

**BEFORE THE INDIANA UTILITY REGULATORY COMMISSION**

IN THE MATTER OF THE PETITION OF  
FLOYD KNOBS WATER COMPANY, INC.  
FOR A NEW SCHEDULE OF RATES  
AND CHARGES

CASE NO. 45112-U

**PETITIONER'S RESPONSE TO OUCC INPUT CONCERNING PENDING RATE  
APPLICATION  
and  
SUBMISSION OF REVISED SCHEDULE 1**

The purpose of this document is to:

(1) Respond to OUCC's assessment of Floyds Knobs Water Company, Inc.'s pending Small Utility Rate Application, as set forth in Public's Exhibit No. 1 / Testimony of Richard J. Corley, and Public's Exhibit No. 2 / Testimony of Carl N. Seals; and

(2) Submit a revised "Schedule 1 / Revenue Requirement" for the pending Small Utility Rate Application.

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The utility (FKWC) agrees with OUCC's calculation of net increase to test year operating revenues, \$12,660, instead of the \$5,312 figure on Schedule 5 of FKWC's application.

OUCC recommends cutting the operating expenses and taxes other than income set forth in FKWC's application by \$60,379. (Reference the "O&M Expense" section of Schedule 1, page 2 of 2, of Public's Exhibit No. 1) FKWC has no objection to the \$20,636 of those cuts for Capital and Non-recurring items, nor for the \$189 for the IURC Fee.

FKWC does not, however, agree with cutting the items attributable to FKWC's decision to hire a new full-time employee, contingent upon approval of a rate increase that will generate sufficient revenue to pay for the new employee (\$31,200 Salaries and Wages; \$5,046 Employee Benefits; \$936 PERF Expense; \$2,387 Taxes Other than Income). The utility needs the new employee, the expenses are reasonably fixed, known, and measurable, and the new employee can't be afforded without additional revenue.

With regard to the "Extensions and Replacement" category: FKWC agrees with OUCC's calculation of the three-year average of extensions and replacements (\$189,203), as explained on page 13 of 15 of OUCC's Public's Exhibit No. 1, and as set forth in Table 2 on page 14 of 15 of Public's Exhibit No. 1. Further, FKWC requests that the OUCC calculated number, \$189,203, be used instead of the \$155,277 figure on Schedule 7 of FKWC's application, and carried over to Line 4 of Schedule 1 of the application. Schedule 7 as submitted by FKWC did not reflect a decision on FKWC's part to submit a lower three-year extensions and replacement average than the one computed using OUCC's methodology, but rather some degree of confusion about the appropriate methodology.

FKWC agrees that it would be prudent to put E & R revenue in a fund restricted to extensions and replacements, as referenced in lines 9-11 on page 14 of 15 in Public's Exhibit No. 1.

Concerning Public's Exhibit No. 2 / Testimony of Carl N. Seals:

The recommendations concerning system mapping are useful.

The recommendations concerning FKWC's IURC Annual Report should be followed.

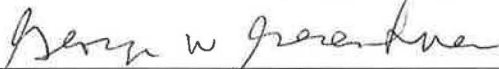
The information concerning the "Rural and Small Systems Guidebook to Sustainable Utility Management is useful.

SUMMARY:

Being submitted herewith is a revised "Schedule 1 / Revenue Requirement" for FKWC's pending Small Utility Rate Application. This revised Schedule 1 reflects the utility's response to OUCC's position concerning the pending Small Utility Rate Application, as detailed above. FKWC requests that it be given approval to change its rates as indicated in this revised Schedule 1.

Submitted by:

Floyds Knobs Water Company, Inc., by:

  
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George W. Gesenhues, Attorney

Date: Nov 7, 2018

(Revised) Schedule 1

**Floyds Knobs Water Company, Inc.**  
NAME OF UTILITY

<b>YEAR OF REPORT</b> December 31, 2017
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**REVENUE REQUIREMENT**

Line No.	Description	Amount
	<b>REVENUE REQUIREMENTS</b>	
1	Operating Expenses (include taxes, not depreciation)	\$1,280,422
2	Debt Service (Schedule 9)	293,127
3	Debt Service Reserve (Schedule 10)	57,158
4	Extensions & Replacements or Depreciation (Schedule 7)	189,203
5	Working Capital (Schedule 8)	
6	Total Revenue Requirements	1,819,910
7	Less: Interest Income	1,752
8	Net Revenue Requirements	1,818,158
8	Less: Other Revenues Not Subject to Increase	5,051
8	Less: Pro Forma Present Rate Operating Revenue (Schedule 4)	1,455,114
	Revenue Increase Required Excluding Taxes	357,993
10	Multiply By: Gross Revenue Conversion Factor	1.0013
11	<b>Recommended Increase</b>	358,458
	<b>Recommended Percentage Increase</b>	24.63%