

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF)
THE CITY OF MARION, INDIANA FOR) CAUSE NO. 45838
APPROVAL TO ISSUE BONDS AND)
ADJUST ITS RATES AND CHARGES)

PUBLIC'S EXHIBIT NO. 1-S

SETTLEMENT TESTIMONY OF THOMAS W. MALAN

ON BEHALF OF

THE INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

June 9, 2023

Respectfully submitted,

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR



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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the *Public's Exhibit No. 1-S OUCC's Settlement Testimony of Thomas W. Malan on behalf of the OUCC* was electronically served on the following parties of record on June 9, 2023.

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**SETTLEMENT TESTIMONY OF OUCC WITNESS THOMAS W. MALAN
CAUSE NO. 45838
THE CITY OF MARION, INDIANA**

A. Introduction

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

2 A: My name is Thomas W. Malan, and my business address is 115 W. Washington
3 St., Suite 1500 South, Indianapolis, IN 46204.

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

5 A: I am employed by the Indiana Office of Utility Consumer Counselor ("OUCC") as
6 a Utility Analyst in the Water/Wastewater Division. My qualifications and
7 experience are set forth in Appendix "A" attached to this testimony.

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

9 A: The City of Marion, Indiana. ("Petitioner" or "Marion") and the OUCC
10 (collectively the "Settling Parties") have entered into a Stipulation and Settlement
11 Agreement ("Settlement") that resolves all the issues in this case. The purpose of
12 my testimony is to support the terms of the Settlement and explain why the
13 Settlement is in the public interest. My testimony presents the agreed-upon revenue
14 requirement and discusses various agreed-upon revenue and operating expense
15 adjustments.

16 **Q: Please provide an overview of Marion's request in this case.**

17 A: Marion, which owns and operates a municipal water system in Grant County,
18 Indiana serving approximately 11,000 customers, requests a 64.44% rate increase
19 to be implemented in five phases. Marion also seeks authority to issue \$14.2
20 million of bonds, notes, or other obligations.

1 **Q: What have you done to be informed about the issues in this case?**

2 A: As a Utility Analyst in the Water and Wastewater Division and case team manager,
3 I have been actively involved in all aspects of this case. I read Petitioner's testimony
4 and exhibits. I prepared discovery questions and reviewed Petitioner's responses to
5 discovery. I conducted an on-site accounting review on March 30, 2023.

6 **Q: Does the Settlement resolve all issues in this proceeding?**

7 A: Yes. In the Settlement, the Settling Parties agree to a revenue increase of
8 \$2,454,760, which is a rate increase of 62.72%, to be implemented in five phases.
9 The Settling Parties also agreed to Petitioner's requested level of financing
10 authority, a debt service revenue requirement and related requirements and
11 processes.

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

13 A: Yes. I sponsor the following settlement schedules:

- 14 Schedule 1 – Comparison of Overall Revenue Requirements (page 1)
- 15 Comparison of Phased Revenue Requirement (pages 2 & 3)
- 16 Comparison of Net Operating Income Adjustments (page 4)
- 17 Schedule 2 – Comparative Balance Sheet as of May 31, 2022, December 31, 2021
- 18 and December 31, 2020
- 19 Schedule 3 – Comparative Income Statement for the Twelve Months Ended May
- 20 31, 2022, December 31, 2021 and December 31, 2020
- 21 Schedule 4 – *Pro Forma* Net Operating Income Statement
- 22 Schedule 5 – Revenue Adjustments
- 23 Schedule 6 – Expense Adjustments
- 24 Schedule 7 – Extensions & Replacements
- 25 Schedule 8 – Payment in Lieu of Property Taxes
- 26 Schedule 9 – Working Capital
- 27 Schedule 10 – Debt Service

1 Schedule 11 – Debt Service Reserve

2 Schedule 12 – Tariff

B. Revenue Requirements & Rate Implementation

3 **Q: What revenue requirement did the Settling Parties agree on?**

4 A: The Settling Parties agreed to an overall revenue requirement of \$6,368,819, which
 5 is an overall increase of \$2,454,760 or 62.72% over test year revenues at present
 6 rates. This increase will be implemented in five phases as proposed by Marion.
 7 Table 1 compares the revenue requirement proposed by Marion with that agreed-
 8 upon in settlement.

TABLE 1: COMPARISON OF REVENUE REQUIREMENTS

	<u>Per</u> <u>Petitioner</u>	<u>Per</u> <u>Settlement</u>	<u>Sch</u> <u>Ref</u>	<u>Settlement</u> <u>More (Less)</u>
Operating Expenses	\$ 3,876,192	\$ 3,825,473	4	\$ (50,719)
Taxes other than Income	102,639	102,639	7	-
Extensions and Replacements	1,580,000	1,580,000	12	-
Debt Service	932,202	932,202	8	-
Working Capital	7,248	-	9	(7,248)
Total Revenue Requirements	6,498,281	6,440,314		(57,967)
Revenue Requirement Offsets				
Interest Income	-	(3,031)		(3,031)
Late Fees	(25,127)	-		25,127
Misc. Operating Revenues	(78,326)	(68,464)	4	9,862
Net Revenue Requirements	6,394,828	6,368,819		(26,009)
Less: Rev @ current rates sub to inc	(3,888,932)	(3,914,059)	4	(25,127)
Recommended Increase	2,505,896	2,454,760		(51,136)
Recommended Percentage Increase	64.44%	62.72%		-1.72%

1 **Q: When did the Settling Parties agree that each rate increase will take effect?**

2 A: The Phase I increase will take effect upon the issuance of a final order in this Cause.

3 Phase II rates would take effect on January 1, 2025, Phase III rates would take effect

4 on January 1, 2026, Phase IV rates would take effect on January 1, 2027, and Phase

5 V rates would take effect on January 1, 2028. Table 2 shows the agreed revenue

6 requirements and rate increases by phase.

TABLE 2: AGREED REVENUE REQUIREMENT BY PHASE

	Marion	Settlement	Difference	
<u>Phase I</u>	Total Revenue Requirements	4,613,207	4,646,730	33,523
	Net Revenue Increase	620,822	661,176	40,354
	Percentage Increase	16.00%	16.89%	0.89%
<u>Phase II</u>	Total Revenue Requirements	5,087,752	5,121,275	33,523
	Net Revenue Increase	473,138	474,545	1,407
	Percentage Increase	10.50%	10.37%	-0.13%
<u>Phase III</u>	Total Revenue Requirements	5,556,246	5,589,769	33,523
	Net Revenue Increase	467,960	468,494	534
	Percentage Increase	9.40%	9.28%	-0.12%
<u>Phase IV</u>	Total Revenue Requirements	6,025,841	6,059,364	33,523
	Net Revenue Increase	468,981	469,595	614
	Percentage Increase	8.60%	8.51%	-0.09%
<u>Phase V</u>	Total Revenue Requirements	6,498,281	6,440,314	(57,967)
	Net Revenue Increase	472,428	380,950	(91,478)
	Percentage Increase	8.00%	6.36%	-1.64%
<u>Overall</u>	Total Revenue Requirements	6,498,281	6,440,314	(57,967)
	Net Revenue Increase	2,505,896	2,454,760	(51,136)
	Percentage Increase	64.44%	62.72%	-1.72%

C. Operating Expenses & Taxes

1 **Q: What *pro forma* operating expenses did Marion propose?**

2 A: Marion proposed *pro forma* operating expense of \$3,876,192, an increase of
3 \$245,177 to test year operating expense of \$3,631,015.

4 **Q: What *pro forma* tax expense did Marion propose?**

5 A: Marion proposed *pro forma* tax expense of \$102,639, a decrease of \$42,668 to test
6 year tax expense of \$145,307. Marion's test year tax expense consisted of payroll
7 taxes of \$95,307 and Utility Receipts Tax expense of \$50,000. Petitioner proposed
8 a \$7,332 increase to payroll taxes and removal of the Utility Receipts Tax expense
9 of \$50,000 ($\$7,332 + (50,000) = -\$42,668$).

10 **Q: What level of operating expenses and tax did the Settling Parties agree to?**

11 A: The Settling Parties agreed to *pro forma* operating expense and taxes of \$4,019,602,
12 an increase of \$243,280 to test year operating expense.

13 **Q: What expense adjustments do the Settling Parties agree to?**

14 A: The Settling Parties agreed to adjustments for salaries and wages, employee
15 pensions and benefits, chemicals, materials and supplies, legal contractual services,
16 testing contractual services, other contractual services, payroll taxes, and Utility
17 Receipts Tax. Table 3 shows the adjustments proposed by Petitioner and those
18 agreed-upon by the Settling Parties for Phase I and a second table for Phase V.

TABLE 3: OPERATING EXPENSE ADJUSTMENTS

Phases I			
	<u>Petitioner</u>	<u>Settlement</u>	<u>Settlement More (Less)</u>
Salaries & Wages	\$ 53,370	\$ 53,370	\$ -
Employee Pensions & Benefits	(6,797)	(6,797)	-
Chemicals	145,572	145,572	-
Materials & Supplies	18,799	18,799	-
Contractual Services			-
Legal	(8,747)	(8,747)	-
Testing	20,000	20,000	-
Other			-
Removal of invoices	(19,145)	(19,145)	-
Meter reading 12th month	3,545	3,545	-
Tank Painting & Leak Det.	-	120,000	120,000
Rate Case Expense	82,500	62,500	(20,000)
Remove capital invoice	-	(20,009)	(20,009)
Wellhead Protection	6,458	(6,458)	(12,916)
Asset Management Plan	(50,378)	(44,580)	5,798
Credit Card Processing	-	(32,102)	(32,102)
Payroll Taxes	7,332	7,332	-
Utility Receipts Tax	(50,000)	(50,000)	-
Total Operating Exp. Adj.	<u>\$ 202,509</u>	<u>\$ 243,280</u>	<u>\$ 40,771</u>

Phases V			
	<u>Petitioner</u>	<u>Settlement</u>	<u>Settlement More (Less)</u>
Contractual Services			-
Rate Case Expense	\$ -	\$ (62,500)	\$ (62,500)
Asset Management Plan	-	(28,990)	(28,990)
Total Operating Exp. Adj.	<u>\$ -</u>	<u>\$ (91,490)</u>	<u>\$ (91,490)</u>

1 **Q: Please explain the additional adjustments to contractual services - other**
2 **expense agreed-upon by the Settling Parties.**

3 **A:** The Settling Parties agreed to six adjustments in addition to those proposed by
4 Marion in its case-in-chief: (1) periodic maintenance will be increased by \$120,000,
5 \$100,000 for the establishment of a tank painting fund and \$20,000 to fund a leak

1 detection study; (2) rate case expense shall be reduced from \$330,000 to \$250,000
2 and amortized over four years ($\$250,000 / 4 = 62,500$), which is then removed in
3 the fifth year (Phase V); (3) test year expense would be reduced by \$20,009 for an
4 invoice that is capital in nature; (4) test year well head protection expense of \$8,072
5 would be amortized over 5 years resulting in a pro forma annual expense of \$1,614;
6 (5) asset management plan contract expense of \$115,960 would be amortized
7 over 4 years resulting in pro forma revenue requirement of \$28,990 which is then
8 removed in the fifth year (Phase V); and (6) removal of \$32,102 of test year
9 expense associated with credit card processing. The foregoing adjustments are set
10 forth in Settlement Schedule 6, Adjustments No. 1 - 8.)

D. EXTENSIONS AND REPLACEMENTS

11 **Q: What amount of extensions and replacements (“E&R”) did Petitioner**
12 **propose?**

13 A: Marion proposed yearly E&R of \$1,580,000. The Settling Parties agreed to
14 Petitioner’s requested level of E&R.

E. WORKING CAPITAL

15 **Q: What amount of working capital did the Settling Parties agree upon?**

16 A: Petitioner requested working capital of \$7,248 be included in its revenue
17 requirement. The Settling Parties agreed there should be no working capital in
18 Petitioner’s revenue requirement. The FERC 45-day method indicated Petitioner’s
19 working capital need is \$466,860 annually. As of May 31, 2022, Petitioner had
20 current available cash of \$626,900, leaving a working capital surplus. (See
21 Settlement Schedule 9.)

F. Borrowing Authority

1 **Q: What borrowing authority did Petitioner propose?**

2 A: Marion requested authority to borrow \$14,200,000. Marion's proposed rates are
3 based on debt service of \$932,202, in phase 5.

4 **Q: What borrowing authority do the Settling Parties agree upon?**

5 A: The Settling Parties agreed to a borrowing authority of \$14,200,000. OUCC
6 witness, Shawn Dellinger addressed this authority in his settlement testimony as
7 well as True-up and reporting requirements.

G. Debt Service Revenue Requirement

8 **Q: What debt service revenue requirement does the Settling Parties agree upon?**

9 A: The Settling Parties agreed on a debt service revenue requirement of \$932,202. This
10 is based on a maximum debt service requested by Petitioner.

H. Conclusion

11 **Q: Do you believe that the Settlement is a fair, just, and reasonable resolution of**
12 **the revenue requirement issues in this case?**

13 A: Yes. The Settlement represents a reasonable compromise that the Settling Parties
14 support as fair, reasonable, and beneficial to both the Utility and its customers. The
15 Settlement is in the public interest because Marion will have sufficient funds to pay
16 its necessary operating expenses and capital improvements. Ratepayers will benefit
17 from lower rates than those proposed by Petitioner. The Settling Parties also value
18 the certainty and speed of implementing negotiated outcomes such as this.

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

20 A: Yes.

APPENDIX A

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

2 A: In December of 2002 I received a bachelor's degree in Business Administration
3 focusing on Accounting from Indiana University Kelley School of Business. In
4 December of 2012 I received my Master of Science in Accounting from Indiana
5 University Kelley School of Business, Indianapolis Indiana.

6 **Q: Please describe your professional experience.**

7 A: I was hired as a Utility Analyst in the Water / Wastewater division of the OUCC
8 on April 30, 2018. Prior to being hired by the OUCC, I was the controller of All
9 Trades Staffing. I have over fifteen years of accounting experience. I worked for
10 several years as a Financial Analyst in the insurance and healthcare industries. I
11 have participated in conferences and seminars regarding utility regulation, rate
12 making and financial issues. I have completed the National Association of
13 Regulatory Utility Commissioners (NARUC) Eastern Utility Rate School. I also
14 regularly attend the National Association of State Utility Consumer Advocates
15 (NASUCA) Accounting and Tax committee monthly meetings. In August of 2019
16 I completed the Annual Regulatory Studies Program from the Institute of Public
17 Utilities at Michigan State University.

18 **Q: Have you previously testified before the Indiana Utility Regulatory**
19 **Commission?**

20 A: Yes.

MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838

Comparison of Petitioner's and Settlement's
Overall Revenue Requirement

	<u>Per</u> <u>Petitioner</u>	<u>Per</u> <u>Settlement</u>	<u>Sch</u> <u>Ref</u>	<u>Settlement</u> <u>More (Less)</u>
Operating Expenses	\$ 3,876,192	\$ 3,825,473	4	\$ (50,719)
Taxes other than Income	102,639	102,639	4	-
Extensions and Replacements	1,580,000	1,580,000	PET	-
Debt Service	932,202	932,202	PET	-
Working Capital	7,248	-	9	(7,248)
Total Revenue Requirements	6,498,281	6,440,314		(57,967)
Revenue Requirement Offsets				
Interest Income	-	(3,031)	3	(3,031)
Late Fees (See footnote 2)	(25,127)	-		25,127
Misc. Operating Revenues (See footnote 1)	(78,326)	(68,464)	5	9,862
Net Revenue Requirements	6,394,828	6,368,819		(26,009)
Less: Revenues at current rates subject to increase (See footnote 2)	(3,888,932)	(3,914,059)	4	(25,127)
Recommended Increase	\$ 2,505,896	\$ 2,454,760		\$ (51,136)
Recommended Percentage Increase	64.44%	62.72%		-1.72%

Footnotes:

(1) Miscellaneous Operating Revenues include credit card fee revenues. The OUCC recommends adjustments to remove test year credit card fee revenue and expense because this should be a revenue neutral transaction for Petitioner. See Schedule 5, Adjustment No. 1 and Schedule 6, Adjustment No. 3.

(2) The OUCC classified \$25,127 of Late Fee revenue as revenues subject to increase.

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

**Comparison of Petitioner's and Settlement's
Phased Revenue Requirement**

	Phase I				Phase II				Phase III			
	Per Petitioner	Per Settlement	Sch Ref	Settlement More (Less)	Per Petitioner	Per Settlement	Sch Ref	Settlement More (Less)	Per Petitioner	Per Settlement	Sch Ref	Settlement More (Less)
Operating Expenses	\$ 3,876,192	\$ 3,916,963	4	\$ 40,771	\$ 3,876,192	\$ 3,916,963	4	\$ 40,771	\$ 3,876,192	\$ 3,916,963	4	\$ 40,771
Taxes Other than Income	102,639	102,639	4	-	102,639	102,639	4	-	102,639	102,639	4	-
Extensions and Replacements	320,000	320,000	PET	-	725,000	725,000	PET	-	915,000	915,000	PET	-
Debt Service	307,128	307,128	PET	-	376,673	376,673	PET	-	655,167	655,167	PET	-
Working Capital	7,248	-	9	(7,248)	7,248	-	9	(7,248)	7,248	-	9	(7,248)
Total Revenue Requirements	4,613,207	4,646,730		33,523	5,087,752	5,121,275		33,523	5,556,246	5,589,769		33,523
Less Revenue Requirement Offsets:												
Interest Income	-	(3,031)	3	(3,031)	-	(3,031)	3	(3,031)	-	(3,031)	3	(3,031)
Late Fees (See footnote 2)	(25,127)	-		25,127	(25,127)	-		25,127	(25,127)	-		25,127
Misc. Revenues (See footnote 1)	(78,326)	(68,464)	5	9,862	(78,326)	(68,464)	5	9,862	(78,326)	(68,464)	5	9,862
Net Revenue Requirements	4,509,754	4,575,235		65,481	4,984,299	5,049,780		65,481	5,452,793	5,518,274		65,481
Less: Rev at current rates subj to increase (See footnote 2)	(3,888,932)	(3,914,059)	4	(25,127)	(4,511,161)	(4,575,235)	4	(64,074)	(4,984,833)	(5,049,780)	4	(64,947)
Recommended Increase	\$ 620,822	\$ 661,176		\$ 40,354	\$ 473,138	\$ 474,545		\$ 1,407	\$ 467,960	\$ 468,494		\$ 534
Recommended Percentage Increase	16.00%	16.89%		0.89%	10.50%	10.37%		-0.13%	9.40%	9.28%		-0.12%

Footnotes:

(1) Miscellaneous Operating Revenues include credit card fee revenues. The OUCC recommends adjustments to remove test year credit card fee revenue and expense because this should be a revenue neutral transaction for Petitioner. See Schedule 5, Adjustment No. 1 and Schedule 6, Adjustment No. 3.

(2) The OUCC classified \$25,127 of Late Fee revenue as revenues subject to increase.

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

**Comparison of Petitioner's and Settlement's
Phased Revenue Requirement**

	Phase IV				Phase V			
	Per Petitioner	Per Settlement	Sch Ref	Settlement More (Less)	Per Petitioner	Per Settlement	Sch Ref	Settlement More (Less)
Operating Expenses	\$ 3,876,192	\$ 3,916,963	4	\$ 40,771	\$ 3,876,192	\$ 3,825,473	4	\$ (50,719)
Taxes Other than Income	102,639	102,639	4	-	102,639	102,639	4	-
Extensions and Replacements	1,400,000	1,400,000	PET	-	1,580,000	1,580,000	PET	-
Debt Service	639,762	639,762	PET	-	932,202	932,202	PET	-
Operation & Maintenance Fund Balance	7,248	-	9	(7,248)	7,248	-	9	(7,248)
Total Revenue Requirements	6,025,841	6,059,364		33,523	6,498,281	6,440,314		(57,967)
Less Revenue Requirement Offsets:								
Interest Income	-	(3,031)	3	(3,031)	-	(3,031)	3	(3,031)
Late Fees (See footnote 2)	(25,127)	-		25,127	(25,127)	-		25,127
Misc. Revenues (See footnote 1)	(78,326)	(68,464)	5	9,862	(78,326)	(68,464)	5	9,862
Net Revenue Requirements	5,922,388	5,987,869		65,481	6,394,828	6,368,819		(26,009)
Less: Rev at current rates subj to increase (See footnote 2)	(5,453,407)	(5,518,274)	4	(64,867)	(5,922,400)	(5,987,869)	4	(65,469)
Recommended Increase	\$ 468,981	\$ 469,595		\$ 614	\$ 472,428	\$ 380,950		\$ (91,478)
Recommended Percentage Increase	8.60%	8.51%		-0.09%	8.00%	6.36%		-1.64%

Footnotes:

(1) Miscellaneous Operating Revenues include credit card fee revenues. The OUCC recommends adjustments to remove test year credit card fee revenue and expense because this should be a revenue neutral transaction for Petitioner. See Schedule 5, Adjustment No. 1 and Schedule 6, Adjustment No. 3.

(2) The OUCC classified \$25,127 of Late Fee revenue as revenues subject to increase.

MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838

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

	<u>Per Petitioner</u>	<u>Per Settlement</u>	<u>Settlement More (Less)</u>
Operating Revenues			
Metered Water Sales			
Residential	\$ (28,234)	\$ (28,234)	\$ -
Commercial	(8,304)	(8,304)	-
Industrial	(2,570)	(2,570)	-
Institutional	(6,044)	(6,044)	-
Fire Protection			
Public	(8,025)	(8,025)	-
Private	(2,842)	(2,842)	-
Late Fees	-	-	-
Miscellaneous Revenues	10,442	580	(9,862)
	<u>(45,577)</u>	<u>(55,439)</u>	<u>(9,862)</u>
O&M Expense			
Salaries & Wages	53,370	53,370	-
Employee Pensions & Benefits	(6,797)	(6,797)	-
Chemicals	145,572	145,572	-
Materials & Supplies	18,799	18,799	-
Contractual Services			
Legal	(8,747)	(8,747)	-
Testing	20,000	20,000	-
Other			-
Removal of invoices	(19,145)	(19,145)	-
Meter reading 12th month	3,545	3,545	-
Wellhead Protection	6,458	(6,458)	(12,916)
Tank Painting Fund	-	120,000	120,000
Rate Case Expense	82,500	62,500	(20,000)
Remove capital invoice	-	(20,009)	(20,009)
Asset Management Plan	-	(44,580)	(44,580)
Credit Card Processing	-	(32,102)	(32,102)
Taxes Other than Income			
Payroll Taxes	7,332	7,332	-
Utility Receipts Tax	(50,000)	(50,000)	-
	<u>252,887</u>	<u>243,280</u>	<u>(9,607)</u>
Net Operating Income	<u>\$ (298,464)</u>	<u>\$ (298,719)</u>	<u>\$ (255)</u>

MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838

COMPARATIVE BALANCE SHEET

As of

	<u>May 31,</u> <u>2022</u>	<u>Dec 31,</u> <u>2021</u>	<u>Dec 31,</u> <u>2020</u>
<u>ASSETS</u>			
<u>Utility Plant:</u>			
Utility Plant in Service	\$ 55,192,639	\$ 55,192,639	\$ 55,117,915
Less: Accumulated Depreciation	(33,585,777)	(33,585,777)	(32,678,698)
Net Utility Plant in Service	21,606,862	21,606,862	22,439,217
Add: Construction Work in Progress	670,752	69,298	-
Net Utility Plant	<u>22,277,614</u>	<u>21,676,160</u>	<u>22,439,217</u>
<u>Restricted Assets:</u>			
Customer Deposit	227,857	224,536	229,236
Equipment and Replacement Fund	674,692	690,230	685,077
Fire Protection Quail Hollow Fund	21,700	21,700	21,700
Depreciation Reserve	216,701	739,521	843,425
Total Restricted Assets	<u>1,140,950</u>	<u>1,675,987</u>	<u>1,779,438</u>
<u>Current Assets:</u>			
Cash - Operation and Maintenance Fund	626,900	626,900	626,960
Accounts Receivable	564,941	564,769	539,816
Prepaid Expenses	52,608	26,391	28,765
Materials and Supplies Inventory	135,186	130,426	139,032
Other Current Assets	-	-	6,960
Total Current Assets	<u>1,379,635</u>	<u>1,348,486</u>	<u>1,341,533</u>
Total Assets	<u>\$ 24,798,199</u>	<u>\$ 24,700,633</u>	<u>\$ 25,560,188</u>
<u>LIABILITIES & EQUITY</u>			
<u>Equity</u>			
Retained Earnings	\$ 19,558,433	\$ 20,304,154	\$ 20,685,071
Current Year Earnings	70,862	(745,721)	(377,198)
Total Equity Capital	<u>19,629,295</u>	<u>19,558,433</u>	<u>20,307,873</u>
Contributions in Aid of Construction	4,710,148	4,710,148	4,710,148
<u>Long-term Debt</u>			
Accounts Payable	-	-	378
Customer Deposits	231,174	225,745	232,496
Other Current Liabilities	227,582	206,307	309,293
Total Long-term Debt	<u>458,756</u>	<u>432,052</u>	<u>542,167</u>
Total Liabilities and Equity	<u>\$ 24,798,199</u>	<u>\$ 24,700,633</u>	<u>\$ 25,560,188</u>

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

**COMPARATIVE INCOME STATEMENT
For the Twelve Months Ended**

	<u>May 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
<u>Operating Revenues:</u>			
Metered Water Sales			
Residential	\$ 1,988,311	\$ 1,974,659	\$ 2,013,275
Commercial	584,756	579,831	548,024
Industrial	180,979	178,575	175,552
Institutional	425,661	424,254	418,744
Fire Protection			
Public	565,166	560,769	559,419
Private	200,078	199,973	198,403
Late Fees	25,127	22,712	5,028
Miscellaneous Revenues	67,884	149,292	60,454
Total Operating Revenues	<u>4,037,962</u>	<u>4,090,065</u>	<u>3,978,899</u>
<u>Operating Expenses:</u>			
Salaries & Wages	1,292,056	1,254,848	1,146,901
Employee Pensions & Benefits	641,369	644,654	605,129
Purchased Power	284,726	258,147	271,113
Chemicals	458,288	376,358	383,142
Materials & Supplies	258,615	246,885	200,378
Contractual Services	538,933	600,371	451,995
Transportation	79,345	76,115	57,207
Insurance - General Liability	67,325	72,003	72,375
Miscellaneous	10,358	9,765	12,733
Total O&M Expense	<u>\$ 3,631,015</u>	<u>\$ 3,539,146</u>	<u>\$ 3,200,973</u>

FOR SETTLEMENT PURPOSES ONLY

MARION MUNICIPAL UTILITIES CAUSE NUMBER 45838

COMPARATIVE INCOME STATEMENT For the Twelve Months Ended

	May 31, 2022	December 31, 2021	December 31, 2020
<u>Operating Expenses (continued)</u>			
Depreciation Expense	\$ 907,489	\$ 907,489	\$ 909,096
Taxes Other than Income			
Payroll Taxes	95,307	92,670	79,584
Utility Receipts Tax	50,000	47,400	41,602
Total Operating Expenses	4,683,811	4,586,705	4,231,255
Net Operating Income	(645,849)	(496,640)	(252,356)
<u>Other Income (Expense)</u>			
Interest Income	3,031	-	7,040
Gain (Loss) on Sale of Assets	-		15,630
Other Income	10,000	-	-
Interest Expense	-	(27,889)	
Non-Utility Income	-	-	23,550
Non-Operating Expenses	(23,550)	-	(1,707)
Total Other Income (Expense)	(10,519)	(27,889)	44,513
			28,883
Net Income	\$ (656,368)	\$ (524,529)	\$ (207,843)

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

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

	Test Year Ended 5/31/2022	Adjustments	Sch Ref	Pro forma Present Rates	Adjustments	Sch Ref	Phase I Pro forma Proposed Rates
Operating Revenues							
Metered Water Sales							
Residential	\$ 1,988,311	\$ (28,234)	PET	\$ 1,960,077			
Commercial	584,756	(8,304)	PET	576,452			
Industrial	180,979	(2,570)	PET	178,409			
Institutional	425,661	(6,044)	PET	419,617			
Fire Protection							
Public	565,166	(8,025)	PET	557,141			
Private	200,078	(2,842)	PET	197,236			
Late Fees	25,127	-		25,127			
Miscellaneous Revenues	67,884	580	5-1	68,464			
Total Water Revenues	<u>4,037,962</u>	<u>(55,439)</u>		<u>3,982,523</u>	<u>661,176</u>		<u>4,643,699</u>
O&M Expense							
Salaries & Wages	1,292,056	53,370	PET	1,345,426			1,345,426
Employee Pensions & Benefits	641,369	(6,797)	PET	634,572			634,572
Purchased Power	284,726	-		284,726			284,726
Chemicals	458,288	145,572	PET	603,860			603,860
Materials & Supplies	258,615	18,799	PET	277,414			277,414
Contractual Services							
Legal	82,769	(8,747)	PET	74,022			74,022
Testing	11,861	20,000	PET	31,861			31,861
Other	444,303			508,054			508,054
Removal Capital Costs		(19,145)	PET				
Meter reading 12th month		3,545	PET				
Tank Painting & Leak Det.		120,000	6-1				
Rate Case Expense		62,500	6-2				
Remove capital invoice		(20,009)	6-3				
Wellhead Protection		(6,458)	6-4				
Asset Management Plan		(44,580)	6-5				
Credit Card Processing		(32,102)	6-6				
Transportation	79,345			79,345			79,345
Insurance - General Liability	67,325			67,325			67,325
Miscellaneous	10,358	-		10,358			10,358
Depreciation Expense	907,489			907,489			907,489
Taxes Other than Income							
Payroll Taxes	95,307	7,332	PET	102,639			102,639
Utility Receipts Tax	50,000	(50,000)	PET	-	-		-
Total Operating Expenses	<u>4,683,811</u>	<u>243,280</u>		<u>4,927,091</u>	<u>-</u>		<u>4,927,091</u>
Net Operating Income	<u>\$ (645,849)</u>	<u>\$ (298,719)</u>		<u>\$ (944,568)</u>	<u>\$ 661,176</u>		<u>\$ (283,392)</u>

Footnote: Petitioner conducted a Cost-of-service study in conjunction with this case, therefore the recommended increase is not broken down by revenue class. See Cost of Service Study for breakdown by customer class.

MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838

Phase II
Pro-forma Net Operating Income Statement

	Phase I			Phase II		
	<i>Pro forma</i>			<i>Pro forma</i>		
	Proposed		Sch	Present	Sch	
	Rates	Adjustments	Ref	Rates	Ref	
				Adjustments		
					Rates	
Operating Revenues	\$ 4,643,699	\$ -		\$ 4,643,699	\$ 474,545	\$ 5,118,244
O&M Expense						
Salaries & Wages	1,345,426			1,345,426		1,345,426
Employee Pensions & Benefits	634,572	-		634,572		634,572
Purchased Power	284,726			284,726		284,726
Chemicals	603,860			603,860		603,860
Materials & Supplies	277,414			277,414		277,414
Contractual Services						
Legal	74,022			74,022		74,022
Testing	31,861			31,861		31,861
Other	508,054			508,054		508,054
Transportation	79,345			79,345		79,345
Insurance - General Liability	67,325			67,325		67,325
Miscellaneous	10,358			10,358		10,358
Depreciation Expense	907,489			907,489		907,489
Taxes Other than Income						
Payroll Taxes	102,639			102,639		102,639
Utility Receipts Tax	-			-		-
Total Operating Expenses	<u>4,927,091</u>	<u>-</u>		<u>4,927,091</u>	<u>-</u>	<u>4,927,091</u>
Net Operating Income	<u>\$ (283,392)</u>	<u>\$ -</u>		<u>\$ (283,392)</u>	<u>\$ 474,545</u>	<u>\$ 191,153</u>

Footnote: Petitioner conducted a Cost-of-service study in conjunction with this case, therefore the recommended increase is not broken down by revenue class. See Cost of Service Study for breakdown by customer class.

MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838

Phase III
Pro-forma Net Operating Income Statement

	Phase II <i>Pro forma</i> Proposed Rates	Adjustments	Sch Ref	Phase III <i>Pro forma</i> Present Rates	Adjustments	Sch Ref	Phase III <i>Pro forma</i> Proposed Rates
Operating Revenues	5,118,244	-		5,118,244	468,494		5,586,738
O&M Expense							
Salaries & Wages	1,345,426			1,345,426			1,345,426
Employee Pensions & Benefits	634,572			634,572			634,572
Purchased Power	284,726			284,726			284,726
Chemicals	603,860			603,860			603,860
Materials & Supplies	277,414			277,414			277,414
Contractual Services							
Legal	74,022			74,022			74,022
Testing	31,861			31,861			31,861
Other	508,054			508,054			508,054
Transportation	79,345			79,345			79,345
Insurance - General Liability	67,325			67,325			67,325
Miscellaneous	10,358			10,358			10,358
Depreciation Expense	907,489			907,489			907,489
Taxes Other than Income							
Payroll Taxes	102,639			102,639			102,639
Utility Receipts Tax	-			-			-
Total Operating Expenses	<u>4,927,091</u>	<u>-</u>		<u>4,927,091</u>	<u>-</u>		<u>4,927,091</u>
Net Operating Income	<u>\$ 191,153</u>	<u>\$ -</u>		<u>\$ 191,153</u>	<u>\$ 468,494</u>		<u>\$ 659,647</u>

Footnote: Petitioner conducted a Cost-of-service study in conjunction with this case, therefore the recommended increase is not broken down by revenue class. See Cost of Service Study for breakdown by customer class.

MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838

Phase IV
Pro-forma Net Operating Income Statement

	Phase III Pro forma Proposed Rates	Adjustments	Sch Ref	Pro forma Present Rates	Adjustments	Sch Ref	Phase IV Pro forma Proposed Rates
Operating Revenues	5,586,738	-		5,586,738	469,595		6,056,333
O&M Expense							
Salaries & Wages	1,345,426			1,345,426			1,345,426
Employee Pensions & Benefits	634,572			634,572			634,572
Purchased Power	284,726			284,726			284,726
Chemicals	603,860			603,860			603,860
Materials & Supplies	277,414			277,414			277,414
Contractual Services	-			-			-
Legal	74,022			74,022			74,022
Testing	31,861			31,861			31,861
Other	508,054			508,054			508,054
Transportation	79,345			79,345			79,345
Insurance - General Liability	67,325			67,325			67,325
Miscellaneous	10,358			10,358			10,358
Depreciation Expense	907,489			907,489			907,489
Taxes Other than Income	-			-			-
Payroll Taxes	102,639			102,639			102,639
Utility Receipts Tax	-			-			-
Total Operating Expenses	<u>4,927,091</u>	<u>-</u>		<u>4,927,091</u>	<u>-</u>		<u>4,927,091</u>
Net Operating Income	<u>\$ 659,647</u>	<u>\$ -</u>		<u>\$ 659,647</u>	<u>\$ 469,595</u>		<u>\$ 1,129,242</u>

Footnote: Petitioner conducted a Cost-of-service study in conjunction with this case, therefore the recommended increase is not broken down by revenue class. See Cost of Service Study for breakdown by customer class.

MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838

Phase V
Pro-forma Net Operating Income Statement

	Phase IV <i>Pro forma</i> Proposed Rates	Adjustments	Sch Ref	<i>Pro forma</i> Present Rates	Adjustments	Sch Ref	Phase V <i>Pro forma</i> Proposed Rates
Operating Revenues	6,056,333	-		6,056,333	380,950		6,437,283
O&M Expense							
Salaries & Wages	1,345,426			1,345,426			1,345,426
Employee Pensions & Benefits	634,572			634,572			634,572
Purchased Power	284,726			284,726			284,726
Chemicals	603,860			603,860			603,860
Materials & Supplies	277,414			277,414			277,414
Contractual Services							
Legal	74,022			74,022			74,022
Testing	31,861			31,861			31,861
Other	508,054			416,564			416,564
Asset Management Plan		(28,990)	6-7				
Rate Case Expense		(62,500)	6-8				
Transportation	79,345			79,345			79,345
Insurance - General Liability	67,325			67,325			67,325
Miscellaneous	10,358			10,358			10,358
Depreciation Expense	907,489			907,489			907,489
Taxes Other than Income	-			-			-
Payroll Taxes	102,639			102,639			102,639
Utility Receipts Tax	-			-			-
Total Operating Expenses	<u>4,927,091</u>	<u>(91,490)</u>		<u>4,835,601</u>	<u>-</u>		<u>4,835,601</u>
Net Operating Income	<u>\$ 1,129,242</u>	<u>\$ 91,490</u>		<u>\$ 1,220,732</u>	<u>\$ 380,950</u>		<u>\$ 1,601,682</u>

Footnote: Petitioner conducted a Cost-of-service study in conjunction with this case, therefore the recommended increase is not broken down by revenue class. See Cost of Service Study for breakdown by customer class.

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

Settlement Revenue Adjustments

(1)

Miscellaneous Revenue - Credit Card Fee

To remove revenue associated with credit card fees. This adjustment is made in conjunction with expense adjustment 6-4. The recovery of credit card fees from customers should be revenue neutral for Petitioner.'

Credit card Convenience Fee Revenue \$ (580)

Adjustment Increase (Decrease) \$ 580

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

Settlement Operating Expense Adjustments

(1)

Periodic Maintenance (Phase 1)

Adjustment to add additional funds to Petitioner's revenue requirement for a restricted tank painting account and leak detection.

Periodic Maintenance - Tank Painting	\$ 100,000
Leak Detection Study	20,000
	<u>\$ 120,000</u>

Adjustment Increase (Decrease) \$ 120,000

(2)

Amortize Rate Case Expense (Phase 1)

Adjustment to reduce the total rate case expense from \$330,000 to \$250,000, to be recovered over four (4) years.

Total rate case expense for this cause	\$ 250,000
Divide by Amortization Period	4
	<u>\$ 62,500</u>

Adjustment Increase (Decrease) \$ 62,500

(3)

Remove Capital Expenditure (Phase 1)

Remove Best Equipment invoice that is capital in nature (new pump for vac truck)

<u>Vendor</u>	<u>Inv #</u>	<u>Account</u>	<u>Amount</u>
Best Equipment	PSI005325	101.06.650.01.30	\$ 20,009

Adjustment Increase (Decrease) \$ (20,009)

(4)

Wellhead Protection (Phase 1)

Amortize wellhead protection study costs incurred during the test year over five years.

PEERLESS MIDWEST INC - Inv 63714 Well Head Protection Update - 5 Year	\$ 8,072
Divide by Amortization Period	<u>5</u>
<i>Pro Forma</i> Annual Expense	\$ 1,614
Less: Test Year Expense	<u>(8,072)</u>

Adjustment Increase (Decrease) \$ (6,458)

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

(5)

Asset Management Plan (Phase 1)

Amortize asset management plan contract expense over four years.

Contract Amount	\$ 115,960	
Divide by Amortization Period	<u>4</u>	
<i>Pro Forma</i> Annual Expense	\$ 28,990	
Less: Test Year Expense	<u>(73,570)</u>	
Adjustment Increase (Decrease)		<u>\$ (44,580)</u>

(6)

Credit Card Processing Expense (Phase 1)

To remove credit card processing expense from the test year. This adjustment is made in conjunction with revenue adjustment 5-1 that removes associated revenue. Recovery of credit card fees from customers should be revenue neutral to Petitioner.

Total test year BLUEFIN Payment Systems expense	\$ 32,102	
Adjustment Increase (Decrease)		<u>\$ (32,102)</u>

(7)

Asset Management Plan (Phase 5)

To remove asset management plan expense in the Phase 5 after costs have been fully recovered in Phases 1 through 4.

<i>Pro Forma</i> Annual Expense	\$ 28,990	
Adjustment Increase (Decrease)		<u>\$ (28,990)</u>

(8)

Rate Case Expense (Phase 5)

To remove rate case expense in Phase 5 after costs have been fully recovered in Phases 1 through 4.

Adjustment Increase (Decrease)		<u>\$ (62,500)</u>
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**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

Extensions and Replacements

The Settling Parties accepts Petitioner's proposed E&R.

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

Payment in Lieu of Property Taxes

Petitioner did not request PILT as a component of its revenue requirement in this case.

MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838

Working Capital

	<u>Petitioner</u>	<u>Settlement</u>	<u>OUCC More (Less)</u>
1 Operation & Maintenance Expense	\$ 3,876,192	\$ 3,916,963	\$ 40,771
2 Plus: Payroll Taxes	102,639	102,639	-
3 Less: Purchased Water	-	-	-
4 Purchased Power	-	(284,726)	(284,726)
5			
6 Adjusted Operation & Maintenance Expense	<u>3,978,831</u>	<u>3,734,876</u>	<u>(243,955)</u>
7 Times: 45 Day Factor	<u>0.167</u>	<u>0.125</u>	<u>(0.04167)</u>
8 Working Capital Revenue Requirement	663,138	466,860	10,165
9 Less: Cash on Hand	<u>626,900</u>	<u>626,900</u>	<u>-</u>
10 Net Working Capital Revenue Requirement	36,238	-	10,165
11 Divide by: Amortization Period (Years)	<u>5</u>	<u>5</u>	<u>-</u>
12 Annual Working Capital Revenue Requirement	<u><u>\$ 7,248</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (7,248)</u></u>

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

Debt Service

The Settling Parties accepts Petitioner's proposed debt service revenue requirement.

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

Debt Service Reserve

Petitioner proposes to finance its debt service reserve in this case and, therefore, did not request debt service reserve as a component of its revenue requirement.

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

Schedule of Rates and Charges

Petitioner proposed rates be implemented according to a cost-of-service study.

MARION MUNICIPAL UTILITIES CAUSE NUMBER 45838

Revenue Requirement Comparison

	Cause 42720	Cause 45838	45838 More (Less)
Operating Expenses	\$ 2,228,585	\$ 3,876,192	\$ 1,647,607
Taxes other than Income	111,577	102,639	(8,938)
Extensions and Replacements	1,721,380	1,580,000	(141,380)
Payment in Lieu of Taxes			-
Working Capital			-
Debt Service	857,875	932,202	74,327
Debt Service Reserve		7,248	7,248
	4,919,417	6,498,281	1,578,864
Total Revenue Requirements			
Less Revenue Requirement Offsets:			
Interest Income	(81,602)	-	81,602
Other Income	-		-
	\$ 4,837,815	\$ 6,498,281.0	\$ 1,660,466
Net Revenue Requirement			
Revenues at current rates subject to increase		3,914,059	
Other revenues not subject to increase		-	
Total Revenues	-	3,914,059	
Less: Revenue Requirement in Last Rate Case		4,919,417	
Revenue Over (Under)		\$ (1,005,358)	

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

OPERATING EXPENSE MATRIX

May 31, 2022 Operating Expenses		Wells Expense	Wells Maintenance Expense	Treatment Plant Expense	Treatment Plant Maintenance Expense	Distribution Expense	Distribution Maintenance Expense	Customer Accounts	Admin & General	Total Operating Expenses
Salaries & Wages - Employees	601	\$ -	\$ -	\$ 195,376	\$ 313,180		\$ 274,565	\$ 55,196	\$ 453,739	\$ 1,292,056
Employee Pensions & Benefits	604			112,002	167,346		94,312	25,632	242,077	641,369
Purchased Power	615	124,157		160,569						284,726
Chemicals	618			458,288						458,288
Materials and Supplies	620	176	2,303	50,486	33,834	565	149,708	1,318	20,225	258,615
Contractual Services		551	2,934	50,765	82,477		155,966	112,372	133,868	538,933
Engineering	631									-
Legal	633									-
Other	636									-
Rents - Equipment	642									-
Transportation Expense	650			10,213	17,982		48,534	2,601	15	79,345
Insurance - General Liability	655	1,152	1,152	17,427	10,530	2,303	18,232	10,297	6,232	67,325
Bad Debt Expense	670									-
Miscellaneous Expense	675							1,302	9,056	10,358
Total 5/31/2022 Operating Expenses		126,036	6,389	1,055,126	625,349	2,868	741,317	208,718	865,212	3,631,015
Payroll Tax Expense										<u>\$ (95,307)</u>

FOR SETTLEMENT PURPOSES ONLY

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

OPERATING EXPENSE MATRIX

2021 Operating Expenses		Wells Expense	Wells Maintenance Expense	Treatment Plant Expense	Treatment Plant Maintenance Expense	Distribution Expense	Distribution Maintenance Expense	Customer Accounts	Admin & General	Total Operating Expenses
Salaries & Wages - Employees	601	\$ -	\$ -	\$ 189,830	\$ 308,569	\$ -	\$ 268,661	\$ 55,288	\$ 432,500	\$ 1,254,848
Employee Pensions & Benefits	604			106,819	188,453		100,972	27,954	220,456	644,654
Purchased Power	615	108,144		150,003						258,147
Chemicals	618			376,358						376,358
Materials and Supplies	620	324	3,120	43,255	38,030	(1,285)	140,794	1,202	21,445	246,885
Contractual Services		638	3,399	51,806	117,632		179,204	111,676	136,016	600,371
Engineering	631									-
Legal	633									-
Other	636									-
Rents - Equipment	642									-
Transportation Expense	650			7,917	15,620		50,465	1,873	240	76,115
Insurance - General Liability	655	973	973	21,579	11,364	1,894	19,119	9,844	6,257	72,003
Bad Debt Expense	670									-
Miscellaneous Expense	675							1,282	8,483	9,765
Total 2021 Operating Expenses		110,079	7,492	947,567	679,668	609	759,215	209,119	825,397	3,539,146

FOR SETTLEMENT PURPOSES ONLY

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

OPERATING EXPENSE MATRIX

<u>2020 Operating Expenses</u>		Wells Expense	Wells Maintenance Expense	Treatment Plant Expense	Treatment Plant Maintenance Expense	Distribution Expense	Distribution Maintenance Expense	Customer Accounts	Admin & General	Total Operating Expenses
Salaries & Wages - Employees	601	\$ -	\$ -	\$ 158,036	\$ 292,949	\$ -	\$ 241,835	\$ 53,518	\$ 400,563	\$ 1,146,901
Employee Pensions & Benefits	604			102,988	175,103	500	105,877	37,016	183,645	605,129
Purchased Power	615	110,844		160,269						271,113
Chemicals	618			383,142						383,142
Materials and Supplies	620	-	3,071	25,403	34,111		107,555	979	29,259	200,378
Contractual Services	631	3,231	3,583	55,158	45,525	1,013	149,323	102,242	91,920	451,995
Engineering	633									-
Legal	636									-
Other	642									-
Rents - Equipment	650									-
Transportation Expense	655			7,045	21,990		25,571	2,525	298	57,429
Insurance - General Liability	670	938	938	20,616	11,248	1,927	19,159	10,062	7,487	72,375
Bad Debt Expense										
Miscellaneous Expense	675							8,374	6,992	15,366
Total 2020 Operating Expenses		<u>115,013</u>	<u>7,592</u>	<u>912,657</u>	<u>580,926</u>	<u>3,440</u>	<u>649,320</u>	<u>214,716</u>	<u>720,164</u>	<u>3,203,828</u>

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

OPERATING EXPENSE MATRIX

May 31, 2022 Operating Expenses Adjustments		Wells Expense	Wells Maintenance Expense	Treatment Plant Expense	Treatment Plant Maintenance Expense	Distribution Expense	Distribution Maintenance Expense	Customer Accounts	Admin & General	Total Operating Expenses Adjustments
(4) Salaries & Wages - Employees	601	\$ -	\$ -	\$ 8,094	\$ 12,974	\$ -	\$ 11,374	\$ 2,287	\$ 18,641	\$ 53,370
(5) Employee Pensions & Benefits	604			(2,577)	(4,022)		(1,572)	(584)	(5,084)	(13,839)
(6) PERF				1,085	1,669		1,502	309	2,477	7,042
Purchased Power	615									-
(7) Chemicals	618			139,372						139,372
(8) Chlorine expense increase				6,200						6,200
(3) Materials and Supplies	620	106	528	6,842	6,970	340	3,201	198	614	18,799
(9) Asset Management Plan Contractual Services					(50,378)					(50,378)
(10) Increase Lime Exp for new lagoon					20,000					20,000
(11) Remove three invoices							(19,145)			(19,145)
(12) Meter reading 12th month of Expense								3,545		3,545
(13) I&M Rate case									(8,747)	(8,747)
(14) Wellhead Protection									6,458	6,458
(15) Rate case expense (45838)									82,500	82,500
Engineering	631									-
Legal	633									-
Other	636									-
Rents - Equipment	642									-
Transportation Expense	650									-
Insurance - General Liability	655									-
Bad Debt Expense	670									-
Miscellaneous Expense	675									-
Total 5/31/2022 Operating Expenses Adj.		106	528	159,016	(12,787)	340	(4,640)	5,755	96,859	245,177
(16) FICA Taxes										7,332
(17) Utility Receipts Tax										(50,000)
Payroll Tax Expense										<u>\$ 202,509</u>

AFFIRMATION

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



By: Thomas W. Malan
Cause No. 45838
Office of Utility Consumer Counselor (OUCC)

Date: June 9, 2023