

BEFORE THE

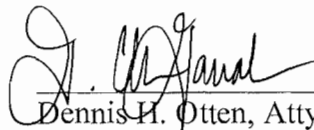
INDIANA UTILITY REGULATORY COMMISSION

PETITION OF THE DEPARTMENT OF WATER)
WORKS OF THE CITY OF MICHIGAN CITY,)
INDIANA FOR AUTHORITY TO INCREASE RATES) CAUSE NO. 44538
AND CHARGES AND ISSUE BONDS FOR CAPITAL)
IMPROVEMENTS TO ITS WATER WORKS)

SUBMISSION OF JOINT STIPULATION AND SETTLEMENT AGREEMENT

Petitioner, The Department of Water Works of the City of Michigan City, Indiana ("Michigan City"), by counsel, hereby submits the attached Joint Stipulation and Settlement Agreement in Cause No. 44538.

Respectfully Submitted,



Dennis H. Otten, Atty. No. 21039-49

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

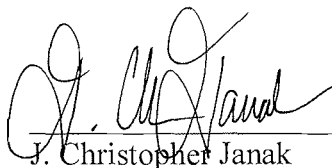
BOSE MCKINNEY & EVANS LLP
111 Monument Circle, Suite 2700
Indianapolis, IN 46204
(317) 684-5000
(317) 684-5173 Fax
dotten@boselaw.com
jjanak@boselaw.com

Counsel for Petitioner,
Department of Water Works of the
City of Michigan City, Indiana

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing "Submission of Joint Stipulation and Settlement Agreement" was served upon the following by delivering a copy thereof electronically this 16th day of February, 2015:

Daniel LeVay
Indiana Office of the Utility Consumer Counselor
PNC Center, Suite 1500 South
115 West Washington Street
Indianapolis, IN 46204
infomgt@oucc.in.gov
dlevay@oucc.in.gov



J. Christopher Janak

Bose McKinney & Evans LLP
111 Monument Circle, Suite 2700
Indianapolis, IN 46204
(317) 684-5000
(317) 684-5173 Fax

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BEFORE THE
INDIANA UTILITY REGULATORY COMMISSION

PETITION OF THE DEPARTMENT OF WATER)	
WORKS OF THE CITY OF MICHIGAN CITY,)	
INDIANA FOR AUTHORITY TO INCREASE RATES)	
AND CHARGES AND ISSUE BONDS FOR CAPITAL)	CAUSE NO. 44538
IMPROVEMENTS TO ITS WATER WORKS)	
)	

JOINT STIPULATION AND SETTLEMENT AGREEMENT

This Joint Stipulation and Settlement Agreement (“Settlement Agreement”) is entered into this 16th day of February, 2015, by and between the Department of Waterworks of Michigan City, Indiana (“Michigan City”), and the Office of Utility Consumer Counselor (“OUCC”), who stipulate and agree for 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 in 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 the Settling Parties (as defined below).

Terms and Conditions of Settlement Agreement

1. **Requested Relief.** On September 24, 2014, Michigan City initiated this Cause by filing a Verified Petition with the Commission requesting authority to increase its rates and charges and issue bonds to fund capital improvements to its waterworks.

2. **Prefiled Evidence of Parties.** In support of its Petition, Michigan City filed the Prefiled Testimony and Exhibits of Stanley S. Diamond, P. E., Scott A. Miller, CPA, and Randall E. Russell on September 24, 2014. On January 21, 2015, the OUCC prefiled the Testimony and Exhibits of Richard J. Corey, James T. Parks, Edward R. Kaufman, and Jerome D. Mierzwa. An Intervenor, the Indiana Department of Correction (“DOC”), also prefiled the Testimony of Theodore J. Sommer on January 21, 2015.

3. **Settlement.** Through analysis, discussion, and negotiation, as aided by their respective technical staff and experts, Michigan City and the OUCC (“Settling Parties”) agree on the terms and conditions as described herein that resolve all issues between them in this Cause. Attached to the Settlement Agreement as Exhibit A is an accounting report (“Report”) that reflects the agreed upon revenue requirement, cost of service analysis, final rates and charges, and estimated amortization schedule for Michigan City’s outstanding and proposed indebtedness.

4. **Revenue Requirement, Rates, and Charges.** The Settling Parties agree that Michigan City should be authorized to increase its rates and charges for water service to reflect ongoing net revenue requirements in the amount of \$7,759,242, resulting in an annual increase of \$2,028,646 or 35.40% over Michigan City’s current revenues at existing rates.

5. **Operation and Maintenance Adjustments.** After review and examination, Michigan City has agreed to the OUCC’s proposed adjustments for late fee revenues, fire protection revenues, purchased power expense, disallowed expenses, and proposed debt service.

6. **Non-Recurring Charges.** The Settling Parties agree that Michigan City should be authorized to update its tap fee, shut-off request fee, turn-on request fee, plumbing check fee, and meter test service charge. The agreed upon amount for each fee is set forth in the attached Exhibit A.

7. **Authority to Issue Debt and Impact on Initial Rates.** The Settling Parties agree that Michigan City should be authorized to issue long-term debt (“2015 Bonds”) in a principal amount of approximately \$8,645,000 at a net average annual interest rate not to exceed six percent (6%) per annum. For purposes of determining Michigan City’s revenue requirement (and calculating its initial rates), the parties agree to include an amount of \$299,618 for the 2015 Bonds subject to true-up, which amount is based on an average assumed interest rate of approximately 3.28% and the amortization schedules contained in the Report.

8. **Filing of True Up Report and Revision of Tariff.** Within thirty (30) days after closing on the 2015 Bonds, Michigan City shall file in this Cause a true-up report describing the final terms of the 2015 Bonds, stating the amount of the debt service reserve, disclosing the final issuance costs, and including an amortization schedule for the 2015 Bonds. The OUCC shall have fourteen (14) calendar days in which to object to the true-up report. If there is no objection to the true-up report and the annual payment on the 2015 Bonds differs from the originally estimated \$299,618, Michigan City shall file with the IURC a revised tariff adjusting the rates to include the final amount of annual principal and interest payments on the 2015 Bonds. However, if, as a result of the actual terms of the financing, the settling parties agree the cost of debt is less than \$299,618 per annum, Michigan City need not file a revised tariff if the OUCC states in writing that it considers the difference to be immaterial for purposes of revising Michigan City’s rates. In such case, Michigan City shall file the OUCC’s written statement to the extent it has not already been filed by the OUCC. If, as a result of the actual terms of the financing, the settling parties agree the cost of debt is more than \$299,618 per annum, Michigan City may, in its sole discretion, elect not to file a revised tariff reflecting the higher principal and interest payment for the 2015 Bonds.

9. **Filing of Tariff and Delay in Issuance of Debt.** The Settling Parties agree that Michigan City may expeditiously file a new tariff after issuance of a Commission Order in this Cause approving an adjustment to Michigan City's rates. If Michigan City does not issue the 2015 Bonds within two months after the filing of the new tariff, Michigan City should temporarily reserve the funds collected in rates for the 2015 Bonds and use those funds to offset the amount it eventually borrows.

10. **Expenditures from Debt Service Reserves.** If Michigan City spends any of the funds from its Debt Service Reserve for any reason other than to make the last payment on the underlying debt, Michigan City will provide a report to the Commission and OUCC within five (5) business days after such expenditure that states: (i) how much Michigan City spent from its Debt Service Reserve; (ii) why and on what it spent the funds from its Debt Service Reserve; (iii) a cite to, and a quote from, any applicable loan documents that allow Michigan City to spend funds from its Debt Service Reserve; (iv) how Michigan City plans to replenish its Debt Service Reserve; and (v) any cost cutting activities Michigan City has implemented to forestall spending funds from its Debt Service Reserve.

11. **Ongoing Operational Practices.** Before its next rate case, Michigan City agrees to implement or consider implementing the following: (i) a long-term non-revenue water control program; (ii) a practice of periodic top down and bottom up water audits; (iii) an active leak detection program; (iv) established targets for frequencies for exercising critical and non-critical valves; and (v) a program to improve its valve maintenance and exercise program by transitioning its current paper-based valve books and drawings to a computerized data base that is linked to GIS and based on a global positioning system.

12. **Admissibility and Sufficiency of Evidence.** The Settling Parties hereby stipulate that the prefiled testimony and exhibits of Michigan City and the OUCC should be admitted into the record without objection or cross examination by either party. The Settling Parties agree that such evidence constitutes substantial evidence sufficient to support the Settlement Agreement and provides 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. **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, 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 non-regulatory proceeding.

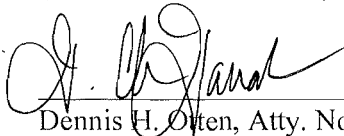
14. **Authority to Execute.** The undersigned have represented and agreed that they are fully authorized to execute the Settlement Agreement on behalf of the designated parties, who will hereafter be bound thereby.

15. **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 to by the Settling Parties in a writing that is filed with the Commission.

16. **Proposed Order.** The Settling Parties agree to work together in preparing a mutually acceptable proposed order that the Settling Parties agree to file with the Commission on or before March 6, 2015.

**DEPARTMENT OF WATER WORKS OF
MICHIGAN CITY, INDIANA
("MICHIGAN CITY")**



Dennis H. Otten, Atty. No. 21039-49
J. Christopher Janak, Atty. No. 18499-49
BOSE MCKINNEY & EVANS LLP
111 Monument Circle, Suite 2700
Indianapolis, IN 46204
Phone: (317) 684-5000
Fax: (317) 684-5173

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



Daniel M. Le Vay, Atty. No. 22184-49
Deputy Consumer Counselor
INDIANA OFFICE OF UTILITY CONSUMER
COUNSELOR
115 West Washington Street
Suite 1500 South
Indianapolis, IN 46204
Phone: (317) 232-2494
Fax: (317) 232-5923

Exhibit A

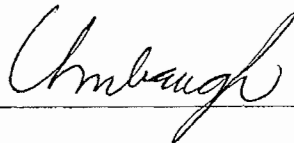
UMBAUGH

H. J. Umbaugh & Associates
Certified Public Accountants, LLP
8365 Keystone Crossing
Suite 300
Indianapolis, IN 46240-2687
Phone: 317-465-1500
Fax: 317-465-1550
www.umbaugh.com

February 12, 2015

Board of Directors
Department of Water Works
City of Michigan City
P.O. Box 888
Michigan City, Indiana 46361

The attached schedules are a supplement to our Accounting Report (Petitioner's Exhibit SAM-2) dated September 24, 2014. We have not updated the supplemental financial data included in that report. Accordingly, all disclaimers of opinion, comments and disclosures included in the Accounting Report are applicable hereto.



DEPARTMENT OF WATER WORKS
Michigan City, Indiana

PRO FORMA FINANCIAL INFORMATION

**DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana**

**SCHEDULE OF ESTIMATED PROJECT COSTS AND FUNDING
(Per consulting engineer)**

ESTIMATED PROJECT COSTS:

Construction Costs:

Cleaning and Extension of West 42" Lake Intake Line	\$2,245,000
Phase IV Plant Improvements - Switch Gear Upgrade, Basin Rehab, Residuals Tank Rehab, B.S. Chlorine Feed System and Install Mixing Device in the Pahs Road Tank	3,016,000
Water Main Extension on US 20	345,000
Michiana Michigan Connection Mains	555,000
Pottawattamie Park Project	830,000
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Total Estimated Construction Costs	6,991,000

Non-Construction Costs:

Engineering design	793,000
Construction administration and inspection	667,000
Legal and financial advising	83,500
Underwriters discount	86,400
Other cost of issuance	24,100
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Total Estimated Non-Construction Costs	1,654,000
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Total Estimated Project Costs	\$8,645,000

ESTIMATED PROJECT FUNDING:

Proposed Waterworks Revenue Bonds of 2015	\$8,645,000
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Total Estimated Project Funding	\$8,645,000

(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

SCHEDULE OF AMORTIZATION OF \$8,645,000 PRINCIPAL AMOUNT OF
PROPOSED WATERWORKS REVENUE BONDS, SERIES 2015

Assumes principal and interest payable semiannually, March 1st and September 1st.

Assumes bonds are dated September 30, 2015.

Assumes interest rates as indicated.

Payment Date	Principal Balance (-In \$1,000's-)	Assumed Interest Rates* (%)	Debt Service			Bond Year Total
			Principal (-In \$1,000's-)	Interest (----- In Dollars-----)	Total	
03/01/16	\$8,645	1.15	\$10	\$117,651.02	\$127,651.02	\$127,651.02
09/01/16	8,635	1.15	10	140,188.75	150,188.75	
03/01/17	8,625	1.50	10	140,131.25	150,131.25	300,320.00
09/01/17	8,615	1.50	10	140,056.25	150,056.25	
03/01/18	8,605	1.85	10	139,981.25	149,981.25	300,037.50
09/01/18	8,595	1.85	10	139,888.75	149,888.75	
03/01/19	8,585	2.20	10	139,796.25	149,796.25	299,685.00
09/01/19	8,575	2.20	10	139,686.25	149,686.25	
03/01/20	8,565	2.45	10	139,576.25	149,576.25	299,262.50
09/01/20	8,555	2.45	10	139,453.75	149,453.75	
03/01/21	8,545	2.70	10	139,331.25	149,331.25	298,785.00
09/01/21	8,535	2.70	10	139,196.25	149,196.25	
03/01/22	8,525	2.90	10	139,061.25	149,061.25	298,257.50
09/01/22	8,515	2.90	535	138,916.25	673,916.25	
03/01/23	7,980	3.05	545	131,158.75	676,158.75	1,350,075.00
09/01/23	7,435	3.05	555	122,847.50	677,847.50	
03/01/24	6,880	3.15	565	114,383.75	679,383.75	1,357,231.25
09/01/24	6,315	3.15	575	105,485.00	680,485.00	
03/01/25	5,740	3.25	590	96,428.75	686,428.75	1,366,913.75
09/01/25	5,150	3.25	600	86,841.25	686,841.25	
03/01/26	4,550	3.30	610	77,091.25	687,091.25	1,373,932.50
09/01/26	3,940	3.30	625	67,026.25	692,026.25	
03/01/27	3,315	3.35	635	56,713.75	691,713.75	1,383,740.00
09/01/27	2,680	3.35	650	46,077.50	696,077.50	
03/01/28	2,030	3.45	665	35,190.00	700,190.00	1,396,267.50
09/01/28	1,365	3.45	675	23,718.75	698,718.75	
03/01/29	690	3.50	690	12,075.00	702,075.00	1,400,793.75
Totals			<u>\$8,645</u>	<u>\$2,907,952.27</u>	<u>\$11,552,952.27</u>	<u>\$11,552,952.27</u>

*Assumes the MMD A scale plus 100 basis points, rounded, as of July 23, 2014.

Average annual debt service for the five bond years ending March 1, 2021.

\$299,618.00

(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

SCHEDULE OF PROPOSED COMBINED DEBT SERVICE

Payment Date	Outstanding 2014 Bonds	Proposed 2015 Bonds	Total	Bond Year Total
9/1/2014	\$592,230.00		\$592,230.00	
3/1/2015	594,600.00		594,600.00	\$1,186,830.00
9/1/2015	594,650.00		594,650.00	
3/1/2016	589,650.00	\$127,651.02	717,301.02	1,311,951.02
9/1/2016	594,650.00	150,188.75	744,838.75	
3/1/2017	594,550.00	150,131.25	744,681.25	1,489,520.00
9/1/2017	594,400.00	150,056.25	744,456.25	
3/1/2018	594,200.00	149,981.25	744,181.25	1,488,637.50
9/1/2018	593,950.00	149,888.75	743,838.75	
3/1/2019	593,650.00	149,796.25	743,446.25	1,487,285.00
9/1/2019	590,625.00	149,686.25	740,311.25	
3/1/2020	592,525.00	149,576.25	742,101.25	1,482,412.50
9/1/2020	594,275.00	149,453.75	743,728.75	
3/1/2021	590,875.00	149,331.25	740,206.25	1,483,935.00
9/1/2021	592,400.00	149,196.25	741,596.25	
3/1/2022	593,775.00	149,061.25	742,836.25	1,484,432.50
9/1/2022		673,916.25	673,916.25	
3/1/2023		676,158.75	676,158.75	1,350,075.00
9/1/2023		677,847.50	677,847.50	
3/1/2024		679,383.75	679,383.75	1,357,231.25
9/1/2024		680,485.00	680,485.00	
3/1/2025		686,428.75	686,428.75	1,366,913.75
9/1/2025		686,841.25	686,841.25	
3/1/2026		687,091.25	687,091.25	1,373,932.50
9/1/2026		692,026.25	692,026.25	
3/1/2027		691,713.75	691,713.75	1,383,740.00
9/1/2027		696,077.50	696,077.50	
3/1/2028		700,190.00	700,190.00	1,396,267.50
9/1/2028		698,718.75	698,718.75	
3/1/2029		702,075.00	702,075.00	1,400,793.75
Totals	<u>\$9,491,005.00</u>	<u>\$11,552,952.27</u>	<u>\$21,043,957.27</u>	<u>\$21,043,957.27</u>

Average annual debt service for the five bond years ending March 1, 2021. \$1,486,358.00

(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

PRO FORMA OPERATION AND MAINTENANCE EXPENSE

(For explanation of references, see pages 8 - 11)

	12 Months Ended 12/31/13 (Unaudited)	Adjustments	Reference	Pro Forma
Source of Supply:				
Salaries and wages	\$268,882	\$16,877	(1)	\$285,759
Purchased power	261,009	0	(4)	261,009
Materials and supplies	24,728			24,728
Contractual services - other	257,631	46,363	(8)	303,994
Miscellaneous	16,153			16,153
Sub-totals	828,403	63,240		891,643
Water Treatment:				
Salaries and wages	270,330	16,968	(1)	287,298
Purchased power	71,026	0	(4)	71,026
Materials and supplies	21,455			21,455
Chemicals	129,059			129,059
Contractual services - testing	23,726			23,726
Contractual services - other	148,401			148,401
Miscellaneous	209,731			209,731
Sub-totals	873,728	16,968		890,696
Transmission and Distribution:				
Salaries and wages	718,469	(24,904)	(1)	693,565
Purchased power	47,501	0	(4)	47,501
Materials and supplies	93,053			93,053
Transportation	109,463			109,463
Contractual services - other	16,950			16,950
Miscellaneous	10,827			10,827
Sub-totals	\$996,263	(\$24,904)		\$971,359

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(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

(Cont'd)

PRO FORMA OPERATION AND MAINTENANCE EXPENSE

(For explanation of references, see pages 8 - 11)

	12 Months Ended 12/31/13 (Unaudited)	Adjustments	Reference	Pro Forma
Customer Accounts:				
Salaries and wages	\$243,955	\$15,312	(1)	\$259,267
Materials and supplies	83,184			83,184
Contractual services - other	7,144			7,144
Bad debt expense	9,600			9,600
Miscellaneous	39			39
Sub-totals	343,922	15,312		359,234
Administrative:				
Salaries and wages	149,227	14,718	(1)	163,945
Salaries and wages - officers	85,264			85,264
Employee benefits	551,357	38,023	(3)	589,380
FICA	139,937	1,213	(2)	141,150
Purchased power	9,162	0	(4)	9,162
Materials and supplies	24,936			24,936
Contractual services - accounting	5,703			5,703
Contractual services - legal	5,569			5,569
Contractual services - management fee	630			630
Contractual services - other	107,965	(84,093)	(6),(7)	23,872
Insurance - vehicles	9,664			9,664
Insurance - property	22,064	10,713	(5)	32,777
Insurance - workers compensation	31,086	6,024	(5)	37,110
Insurance - liability	21,847			21,847
Promotional	3,746			3,746
Miscellaneous	59,538			59,538
Sub-totals	1,227,695	(13,402)		1,214,293
Total Operation and Maintenance Expenses	<u>\$4,270,011</u>	<u>\$57,214</u>		<u>\$4,327,225</u>

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(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

(Cont'd)

PRO FORMA OPERATION AND MAINTENANCE EXPENSE

Adjustment (1) - Payroll

To adjust test year salaries and wages to reflect pro forma staffing levels and pro forma pay rates, per utility management.

	<u>Pro Forma</u> <u>Salaries and Wages</u>	<u>Less Capitalized</u> <u>Labor</u>	<u>Pro Forma</u> <u>Expense</u>	<u>Test Year</u> <u>Expense</u>	<u>Adjustment</u>
Source of Supply	\$285,759	-	\$285,759	\$268,882	\$16,877
Water Treatment	287,298	-	287,298	270,330	16,968
Transmission and Distribution	763,565	(\$70,000)	693,565	718,469	(24,904)
Customer Accounts	259,267	-	259,267	243,955	15,312
Administrative	249,209	-	249,209	234,491	14,718
Totals	<u>\$1,845,098</u>	<u>(\$70,000)</u>	<u>\$1,775,098</u>	<u>\$1,736,127</u>	<u>\$38,971</u>

Adjustment (2) - FICA

To adjust test year FICA expense for pro forma salaries and wages.

Pro forma salaries and wages	\$1,845,098
Times 7.65%	<u>7.65%</u>
Sub-total	141,150
Less test year expense	<u>(139,937)</u>
Adjustment	<u>\$1,213</u>

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(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

(Cont'd)

PRO FORMA OPERATION AND MAINTENANCE EXPENSE

Adjustment (3) - Health Insurance

To adjust test year employee benefits for the most recent monthly health insurance premium, per utility management.

Monthly health insurance premium	\$48,739	
Monthly disability insurance premium	<u>376</u>	
Subtotal		\$49,115
Times 12 months		<u>12</u>
Annual insurance premium		589,380
Less test year expense		<u>(551,357)</u>
Adjustment		<u><u>\$38,023</u></u>

Adjustment (4) - Purchased Power

To adjust test year purchased power to reflect estimated increase, per utility management.

	<u>Pro Forma</u>	<u>Test Year</u>	<u>Adjustment</u>
Source of Supply	\$261,009	\$261,009	\$0
Water Treatment	71,026	71,026	-
Transmission and Distribution	47,501	47,501	-
Administrative	<u>9,162</u>	<u>9,162</u>	<u>-</u>
Totals	<u><u>\$388,698</u></u>	<u><u>\$388,698</u></u>	<u><u>\$0</u></u>

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(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

(Cont'd)

PRO FORMA OPERATION AND MAINTENANCE EXPENSE

Adjustment (5) - General Insurance

To adjust test year vehicle, liability and comprehensive insurance expense to reflect the current premium, per utility management.

	<u>Pro Forma</u>	<u>Test Year</u>	<u>Adjustment</u>
Insurance - liability, property and vehicles	\$64,288	\$53,575	\$10,713
Insurance - workers compensation	<u>37,110</u>	<u>31,086</u>	<u>6,024</u>
Totals	<u>\$101,398</u>	<u>\$84,661</u>	<u>\$16,737</u>

Adjustment (6) - Rate Case Expense

To adjust test year for periodic rate case expense.

Rate case expense	\$165,000
Amortized over 5 years	<u>5</u>
Subtotal	33,000
Less test year expense	<u>(53,347)</u>
Adjustment	<u>(\$20,347)</u>

Adjustment (7) - Non-recurring Expenses

To adjust test year for non-recurring expenses.

Utility master plan expenses	(\$60,000)
Dissallowed expenses (no rate payer benefit)	<u>(3,746)</u>
Adjustment	<u>(\$63,746)</u>

(Continued on next page)

(See Accountants' Report)

**DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana**

(Cont'd)

PRO FORMA OPERATION AND MAINTENANCE EXPENSE

Adjustment (8) - Periodic Maintenance

To adjust test year expenses for periodic maintenance requirements, per utility management.

A. Biannual inspection and cleaning of two intake structures		
Clean and maintain intakes	\$79,109	
Amortized over 2 years	<u>2</u>	
Adjustment		<u><u>\$39,555</u></u>
B. Painting of three elevated storage tanks		
Tank 1 - estimated cost (1 MG elevated)	\$230,000	
Amortized	<u>15</u>	
Annual Requirement		\$15,333
Tank 2 - estimated cost (1 MG elevated)	120,000	
Amortized	<u>15</u>	
Annual Requirement		8,000
Tank 3 - estimated cost (100,0000 gallon elevated)	100,000	
Amortized	<u>15</u>	
Annual Requirement		<u>6,667</u>
Adjustment		<u><u>\$30,000</u></u>
C. Chlorine scrubber maintenance - estimated cost		
Amortized	\$30,185	
	<u>5</u>	
Adjustment		<u><u>\$6,037</u></u>
D. Intake pump maintenance - estimated cost		
Amortized	\$138,000	
	<u>7</u>	
Annual Requirement		\$19,714
Less test year expense		<u>(48,943)</u>
Adjustment		<u><u>(\$29,229)</u></u>

(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

PROPOSED CAPITAL IMPROVEMENT PLAN
(Per Utility Officials)

Description	2014	2015	2016	2017	2018	Total
<u>Filter Plant</u>						
Backwash residuals thickener rehab work		\$140,000				\$140,000
Corrosion control chemical system			\$200,000			200,000
Replace HVAC pneumatic controls NPB				\$130,000		130,000
Pipe gallery additional heating					\$80,000	80,000
<u>Distribution</u>						
U.S. 20 and Ohio St.	\$410,000					410,000
Southwind Dr., Kieffer Road north of Westwind Drive			130,000			130,000
Monroe St., Carroll Ave., Woodland to Tank			680,000			680,000
U.S. 20, Pabs Road, Johnson Rd.			975,000	975,000		1,950,000
C.R. 400 N, County Lind Road, Hitchcock St.				1,870,000	1,870,000	3,740,000
U.S. 12 and IN-212 Intersection					650,000	650,000
Capitalized payroll and benefits	70,000	70,000	70,000	70,000	70,000	350,000
<u>Booster Stations</u>						
Chlorine facility at Beverly Shores booster station	100,000					100,000
Chlorine and ammonia facilities at Pabs Road booster station		220,000				220,000
West booster station land acquisition		180,000				180,000
East booster station land acquisition		90,000				90,000
<u>Main Office</u>						
New bill printer	5,000					5,000
Upgrade mapping to GIS	65,000					65,000
Printing plotter	5,000					5,000
Upgrade telephone system	30,000					30,000
Replace air conditioning	80,000					80,000
<u>Vehicle and Equipment Replacement</u>						
Pickup truck	30,000	30,000	30,000			90,000
SUV			30,000			30,000
Dump Truck	80,000					80,000
Service Truck		40,000				40,000
Submersable electrical 4" pump	10,000					10,000
CAT excavator		175,000				175,000
Total proposed capital improvements	<u>\$885,000</u>	<u>\$945,000</u>	<u>\$2,115,000</u>	<u>\$3,045,000</u>	<u>\$2,670,000</u>	<u>9,660,000</u>
Amortized over five years						<u>5</u>
Annual Requirement						<u>\$1,932,000</u>

(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

PRO FORMA ANNUAL REVENUE REQUIREMENTS AND ANNUAL REVENUES

(See explanation of references on page 14)

<u>Revenue Requirements:</u>	<u>Test Year</u>	<u>Change</u>	<u>Ref.</u>	<u>Pro Forma</u>
Operation and maintenance	\$4,270,011	\$57,214	(1)	\$4,327,225
Utility receipts tax	64,449	8,533	(2)	72,982
Payment in lieu of taxes	441,844	264,735	(3)	706,579
Debt service				
Current Bonds	1,210,471	(23,731)	(4)	1,186,740
Proposed Bonds	-	299,618	(5)	299,618
Debt service reserve	-	172,900	(6)	172,900
Replacements and improvements	<u>1,530,914</u>	<u>(255,715)</u>	(7)	<u>1,275,199</u>
Sub-total	7,517,689	523,554		8,041,243
Less interest income	(15,688)	-	(8)	(15,688)
Less other revenues	(224,454)	-	(8)	(224,454)
Less Pottawattamie Park Debt Service Surcharge	-	(70,260)	(9)	(70,260)
Add additional Utility Receipts Tax			(10)	<u>28,401</u>
Total Net Revenue Requirements	<u>\$7,277,547</u>	<u>\$453,294</u>		<u>\$7,759,242</u>
<u>Annual Revenues:</u>				
Retail water sales	\$4,583,253	-	(8)	\$4,583,253
Fire protection	718,129	-	(11)	718,129
Sales for resale	395,685	-	(8)	395,685
Penalties	<u>33,529</u>	<u>-</u>	(8)	<u>33,529</u>
Total Annual Revenues	<u>\$5,730,596</u>	<u>\$ -</u>		<u>\$5,730,596</u>
Total Additional Revenues Required				<u>\$2,028,646</u>

(Continued on next page)

(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

(Cont'd)

PRO FORMA ANNUAL REVENUE REQUIREMENTS AND ANNUAL REVENUES
(Explanation of References)

(1) See pro forma operation and maintenance expenses, pages 6 - 11.

(2) To adjust test year Indiana Utility Receipts Tax expense for pro forma expense as follows:

Revenues subject to tax:

Residential and commercial	\$3,410,344
Industrial and governmental	1,172,909
Fire protection	372,784
Penalties	33,529
Other	224,454
	<hr/>
Sub-total	5,214,020
Less exemption	(1,000)
	<hr/>
Sub-total	5,213,020
Times 1.4%	1.40%
	<hr/>
Sub-total	\$72,982
	<hr/>

(3) Assumes payment in lieu of taxes calculated below:

Utility plant in service	\$63,851,246
Less accumulated depreciation	(16,594,755)
	<hr/>
Net assessed value	47,256,491
Times corporate tax rate (2014 budget order) (per \$100)	1.4952
	<hr/>
Total	\$706,579
	<hr/>

(4) To provide an allowance for the average annual debt service on the Department's outstanding indebtedness for bond years ending March 1, 2017 through March 1, 2021. See page 49.

(5) To provide an allowance for the average annual debt service on the utility's proposed indebtedness for bond years ending March 1, 2017 through March 1, 2021. See page 4.

(6) The current debt service reserve is satisfied with a debt service reserve surety policy. The reserve on the proposed bonds is assumed to be funded over a 5 year period.

(7) To provide an allowance for replacements and improvements equal to annual depreciation expense, see page 48.

(8) Assumed at test year amounts.

(Continued on next page)

(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

(Cont'd)

PRO FORMA ANNUAL REVENUE REQUIREMENTS AND ANNUAL REVENUES
(Explanation of References)

- (9) Average annual change in proposed debt service due to Pottawattamie Park project to be collected directly from Pottawattamie Park customers as calculated below:

(A) Additional debt service requirement due to project	\$1,307,709	
Add additional debt service reserve requirement due to project	<u>97,500</u>	
Total revenues to be recovered by surcharge		\$1,405,209
Divide by repayment period		<u>20</u>
Annual revenue requirements to be recovered by project surcharge		<u><u>\$70,260</u></u>
	<u>Costs</u>	<u>Allocation</u>
(B) Project costs for main construction	\$635,956	77%
Add project costs due to properties requiring new service lines	<u>192,500</u>	<u>23%</u>
Totals	<u><u>\$828,456</u></u>	<u><u>100%</u></u>
(C) Debt service cost (A) times component allocation (B) for mains	\$54,100	
Divide by total project customers served	112	
Divide by monthly billing factor	<u>12</u>	
Monthly debt service charge (all customers) (rounded)		<u><u>\$40.50</u></u>
Debt service cost (A) times component allocation (B) for service lines	\$16,160	
Divide by new service line customers served	54	
Divide by monthly billing factor	<u>12</u>	
Supplemental debt service charge (customers with new service lines) (rounded)		<u><u>\$24.75</u></u>

- (10) To provide for additional utility receipts tax on the increased revenues resulting from the proposed rate adjustment.

- (11) Normalized to reflect actual cash receipts in lieu of accrued revenue.

(See Accountants' Report)

DEPARTMENT OF WATER WORKS
Michigan City, Indiana

COST OF SERVICE STUDY

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

CONSUMER STUDY SUMMARY
(12 Months Ended 12/31/2013)

		Service Charge			First 4,500 CF	Next 25,500 CF	Over 30,000 CF
		Number of	Times	Revenues	Block Usage	Block Usage	Block Usage
		Bills	Rate		(----- 100s Cubic feet-----)		
5/8	inch meter	140,468	\$5.58	\$783,811	758,822	15,038	760
3/4	inch meter	1,153	6.20	7,149	10,947	768	241
1	inch meter	5,176	7.80	40,373	50,987	13,213	18
1 1/2	inch meter	2,529	9.88	24,987	60,647	39,549	4,246
2	inch meter	3,441	15.78	54,299	102,878	125,608	44,578
3	inch meter	511	58.97	30,134	16,726	40,548	37,426
4	inch meter	203	74.91	15,207	7,693	21,444	31,035
6	inch meter	243	111.56	27,109	8,768	37,748	270,551
8	inch meter	60	154.60	9,276	2,144	11,621	529,754
12	inch meter	12	255.01	3,060	540	3,060	175,914
Sub-totals					1,020,152	308,597	1,094,523
Totals					1,020,152	308,597	1,094,523
Times rate					\$2.01	\$1.55	\$1.31
Test Year Totals		153,796		\$995,405	\$2,050,506	\$478,325	\$1,433,825
Total Bills							153,796
Total Usage							2,423,272
Total Usage Revenues							\$4,958,061
Adjustments							70
Total Fire Protection							718,129
Total Calculated Revenues							\$5,676,260
Total Control Revenues Less Payment in Lieu of Tax Deduction							\$5,694,169
Variance							(\$17,909)
Percentage							-0.31%

(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

SUMMARY OF FIRE PROTECTION CONSUMER STUDY

<u>Private Fire Protection</u>	<u>Per Annum</u>	<u>Number of Hydrants</u>	<u>Total Billed Private Hydrants</u>
<u>Private Hydrant - per hydrant -per annum</u>	\$666.23	292	<u>\$194,539</u>

Private Sprinklers - Per Annum

<u>Sprinkler Size</u>	<u>Per Annum</u>	<u>Number of Sprinklers</u>	<u>Billed Private Sprinklers</u>
1 inch connection	\$7.58	1	\$8
2 inch connection	42.64	6	256
3 inch connection	117.96	2	236
4 inch connection	242.27	20	4,845
6 inch connection	666.23	61	40,640
8 inch connection	1,367.52	55	75,214
10 inch connection	2,390.78	3	7,172
12 inch connection	3,769.45	14	52,772
Total Private Sprinklers		<u>162</u>	<u>\$181,143</u>

Public Fire Protection Surcharge

<u>Meter Size</u>	<u>Monthly Surcharge</u>	<u>Number of Bills</u>	<u>Total Billed Fire Protection</u>
5/8	\$1.91	140,466	\$268,290
3/4	2.09	1,153	2,410
1"	2.67	5,176	13,820
1 1/2"	3.43	2,529	8,674
2	5.52	3,441	18,994
3	20.96	511	10,711
4	26.67	203	5,414
6	40.01	243	9,722
8	55.25	60	3,315
12	91.42	12	1,097
Total Public Fire Protection Surcharge		<u>153,794</u>	<u>\$342,447</u>

Total Test Year Fire Protection	<u>\$718,129</u>
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(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

CALCULATION OF TEST YEAR EQUIVALENT METERS
(Based upon test year service charge billings)

Cost of service customer class		Normalized Annual Bills	Average Connections	Equivalency Factor	Equivalent Meters and Services
Residential					
5/8	inch meter	133,964	11,164	1.0	11,164
3/4	inch meter	825	69	1.5	104
1	inch meter	2,321	193	2.5	483
1 1/2	inch meter	1,037	86	5.0	430
2	inch meter	1,051	88	8.0	704
3	inch meter	44	4	15.0	60
4	inch meter	48	4	25.0	100
6	inch meter	24	2	50.0	100
Sub-totals		139,314	11,610		13,145
Commercial					
5/8	inch meter	6,100	508	1.0	508
3/4	inch meter	285	24	1.5	36
1	inch meter	1,791	149	2.5	373
1 1/2	inch meter	1,040	87	5.0	435
2	inch meter	1,555	130	8.0	1,040
3	inch meter	390	33	15.0	495
4	inch meter	106	9	25.0	225
6	inch meter	104	9	50.0	450
8	inch meter	12	1	80.0	80
Sub-totals		11,383	950		3,642
Industrial					
5/8	inch meter	270	23	1.0	23
3/4	inch meter	43	4	1.5	6
1	inch meter	234	20	2.5	50
1 1/2	inch meter	83	7	5.0	35
2	inch meter	389	32	8.0	256
3	inch meter	53	4	15.0	60
4	inch meter	48	4	25.0	100
6	inch meter	67	6	50.0	300
8	inch meter	12	1	80.0	80
Sub-totals		1,199	101		910
Institutional					
5/8	inch meter	8	1	1.0	1
3	inch meter	12	1	15.0	15
6	inch meter	24	2	50.0	100
8	inch meter	12	1	80.0	80
Sub-totals		56	5		196
Wholesale					
6	inch meter	24	2	50.0	100
8	inch meter	36	3	80.0	240
Sub-totals		60	5		340
Lawn Meters					
5/8	inch meter	126	11	1.0	11
1	inch meter	830	69	2.5	173
1 1/2	inch meter	369	31	5.0	155
2	inch meter	446	37	8.0	296
3	inch meter	12	1	15.0	15
4	inch meter	1	-	25.0	-
Sub-totals		1,784	149		650
Total metered water billings		153,796	12,815		18,883

(Continued on next page)

(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

(Cont'd)

CALCULATION OF TEST YEAR EQUIVALENT METERS
(Based upon test year billings)

		<u>Number of</u> <u>Connections</u>	<u>Equivalency</u> <u>Factor (1)</u>	<u>Equivalent</u> <u>Fire</u> <u>Connections</u>
Fire Protection				
Private sprinklers				
1	inch fire line	1	1.000	1.0
2	inch fire line	6	6.190	37.1
3	inch fire line	2	17.980	36.0
4	inch fire line	20	38.320	766.4
6	inch fire line	61	111.310	6,789.9
8	inch fire line	55	237.210	13,046.6
10	inch fire line	3	426.580	1,279.7
12	inch fire line	14	689.040	9,646.6
Private hydrants		292	111.310	32,502.5
Public hydrants (2)		<u>1,330</u>	<u>111.310</u>	<u>148,042.3</u>
Totals		<u><u>1,784</u></u>		<u><u>212,148.1</u></u>

(1) Per M1 ed. 6, page 146.

(2) Per utility management.

(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

TEST YEAR UNITS OF SERVICE
Base-Extra Capacity Method

Customer Class	Base		Maximum Day			Maximum Hour			Customer		Equivalent Fire Connections
	Normalized Annual Sales	Average Day	Capacity Factor (3)	Total Capacity	Extra Capacity (4)	Capacity Factor (3)	Total Capacity	Extra Capacity (5)	Equivalent Connections	Bills	
	(1)	(2)	%		(2)	%	(2)	(2)			
Residential	1,034,685.0	2,834.8	330	9,354.8	6,520.0	495	14,032.3	4,677.5	13,795	141,098	
Commercial	450,414.0	1,234.0	250	3,085.0	1,851.0	500	6,170.0	3,085.0	3,642	11,383	
Industrial and Wholesale	672,902.0	1,843.6	255	4,701.2	2,857.6	385	7,097.9	2,396.7	1,250	1,259	
Institutional	265,271.0	726.8	220	1,599.0	872.2	330	2,398.4	799.4	196	56	
Fire Protection				1,280.0	1,280.0 *		7,680.0 *	6,400.0			212,148
Totals	2,423,272.0	6,639.2		20,020.0	13,380.8		37,378.6	17,358.6	18,883	153,796	212,148

(1) 100's of cubic feet.

(2) 100's of cubic feet per day.

(3) Calculated based on test year usage data.

(4) Capacity in excess of average day usage.

(5) Capacity in excess of maximum day demand.

*Based on estimated fire requirement of 4,000 gallons per minute for a 4 hour duration.

(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

ALLOCATION OF UTILITY PLANT TO FUNCTIONAL COST COMPONENTS
Base-Extra Capacity Method

	Total	Base	Extra Capacity		Customer Meters and Services	Direct Fire Protection Service	Percentage Allocations					Ref.
			Maximum Day	Maximum Hour			BAS	MXD	MXH	CUS	FP	
Source of Supply Plant:												
Intakes	\$7,373,430	\$4,033,266	\$3,340,164				54.70%	45.30%				(1)
Supply Mains	7,217	3,948	3,269				54.70%	45.30%				(1)
Equipment	136,716	74,784	61,932				54.70%	45.30%				(1)
Structures and Improvements	10,102,660	5,526,155	4,576,505				54.70%	45.30%				(1)
Land	6,324	6,324					100.00%					(2)
Transmission and Distribution:												
Operating Equipment	365,253	199,793	165,460				54.70%	45.30%				(1)
Hydrants	646,627					\$646,627					100.00%	(3)
Meters	3,732,763				\$3,732,763					100.00%		(4)
Taps	2,870,742				2,870,742					100.00%		(4)
Distribution Mains	21,946,034	10,709,664	8,844,252	\$2,392,118			48.80%	40.30%	10.90%			(5)
Distribution Reservoirs	2,799,287	279,929		1,959,501		559,857	10.00%		70.00%		20.00%	(6)
Pumping Equipment	441,875	197,518	163,052	43,746		37,559	44.70%	36.90%	9.90%		8.50%	(7)
Structures and Improvements	1,279,760	624,523	515,743	139,494			48.80%	40.30%	10.90%			(5)
Land	67,890	6,789		61,101			10.00%		90.00%			(8)
Treatment												
Equipment	430,361	235,407	194,954				54.70%	45.30%				(1)
Laboratory Equipment	51,268	28,044	23,224				54.70%	45.30%				(1)
Wash Water Tank	27,024	14,782	12,242				54.70%	45.30%				(1)
Structures and Improvements	9,824,936	5,374,240	4,450,696				54.70%	45.30%				(1)
Land	9,577	9,577					100.00%					(2)
General Plant												
Communication Equipment	33,726	14,835	12,135	2,496	3,585	675	43.99%	35.98%	7.40%	10.63%	2.00%	(9)
Tools, Shop and Garage Equipment	200,999	88,420	72,319	14,874	21,366	4,020	43.99%	35.98%	7.40%	10.63%	2.00%	(9)
Office Furniture	290,112	127,621	104,381	21,469	30,839	5,802	43.99%	35.98%	7.40%	10.63%	2.00%	(9)
Structures and Improvements	464,225	204,212	167,028	34,353	49,347	9,285	43.99%	35.98%	7.40%	10.63%	2.00%	(9)
Land and Land Rights	7,500	3,300	2,698	555	797	150	43.99%	35.98%	7.40%	10.63%	2.00%	(9)
Transportation Equipment	734,940	323,299	264,431	54,387	78,124	14,699	43.99%	35.98%	7.40%	10.63%	2.00%	(9)
Less Accumulated Depreciation	(16,594,755)	(7,300,033)	(5,970,793)	(1,228,012)	(1,764,022)	(331,895)	43.99%	35.98%	7.40%	10.63%	2.00%	(9)
Net Utility Plant in Service	<u>\$47,256,491</u>	<u>\$20,786,397</u>	<u>\$17,003,692</u>	<u>\$3,496,082</u>	<u>\$5,023,541</u>	<u>\$946,779</u>	<u>43.99%</u>	<u>35.98%</u>	<u>7.40%</u>	<u>10.63%</u>	<u>2.00%</u>	

(Continued on next page)

(See Accountants' Report)

**DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana**

(Cont'd)

ALLOCATION OF UTILITY PLANT TO FUNCTIONAL COST COMPONENTS

Base-Extra Capacity Method

- (1) Allocated 54.7% to base and 45.3% to max day per consulting engineer.
- (2) Allocated 100% to base.
- (3) Allocated 100% to direct fire protection.
- (4) Allocated 100% to customer meters and services.
- (5) Allocated 48.8% to base, 40.3% to max day and 10.9% to max hour per consulting engineer.
- (6) Allocated 10% to base, 70% to maximum hour and 20% to fire protection per consulting engineer.
- (7) Allocated 44.7% to base, 36.9% to maximum hour, 9.9% to max hour and 8.5% to fire protection per consulting engineer.
- (8) Allocated 10% to base and 90% to maximum hour.
- (9) Allocated pro rata to all other allocable utility plant.

(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

ALLOCATION OF PRO FORMA OPERATION AND MAINTENANCE EXPENSES
TO FUNCTIONAL COST COMPONENTS
Base-Extra Capacity Method

	Pro Forma Expense	Base	Extra Capacity		Customer Class		Direct Fire Protection Service	Percentage Allocation						Ref
			Maximum Day	Maximum Hour	Meters and Services	Billing and Collecting		BAS	MXD	MXH	MET	BILL	FP	
Source of supply														
Salaries and wages	\$285,759	\$156,310	\$129,449					54.70%	45.30%					(1)
Purchased power	261,009	142,772	118,237					54.70%	45.30%					(1)
Materials and supplies	24,728	13,526	11,202					54.70%	45.30%					(1)
Contractual services - other	303,994	166,285	137,709					54.70%	45.30%					(1)
Miscellaneous	16,153	8,836	7,317					54.70%	45.30%					(1)
Water Treatment														
Salaries and wages	287,298	157,152	130,146					54.70%	45.30%					(1)
Purchased power	71,026	38,851	32,175					54.70%	45.30%					(1)
Materials and supplies	21,455	11,736	9,719					54.70%	45.30%					(1)
Chemicals	129,059	129,059						100.00%						(2)
Contractual services - testing	23,726	12,978	10,748					54.70%	45.30%					(1)
Contractual services - other	148,401	81,175	67,226					54.70%	45.30%					(1)
Miscellaneous	209,731	114,723	95,008					54.70%	45.30%					(1)
Transmission and distribution operations														
Salaries and wages	661,241	232,691	187,594	\$89,003	\$127,884		\$24,069	35.19%	28.37%	13.46%	19.34%		3.64%	(3)
Purchased power	47,501	16,715	13,476	6,394	9,187		1,729	35.19%	28.37%	13.46%	19.34%		3.64%	(3)
Materials and supplies	93,053	32,746	26,399	12,525	17,996		3,387	35.19%	28.37%	13.46%	19.34%		3.64%	(3)
Transportation	109,463	38,520	31,055	14,734	21,170		3,984	35.19%	28.37%	13.46%	19.34%		3.64%	(3)
Contractual services - other	16,950	5,965	4,809	2,281	3,278		617	35.19%	28.37%	13.46%	19.34%		3.64%	(3)
Miscellaneous	10,827	3,810	3,072	1,457	2,094		394	35.19%	28.37%	13.46%	19.34%		3.64%	(3)
Customer accounts														
Salaries and wages	259,267					\$259,267						100.00%		(4)
Materials and supplies	83,184					83,184						100.00%		(4)
Contractual services - other	7,144					7,144						100.00%		(4)
Bad debt expense	9,600					9,600						100.00%		(4)
Miscellaneous	39					39						100.00%		(4)
Administrative														
Salaries and wages	220,293	86,795	71,287	10,398	14,517	34,476	2,820	39.40%	32.36%	4.72%	6.59%	15.65%	1.28%	(5)
Salaries and wages allocated to billing and collecting	61,240					61,240						100.00%		(4)
Employee benefits	589,380	232,216	190,723	27,819	38,840	92,238	7,544	39.40%	32.36%	4.72%	6.59%	15.65%	1.28%	(5)
FICA	141,150	52,126	42,698	8,187	11,730	24,193	2,216	36.93%	30.25%	5.80%	8.31%	17.14%	1.57%	(7)
Purchased power	9,162	3,610	2,965	432	604	1,434	117	39.40%	32.36%	4.72%	6.59%	15.65%	1.28%	(5)
Materials and supplies	24,936	9,826	8,069	1,177	1,643	3,902	319	39.40%	32.36%	4.72%	6.59%	15.65%	1.28%	(5)
Contractual services	35,774	14,094	11,576	1,689	2,358	5,599	458	39.40%	32.36%	4.72%	6.59%	15.65%	1.28%	(5)
Insurance	101,398	44,606	36,483	7,503	5,389	5,389	2,028	43.99%	35.98%	7.40%	5.32%	5.32%	2.00%	(6)
Promotional	3,746	1,476	1,212	177	247	586	48	39.40%	32.36%	4.72%	6.59%	15.65%	1.28%	(5)
Utility receipts tax	101,383	39,945	32,808	4,785	6,681	15,866	1,298	39.40%	32.36%	4.72%	6.59%	15.65%	1.28%	(5)
Miscellaneous	59,538	23,458	19,266	2,810	3,924	9,318	762	39.40%	32.36%	4.72%	6.59%	15.65%	1.28%	(5)
Total operating expenses	4,428,608	1,872,002	1,432,428	191,371	267,542	613,475	51,790							
Payment in lieu of taxes	706,579	310,823	254,227	52,287	37,555	37,555	14,132	43.99%	35.98%	7.40%	5.32%	5.32%	2.00%	(6)
Less interest income	(15,688)	(6,632)	(5,073)	(678)	(948)	(2,173)	(184)	42.28%	32.34%	4.32%	6.04%	13.85%	1.17%	(8)
Less penalties	(33,529)	(14,177)	(10,843)	(1,448)	(2,025)	(4,644)	(392)	42.28%	32.34%	4.32%	6.04%	13.85%	1.17%	(8)
Less miscellaneous revenues	(224,454)	(94,900)	(72,588)	(9,696)	(13,557)	(31,087)	(2,626)	42.28%	32.34%	4.32%	6.04%	13.85%	1.17%	(8)
Total net operating expenses	\$4,861,516	\$2,067,116	\$1,598,151	\$231,836	\$288,567	\$613,126	\$62,720	42.51%	32.87%	4.77%	5.94%	12.61%	1.29%	

(Continued on next page)

(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

(Cont'd)

ALLOCATION OF PRO FORMA OPERATION AND MAINTENANCE EXPENSES
TO FUNCTIONAL COST COMPONENTS
Base-Extra Capacity Method

(1) Allocated 54.7% to base and 45.3% to max day per consulting engineer.

(2) Allocated 100% to base.

(3) Allocated pro rata based on the allocation of total transmission and distribution plant.

	<u>Transmission and Distribution Plant</u>	<u>%</u>
Average day demand	\$12,018,216	35.19%
Maximum day excess capacity	9,688,507	28.37%
Maximum hour excess capacity	4,595,960	13.46%
Meters and services	6,603,505	19.34%
Direct fire protection	<u>1,244,043</u>	<u>3.64%</u>
Totals	<u><u>\$34,150,231</u></u>	<u><u>100.00%</u></u>

(4) Allocated 100% to billing and collection.

(5) Allocated in ratio to all other functionalized expenses exclusive of utilities and chemicals.

(6) Allocated pro rata based upon utility plant.

(7) Allocated pro rata based upon total payroll.

(8) Allocated pro rata based on total functionalized cash operating expenses.

(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

UNIT COSTS OF SERVICE
(Test Year Ended 12/31/2013)

	Net Pro Forma Revenue Requirements	Allocable To All Customers						Ref
		Base (100's of cubic feet)	Extra Capacity		Customer Costs		Direct Fire Protection Service Equiv Connections	
			Maximum Day	Maximum Hour	Meters and Services Equiv. Meters	Billing and Collection Bills		
<u>Units of Service</u>								
Total system		<u>2,423,272.0</u>	<u>13,380.8</u>	<u>17,358.6</u>	<u>18,883</u>	<u>153,796</u>	<u>212,148</u>	(1)
<u>Pro Forma Cost of Service</u>								
Net operation and maintenance expense and payment in lieu of taxes	\$4,861,516	\$2,067,116	\$1,598,151	\$231,836	\$288,567	\$613,126	\$62,720	(2)
Debt service	1,420,973	625,087	511,266	105,152	151,049		28,419	(3)
Debt service reserve	168,025	73,914	60,455	12,434	17,861		3,361	(3)
Depreciation	<u>1,275,199</u>	<u>560,959</u>	<u>458,817</u>	<u>94,365</u>	<u>135,554</u>		<u>25,504</u>	(4)
Net cost of service	<u>\$7,725,713</u>	<u>\$3,327,076</u>	<u>\$2,628,689</u>	<u>\$443,787</u>	<u>\$593,031</u>	<u>\$613,126</u>	<u>\$120,004</u>	
Total unit cost of service		<u>\$1.3730</u>	<u>\$196.4523</u>	<u>\$25.5658</u>	<u>\$31.4055</u>	<u>\$3.9866</u>	<u>\$0.5657</u>	

(1) As presented on pages 18 - 20.

(2) See pages 23 and 24.

(3) Allocated in ratio to plant values, see page 21. Amounts shown net of allocated debt service and reserve requirements related to the proposed Pottawattamie Park project, see pages 13 - 15.

(4) Allocated in ratio to plant values, see page 21.

(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

COST OF SERVICE ALLOCATED TO CUSTOMER CLASS
(Test Year Ended 12/31/2013)

Total Costs of Service	Allocable To All Customers					
	Base	Extra Capacity		Customer Costs		Direct Fire
		Maximum	Maximum	Meters and	Billing and	Protection
		Day	Hour	Services	Collection	Service
	(-----100's of Cubic Feet-----)			Equiv. Meters	Bills	Equiv Connections
Unit Costs of Service (1)	<u>\$1.3730</u>	<u>\$196.4523</u>	<u>\$25.5658</u>	<u>\$31.4055</u>	<u>\$3.9866</u>	<u>\$0.5657</u>
<u>Allocated Costs of Service</u>						
Residential:						
Units of service (2)	1,034,685.0	6,520.0	4,677.5	13,795	141,098	
Cost	\$3,719,673	\$1,384,471	\$1,248,269	\$422,201	\$548,187	
Commercial:						
Units of service (2)	450,414.0	1,851.0	3,085.0	3,642	11,383	
Cost	1,189,529	\$602,600	\$354,371	\$111,470	\$44,230	
Industrial and Wholesale						
Units of service (2)	672,902.0	2,857.6	2,396.7	1,250	1,259	
Cost	1,550,318	\$900,373	\$547,086	\$38,250	\$4,891	
Institutional						
Units of service (2)	265,271.0	872.2	799.4	196	56	
Cost	548,064	\$354,937	\$166,990	\$5,990	\$223	
Fire Protection:						
Units of service		1,280.0	6,400.0			212,148
Cost	718,129	\$337,472	\$219,596			\$161,061
Total allocated cost of service	<u>\$7,725,713</u>	<u>\$3,242,381</u>	<u>\$2,654,188</u>	<u>\$577,911</u>	<u>\$597,531</u>	<u>\$161,061</u>

(1) See page 25.

(2) See page 20.

(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

CALCULATION OF PROPOSED MONTHLY SERVICE CHARGES

<u>Meter Size</u>	<u>5/8 inch Equivalency Factor</u>	<u>Meter Cost Per Equiv. Unit (1)</u>	<u>Meter Cost Per Unit</u>	<u>Billing Cost Per Unit (2)</u>	<u>Total</u>	<u>Rounded</u>
5/8 inch meter	1.0	\$2.5504	\$2.5504	\$3.8852	\$6.4356	\$6.45
3/4 inch meter	1.5	2.5504	3.8256	3.8852	7.7108	7.70
1 inch meter	2.5	2.5504	6.3760	3.8852	10.2612	10.25
1 1/4 inch meter	4.0	2.5504	10.2016	3.8852	14.0868	14.10
1 1/2 inch meter	5.0	2.5504	12.7520	3.8852	16.6372	16.65
2 inch meter	8.0	2.5504	20.4032	3.8852	24.2884	24.30
3 inch meter	15.0	2.5504	38.2560	3.8852	42.1412	42.15
4 inch meter	25.0	2.5504	63.7600	3.8852	67.6452	67.65
6 inch meter	50.0	2.5504	127.5200	3.8852	131.4052	131.40
8 inch meter	80.0	2.5504	204.0320	3.8852	207.9172	207.90
10 inch meter	115.0	2.5504	293.2960	3.8852	297.1812	297.20
12 inch meter	215.0	2.5504	548.3360	3.8852	552.2212	552.20

(1) Calculated as follows:

Annual charge per equivalent meter (page 26)	\$30.6048
Divided by 12 months	<u>12</u>
Monthly charge per equivalent meter	<u><u>\$2.5504</u></u>

(2) Calculated from information shown on page 26.

(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

ALLOCATION OF FIRE SERVICE COSTS TO PUBLIC AND PRIVATE FIRE SERVICE
(Base-Extra Capacity Method)

	<u>Number of Services</u>	<u>Demand Factor</u>	<u>Equivalent Connections</u>	<u>Percentage Allocation</u>	<u>Allocation</u>	<u>Total Fire Protection</u>
<u>Public Fire Service</u>						
Total Public Hydrants	1,330	111.31	148,042	69.78%	\$388,736	\$388,736
Direct Fire Protection						<u>161,061</u>
Total Public Fire Protection						549,797
<u>Private Fire Service</u>						
Size of Connections						
1 inch connection	1	1.00	1			
2 inch connection	6	6.19	37			
3 inch connection	2	17.98	36			
4 inch connection	20	38.32	766			
6 inch connection	61	111.31	6,790			
8 inch connection	55	237.21	13,047			
10 inch connection	3	426.58	1,280			
12 inch connection	14	689.04	9,647			
Private hydrants	<u>292</u>	111.31	<u>32,502</u>			
Sub-total	<u>454</u>		<u>64,106</u>	<u>30.22%</u>	<u>168,332</u>	
Total Private Fire Protection						<u>168,332</u>
Total	<u>1,784</u>		<u>212,148</u>	<u>100.00%</u>	<u>\$557,068</u>	<u>\$718,129</u>

(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

CALCULATION OF FIRE PROTECTION CHARGES BASED UPON
ALLOCATED COST OF SERVICE

Automatic Sprinkler Charges:

<u>Size of Connection</u>	<u>Equivalency Ratio*</u>	<u>Rate per Equivalent Connection</u>	<u>Adjusted Rates</u>
1 inch connection	1.00	\$2.65	\$2.65
2 inch connection	6.19	2.65	16.40
3 inch connection	17.98	2.65	47.65
4 inch connection	38.32	2.65	101.55
6 inch connection	111.31	2.65	294.97
8 inch connection	237.21	2.65	628.61
10 inch connection	426.58	2.65	1,130.44
12 inch connection	689.04	2.65	1,825.96
Private hydrants	111.31	2.65	294.97

* Per M1 Sixth Edition, page 146.

Fire Hydrants

Total costs to be recovered from private fire protection, see page 28.	\$168,332
Divide by equivalent connections, see page 28.	<u>64,106</u>
Annual charge per equivalent connection	<u>\$2.63</u>
Use (Rounded)	<u>\$2.65</u>

(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

**PRO FORMA ANNUAL OPERATING REVENUE AT ADJUSTED
RATES AND CHARGES BASED UPON ALLOCATED COST OF SERVICE**

		Percent of Use	Billing Determinants		Allocated Cost of Service Rates	Pro Forma Revenue Under Adjusted Rates
			Annual Consumption (100's of CF)	Bills		
Residential:						
Service Charge:						
5/8	inch meter			134,090	\$6.45	\$864,881
3/4	inch meter			825	7.70	6,353
1	inch meter			3,151	10.25	32,298
1 1/2	inch meter			1,406	16.65	23,410
2	inch meter			1,497	24.30	36,377
3	inch meter			56	42.15	2,360
4	inch meter			49	67.65	3,315
6	inch meter			24	131.40	3,154
Volume Charge Per 100 Cubic Feet:						
First	200	90.76%	939,108		2.72	2,554,374
Next	9,800	9.24%	95,577		2.10	200,712
Over	10,000	0.00%	-		1.96	-
Sub-totals		100.00%	1,034,685.0	141,098		3,727,234
Commercial:						
Service Charge:						
5/8	inch meter			6,100	6.45	39,345
3/4	inch meter			285	7.70	2,195
1	inch meter			1,791	10.25	18,358
1 1/2	inch meter			1,040	16.65	17,316
2	inch meter			1,555	24.30	37,787
3	inch meter			390	42.15	16,439
4	inch meter			106	67.65	7,171
6	inch meter			104	131.40	13,666
8	inch meter			12	207.90	2,495
Volume Charge Per 100 Cubic Feet:						
First	200	58.25%	262,367.0		2.72	713,638
Next	9,800	41.75%	188,047.0		2.10	394,899
Over	10,000	0.00%	-		1.96	-
Sub-totals		100.00%	450,414.0	11,383		1,263,309
Industrial:						
Service Charge:						
5/8	inch meter			270	6.45	1,742
3/4	inch meter			43	7.70	331
1	inch meter			234	10.25	2,399
1 1/2	inch meter			83	16.65	1,382
2	inch meter			389	24.30	9,453
3	inch meter			53	42.15	2,234
4	inch meter			48	67.65	3,247
6	inch meter			67	131.40	8,804
8	inch meter			12	207.90	2,495
Volume Charge Per 100 Cubic Feet:						
Rate per 100 cubic feet						
First	200	13.93%	52,963.0		2.72	144,059
Next	9,800	70.17%	266,718.0		2.10	560,108
Over	10,000	15.90%	60,434.0		1.96	118,451
Sub-totals		100.00%	380,115.0	1,199		854,705
Sub-total carried forward to next page				153,680		\$5,845,248

(Continued on next page)

(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

(Cont'd)

PRO FORMA ANNUAL OPERATING REVENUE AT ADJUSTED
RATES AND CHARGES BASED UPON ALLOCATED COST OF SERVICE

		Percent of Use	Billing Determinants		Allocated Cost of Service Rates	Pro Forma Revenue
			Annual Consumption	Bills		Under Adjusted Rates
			(100's of CF)			
Sub-total carried forward from previous page						\$5,845,248
Institutional						
Service Charge:						
5/8	inch meter			8	\$7.70	62
3	inch meter			12	42.15	506
6	inch meter			24	131.40	3,154
8	inch meter			12	207.90	2,495
Volume Charge Per 100 Cubic Feet:						
First	200	1.76%	4,676.0		2.72	12,719
Next	9,800	48.42%	128,455.0		2.10	269,756
Over	10,000	49.82%	132,140.0		1.96	258,994
Sub-totals		100.00%	265,271.0			547,686
Wholesale						
Service Charge:						
6	inch meter			24	\$131.40	3,154
8	inch meter			36	207.90	7,484
Volume Charge Per 100 Cubic Feet:						
First	200	2.87%	8,414.0		2.72	22,886
Next	9,800	73.19%	214,293.0		2.10	450,015
Over	10,000	23.94%	70,080.0		1.96	137,357
Sub-totals		100.00%	292,787.0	60		620,896
Sub-total carried forward to next page				153,740		\$7,013,830

(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

**PRO FORMA ANNUAL OPERATING REVENUE AT ADJUSTED
RATES AND CHARGES BASED UPON ALLOCATED COST OF SERVICE - FIRE PROTECTION**

	Percent of Use	Billing Determinants		Allocated Cost of Service Rates	Pro Forma
		Annual	Bills		Revenue
		Consumption (100's of CF)			Under Adjusted Rates
Sub-total carried forward from previous page					\$7,013,830
Fire Protection:					
Public fire protection surcharge					
5/8"	meter		140,466	\$2.42	339,928
3/4"	meter		1,153	3.63	4,185
1"	meter		5,176	6.05	31,315
1 1/2"	meter		2,529	12.10	30,601
2"	meter		3,441	19.36	66,618
3"	meter		511	36.30	18,549
4"	meter		203	60.50	12,282
6"	meter		243	121.00	29,403
8"	meter		60	193.60	11,616
12"	meter		12	520.30	6,244
Sub-total			153,794		550,741
Private sprinklers					
1	inch fire line		1	2.65	3
2	inch fire line		6	16.40	98
3	inch fire line		2	47.65	95
4	inch fire line		20	101.55	2,031
6	inch fire line		61	294.97	17,993
8	inch fire line		55	628.61	34,574
10	inch fire line		3	1,130.44	3,391
12	inch fire line		14	1,825.96	25,563
Private hydrants			292	294.97	86,131
Sub-total			454		169,879
Total		2,158,001.0			\$7,734,450
Control					\$7,725,713
Variance					\$8,737
Variance percentage					0.11%

(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

COMPARISON OF ALLOCATED COST OF SERVICE WITH
REVENUE UNDER ADJUSTED RATES

Customer Classification	Cost of Service	Normalized Revenue Under Existing Rates	Increase (Decrease)		Revenue Under Adjusted Rates	Variance Between Adjusted Revenues and Cost of Service	
			%	Amount		%	Amount
Residential	\$3,719,673	\$2,797,977	32.94%	\$921,696	\$3,727,234	0.20%	\$7,561
Commercial	1,189,529	856,963	38.81%	332,566	1,263,309	6.20%	73,780
Industrial and Wholesale	1,550,318	948,134	63.51%	602,184	1,475,601	-4.82%	(74,717)
Institutional	548,064	354,975	54.40%	193,089	547,686	-0.07%	(378)
Fire Protection	718,129	718,129	0.00%	0	720,620	0.35%	2,491
Totals	<u>\$7,725,713</u>	<u>\$5,676,178</u>	<u>36.11%</u>	<u>\$2,049,535</u>	<u>\$7,734,450</u>	<u>0.11%</u>	<u>\$8,737</u>

(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

SCHEDULE OF PRESENT AND PROPOSED RATES AND CHARGES

A. Metered User Block Schedule

For use of and service rendered by the Waterworks system, based upon the use of water supplied by said Waterworks system.

<u>Monthly Water Usage per 100 Cubic Feet</u>		<u>Current (1)</u>	<u>Proposed</u>
First	4,500 Cubic Feet	\$2.01	
Next	25,500 Cubic Feet	1.55	
Over	30,000 Cubic Feet	1.31	
First	20,000 Cubic Feet		\$2.72
Next	980,000 Cubic Feet		2.10
Over	1,000,000 Cubic Feet		1.96

B. Service Charge

In addition to the metered user block rate, each user shall pay a monthly service charge in accordance with the following applicable size of meter installed.

<u>Meter Size</u>	<u>Current (1)</u>	<u>Proposed</u>
5/8 inch meter	\$5.58	\$6.45
3/4 inch meter	6.20	7.70
1 inch meter	7.80	10.25
1 1/4 inch meter	8.76	14.10
1 1/2 inch meter	9.88	16.65
2 inch meter	15.78	24.30
3 inch meter	58.97	42.15
4 inch meter	74.91	67.65
6 inch meter	111.56	131.40
8 inch meter	154.60	207.90
10 inch meter	202.43	297.20
12 inch meter	255.01	552.20

C. Sales for Resale

All water supplied to the Town of Long Beach, Village of Michiana and New Buffalo Township, MI will be billed at the following rate per 100 Cubic Feet in addition to the applicable service charge in section B above.

First	20,000 Cubic Feet	\$2.72
Next	980,000 Cubic Feet	2.10
Over	1,000,000 Cubic Feet	1.96

(1) Per IURC Order No. 42517, approved March 31, 2004.

(Continued on next page)

(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

(Cont'd)

SCHEDULE OF PRESENT AND PROPOSED RATES AND CHARGES

<u>D. Private Fire Protection</u>	<u>Current (1)</u>	<u>Proposed</u>
Private Hydrant - per hydrant-per annum	\$666.23	\$294.97
Private Sprinklers - per annum		
<u>Sprinkler Size</u>		
1 inch connection	\$7.58	\$2.65
2 inch connection	42.64	16.40
3 inch connection	117.96	47.65
4 inch connection	242.27	101.55
6 inch connection	666.23	294.97
8 inch connection	1,367.52	628.61
10 inch connection	2,390.78	1,130.44
12 inch connection	3,769.45	1,825.96

E. Public Fire Protection Surcharge

<u>Meter Size</u>	<u>Monthly Surcharge</u>	
	<u>Current (1)</u>	<u>Proposed</u>
5/8 inch meter	\$1.91	\$2.42
3/4 inch meter	2.09	3.63
1 inch meter	2.67	6.05
1 1/4 inch meter	3.17	9.68
1 1/2 inch meter	3.43	12.10
2 inch meter	5.52	19.36
3 inch meter	20.96	36.30
4 inch meter	26.67	60.50
6 inch meter	40.01	121.00
8 inch meter	55.25	193.60
12 inch meter	91.42	520.30

F. Temporary Users

Water furnished to temporary users such as contractors, etc., shall be charged on the basis of the above metered rates as estimated by the water superintendent. When a meter is installed for such purposes, the above metered rates shall apply and the temporary user shall pay for the installation and removal of the meter.

Pottawattamie Park Debt Service Charge

Monthly Debt Service Charge - All Pottawattamie Park Customers	\$40.50
Supplemental Debt Service Charge - Customers with New Service Lines	24.75

(1) Per IURC Order No. 42517, approved March 31, 2004.

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(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

(Cont'd)

SCHEDULE OF PRESENT AND PROPOSED RATES AND CHARGES

<u>Nonrecurring Charges (1)</u>	<u>Current (1)</u>	<u>Proposed</u>
1" Tap or Service Connection	\$1,000.00	\$1,585.00
Taps over 1" up to 12"	Time and Material	
Shut-off and/or turn-on fee during business hours	\$15.00	\$25.00
Shut-off and/or turn-on fee during after business hours (Weeknights, Weekend, Holidays)	50.00	75.00
Deposit - 5/8", 3/4", 1" meter size, (i.e. 2" * \$100 = \$200, 3" * \$100 = \$300)	100.00	100.00
Late Payment Charge	10% on first \$3.00 and 3% on all over \$3.00	
Thawing Charges - normal business hours	100.00	100.00
Thawing Charges - after business hours	125.00	125.00
Meter Test Requested by Customer (correct)	15.00	25.00
Meter Test Requested by Customer (incorrect)	No charge	
Reseal Meter and/or by-pass valves *		
Deliberate destruction - first offense	15.00	25.00
Reseal Meter and/or by-pass valves *		
Second Offense	50.00	100.00
* Plus a pro-rated amount for lost revenue as determined by the Superintendent		
Customer Tampering with Meter	Time and Material	
Frozen Meter Charge	Time and Material	
Survey Fee for Application of Main Extension	25.00	Removed
Special Meter Reading	No Charge	
Bad Check Charge	15.00	15.00
Customer request to check private plumbing (leaky faucets, toilets)	15.00	25.00

(1) Per IURC Approval on March 11, 2009.

(See Accountants' Report)

DEPARTMENT OF WATER WORKS
Michigan City, Indiana

CALCULATION OF PUBLIC FIRE PROTECTION CHARGE

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

CALCULATION OF EQUIVALENT CONNECTIONS

<u>Meter Size</u>	<u>Total Annual Bills (1)</u>	<u>Ratio to 5/8" Meter</u>	<u>Total Annual Equivalent Connections</u>
5/8"	140,466	1.0	140,466.0
3/4"	1,153	1.5	1,729.5
1"	5,176	2.5	12,940.0
1 1/2"	2,529	5.0	12,645.0
2"	3,441	8.0	27,528.0
3"	511	15.0	7,665.0
4"	203	25.0	5,075.0
6"	243	50.0	12,150.0
8"	60	80.0	4,800.0
12"	12	215.0	2,580.0
Totals	<u>153,794</u>		<u>227,578.5</u>

(1) See page 17.

(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

CALCULATION OF PROPOSED PUBLIC FIRE PROTECTION
CHARGE PER EQUIVALENT CONNECTION

Total fire protection revenues to be recovered (1)	\$549,797
Divided by total equivalent connections	<u>227,579</u>
Proposed monthly charge per equivalent connection	<u><u>\$2.42</u></u>

(1) See page 28.

(See Accountants' Report)

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

ALLOCATION OF ANNUAL PUBLIC FIRE
PROTECTION REVENUE BY METER SIZE

<u>Meter Size</u>	<u>Proposed Monthly Charge Per Equivalent Connection</u>	<u>Equivalency Factor</u>	<u>Proposed Monthly Charge Per Connection</u>	<u>Total Number Of Annual Bills</u>	<u>Annual Revenues Required</u>
5/8"	\$2.42	1.0	\$2.42	140,466	\$339,928
3/4"	2.42	1.5	3.63	1,153	4,185
1"	2.42	2.5	6.05	5,176	31,315
1 1/2"	2.42	5.0	12.10	2,529	30,601
2"	2.42	8.0	19.36	3,441	66,618
3"	2.42	15.0	36.30	511	18,549
4"	2.42	25.0	60.50	203	12,282
6"	2.42	50.0	121.00	243	29,403
8"	2.42	80.0	193.60	60	11,616
12"	2.42	215.0	520.30	12	6,244
Estimated total revenue					550,741
Annual fire protection revenue to be recovered (page 38)					549,797
Variance					<u>\$944</u>

(See Accountants' Report)

DEPARTMENT OF WATER WORKS
Michigan City, Indiana

CALCULATION OF NONRECURRING CHARGES

DEPARTMENT OF WATER WORKS
City of Michigan City, Indiana

CALCULATION OF NONRECURRING CHARGES

	<u>Time</u> (min.)		<u>Hourly Rate</u> (\$/hr)		<u>Total Cost</u>	<u>Requested Charge</u>
Tap Fees:						
Clerical						
Process service request	10	(1)	\$13.39	(1)	\$2.23	
Prepare work order and parts list	15	(1)	19.35	(1)	4.84	
Benefits allocation					2.83	(2)
Tap work						
Meter cost					173.00	(3)
Other materials					446.75	(3)
Labor					<u>1,138.48</u>	(3)
Total costs					<u>\$1,768.13</u>	<u>\$1,585.00</u>
Shut-Off Request, Turn-On Request, Plumbing Check, and Meter Test Service Charges:						
Clerical						
Process request	10	(1)	\$13.39	(1)	\$2.23	
Benefits allocation					0.89	(2)
Service work						
Milage	3	(1)	0.56	(4)	1.68	
Labor	44	(3)	21.00	(5)	15.40	
Benefits allocation					6.16	(2)
Labor at after hours rate	90	(6)	42.00	(6)	<u>63.00</u>	
Total costs					<u>\$26.36</u>	<u>\$25.00</u>
Total cost after hours					<u>\$73.96</u>	<u>\$75.00</u>

(1) Estimates per utility management.

(2) Allocated employee benefits based on test year benefits and wages comparison.

(3) Historical averages provided by utility management.

(4) Assumed at current IRS milage rate.

(5) Assumed at average hourly rate for distribution and plant employees.

(6) Assumed at overtime rate (double time) with a 90 minute call out minimum.

(See Accountants' Report)