

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF
GIBSON WATER AUTHORITY FOR
AUTHORITY TO ISSUE LONG-TERM DEBT
AND ADJUST ITS RATES AND CHARGES

CAUSE NO. 45535

VERIFIED SUPPLEMENTAL TESTIMONY AND EXHIBITS OF SCOTT A. MILLER

Settlement Testimony of Scott A. Miller, CPA

Petitioner's Exhibit 17

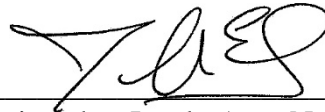
Stipulation and Settlement Agreement

Petitioner's Exhibit 18

Settlement Schedules

Petitioner's Exhibit 19

Respectfully submitted,



J. Christopher Janak, Atty. No. 18499-49

Jeffery A. Earl, Atty. No. 27821-64

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*Counsel for Petitioner,
Gibson Water Authority*

CERTIFICATE OF SERVICE

I certify that on September 3, 2021, the foregoing was filed electronically with the Indiana Utility Regulatory Commission using the Commission's electronic filing system and was served electronically on the parties below:

Indiana Office of Utility Consumer Counselor

Dan Le Vay

dlevay@oucc.in.gov

infomgt@oucc.in.gov



Jeffery A. Earl, Atty. No. 27821-64

STATE OF INDIANA

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**IN THE MATTER OF THE PETITION OF
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VERIFIED SETTLEMENT TESTIMONY

OF

SCOTT A. MILLER, CPA

ON BEHALF OF PETITIONER,

GIBSON WATER AUTHORITY

1 **Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A1. My name is Scott A. Miller. My business address is 8365 Keystone Crossing, Suite 300,
3 Indianapolis, Indiana 46240-0458.

4 **Q2. ARE YOU THE SAME SCOTT MILLER WHO FILED DIRECT AND**
5 **SUPPLEMENTAL TESTIMONY IN THIS CAUSE?**

6 A2. Yes, I am.

7 **Q3. WHAT IS THE PURPOSE OF YOUR SETTLEMENT TESTIMONY?**

8 A3. My testimony sponsors and supports the Stipulation and Settlement Agreement
9 (Settlement Agreement) entered into by Gibson Water Authority (Gibson Water) and the
10 Indiana Office of Utility Consumer Counselor (OUCC). Petitioner's Exhibit 18. I am also
11 sponsoring the accounting schedules that reflect the agreed-upon revenue and expense
12 adjustments and the agreed revenue requirement. Petitioner's Exhibit 19.

13 **Q4. PLEASE SUMMARIZE THE TERMS OF THE SETTLEMENT AGREEMENT**
14 **RELATED TO GIBSON WATER'S REVENUE REQUIREMENT.**

15 A4. Gibson Water and the OUCC (Settling Parties) have agreed that Gibson Water should be
16 authorized to increase its rates and charges for water service to reflect an overall *pro*
17 *forma* net revenue requirement of \$2,959,994, yielding an annual increase of \$477,164 or
18 19.40% over Gibson Water's current revenues at existing rates.

19 **Q5. HOW WILL THE AUTHORIZED RATE INCREASE BE IMPLEMENTED?**

20 A5. The Settling Parties have agreed that the authorized rate increase will be implemented in
21 two phases. The first phase increase will be effective as of the date of the Commission's
22 final order approving the Settlement Agreement and Gibson Water's revised tariff. The
23 second phase will be effective 60 days prior to the estimated closing of financing

1 obtained through the U.S. Department of Agriculture's Rural Development Program (RD
2 Program).

3 **Q6. DID THE SETTLING PARTIES AGREE TO REVENUE OR EXPENSE**
4 **ADJUSTMENTS RELATED TO ARRIVE AT THE AGREED REVENUE**
5 **REQUIREMENT?**

6 A6. Yes. The agreed-upon revenue and expense adjustments are summarized in Petitioner's
7 Exhibit 19. I would note that these agreed-upon adjustments modify the adjustments to
8 test-year revenues and expenses that I included in the Accounting Report that I attached
9 to my direct testimony as Petitioner's Exhibit 14. With respect to operations and
10 maintenance expense, the Settling Parties agreed to remove \$8,373 of miscellaneous
11 expenses identified by the OUCC as non-recurring and disallowed expenses. The specific
12 disallowed expenses are summarized on Schedule 6(2) in Petitioner's Exhibit 19.

13 With respect to depreciation expense, the Settling Parties agreed to a revenue
14 requirement of \$301,980, which is an increase of \$188,920 over the test-year expense for
15 extensions and replacements. As explained in my direct testimony on page 25, Gibson
16 Water is electing to use depreciation expense in this case as allowed by Ind. Code § 8-
17 1.5-3-8. The calculation of the agreed-depreciation expense is summarized on Schedule
18 6(1) in Petitioner's Exhibit 19.

19 With respect to revenues, the Settling Parties agreed to a \$1,209 decrease in
20 Gibson Water's proposed test-year revenues to remove miscellaneous non-operating
21 income. The revenue adjustments are summarized on Schedule 5 in Petitioner's Exhibit
22 19.

1 **Q7. WHAT HAVE THE SETTLING PARTIES AGREED TO REGARDING GIBSON**
2 **WATER'S BORROWING AUTHORITY?**

3 A7. The Settling Parties agreed that Gibson Water should be authorized to issue long-term
4 debt in a maximum amount of \$5,975,000 at an interest rate not to exceed five percent
5 (5%). The total debt authority includes the following: \$3,655,000 that the Commission
6 authorized Gibson Water to issue to the RD program in Cause No. 45080 S1 plus \$575,000
7 for increased estimated project costs plus \$540,000 in contingency project costs, totaling
8 \$4,770,000 that will be funded through the RD Program; and \$1,205,000 in capacity
9 costs that will be funded through the Indiana State Revolving Loan Program (SRF
10 Program). The parties have further agreed that Gibson Water's revenue requirement shall
11 include an amount of \$313,439 per year for principal and interest payments plus \$44,639
12 per year to fund the debt service reserve.

13 **Q8. WILL GIBSON WATER FILE A TRUE UP REFLECTING THE ACTUAL**
14 **TERMS OF ITS DEBT ISSUANCE?**

15 A8. Yes. The Settling Parties agreed that within 30 days after closing on the issuance of debt,
16 Gibson Water shall file in this Cause, and serve on the OUCC, a true-up report describing
17 the final terms of the debt, the amount of debt service reserve, and the amortization
18 schedule for the bonds. The OUCC shall have 14 days from the date of service to object
19 to the true-up report. If there is no objection and the annual debt service and debt service
20 reserve materially differs from the originally estimated total of \$313,439 and \$44,639,
21 respectively, then Gibson Water will file a revised tariff adjusting its rates to include the
22 final amount of annual principal and interest on the debt and the debt service reserve.

1 **Q9. ARE THERE OTHER TERMS REGARDING THE FILING OF A REVISED**
2 **TARIFF?**

3 A9. Yes. The Settling Parties agreed that if the actual terms of the financing are such that the
4 debt payment is less than \$313,439 per year, Gibson Water need not file a revised tariff if
5 the Settling Parties agree the difference is immaterial for purposes of determining
6 whether Gibson Water's rates should be revised. In lieu of a revised tariff, in that case,
7 Gibson Water will file a notice of that consensus, which shall include a written statement
8 by the OUCC to that effect. Further, if the cost of the debt is *more* than \$313,439 per
9 year, Gibson Water may, in its sole discretion, elect not to file a revised tariff reflecting a
10 higher principal and interest payment for the debt.

11 **Q10. DOES THE AMOUNT OF BORROWING AUTHORITY INCLUDE A**
12 **CONTINGENCY AMOUNT?**

13 A10. Yes. The Settling Parties agreed to include \$540,000 in contingency borrowing authority
14 to allow for the possibility of higher than estimated project costs as I discussed in my
15 direct testimony on pages 20-21. The Settling Parties further agreed that the contingency
16 borrowing authority may only be used to finance the projects listed in the Preliminary
17 Engineering Report (PER) attached to Mr. Jenkins's direct testimony in Cause No. 45080
18 as Petitioner's Exhibit 4. If Gibson Water later wishes to use the \$540,000 contingency
19 authority for projects not included in the PER, the Settling Parties agree that Gibson
20 Water shall file a request for creation of a subdocket in this Cause or a new Cause for
21 approval of such projects and financing.

22 **Q11. IN YOUR OPINION, IS THE SETTLEMENT AGREEMENT REASONABLE**
23 **AND IN THE PUBLIC INTEREST?**

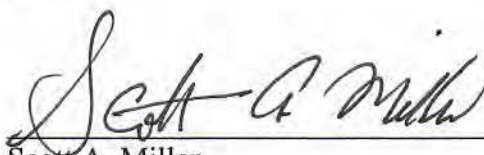
1 A11. Yes. The Settlement Agreement makes small changes to Gibson Water's authorized
2 revenue requirement to remove revenues and expenses challenged by the OUCC but still
3 will provide adequate revenues to allow Gibson Water to provide safe, efficient, and
4 reliable water utility service. The Settlement Agreement also provides reasonable
5 restrictions on the terms of the debt issuance and the use of the contingency borrowing
6 authority.

7 **Q12. DOES THIS CONCLUDE YOUR SETTLEMENT TESTIMONY?**

8 A12. Yes.

VERIFICATION

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



Scott A. Miller

9-3-2021

Date

Petitioner's Exhibit 18

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF
GIBSON WATER AUTHORITY FOR
AUTHORITY TO ISSUE LONG-TERM DEBT
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CAUSE NO. 45535

JOINT STIPULATION AND SETTLEMENT AGREEMENT

This Joint Stipulation and Settlement Agreement (“Settlement Agreement”) is entered into this 23rd day of August, 2021, by and between Gibson Water Authority (“Gibson Water”) and the Indiana Office of Utility Consumer Counselor (“OUCC”) (collectively, “Settling Parties”), who stipulate and agree for the purposes of settling all matters in this Cause that the terms and conditions set forth below represent a fair and reasonable resolution of all issues in this Cause, subject to their incorporation into a final Indiana Utility Regulatory Commission (“Commission”) order without modification or the addition of further conditions that may be unacceptable to either party. If the Commission does not approve the Settlement Agreement in its entirety and incorporate the conclusions herein in its final order, the entire Settlement Agreement shall be null and void and deemed withdrawn unless otherwise agreed to in writing by Gibson Water and the OUCC.

Terms and Conditions of Settlement Agreement

1. **Requested Relief.** On April 26, 2021, Gibson Water filed its *Verified Petition* (“Petition”) initiating this Cause and requesting authority to issue long-term debt and to adjust its rates and charges for water utility service.
2. **Prefiled Evidence of the Parties.** On April 26, 2021, in support of its Petition, Gibson Water prefiled the Verified Direct Testimony and Exhibits of Steve Jenkins, Scott A. Miller, CPA, and John W. Wetzel, P.E. On July 21, 2021, Gibson Water filed the Verified Supplemental

Testimony and Exhibits of Scott A. Miller and a corrected version of Petitioner's Exhibit 7. In support of the Settlement Agreement, Gibson Water will file the Verified Settlement Testimony of Steve Jenkins and Scott Miller, and the OUCC will file the Verified Settlement Testimony of Carla Sullivan. The Settling Parties have also attached accounting schedules ("Schedules") to this Settlement Agreement as Attachment A that reflect the agreed-upon revenue requirement, financing authority, and the proposed rates and charges.

3. **Revenue Requirement, Rates, and Charges.** The Settling Parties agree for the purposes of settlement only that Gibson Water should, subject to the terms and conditions of this Settlement Agreement, be authorized to increase its rates and charges for water service to reflect an overall *pro forma* net revenue requirement of \$2,959,994, yielding an annual increase of \$477,164 or 19.40% over Gibson Water's current revenues at existing rates. The Settling Parties further agree that the authorized rate increase shall be implemented in two phases with the first phase increase effective as of the date of the Commission's final order approving this Settlement Agreement and Gibson Water's revised tariff and the second phase effective 60 days prior to the estimated closing of financing obtained through the U.S. Department of Agriculture's Rural Development Program ("RD Program").
4. **Operating and Maintenance Expense Adjustments.** The Settling Parties agree for purposes of settlement only to remove from Gibson Water's proposed revenue requirement \$8,373 of miscellaneous expenses identified by the OUCC as non-recurring and disallowed expenses. The specific disallowed expenses are summarized on Schedule 6(2) in Attachment A.
5. **Depreciation Expense.** The Settling Parties agree for purposes of settlement only to a depreciation expense revenue requirement of \$301,980, which is an increase of \$188,920

over Gibson Water's test-year extensions and replacements expense (in this case Gibson Water has elected to utilize depreciation rather than extensions and replacements as allowed by Ind. Code § 8-1.5-3-8). The calculation of the depreciation expense revenue requirement is summarized on Schedule 6(1) in Attachment A.

6. **Revenues**. The Settling Parties agree for purposes of settlement only to a \$1,209 decrease in Gibson Water's proposed test-year revenues to remove miscellaneous non-operating income. The revenue adjustments are summarized on Schedule 5 in Attachment A.
7. **Cost of Service Study**. The Settling Parties agree for purposes of settlement only that if prior to its next base rates case, Gibson Water performs a cost of service study, it shall provide to the OUCC the results of its study and any resulting recommended changes to the allocation of costs between customer classes. The study and any results shall be provided to the OUCC no later than three months in advance of the filing of its rate case. Gibson is not required by this agreement to perform a cost of service study.
8. **Borrowing Authority Contingency**. The Settling Parties agree for purposes of settlement only that Gibson Water may include additional contingency borrowing authority in the amount of \$540,000 to allow for the possibility of higher than estimated project costs as discussed by Mr. Miller in his direct testimony on pages 20-21. The Settling Parties agree that such additional contingency borrowing authority may only be used to finance the projects listed in the Preliminary Engineering Report ("PER") that was attached to Mr. Jenkins's direct testimony in Cause No. 45080 as Petitioner's Exhibit 4. In the event that Gibson Water wishes to use the \$540,000 additional contingency borrowing authority to fund projects not included in the PER, the Settling Parties agree that Gibson Water shall file a

request for creation of a subdocket in this Cause or a new Cause for approval of such projects and financing.

9. **Amount of, and Interest on, Debt.** The Settling Parties agree for purposes of settlement only that Gibson Water should be authorized to issue long-term debt in a maximum amount of \$5,975,000 at an interest rate not to exceed five percent (5%). The total debt authority comprises the following: \$3,655,000 that the Commission authorized Gibson Water to issue to the RD program in Cause No. 45080 S1 plus \$575,000 for increased estimated project costs plus \$540,000 in contingency project costs, totaling \$4,770,000 that will be funded through the RD Program; and \$1,205,000 for capacity costs that will be funded through the Indiana State Revolving Loan Fund (“SRF Program”).

The Settling Parties further agree that Gibson Water’s revenue requirement shall include an amount of \$313,439 per year for principal and interest payments and \$44,639 per year to fund the debt service reserve. The Settling Parties agree that Gibson Water shall close on the authorized debt within one year of the date of the Commission’s final order approving this Settlement Agreement.

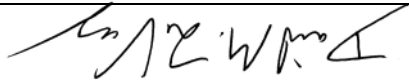
10. **Filing of True-Up Report and Revision of Tariff.** Within 30 days after closing on the issuance of debt, Gibson Water shall file in this Cause, and serve on the OUCC, a true-up report describing the final terms of the debt, the amount of debt service reserve, and the amortization schedule for the debt. The true-up report shall note that the OUCC shall have 14 days from the date of service to object to the true-up report. If there is no objection to the true-up report and the annual debt service and debt service reserve materially differs from the originally estimated total of \$313,439 and \$44,639, respectively, then Gibson Water shall file with the Commission a revised tariff adjusting its rates to include the final amount of

annual principal and interest on the debt and the annual debt service reserve. However, if the actual terms of the financing are such that the debt payment is less than \$313,439 per year, Gibson Water need not file a revised tariff if the Settling Parties agree the difference is immaterial for purposes of determining whether Gibson Water's rates should be revised. In lieu of a revised tariff, Gibson Water shall file a notice of that consensus, which shall include a written statement by the OUCC to that effect. If the cost of the debt is *more* than \$313,439 per year, Gibson Water may, in its sole discretion, elect not to file a revised tariff reflecting a higher principal and interest payment for the debt.

11. **Settlement.** Through analysis and arms' length discussion and negotiation, as aided by their respective staff and experts, the Settling Parties have agreed on the terms and conditions described in this Settlement Agreement that resolve all issues between them in this Cause.
12. **Admissibility and Sufficiency of Evidence.** The Settling Parties stipulate and agree that the prefiled testimony and exhibits of Gibson Water and the OUCC should be admitted into the record of this Cause without objection or cross-examination by either party. The Settling Parties further agree that such evidence, combined with this Settlement Agreement and supporting Schedules, constitute substantial evidence sufficient to support the Settlement Agreement and provide an adequate evidentiary basis upon which the Commission can make all findings of fact and conclusions of law necessary for the approval of this Settlement Agreement as filed.
13. **Agreement is Binding on Gibson Water's Successors and Assigns.** The Settling Parties stipulate and agree that Gibson Water's rights and obligations under the terms of this Settlement Agreement shall be binding upon its successors, heirs, and assigns unless or until otherwise ordered by the Commission.

14. **Non-Precedential Effect of Settlement.** The Settling Parties agree that the facts in this Cause are unique and all issues presented are fact specific. Therefore, the Settlement Agreement shall not constitute nor be cited as precedent by any person or deemed an admission by any party in any other proceeding except as necessary to enforce its terms before the Commission or any court of competent jurisdiction. This Settlement Agreement is solely the result of compromise in the settlement process and, except as provided herein, is without prejudice to and shall not constitute a waiver of any position that either party may take with respect to any issue in any future regulatory or other legal proceeding.
15. **Authority to Execute.** The undersigned have represented and agreed that they are fully authorized to execute this Settlement Agreement on behalf of the designated parties, who will thereafter be bound thereby.
16. **Approval of Settlement Agreement in its Entirety.** As a condition of this settlement, the Settling Parties specifically agree that if the Commission does not approve this Joint Stipulation and Settlement Agreement in its entirety and incorporate it into the Final Order as provided above, the entire Settlement Agreement shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by the Settling Parties. The Settling Parties further agree that if the Commission does not issue a Final Order in the form that reflects the Agreement described herein, the matter should proceed to be heard by the Commission as if no settlement had been reached unless otherwise agreed by the Settling Parties in a writing that is filed with the Commission.
17. **Proposed Order.** The Settling Parties respectfully request that the Commission issue an Order in this Cause consistent with the form and substance of the Settling Parties' agreed Joint Proposed Order, once it has been filed.

**INDIANA OFFICE OF THE UTILITY
CONSUMER COUNSELOR ("OUCC")**



Daniel M. Le Vay, Atty. No. 22184-49

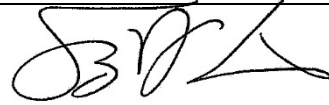
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GIBSON WATER AUTHORITY



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Petitioner's Exhibit 19

Gibson Water Authority
CAUSE NUMBER 45535

**Comparison of Petitioner's and OUCC's
Revenue Requirements**

	Overall			Settlement More (Less)
	Per Petitioner	Per Settlement	Sch Ref	
Operating Expenses	\$2,310,119	\$2,301,746	4	\$ (8,373)
Depreciation Expense	318,195	301,980	5	(16,215)
Debt Service	313,327	313,439	6	112
Debt Service Reserve	44,639	44,639	7	-
Total Revenue Requirements	2,986,280	2,961,804		(24,476)
Less Revenue Requirement Offsets:				
Interest Income	(601)	(601)	PET	-
Other Income	-	(1,209)	1	(1,209)
Net Revenue Requirement	2,985,679	2,959,994		(25,685)
Less: Revenues at current rates subject to increase	(1,550,517)	(1,464,229)	4	86,288
Toyota Motor Manufacturing, Indiana	(902,686)	(994,751)	4	(92,065)
Other revenues not subject to increase	(29,627)	(23,850)	4	5,777
Recommended Increase	\$ 502,849	\$ 477,164		\$ (25,685)
Recommended Percentage Increase	20.50%	19.40%		-1.09%

Gibson Water Authority
CAUSE NUMBER 45535

**Comparison of Petitioner's and OUCC's
Revenue Requirements**

Phase One				
Part 1 - All Users				
	Per Petitioner	Per Settlement	Sch Ref	Settlement More (Less)
Operating Expenses	\$2,310,119	\$2,301,746	4	\$ (8,373)
Depreciation Expense	318,195	301,980	5	(16,215)
Debt Service	50,966	50,966	6	-
Debt Service Reserve	10,200	10,200	7	-
Total Revenue Requirements	2,689,480	2,664,892		(24,588)
Less Revenue Requirement Offsets:				
Interest Income	(601)	(601)	PET	-
Other Income	-	(1,209)	1	(1,209)
Net Revenue Requirement	2,688,879	2,663,082		(25,797)
Less: Revenues at current rates subject to increase	(2,453,203)	(1,464,229)	4	988,974
Toyota Motor Manufacturing, Indiana	-	(994,751)	4	(994,751)
Other revenues not subject to increase	(29,627)	(23,850)	4	5,777
Recommended Increase	<u>\$ 206,049</u>	<u>\$ 180,252</u>		<u>\$ (25,797)</u>
Recommended Percentage Increase	<u>8.40%</u>	<u>7.33%</u>		<u>-1.07%</u>

Gibson Water Authority
CAUSE NUMBER 45535

**Comparison of Petitioner's and OUCC's
Revenue Requirements**

Phase One				
Part 2				
No Increase for Toyota Motor Manufacturing, Indiana				
	Per Petitioner	Per Settlement	Sch Ref	Settlement More (Less)
Operating Expenses	\$2,310,119	\$2,301,746	4	\$ (8,373)
Depreciation Expense	318,195	301,980	5	(16,215)
Debt Service	129,532	129,644	6	112
Debt Service Reserve	26,259	26,259	7	-
Total Revenue Requirements	2,784,105	2,759,629		(24,476)
Less Revenue Requirement Offsets:				
Interest Income	(601)	(601)	PET	-
Other Income	-	(1,209)	1	(1,209)
Net Revenue Requirement	2,783,504	2,757,819		(25,685)
Less: Revenues at current rates subject to increase	(1,682,597)	(1,571,562)	4	111,035
Toyota Motor Manufacturing, Indiana	(979,581)	(1,067,670)	4	(88,089)
Other revenues not subject to increase	(29,627)	(23,850)	4	5,777
Recommended Increase	\$ 91,699	\$ 94,737		\$ 3,038
Recommended Percentage Increase	5.45%	6.03%		0.58%

Gibson Water Authority
CAUSE NUMBER 45535

**Comparison of Petitioner's and OUCC's
Revenue Requirements**

	Phase Two			
	All Users			
	Per Petitioner	Per Settlement	Sch Ref	Settlement More (Less)
Operating Expenses	\$2,310,119	\$2,301,746	4	\$ (8,373)
Depreciation Expense	318,195	301,980	5	(16,215)
Debt Service	313,327	313,439	6	112
Debt Service Reserve	44,639	44,639	7	-
Total Revenue Requirements	2,986,280	2,961,804		(24,476)
Less Revenue Requirement Offsets:				
Interest Income	(601)	(601)	PET	-
Other Income	-	(1,209)	1	(1,209)
Net Revenue Requirement	2,985,679	2,959,994		(25,685)
Less: Revenues at current rates subject to increase	(2,755,179)	(1,666,298)	4	1,088,881
Toyota Motor Manufacturing, Indiana		(1,067,670)	4	(1,067,670)
Other revenues not subject to increase	(29,627)	(23,850)	4	5,777
Recommended Increase	<u>\$ 200,873</u>	<u>\$ 202,176</u>		<u>\$ 1,303</u>
Recommended Percentage Increase	<u>7.29%</u>	<u>7.39%</u>		<u>0.10%</u>

Gibson Water Authority
CAUSE NUMBER 45535

Reconciliation of Net Operating Income Statement Adjustments
Pro-forma Present Rates

	<u>Per Petitioner</u>	<u>Per Settlement</u>	<u>Settlement More (Less)</u>
Operating Revenues			
Metered Sales	\$ 224,947	\$ 132,882	\$ (92,065)
Toyota Motor Manufacturing, Ind.	-	-	-
Fire Protection Service Charge	-	92,065	92,065
Miscellaneous Income	-	-	-
Total Operating Revenues	<u>224,947</u>	<u>224,947</u>	<u>-</u>
O&M Expense			
Salaries and Wages	50,613	50,613	-
Employee Benefits	19,545	19,545	-
Purchased Water	116,768	116,768	-
Insurance	339	339	-
Contractual Services	(24,798)	(24,798)	-
Periodic Maintenance	87,754	87,754	-
Miscellaneous Expense	-	(8,373)	(8,373)
Total O&M	<u>250,221</u>	<u>241,848</u>	<u>(8,373)</u>
Depreciation Expense	205,135	188,920	(16,215)
Total Operating Expenses	<u>455,356</u>	<u>430,768</u>	<u>(24,588)</u>
Net Operating Income	<u>\$ (230,409)</u>	<u>\$ (205,821)</u>	<u>\$ 24,588</u>

Gibson Water Authority
CAUSE NUMBER 45535

Revenue Offset Adjustment

	Amount
421.1 Miscellaneous Non-Operating Income	(50.00)
421.1 Miscellaneous Non-Operating Income	(100.00)
421.1 Miscellaneous Non-Operating Income	(100.00)
421.1 Miscellaneous Non-Operating Income	(100.00)
421.1 Miscellaneous Non-Operating Income	(100.00)
421.1 Miscellaneous Non-Operating Income	(100.00)
421.1 Miscellaneous Non-Operating Income	(100.00)
421.1 Miscellaneous Non-Operating Income	(100.00)
421.1 Miscellaneous Non-Operating Income	(100.00)
421.1 Miscellaneous Non-Operating Income	(50.00)
421.1 Miscellaneous Non-Operating Income	(8.82)
421.1 Miscellaneous Non-Operating Income	(50.00)
421.1 Miscellaneous Non-Operating Income	(50.00)
421.1 Miscellaneous Non-Operating Income	(50.00)
421.1 Miscellaneous Non-Operating Income	(50.00)
421.1 Miscellaneous Non-Operating Income	(50.00)
421.1 Miscellaneous Non-Operating Income	(50.00)
Adjustment Increase (Decrease)	<u>\$ (1,209)</u>

Gibson Water Authority
CAUSE NUMBER 45535

COMPARATIVE BALANCE SHEET

<u>ASSETS</u>	As of September 30, <u>2020</u>	As of December 31st		
	<u>2019</u>	<u>2018</u>	<u>2017</u>	
Utility Plant:				
Utility Plant in Service	\$ 18,717,359	\$ 18,608,726	\$ 17,113,030	\$ 16,907,079
Construction Work in Progress	828,601	826,819	449,182	45,860
Less: Accumulated Depreciation	<u>(6,702,779)</u>	<u>(6,465,485)</u>	<u>(6,149,095)</u>	<u>(5,858,174)</u>
Net Utility Plant in Service	<u>12,843,181</u>	<u>12,970,060</u>	<u>11,413,117</u>	<u>11,094,765</u>
Current Assets:				
Cash and Cash Equivalents	621,232	692,523	670,256	616,494
Restricted Cash				
Bond and Interest	81,180	42,480	-	-
Debt Service Reserve	17,936	10,286	-	-
Customer Deposits	100	700	100	100
Accounts Receivable Customer (net)	142,076	128,558	161,069	132,108
Accounts Receivable - Other	-	-	28	-
Inventory - Materials and Supplies	40,698	38,107	32,580	12,893
Prepays	<u>9,566</u>	<u>22,474</u>	<u>19,460</u>	<u>16,978</u>
Total Current Assets	<u>912,788</u>	<u>935,128</u>	<u>883,493</u>	<u>778,573</u>
Deferred Debits				
Deferred Tank Painting				
Net of Amortization	<u>924,066</u>	<u>924,066</u>	<u>1,009,262</u>	<u>1,106,100</u>
Total Assets	<u><u>\$ 14,680,035</u></u>	<u><u>\$ 14,829,254</u></u>	<u><u>\$ 13,305,872</u></u>	<u><u>\$ 12,979,438</u></u>

Gibson Water Authority
CAUSE NUMBER 45535

COMPARATIVE BALANCE SHEET

<u>LIABILITIES</u>	As of September 30, <u>2020</u>	As of December 31st		
	<u>2019</u>	<u>2018</u>	<u>2017</u>	
Equity				
Unrestricted	\$ 13,617,239	\$ 13,454,005	\$ 12,656,395	\$ 12,507,201
Temporarily Restricted	99,216	53,466	100	100
Total Equity	<u>13,716,455</u>	<u>13,507,471</u>	<u>12,656,495</u>	<u>12,507,301</u>
Contributions in Aid of Construction				
Long-term Debt				
Current Portion of Contracts Payable	75,688	137,650	218,534	299,418
Long-term Debt	860,626	860,626	-	-
Total Long-term Debt	<u>936,314</u>	<u>998,276</u>	<u>218,534</u>	<u>299,418</u>
Current Liabilities				
Accounts Payable	-	276,133	412,265	156,763
Payroll Liabilities	1,168	10,604	9,327	7,601
Accrued Interest Payable	-	10,459	-	-
Sales Tax Payable	5,847	6,060	5,051	4,974
Customer Deposits	100	100	100	100
Unclaimed Membership Funds	4,332	4,332	4,100	3,281
Current Portion of Long-term Debt	15,819	15,819	-	-
Other Current Liabilities	<u>27,266</u>	<u>323,507</u>	<u>430,843</u>	<u>172,719</u>
Total Liabilities	<u>\$ 14,680,035</u>	<u>\$ 14,829,254</u>	<u>\$ 13,305,872</u>	<u>\$ 12,979,438</u>

Gibson Water Authority
CAUSE NUMBER 45535

COMPARATIVE INCOME STATEMENT
Twelve Months Ended,

	September 30,	December 31,		
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Metered Sales				
Residential	\$ 838,668	\$ 791,949	\$ 668,873	\$ 651,387
Commercial	237,280	252,556	199,090	185,562
Industrial	22,939	1,028,877	878,996	727,218
Public Authorities	14,601	8,368	8,700	13,023
Agricultural	36,141	32,510	25,096	32,537
Sales for Resale	153,261	147,470	118,810	128,659
Toyota Motor Manufacturing, Indiana	902,686	-	-	-
Fire Protection Service Charge	22,680	22,680	22,680	22,680
Late Fees	5,777	8,877	5,376	6,515
Miscellaneous Income	23,850	26,047	6,805	2,437
Total Operating Revenues	<u>2,257,883</u>	<u>2,319,334</u>	<u>1,934,426</u>	<u>1,770,018</u>
Operating Expenses				
Salaries and Wages	341,423	339,718	331,676	318,418
Employee Benefits	168,262	168,489	149,542	139,094
Purchased Water	1,282,973	1,212,727	1,063,804	828,961
Purchased Power	39,554	41,192	47,324	41,247
Insurance	31,035	28,562	35,751	27,563
Contractual Services	33,390	51,718	56,180	67,112
Materials and Supplies	26,487	24,411	24,414	30,758
Transportation Expense	8,601	14,799	14,294	14,198
Periodic Maintenance	105,416	105,416	117,057	131,390
Bad Debt Expense	1,345	1,345	1,136	2,579
Miscellaneous Expense	21,412	26,568	29,941	29,232
Total O&M Expense	<u>2,059,898</u>	<u>2,014,945</u>	<u>1,871,119</u>	<u>1,630,552</u>
Depreciation Expense	113,060	93,958	83,524	81,689
Amortization Expense	-	-	-	-
Taxes Other than Income	-	-	-	-
Total Operating Expenses	<u>2,172,958</u>	<u>2,108,903</u>	<u>1,954,643</u>	<u>1,712,241</u>
Net Operating Income	84,925	210,431	(20,217)	57,777
Non-Operating Revenues				
Non-utility Income	(60,436)	3,288	824	2,008
Interest Income	601	617	206	211
Membership Issued	3,404	2,102	12,600	14,300
Contributions in aid of Construction	107,574	870,275	373,680	77,802
Total Non-Operating Revenue	<u>51,143</u>	<u>876,282</u>	<u>387,310</u>	<u>94,321</u>
Non-Operating Expenses				
Interest Expense	2,846	13,305	1	-
Membership Redeemed	-	-	10,500	12,489
Amortization of Grants	33,333	33,333	33,333	33,333
Amortization of CIAC	189,099	189,099	174,065	172,398
Total Other Income (Expense)	<u>225,278</u>	<u>235,737</u>	<u>217,899</u>	<u>218,220</u>
Net Income	<u>\$ (89,210)</u>	<u>\$ 850,976</u>	<u>\$ 149,194</u>	<u>\$ (66,122)</u>

Gibson Water Authority
CAUSE NUMBER 45535

Pro-forma Net Operating Income Statement

	<u>Phase One, Part 1 - All Users</u>						
	Year Ended 9/30/2020	Adjustments	Sch Ref	<i>Pro-forma</i> Present Rates	Adjustments	Sch Ref	<i>Pro-Forma</i> Proposed Rates
Operating Revenues							
Metered Sales	\$ 1,302,890	\$ 132,882	PET	\$ 1,435,772	\$ 105,247	1	\$ 1,541,019
Toyota Motor Manufacturing, Ind.	902,686	92,065	PET	994,751	72,919	1	1,067,670
Fire Protection Service Charge	22,680			22,680	1,663	1	24,343
Late Fees	5,777			5,777	423	1	6,200
Miscellaneous Income	23,850			23,850	-		23,850
Total Operating Revenues	<u>2,257,883</u>	<u>224,947</u>		<u>2,482,830</u>	<u>180,252</u>	1	<u>2,663,082</u>
O&M Expense							
Salaries and Wages	341,423	50,613	PET	392,036	-		392,036
Employee Benefits	168,262	19,545	PET	187,807	-		187,807
Purchased Water	1,282,973	116,768	PET	1,399,741	-		1,399,741
Purchased Power	39,554	-		39,554	-		39,554
Insurance	31,035	339	PET	31,374	-		31,374
Contractual Services	33,390	(24,798)	PET	8,592	-		8,592
Materials and Supplies	26,487	-		26,487	-		26,487
Transportation Expense	8,601	-		8,601	-		8,601
Periodic Maintenance	105,416	87,754	PET	193,170	-		193,170
Bad Debt Expense	1,345	-		1,345	-		1,345
Miscellaneous Expense	21,412	(8,373)	5-2	13,039	-		13,039
Total O&M Expenses	<u>2,059,898</u>	<u>241,848</u>		<u>2,301,746</u>	<u>-</u>		<u>2,301,746</u>
Depreciation Expense	113,060	188,920	5-1	301,980	-		301,980
Total Operating Expenses	<u>2,172,958</u>	<u>430,768</u>		<u>2,603,726</u>	<u>-</u>		<u>2,603,726</u>
Net Operating Income	<u>\$ 84,925</u>	<u>\$ (205,821)</u>		<u>\$ (120,896)</u>	<u>\$ 180,252</u>		<u>\$ 59,356</u>

Gibson Water Authority
CAUSE NUMBER 45535

***Pro-forma* Net Operating Income Statement**

Phase One, Part 2 - No Increase Assigned to Toyota Motor Manufacturing, Ind.

	Year			Pro-forma			Pro-Forma
	Ended		Sch	Present		Sch	Proposed
	9/30/2020	Adjustments	Ref	Rates	Adjustments	Ref	Rates
Operating Revenues							
Metered Sales	\$ 1,541,019	\$ -		\$ 1,541,019	\$ 92,895	1	\$ 1,633,914
Toyota Motor Manufacturing, Ind.	1,067,670	-		1,067,670	-		1,067,670
Fire Protection Service Charge	24,343	-		24,343	1,467	1	25,810
Late Fees	6,200	-		6,200	374	1	6,574
Miscellaneous Income	23,850	-		23,850	-		23,850
Total Operating Revenues	<u>2,663,082</u>	<u>-</u>		<u>2,663,082</u>	<u>94,737</u>	<u>1</u>	<u>2,757,818</u>
O&M Expense							
Salaries and Wages	392,036	-		392,036	-		392,036
Employee Benefits	187,807	-		187,807	-		187,807
Purchased Water	1,399,741	-		1,399,741	-		1,399,741
Purchased Power	39,554	-		39,554	-		39,554
Insurance	31,374	-		31,374	-		31,374
Contractual Services	8,592	-		8,592	-		8,592
Materials and Supplies	26,487	-		26,487	-		26,487
Transportation Expense	8,601	-		8,601	-		8,601
Periodic Maintenance	193,170	-		193,170	-		193,170
Bad Debt Expense	1,345	-		1,345	-		1,345
Miscellaneous Expense	13,039	-		13,039	-		13,039
Total O&M Expenses	<u>2,301,746</u>	<u>-</u>		<u>2,301,746</u>	<u>-</u>		<u>2,301,746</u>
Depreciation Expense	<u>301,980</u>	<u>-</u>		<u>301,980</u>	<u>-</u>		<u>301,980</u>
Total Operating Expenses	<u>2,603,726</u>	<u>-</u>		<u>2,603,726</u>	<u>-</u>		<u>2,603,726</u>
Net Operating Income	<u>\$ 59,356</u>	<u>\$ -</u>		<u>\$ 59,356</u>	<u>\$ 94,737</u>		<u>\$ 154,092</u>

Gibson Water Authority
CAUSE NUMBER 45535

***Pro-forma* Net Operating Income Statement**

	Year Ended 9/30/2020	Phase Two - All Users		<i>Pro-forma</i> Present Rates	Adjustments	Sch Ref	<i>Pro-Forma</i> Proposed Rates
		Adjustments	Sch Ref				
Operating Revenues							
Metered Sales	\$ 1,633,914	\$ -		\$ 1,633,914	\$ 120,827	1	\$ 1,754,741
Toyota Motor Manufacturing, Ind.	1,067,670	-		1,067,670	78,954	1	1,146,624
Fire Protection Service Charge	25,810	-		25,810	1,909	1	27,719
Late Fees	6,574	-		6,574	486	1	7,060
Miscellaneous Income	23,850	-		23,850	-		23,850
Total Operating Revenues	<u>2,757,818</u>	<u>-</u>		<u>2,757,818</u>	<u>202,176</u>	1	<u>2,959,994</u>
O&M Expense							
Salaries and Wages	392,036	-		392,036	-		392,036
Employee Benefits	187,807	-		187,807	-		187,807
Purchased Water	1,399,741	-		1,399,741	-		1,399,741
Purchased Power	39,554	-		39,554	-		39,554
Insurance	31,374	-		31,374	-		31,374
Contractual Services	8,592	-		8,592	-		8,592
Materials and Supplies	26,487	-		26,487	-		26,487
Transportation Expense	8,601	-		8,601	-		8,601
Periodic Maintenance	193,170	-		193,170	-		193,170
Bad Debt Expense	1,345	-		1,345	-		1,345
Miscellaneous Expense	13,039	-		13,039	-		13,039
Total O&M Expenses	<u>2,301,746</u>	<u>-</u>		<u>2,301,746</u>	<u>-</u>		<u>2,301,746</u>
Depreciation Expense	<u>301,980</u>	<u>-</u>		<u>301,980</u>	<u>-</u>		<u>301,980</u>
Total Operating Expenses	<u>2,603,726</u>	<u>-</u>		<u>2,603,726</u>	<u>-</u>		<u>2,603,726</u>
Net Operating Income	<u>\$ 154,092</u>	<u>\$ -</u>		<u>\$ 154,092</u>	<u>\$ 202,176</u>		<u>\$ 356,268</u>

Gibson Water Authority
CAUSE NUMBER 45535

Expense Adjustments

(1)

Depreciation Expense

To adjust annual depreciation expense.

Utility Plant in Service as of 09/30/2020		\$18,717,359
Land and Land rights/SoS/Pumping Plant	\$ 26,881	
Land and Land rights/Water Treatment Plant	202,521	
Land and Land rights/Trans/Distrib Plant	606,484	
Land and Land rights/General Plant	<u>117,968</u>	
Less: Total Land and Land rights		953,854
Depreciable UPIS		<u>17,763,505</u>
Times IURC approved depreciation rate for purchasing Utility		1.70%
Depreciation Expense Revenue Requirement		<u>301,980</u>
Less: Test Year Depreciation expense		<u>113,060</u>

Adjustment Increase (Decrease)

\$ 188,920

(2)

Non-recurring Expenses

To removed non-recurring and disallowed expenses.

Vendor Name	Amount	Date	Description
Utility Supply Company	858.42	6/10/2020	INSTALLATION MATERIALS
Utility Supply Company	160.31	6/10/2020	INSTALLATION MATERIALS
Utility Supply Company	55.39	6/10/2020	INSTALLATION MATERIALS
BOSE MCKINNEY & EVANS L L P	4,235.00	12/16/2019	2018 WATER PROJECT
VAN HAAFTEN & FARRAR L L C	270.00	12/16/2019	LINE EXPANSION PROJECT - OCT
VAN HAAFTEN & FARRAR L L C	40.00	3/2/2020	LINE EXTENSION PROJECT
Business Card	145.37	12/31/2019	TO RECORD ONLINE PAYMENT
Business Card	1,217.74	1/31/2020	CHRISTMAS PARTY HAUBS
Business Card	492.61	1/31/2020	CONFERENCE EXPENSES
Business Card	302.50	3/1/2020	TO RECORD ONLINE PAYMENT
Log Inn	452.80	3/25/2020	OFFICERS DINNER
Indiana Department of Revenue	143.28	5/31/2020	TO RECORD STATE W/H TAX PAYABLE

Adjustment Increase (Decrease)

(8,373.00)

Gibson Water Authority
CAUSE NUMBER 45535

Debt Service

To reflect the average amount of debt service required over a five year period.

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	Average Annual Payment
Outstanding						
Taxable Secured Notes, Series 2018	\$ 50,966	\$ 50,966	\$ 50,967	\$ 50,967	\$ 50,966	\$ 50,966
Proposed						
SRF, 2021, Series A	78,556	78,250	78,916	78,541	79,125	78,678
RD, 2022, Series A	115,008	115,008	115,008	115,008	115,008	115,008
RD, 2022, Series B	68,787	68,787	68,787	68,787	68,787	68,787
	<u>\$313,317</u>	<u>\$313,011</u>	<u>\$313,678</u>	<u>\$313,303</u>	<u>\$313,886</u>	<u>\$313,439</u>

Phase I, Part One, All Users

Taxable Secured Notes, Series 2018 \$ 50,966

Phase I Part Two, Non TMMI Users

Taxable Secured Notes, Series 2018 \$ 50,966
SRF, 2021, Series A 78,678
\$129,644

Phase II, All Users

Taxable Secured Notes, Series 2018 \$ 50,966
SRF, 2021, Series A 78,678
RD, 2022, Series A 115,008
RD, 2022, Series B 68,787
\$313,439

**Gibson Water Authority
 CAUSE NUMBER 45535**

Debt Service Reserve

To reflect the average amount of debt service reserve required over a five year period.

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Average Annual Requirement</u>
Outstanding						
Taxable Secured Notes, Series 2018	\$ 10,200	\$ 10,200	\$ 10,200	\$ 10,200	\$ 10,200	\$ 10,200
Proposed						
SRF, 2021, Series A	16,059	16,059	16,059	16,059	16,059	16,059
RD, 2022, Series A and B	18,380	18,380	18,380	18,380	18,380	18,380
	<u>\$ 44,639</u>	<u>\$ 44,639</u>	<u>\$ 44,639</u>	<u>\$ 44,639</u>	<u>\$ 44,639</u>	<u>\$ 44,639</u>
<u>Phase I, Part One, All Users</u>						
Taxable Secured Notes, Series 2018						<u>\$ 10,200</u>
<u>Phase I Part Two, Non TMMI Users</u>						
Taxable Secured Notes, Series 2018						\$ 10,200
SRF, 2021, Series A						16,059
						<u>\$ 26,259</u>
<u>Phase II, All Users</u>						
Taxable Secured Notes, Series 2018						\$ 10,200
SRF, 2021, Series A						16,059
RD, 2022, Series A and B						18,380
						<u>\$ 44,639</u>