low-income bill on its customers.

3 **Q. HAVE YOU PREPARED A PROOF OF REVENUES FOR THIS CASE?**

4 A. Yes. Please see Schedule D of Attachment AD-1 for the detailed proof of revenues. CUII
5 calculates \$2,540,130 in water service revenues and \$2,453,038 in sewer service revenues
6 for the base period, relative to known levels of service revenue at \$2,528,715 and
7 \$2,458,528, respectively. This represents a variance of only 0.45% and -0.22% for water
8 and wastewater, respectively, proving that CUII has identified appropriate billing units (bill
9 counts and volumes) from which to produce sales forecasts. CUII includes comparable
10 demonstrations of its sales forecasts as that shown in Schedule D in Schedules E, F, and I
11 of Attachment AD-1 for its revenues under existing rates for the 12 months ending Q3
12 2022, under existing rates for the 12 months ending Q3 2023, and for its proposed revenues,
13 respectively. Under existing rates, CUII expects the Linking Period (12 months ending
14 September 30, 2022) to contain \$17,522 less in water service revenue and \$13,429 less in
15 sewer service revenue than the base period. Under existing rates, CUII expects the test
16 period (12 months ending September 30, 2023) to contain \$35,980 less in water service
17 revenue and \$29,319 less in sewer service revenue than the linking period. These changes
18 are attributable to the combination of bill unit normalization and CUII's consumption
19 decline forecast.

20 **VIII. TARIFF CHANGES**

21 **Q. HAS THE COMPANY MADE OTHER CHANGES TO ITS TARIFF, ASIDE**
22 **FROM UPDATING ITS RATES?**

1 A. Yes. CUII has updated its reconnection charge to reflect updated costs that the Company
2 incurs to perform those reconnections. CUII has demonstrated the calculation of its update
3 to its reconnection charge in Attachment AD-3, which uses CUII's updated capitalized
4 time rate and the most recent IRS standard mileage reimbursements to produce the charge
5 update.

6 Additionally, CUII has simplified its meter testing fees. CUII has made it such that
7 there is only one schedule for all of CUII, rather than separate schedules of meter testing
8 fees for the various former areas within CUII or for "Outside Readers." CUII's update is
9 intended to comply with 170 IAC 6-1-11.

10 CUII has also eliminated the complexity of its connection charge schedules.
11 Instead of a separate schedule for Twin Lakes customers, all CUII customers will now be
12 able to hire a contractor to make their connection, subject to a \$50 inspection by CUII.

13 Lastly, CUII has updated its billing and payment option information to reflect the
14 appropriate address for checks and money orders to be mailed, and has updated the online
15 payment address. Please refer to Attachment AD-2 for clean and redlined versions of
16 CUII's water and sewer tariff pages.

17 **IX. CONCLUSION**

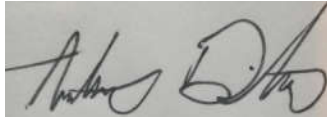
18 **Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?**

19 A. Yes.

VERIFICATION

I hereby verify under the penalties of perjury that the foregoing representations are true to the best of my knowledge, information and belief.

Date: December 6, 2021

A rectangular box containing a handwritten signature in black ink. The signature appears to be 'Andrew Dickson' written in a cursive style.

Andrew Dickson
Senior Financial Analyst for
Community Utilities of Indiana, Inc.

Petitioner's Attachment AD-1 is being submitted in native Excel format.

COMMUNITY UTILITIES OF INDIANA, INC.
LAKE, PORTER, JASPER AND NEWTON COUNTIES, INDIANA

I.U.R.C. No. W-1
Cover Sheet

SCHEDULE OF RATES AND CHARGES
FOR WATER SERVICE

COMMUNITY UTILITIES OF INDIANA, INC.

500 W. Monroe St., Suite 3600

Chicago, Illinois 60661-3779

SCHEDULE OF RATES AND CHARGES FOR WATER SERVICE
Service Territory Formally Known as Twin Lakes Utilities Inc., Water Service Company of
Indiana, and Indiana Water Service, Inc.
(Lake, Porter, Jasper, and Newton, Counties, Indiana)

Applicability

This schedule applies to all water service rendered by Community Utilities of Indiana, Inc.

Monthly Rate for All Customers

The customer shall pay for each service connection a monthly rate which will be the sum of (A) a Base Facility Charge based on the size of the meter through which the customer receives such service, and (B) a Volume Charge based on the amount of water consumed during the monthly period. The Base Facility Charge shall also apply when the service is provided through a master meter and every individual dwelling unit is billed separately. The applicable Base Facility and Volume Charges are as follows:

A. Base Facility Charge

<u>Meter Size</u>	<u>Charge</u>
5/8" & 3/4"	\$20.90
1"	48.08
1 1/2"	90.70
2"	142.96
3"	265.12
4"	439.54
6"	875.67

B. Volume Charges

Regular Residential Charge Per 1,000 gallons	\$12.341 ¹
Low-Income Residential Charge Per 1,000 gallons ²	\$4.675 ^{1,3}
Commercial Charge Per 1,000 gallons	\$11.743 ¹

Unmetered Water Service

Flat rate for unmetered public drinking fountain	\$39.71 per monthly period
--	----------------------------

¹ Subject to the Distribution System Improvement Charge in the attached Appendix A

² This low-income rate is available on an opt-in basis to residential customers whose household income falls at or below the federal poverty level, as defined at <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>. Household income will be verified by the Company's 3rd party verifier to preserve customer privacy. Please refer to Company communications or contact Customer Service for directions on how to apply.

³ Low-Income Volumes up to 4,359 gallons for eligible customers that have opted in to the low-income rate. Usage above 4,359 gallons will be billed at the regular residential rate.

SCHEDULE OF RATES AND CHARGES FOR WATER SERVICE

Service Territory Formally Known as Twin Lakes Utilities Inc., Water Service Company of
Indiana, and Indiana Water Service, Inc.
(Lake, Porter, Jasper, and Newton Counties, Indiana)

Meter Readings and Billings

All meters will be read monthly. Metered and unmetered accounts will be billed monthly.

Other Charges

Reconnection Charge

If water service is disconnected by the utility for failure to pay a bill or for any reason in accordance with IURC rules, the customer will be assessed a charge of sixty-six dollars and sixty-two cents (\$62.62), which will be paid by the customer before service will be restored. If water service is disconnected at the customer's request due to seasonal residence and during normal business operating hours, the customer will be assessed a charge of sixty-six dollars and sixty-two cents (\$62.62), which will be added to the customer's next bill.

NSF Check Charge

A charge of twenty-five dollars (\$25.00) will be applied to customers whose check is returned by the bank due to non-sufficient funds (one charge per check each time it is returned). \$25.00

New Customer Charge

A charge of twenty-five dollars (\$25.00) will be applied to new customers initiating service in new or existing homes or commercial establishments. \$25.00

SCHEDULE OF RATES AND CHARGES FOR WATER SERVICE

Service Territory Formally Known as Twin Lakes Utilities Inc., Water Service Company of
Indiana, and Indiana Water Service, Inc.
(Lake, Porter, Jasper, and Newton Counties, Indiana)

Meter Testing Fee

In compliance with 170 IAC 6-1-11, the Company will test a customer's meter upon request up to two times at least twelve (12) months apart at no charge to the customer. A customer that requests an additional meter test will be required to pay the applicable charge below to defray the cost of the test (1) if the meter was tested at the customer's request within the prior thirty-six (36) months and the meter was previously found to be in compliance with 170 IAC 6-1-9; or (2) the test is made at the customer's request or due to a billing dispute and the meter is found to be in compliance with 170 IAC 6-1-9. If the meter is found to register in excess of the prescribed accuracy limits, the meter test charge will be waived. If the meter is found to register accurately or within such prescribed limits, the charge shall be retained by the Company.

The charges are listed below:

<u>Meter Size</u>	<u>Charge</u>
5/8" thru 1"	\$60.00
1 1/4" thru 2"	220.00
3" thru 4"	235.00
6"	300.00
Larger than 6"	Actual Cost

Late Payment Charge

Bills for metered and unmetered water service will be rendered monthly. Bills which remain unpaid for a period of more than seventeen (17) days following the mailing of the bill by the Company shall be delinquent and a late payment charge in the amount of ten percent (10%) on the first three (\$3.00) dollars and three percent (3%) of the excess over three (\$3.00) dollars shall be added to the bill and owed by the customer.

SCHEDULE OF RATES AND CHARGES FOR WATER SERVICE

Service Territory Formally Known as Twin Lakes Utilities Inc., Water Service Company of
Indiana and Indiana Water Service, Inc.
(Lake, Porter Jasper, and Newton Counties, Indiana)

Connection Charge

Customers shall be required to hire a licensed and bonded contractor to install the tap and water line at the customer's expense. In addition, the customer will be responsible for a \$50 inspection fee to cover the costs associated with the Company's inspection of the connection.

SCHEDULE OF RATES AND CHARGES FOR WATER SERVICE
Service Territory Formally Known as Twin Lakes Utilities Inc., Water Service Company of
Indiana, and Indiana Water Service, Inc.
(Lake, Porter, Jasper, Newton, and Lake Counties, Indiana)

Appendix A – Distribution System Improvement Charge (DSIC)

The Distribution System Improvement Charge (DSIC) set forth on this schedule is applicable where clearly denoted on other rate schedules, and shall be added to the volumetric rates billed. Changes to the DSIC shall be occasioned by filings in accordance with Indiana Code Chapter 8-1-31.

DSIC (per 1,000 gallons).....\$0.00

SCHEDULE OF RATES AND CHARGES FOR WATER SERVICE
Service Territory Formally Known as Twin Lakes Utilities Inc.,
Water Service Company of Indiana, and
Indiana Water Service, Inc.
(Lake, Porter, Jasper and Newton Counties, Indiana)

Rules and Regulations

All water service furnished by the Company under this schedule is subject to such rules and regulations of the Company as are on file with the Indiana Utility Regulatory Commission and in effect from time to time. Any of the Company's rates, rules and regulations may be revised, discontinued or supplemented from time to time, in accordance with applicable law and the rules, regulations and orders of that Commission.

SCHEDULE OF RATES AND CHARGES FOR WATER SERVICE
Service Territory Formally Known as Twin Lakes Utilities Inc.,
Water Service Company of Indiana, and
Indiana Water Service, Inc.
(Lake, Porter, Jasper and Newton Counties, Indiana)

Billing and Payment Options

The customer has the following payment options available in order to make bill payments:

1. Check or money order to the business office of the Utility:

Community Utilities of Indiana, Inc.
PO Box 70723
Philadelphia, PA 19176-0723

2. Automatic Bill Payment

Customers may sign up for automatic draft from a checking or savings account on the due date of their bill. There is no fee for this service.

3. Pay by Phone

Pay with check, credit card, or debit card via First Billing Services payment system 888-562-3451. A convenience fee is charged by First Billing Services for this service as outlined below.

<u>Residential Accounts:</u>	<u>Bill Amounts</u>	<u>Fee</u>
Credit/Debit, E-Check	\$0.01 - \$75.00	\$1.99
Credit/Debit, E-Check	\$75.01 - \$5,000	\$2.25
<u>Non-Residential Accounts:</u>		
Credit/Debit	\$0.01 - \$5,000	2.45%
E-Check	\$0.01 - \$5,000	\$2.25
<u>Auto Recurring Payments (Residential/Non-Residential)</u>		
Credit/Debit, E-Check	\$0.01 - \$5,000	\$0.99

4. Online Payment

Internet payments are accepted with e-check, credit card or debit card at: <https://connect.myutility.us>. A convenience fee is charged by First Billing Services for this service as outlined above in #3.

5. Paperless Billing

Customers who wish to stop receiving paper bills may sign up for the e-bill system

6. Electronic Billing

A customer may voluntarily elect to be billed through a paperless electronic billing system using standard form and protocols established and maintained by the Company. In administering this electronic billing option, the Company does not send such customer paper bills. Required information that otherwise accompanies a paper bill is transmitted to such customer electronically, or the internet link access to such information is transmitted electronically to such customer. Any applicable disconnection notice continues to be sent to such customer via United States mail. The Company may utilize unaffiliated third parties to electronically transmit bills to such customer. The Company is not responsible for any loss resulting from such customer's election to receive bills electronically, including but not limited to, any loss associated with damage to the retail customer's computer equipment or facilities and any loss associated with a their party's unauthorized use of such customer's information. Either the Company or such customer may, upon, thirty (30) days notice to the other party, terminate electronic transmission of bills without any liability to the terminating party resulting from such termination, and without affecting such customer's obligation to pay all amounts due to the Company. In such event, the Company begins to issue paper bills via United States mail to such customer as soon as reasonably practical. The Company reserves the right to determine whether a customer is eligible to be billed through its paperless electronic system.

COMMUNITY UTILITIES OF INDIANA, INC.
LAKE, PORTER, JASPER AND NEWTON COUNTIES, INDIANA

I.U.R.C. No. W-1
Cover Sheet

SCHEDULE OF RATES AND CHARGES
FOR WATER SERVICE

COMMUNITY UTILITIES OF INDIANA, INC.

500 W. Monroe St., Suite 3600

Chicago, Illinois 60661-3779

~~2335 Sanders Road~~

~~Northbrook, Illinois 60062~~

SCHEDULE OF RATES AND CHARGES FOR WATER SERVICE

Service Territory Formally Known as Twin Lakes Utilities Inc., Water Service Company of
 Indiana, and Indiana Water Service, Inc.
 (Lake, Porter, Jasper, and Newton, Counties, Indiana)

Applicability

This schedule applies to all water service rendered by Community Utilities of Indiana, Inc.

Monthly Rate for All Customers

The customer shall pay for each service connection a monthly rate which will be the sum of (A) a Base Facility Charge based on the size of the meter through which the customer receives such service, and (B) a Volume Charge based on the amount of water consumed during the monthly period. The Base Facility Charge shall also apply when the service is provided through a master meter and every individual dwelling unit is billed separately. The applicable Base Facility and Volume Charges are as follows:

A. Base Facility Charge

<u>Meter Size</u>	<u>Charge</u>
5/8" & 3/4"	\$11.14 20.90
1"	25.07 48.08
1 1/4"	39.04
1 1/2"	49.43 90.70
2"	76.21 142.96
3"	141.33 265.12
4"	234.31 439.54
6"	466.80 875.67

B. Volume Charges

Regular Residential Charge Per 1,000 gallons	
\$12.34 16.26 ^{1*}	
Low-Income Residential Charge Per 1,000 gallons ²	\$4.67 56.26 ^{1,3}
Commercial Charge Per 1,000 gallons	\$11.74 36.26 ¹

Unmetered Water Service

Flat rate for unmetered public drinking fountain \$~~39.71~~21.17 per monthly period

¹— Subject to the Distribution System Improvement Charge in the attached Appendix A

² This low-income rate is available on an opt-in basis to residential customers whose household income falls at or below the federal poverty level, as defined at <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>. <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines/prior-hhs-poverty-guidelines-federal-register-references/2021-poverty-guidelines>. Household income will be verified by the Company's 3rd party verifier to preserve customer privacy. Please refer to Company communications or contact Customer Service for directions on how to apply.—~~to~~

³ Low-Income Volumes up to the Class Average (4,359 gallons) for eligible customers that have opted in to the low-income rate. Usage above 4,359 gallons will be billed at the regular residential rate.

COMMUNITY UTILITIES OF INDIANA, INC.

I.U.R.C. No. W-1

LAKE, PORTER, JASPER AND NEWTON COUNTIES, INDIANA Replacement Sheet No. 2

SCHEDULE OF RATES AND CHARGES FOR WATER SERVICE

Service Territory Formally Known as Twin Lakes Utilities Inc., Water Service Company of Indiana, and Indiana Water Service, Inc.
(Lake, Porter, Jasper, and Newton Counties, Indiana)

Meter Readings and Billings

All meters will be read monthly. Metered and unmetered accounts will be billed monthly.

Other Charges

Reconnection Charge

If water service is disconnected by the utility for failure to pay a bill or for any reason in accordance with IURC rules, the customer will be assessed a charge of ~~thirty-seven dollars and fifty cents~~ sixty-six dollars and sixty-two cents (\$~~37.50~~62.62), which will be paid by the customer before service will be restored. If water service is disconnected at the customer's request due to seasonal residence and during normal business operating hours, the customer will be assessed a charge of sixty-six dollars and sixty-two cents ~~thirty-seven dollars and fifty cents~~ (\$62.62~~37.50~~), which will be added to the customer's next bill.

NSF Check Charge

A charge of twenty-five dollars (\$25.00) will be applied to customers whose check is returned by the bank due to non-sufficient funds (one charge per check each time it is returned). \$25.00

New Customer Charge

A charge of twenty-five dollars (\$25.00) will be applied to new customers initiating service in new or existing homes or commercial establishments. \$25.00

~~Meter Fee (Outside Reader)~~

~~If a customer requests a test of a water meter more~~

~~frequently than once in a 24-month period, this Company will collect a thirty-five dollar (\$35.00) service charge to defray the cost of the test. If the meter is found to register in excess of the prescribed accuracy limits, the meter test charge will be waived. If the meter is found to register accurately or within such prescribed limits, the charge shall be retained by the Company. Regardless of the test results, customers may request a meter test once in a 24-month period without charge.~~

~~\$35.00~~

SCHEDULE OF RATES AND CHARGES FOR WATER SERVICE

Service Territory Formally Known as Twin Lakes Utilities Inc., Water Service Company of
Indiana, and Indiana Water Service, Inc.
(Lake, Porter, Jasper, and Newton Counties, Indiana)

Meter Testing Fee

~~In compliance with 170 IAC 6-1-11, If a the Company will test a customer's meter upon request up to two times at least twelve (12) months apart at no charge to the customer. A customer that requests an additional meter test will be required to pay the applicable charge below to defray the cost of the test (1) if the customer requests a test of a water meter more frequently than once in a 24-month period meter was tested at the customer's request within the prior thirty-six (36) months and the meter was previously found to be in compliance with 170 IAC 6-1-9; or (2) the test is made at the customer's request or due to a billing dispute and the meter is found to be in compliance with 170 IAC 6-1-9. 4-11, this Company will collect a service charge to defray the cost of the test. If the meter is found to register in excess of the prescribed accuracy limits, the meter test charge will be waived. If the meter is found to register accurately or within such prescribed limits, the charge shall be retained by the Company. Regardless of the test results, customers may request a meter test once in a 24-month period without charge.~~

The charges are listed below:^[A1]

<u>Meter Size</u>	<u>Charge</u>
5/8" thru 1"	\$60.00
1 1/4" thru 2"	220.00
3" thru 4"	235.00
6"	300.00
Larger than 6"	Actual Cost

Late Payment Charge

Bills for metered and unmetered water service will be rendered monthly. Bills which remain unpaid for a period of more than seventeen (17) days following the mailing of the bill by the Company shall be delinquent and a late payment charge in the amount of ten percent (10%) on the first three (\$3.00) dollars and three percent (3%) of the excess over three (\$3.00) dollars shall be added to the bill and owed by the customer.

~~SCHEDULE OF RATES AND CHARGES FOR WATER SERVICE~~

~~Service Territory Formally Known as Twin Lakes Utilities Inc.
(Lake and Porter Counties, Indiana)~~

~~Connection Charge*~~

~~Residential Customer \$475.00
Commercial Customer with 5/8" meter** \$475.00~~

~~* The Connection Charge is in addition to the New Customer Charge.~~

~~** For a Commercial Customer with other than a 5/8" meter, the Connection Charge is the greater of \$475 or the actual cost of the meter and its installation.~~

SCHEDULE OF RATES AND CHARGES FOR WATER SERVICE

Service Territory Formally Known as Twin Lakes Utilities Inc., Water Service Company of
Indiana and Indiana Water Service, Inc.

(Lake, Porter Jasper, Newton, and Lake and Newton Counties, Indiana)

Connection Charge

Customers shall be required to hire a licensed and bonded contractor to install the tap and water line at the customer's expense. In addition, the customer will be responsible for a \$50 inspection fee to cover the costs associated with the Company's inspection of the connection.

SCHEDULE OF RATES AND CHARGES FOR WATER SERVICE

Service Territory Formally Known as Twin Lakes Utilities Inc., Water Service Company of
Indiana, and Indiana Water Service, Inc.

(Lake, Porter, Jasper, Newton, and Lake Counties, Indiana)

Appendix A – Distribution System Improvement Charge (DSIC)

The Distribution System Improvement Charge (DSIC) set forth on this schedule is applicable where clearly denoted on other rate schedules, and shall be added to the volumetric rates billed. Changes to the DSIC shall be occasioned by filings in accordance with Indiana Code Chapter 8-1-31.

DSIC (per 1,000 gallons).....\$0.00

SCHEDULE OF RATES AND CHARGES FOR WATER SERVICE

Service Territory Formally Known as Twin Lakes Utilities Inc.,

Water Service Company of Indiana, and

Indiana Water Service, Inc.

(Lake, Porter, Jasper and Newton Counties, Indiana)

Rules and Regulations

All water service furnished by the Company under this schedule is subject to such rules and regulations of the Company as are on file with the Indiana Utility Regulatory Commission and in effect from time to time. Any of the Company's rates, rules and regulations may be revised, discontinued or supplemented from time to time, in accordance with applicable law and the rules, regulations and orders of that Commission.

SCHEDULE OF RATES AND CHARGES FOR WATER SERVICE

Service Territory Formally Known as Twin Lakes Utilities Inc.,

Water Service Company of Indiana, and

Indiana Water Service, Inc.

(Lake, Porter, Jasper and Newton Counties, Indiana)

Billing and Payment Options

The customer has the following payment options available in order to make bill payments:

1. Check or money order to the business office of the Utility:

Community Utilities of Indiana, Inc.

~~C/O Utilities, Inc.~~

~~2335 Sanders Road~~

~~Northbrook, IL 60062 PO Box 70723~~

~~Philadelphia, PA 19176-0723~~

2. Automatic Bill Payment

Customers may sign up for automatic draft from a checking or savings account on the due date of their bill. There is no fee for this service.

3. Pay by Phone

Pay with check, credit card, or debit card via First Billing Services payment system 888-562-3451. A convenience fee is charged by First Billing Services for this service as outlined below.

<u>Residential Accounts:</u>	<u>Bill Amounts</u>	<u>Fee</u>
Credit/Debit, E-Check	\$0.01 - \$75.00	\$1.99
Credit/Debit, E-Check	\$75.01 - \$5,000	\$2.25
<u>Non-Residential Accounts:</u>		
Credit/Debit	\$0.01 - \$5,000	2.45%
E-Check	\$0.01 - \$5,000	\$2.25
<u>Auto Recurring Payments (Residential/Non-Residential)</u>		
Credit/Debit, E-Check	\$0.01 - \$5,000	\$0.99

4. Online Payment

Internet payments are accepted with e-check, credit card or debit card at:

<https://utilitiesinc.firstbilling.com/connect.myutility.us>. A convenience fee is charged by First Billing Services for this service as outlined above in #3.

5. Paperless Billing

Customers who wish to stop receiving paper bills may sign up for the e-bill system

6. Electronic Billing

A customer may voluntarily elect to be billed through a paperless electronic billing system using standard form and protocols established and maintained by the Company. In administering this electronic billing option, the Company does not send such customer paper bills. Required information that otherwise accompanies a paper bill is transmitted to such customer electronically, or the internet link access to such information is transmitted electronically to such customer. Any applicable disconnection notice continues to be sent to such customer via United States mail. The Company may utilize unaffiliated third parties to electronically transmit bills to such customer. The Company is not responsible for any loss resulting from such customer's election to receive bills electronically, including but not limited to, any loss associated with damage to the retail customer's computer equipment or facilities and any loss associated with a their party's unauthorized use of such customer's information. Either the Company or such customer may, upon, thirty (30) days notice to the other party, terminate electronic transmission of bills without any liability to the terminating party resulting from such termination, and without affecting such customer's obligation to pay all amounts due to the Company. In such event, the Company begins to issue paper bills via United States mail to such customer as soon as reasonably practical. The Company reserves the right to determine whether a customer is eligible to be billed through its paperless electronic system.

Issued by: Steven M. Lubertozi, President

Pursuant to the January 24, 2018, Order in IURC Cause No. 44724

COMMUNITY UTILITIES OF INDIANA, INC.
LAKE, PORTER, JASPER AND NEWTON COUNTIES, INDIANA

I.U.R.C. No. S-1
Cover Sheet

SCHEDULE OF RATES AND CHARGES
FOR SEWAGE DISPOSAL SERVICE

COMMUNITY UTILITIES OF INDIANA, INC.

500 W. Monroe St., Suite 3600

Chicago, Illinois 60661-3779

SCHEDULE OF RATES AND CHARGES FOR SEWAGE SERVICE

Service Territory Formally Known as Twin Lakes Utilities Inc. and Water Service Company of
Indiana

(Lake, Porter, Jasper and Newton Counties, Indiana)

Applicability

This schedule applies to all sewage disposal service rendered by Community Utilities of Indiana, Inc.

Monthly Rate for All Customers

<u>Meter Size</u>	<u>Charge¹</u>
5/8" & 3/4"	\$35.58
1"	85.16
1 1/2"	190.93
2"	333.00
3"	762.59
4"	1,324.37
6"	3,009.71
Unmetered	87.10

Regular Residential Usage Charge (per 1,000 gallons):	\$12.050 ¹
Low-Income Residential Usage Charge (per 1,000 gallons) ² :	\$4.565 ^{1,3}
Commercial Usage Charge (per 1,000 gallons):	\$11.467 ¹

Campground Charge per Site per Month (for each month April-October)	\$26.67
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¹ Subject to the Distribution System Improvement Charge in the attached Appendix A

² This low-income rate is available on an opt-in basis to residential customers whose household income falls at or below the federal poverty level, as defined at <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>. Household income will be verified by the Company's 3rd party verifier to preserve customer privacy. Please refer to Company communications or contact Customer Service for directions on how to apply.

³ Low-Income Volumes up to 4,161 gallons for eligible customers that have opted in to the low-income rate. Usage above 4,161 gallons will be billed at the regular residential rate.

SCHEDULE OF RATES AND CHARGES FOR SEWAGE SERVICE

Service Territory Formally Known as Twin Lakes Utilities Inc. and Water Service Company of
Indiana

(Lake, Porter, Jasper, and Newton Counties, Indiana)

Other ChargesReconnection Charge:

Customers who solely receive wastewater service will be billed the actual cost of disconnection and reconnection, the estimated cost of which will be furnished to the customer with the cut-off notice. Customers who receive water and wastewater service will be assessed a charge of \$62.62.

NSF Check Charge

A charge of twenty-five dollars (\$25.00) will be applied to customers whose check is returned by the bank due to non-sufficient funds (one charge per check each time it is returned). \$25.00

New Customer Charge

A charge of twenty-five dollars (\$25.00) will be applied to new customers initiating service in new or existing homes or commercial establishments. The New Customer Charge for sewer service will be waived if the same customer pays for the New Customer Charge for water service. \$25.00

Late Payment Charge

Bills for sewage disposal service will be rendered monthly. Bills which remain unpaid for a period of more than seventeen (17) days following the mailing of the bill by the Company shall be delinquent and a late payment charge in the amount of ten percent (10%) on the first three (\$3.00) dollars and three percent (3%) of the excess over three (\$3.00) dollars shall be added to the bill and owed by the customer.

SCHEDULE OF RATES AND CHARGES FOR SEWAGE SERVICE

Service Territory Formally Known as Twin Lakes Utilities Inc. and Water Service Company of
Indiana

(Lake, Porter, Jasper, and Newton Counties, Indiana)

Connection Charges

Connection Charge

Customers shall be required to hire a licensed and bonded contractor to install the tap and wastewater line at the customer's expense. In addition, the customer will be responsible for a \$50 inspection fee to cover the costs associated with the Company's inspection of the connection.

COMMUNITY UTILITIES OF INDIANA, INC.

I.U.R.C. No. S-1

LAKE, PORTER, JASPER AND NEWTON COUNTIES, INDIANA

Replacement Sheet No. 5

SCHEDULE OF RATES AND CHARGES FOR SEWAGE SERVICE

Service Territory Formally Known as Twin Lakes Utilities Inc. and Water Service Company of
Indiana

(Lake, Porter, Jasper, and Newton Counties, Indiana)

Appendix A – Sewer Infrastructure Improvement Charge (SIIC)

The Sewer Infrastructure Improvement Charge (SIIC) set forth on this schedule is applicable where clearly denoted on other rate schedules, and shall be added to the amount billed monthly. Changes to the SIIC shall be occasioned by filings in accordance with Indiana Code Chapter 8-1-31.

SIIC (per month).....\$0.00

SCHEDULE OF RATES AND CHARGES FOR SEWAGE SERVICE
Service Territory Formally Known as Twin Lakes Utilities Inc. and
Water Service Company of Indiana
(Lake, Porter, Jasper and Newton Counties, Indiana)

Rules and Regulations

All sewage disposal service furnished by the Company under this schedule is subject to such rules and regulations of the Company as are on file with the Indiana Utility Regulatory Commission and in effect from time to time. Any of the Company's rates, rules and regulations may be revised, discontinued or supplemented from time to time, in accordance with applicable law and the rules, regulations and orders of that Commission.

SCHEDULE OF RATES AND CHARGES FOR SEWAGE SERVICE
Service Territory Formally Known as Twin Lakes Utilities Inc. and
Water Service Company of Indiana
(Lake, Porter, Jasper and Newton Counties, Indiana)

Billing and Payment Options

The customer has the following payment options available in order to make bill payments:

1. **Check or money order to the business office of the Utility:**

Community Utilities of Indiana, Inc.
 PO Box 70723
 Philadelphia, PA 19176-0723

2. **Automatic Bill Payment**

Customers may sign up for automatic draft from a checking or savings account on the due date of their bill. There is no fee for this service.

3. **Pay by Phone**

Pay with check, credit card, or debit card via First Billing Services payment system 888-562-3451. A convenience fee is charged by First Billing Services for this service as outlined below.

<u>Residential Accounts:</u>	<u>Bill Amounts</u>	<u>Fee</u>
Credit/Debit, E-Check	\$0.01 - \$75.00	\$1.99
Credit/Debit, E-Check	\$75.01 - \$5,000	\$2.25
<u>Non-Residential Accounts:</u>		
Credit/Debit	\$0.01 - \$5,000	2.45%
E-Check	\$0.01 - \$5,000	\$2.25
<u>Auto Recurring Payments (Residential/Non-Residential)</u>		
Credit/Debit, E-Check	\$0.01 - \$5,000	\$0.99

4. **Online Payment**

Internet payments are accepted with e-check, credit card or debit card at: <https://connect.myutility.us>. A convenience fee is charged by First Billing Services for this service as outlined above in #3.

5. **Paperless Billing**

Customers who wish to stop receiving paper bills may sign up for the e-bill system

6. **Electronic Billing**

A customer may voluntarily elect to be billed through a paperless electronic billing system using standard form and protocols established and maintained by the Company. In administering this electronic billing option, the Company does not send such customer paper bills. Required information that otherwise accompanies a paper bill is transmitted to such customer electronically, or the internet link access to such information is transmitted electronically to such customer. Any applicable disconnection notice continues to be sent to such customer via United States mail. The Company may utilize unaffiliated third parties to electronically transmit bills to such customer. The Company is not responsible for any loss resulting from such customer's election to receive bills electronically, including but not limited to, any loss associated with damage to the retail customer's computer equipment or facilities and any loss associated with a their party's unauthorized use of such customer's information. Either the Company or such customer may, upon, thirty (30) days notice to the other party, terminate electronic transmission of bills without any liability to the terminating party resulting from such termination, and without affecting such customer's obligation to pay all amounts due to the Company. In such event, the Company begins to issue paper bills via United States mail to such customer as soon as reasonably practical. The Company reserves the right to determine whether a customer is eligible to be billed through its paperless electronic system.

COMMUNITY UTILITIES OF INDIANA, INC.
LAKE, PORTER, JASPER AND NEWTON COUNTIES, INDIANA

I.U.R.C. No. S-1
Cover Sheet

SCHEDULE OF RATES AND CHARGES
FOR SEWAGE DISPOSAL SERVICE

COMMUNITY UTILITIES OF INDIANA, INC.

500 W. Monroe St., Suite 3600

Chicago, Illinois 60661-3779

~~2335 Sanders Road~~

~~Northbrook, Illinois 60062~~

SCHEDULE OF RATES AND CHARGES FOR SEWAGE SERVICE

Service Territory Formally Known as Twin Lakes Utilities Inc. and Water Service Company of
Indiana
(Lake, Porter, Jasper and Newton Counties, Indiana)

Applicability

This schedule applies to all sewage disposal service rendered by Community Utilities of Indiana, Inc.

Monthly Rate for All Customers

<u>Meter Size</u>	<u>Charge^{1*}</u>
5/8" & 3/4"	\$23.49 35.58
1"	56.22 85.16
1 1/4"	88.94
1 1/2"	190.93 26.05
2"	219.84 333.00
3"	503.45 762.59
4"	874.33 1,324.37
6"	1,986.96 3,009.71
Unmetered	57.50 87.10

<u>Regular Residential Usage Charge (per 1,000 gallons):</u>	<u>_____</u> \$ _____
\$12.05 507.57 ¹	
<u>Low-Income Residential Usage Charge (per 1,000 gallons)²:</u>	<u>_____</u> \$4.5657.57 ^{1,3}
<u>Commercial Usage Charge (per 1,000 gallons):</u>	<u>_____</u> \$11.4677.57 ¹

Campground Charge per Site per Month ~~\$17.61~~26.67
(for each month April-October)

¹ Subject to the Distribution System Improvement Charge in the attached Appendix A

² This low-income rate is available on an opt-in basis to residential customers whose household income falls at or below the federal poverty level, as defined at <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>. Household income will be verified by the Company's 3rd party verifier to preserve customer privacy. Please refer to Company communications or contact Customer Service for directions on how to apply.

³ Low-Income Volumes up to 4,161 gallons for eligible customers that have opted in to the low-income rate. Usage above 4,161 gallons will be billed at the regular residential rate.

~~*—Subject to the Infrastructure Improvement Charge in the attached Appendix A.~~

SCHEDULE OF RATES AND CHARGES FOR SEWAGE SERVICE

Service Territory Formally Known as Twin Lakes Utilities Inc. and Water Service Company of
Indiana
(Lake, Porter, Jasper, and Newton Counties, Indiana)

Other Charges

Reconnection Charge:

Customers who solely receive wastewater service will be billed the actual cost of disconnection and reconnection, the estimated cost of which will be furnished to the customer with the cut-off notice. Customers who receive water and wastewater service will be assessed a charge of ~~\$37.50~~62.62.

NSF Check Charge

A charge of twenty-five dollars (\$25.00) will be applied to customers whose check is returned by the bank due to non-sufficient funds (one charge per check each time it is returned). \$25.00

New Customer Charge

A charge of twenty-five dollars (\$25.00) will be applied to new customers initiating service in new or existing homes or commercial establishments. The New Customer Charge for sewer service will be waived if the same customer pays for the New Customer Charge for water service. \$25.00

Late Payment Charge

Bills for sewage disposal service will be rendered monthly. Bills which remain unpaid for a period of more than seventeen (17) days following the mailing of the bill by the Company shall be delinquent and a late payment charge in the amount of ten percent (10%) on the first three (\$3.00) dollars and three percent (3%) of the excess over three (\$3.00) dollars shall be added to the bill and owed by the customer.

SCHEDULE OF RATES AND CHARGES FOR SEWAGE SERVICE

Service Territory Formally Known as Twin Lakes Utilities Inc.
(Lake and Porter Counties, Indiana)

Connection Charges

Connection Charge*

Residential Customer	\$716.00
Commercial Customer with 5/8" meter**	\$716.00

~~* The Connection Charge is in addition to the New Customer Charge.
** For a Commercial Customer with other than a 5/8" meter, the Connection Charge is the greater of \$716 or the actual cost of the meter and its installation.~~

SCHEDULE OF RATES AND CHARGES FOR SEWAGE SERVICE

Service Territory Formally Known as Twin Lakes Utilities Inc. and Water Service Company of
Indiana

(Lake, Porter, Jasper, and Newton Counties, Indiana)

Connection Charges

Connection Charge

Customers shall be required to hire a licensed and bonded contractor to install the tap and wastewater line at the customer's expense. In addition, the customer will be responsible for a \$50 inspection fee to cover the costs associated with the Company's inspection of the connection.

COMMUNITY UTILITIES OF INDIANA, INC. I.U.R.C. No. S-1
LAKE, PORTER, JASPER AND NEWTON COUNTIES, INDIANA Replacement Sheet No. 5

SCHEDULE OF RATES AND CHARGES FOR SEWAGE SERVICE
Service Territory Formally Known as Twin Lakes Utilities Inc. and Water Service Company of
Indiana
(Lake, Porter, Jasper, and Newton Counties, Indiana)

Appendix A – Sewer Infrastructure Improvement Charge (SIIC)

The Sewer Infrastructure Improvement Charge (SIIC) set forth on this schedule is applicable where clearly denoted on other rate schedules, and shall be added to the amount billed monthly. Changes to the SIIC shall be occasioned by filings in accordance with Indiana Code Chapter 8-1-31.

SIIC (per month).....\$0.00

SCHEDULE OF RATES AND CHARGES FOR SEWAGE SERVICE

Service Territory Formally Known as Twin Lakes Utilities Inc. and

Water Service Company of Indiana

(Lake, Porter, Jasper and Newton Counties, Indiana)

Rules and Regulations

All sewage disposal service furnished by the Company under this schedule is subject to such rules and regulations of the Company as are on file with the Indiana Utility Regulatory Commission and in effect from time to time. Any of the Company's rates, rules and regulations may be revised, discontinued or supplemented from time to time, in accordance with applicable law and the rules, regulations and orders of that Commission.

SCHEDULE OF RATES AND CHARGES FOR SEWAGE SERVICE
Service Territory Formally Known as Twin Lakes Utilities Inc. and
Water Service Company of Indiana
(Lake, Porter, Jasper and Newton Counties, Indiana)

Billing and Payment Options

The customer has the following payment options available in order to make bill payments:

1. Check or money order to the business office of the Utility:
Community Utilities of Indiana, Inc.
~~C/O Utilities, Inc. PO Box 70723~~
~~2335 Sanders Road Philadelphia, PA 19176-0723~~
~~Northbrook, IL 60062~~
2. Automatic Bill Payment
Customers may sign up for automatic draft from a checking or savings account on the due date of their bill. There is no fee for this service.
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Pay with check, credit card, or debit card via First Billing Services payment system 888-562-3451. A convenience fee is charged by First Billing Services for this service as outlined below.

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<u>Non-Residential Accounts:</u>		
Credit/Debit	\$0.01 - \$5,000	2.45%
E-Check	\$0.01 - \$5,000	\$2.25
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Credit/Debit, E-Check	\$0.01 - \$5,000	\$0.99
4. Online Payment
Internet payments are accepted with e-check, credit card or debit card at:
~~<https://connect.myutility.us>~~~~<https://utilitiesinc.firstbilling.com>~~. A convenience fee is charged by First Billing Services for this service as outlined above in #3.
5. Paperless Billing
Customers who wish to stop receiving paper bills may sign up for the e-bill system
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A customer may voluntarily elect to be billed through a paperless electronic billing system using standard form and protocols established and maintained by the Company. In administering this electronic billing option, the Company does not send such customer paper bills. Required information that otherwise accompanies a paper bill is transmitted to such customer electronically, or the internet link access to such information is transmitted electronically to such customer. Any applicable disconnection notice continues to be sent to such customer via United States mail. The Company may utilize unaffiliated third parties to electronically transmit bills to such customer. The Company is not responsible for any loss resulting from such customer's election to receive bills electronically, including but not limited to, any loss associated with damage to the retail customer's computer equipment or facilities and any loss associated with a their party's unauthorized use of such customer's information. Either the Company or such customer may, upon, thirty (30) days notice to the other party, terminate electronic transmission of bills without any liability to the terminating party resulting from such termination, and without affecting such customer's obligation to pay all amounts due to the Company. In such event, the Company begins to issue paper bills via United States mail to such customer as soon as reasonably practical. The Company reserves the right to determine whether a customer is eligible to be billed through its paperless electronic system.

Petitioner's Attachment AD-3 is being submitted in native Excel format.

Case-in-Chief Basic Accounting Exhibits Required to be Filed with the Case-in-Chief Pursuant to Minimum Standard Filing Requirements (“MSFR”) under 170 IAC 1-5-6			
MSFR Code Reference 170 IAC 1-5-6	Exhibit	Exhibit Number	Sponsoring Witness
(1)(A)	Comparative Balance Sheets for the Base Period (Year Ended 09/30/2021)	MSFR 1-5-6(1)A	Andrew Dickson
(1)(A)	Rate Base for the Test Year (Year Ended 09/30/2023)	Attachment AD-1, Schedule C	Andrew Dickson
(1)(A)	Comparative Balance Sheets for the 12 months prior to the Base Period (Year Ended 09/30/2020)	MSFR 1-5-6(1)A	Andrew Dickson
(1)(B)	Statement of Cash Flows for the Forecasted Test Year	N/A	
(1)(B)	Statement of Cash Flows for the Base Period	N/A	
(1)(C)	Comparative Income Statement for the Forecasted Test Period and Year Prior	Attachment AD-1, Schedule B	Andrew Dickson
(1)(C)	Comparative Income Statement for the Base Period	Attachment AD-1, Schedule B	Andrew Dickson
(2)	Revenue Requirement Calculation	MSFR 1-5-6(2)	Andrew Dickson
(3)	Jurisdictional Net Operating Income	Attachment AD-1, Schedule B	Andrew Dickson
(4)	Jurisdictional Rate Base	Attachment AD-1, Schedule C	Andrew Dickson
(5)	Capital Structure and Cost of Capital	Attachment AD-3, wph	Andrew Dickson
(6)	Gross Revenue Conversion Factor	MSFR 1-5-6(6)	Andrew Dickson
(7)	Effective Income Tax Rate	MSFR 1-5-6(7)	Andrew Dickson

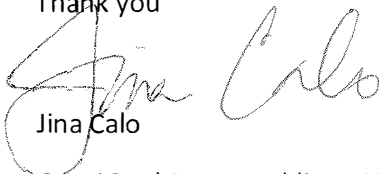
March 10, 2021

Dear Twin Lakes Utilities,

The space you occupy located at 10996 Four Seasons Place, suite G, Crown Point, IN 46307 will have a rent increase of \$578 per month bringing the monthly rent from \$775 to \$1,353. This will begin on May 1, 2021. This amount will include all monthly expenses that have been previously included in the rent.

Please feel free to call me if you have any questions.

Thank you

A handwritten signature in cursive script that reads "Jina Calo". The signature is written in black ink and is positioned above the printed name.

Jina Calo

Omni Real Estate Holdings, Winfield

219-895-3378