

Petitioner's Exhibit 9

IURC
PETITIONER'S *9*
EXHIBIT NO. *32536*
DATE _____ REPORTER *cl*

OFFICIAL
EXHIBITS

PETITIONER'S EXHIBIT 9

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**PETITION OF JACKSON COUNTY WATER
AUTHORITY FOR AUTHORITY TO ISSUE
LONG-TERM DEBT AND ADJUST ITS
RATES AND CHARGES**

CAUSE NO. 46156

SETTLEMENT TESTIMONY

OF

LARRY W. McINTOSH

**ON BEHALF OF PETITIONER,
JACKSON COUNTY WATER AUTHORITY**

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

2 A. My name is Larry W. McIntosh and my business address is Jackson County Water
3 Authority, 1119 West Spring Street, Brownstown, IN 47220.

4 **2. Q. ARE YOU THE SAME LARRY W. MCINTOSH WHO FILED DIRECT**
5 **TESTIMONY AND EXHIBITS ON BEHALF OF JACKSON COUNTY**
6 **WATER AUTHORITY (“JCWA”) IN THIS CAUSE?**

7 A. Yes, I am.

8 **3. Q. WHAT IS THE PURPOSE OF YOUR SETTLEMENT TESTIMONY?**

9 A. The purpose of my settlement testimony is to support the Joint Stipulation and
10 Settlement Agreement (“Settlement Agreement”) that has been executed between
11 JCWA and the Indiana Office of Utility Consumer Counselor (“OUCC”). For the
12 Commission’s convenience, I have attached an executed copy of the Settlement
13 Agreement to my testimony as Petitioner’s Exhibit 10.

14 **4. Q. CAN YOU BRIEFLY DESCRIBE THE SETTLEMENT AGREEMENT?**

15 A. Yes, I can. The parties were able to have substantive discussions before the OUCC’s
16 scheduled pre-filing date and were able to reach a mutually agreeable resolution that
17 resulted in JCWA’s proposed rate increase being reduced from an originally
18 requested 23.71% to 18.35%. To arrive at this settlement amount, there were a
19 number of adjustments including for, among other things, certain operation expenses,

1 depreciation, debt service reserve costs, rental income from land, other revenues at
2 current rates, and the appropriate Indiana Utility Regulatory Commission
3 ("Commission") fees. JCWA and the OUCC ("Settling Parties") agreed that JCWA
4 should increase its revenue requirement by \$775,400 per year which is \$243,952 less
5 than what JCWA originally requested.

6 The Settling Parties further agree that the overall rate increase should be
7 implemented in two phases. Phase I will take effect upon the issuance of an order by
8 the Commission approving the Settlement Agreement. Phase I would include a
9 \$681,664 (inclusive of gross up) increase to the current revenue which is equal to a
10 16.14% increase. Phase II is a \$93,371 increase over the Phase I revenues which is
11 equal to a 1.90% increase. The Settling Parties agreed that JCWA should be able to
12 implement its Phase II rate increase once it has completed the construction of its new
13 wells and submitted a compliance filing certifying the new wells in service are used
14 and useful, and setting forth the retirement of certain of its existing wells along with
15 the original costs of each of the retired wells.

16 Finally, the Settling Parties have agreed that JCWA shall have authority to issue long
17 term debt in an amount not to exceed \$8 million to complete the projects described in
18 JCWA's prefiled direct testimony. The Settling Parties agree that JCWA's revenue
19 requirement shall include an amount of \$1,481,587 per year for principal and interest
20 and \$79,813 per year to fund the debt service reserve. If the closing with the Indiana
21 State Revolving Fund Program ("SRF Program") occurs more than ninety (90) days

1 after the issuance of the Order in this Cause, the Settling Parties agreed that JCWA
2 should place that portion of its rates and charges that include principal and interest on
3 the proposed long term debt in a dedicated account that will be used to pay for the
4 proposed projects and reduce the amount of the final debt.

5 **5. Q. DO YOU BELIEVE THE SETTLEMENT AGREEMENT IS IN THE BEST**
6 **INTERESTS OF JCWA AND ITS CUSTOMERS?**

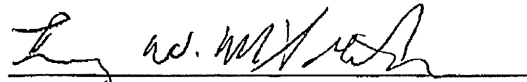
7 A. Yes, I do. The Settlement Agreement allows for an immediate settlement of this case
8 without further time and expense incurred by the Settling Parties and the
9 Commission. Additionally, the immediate resolution of this case enables JCWA to
10 expeditiously move forward with the projects that are intended to address the
11 environmental concerns associated with the PFAS remediation of its existing source
12 of water supply. While the agreed percentage of the overall increase is not exactly
13 what JCWA had proposed, I believe it is a reasonable compromise under the
14 circumstances. The agreed two-phase increase should allow JCWA to operate and
15 maintain its system and provide safe, efficient service to its customers while reducing
16 the overall rate impact to all of its customers.

17 **8. Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

18 A. Yes, it does.
19

VERIFICATION

I affirm under the penalties of perjury that the foregoing Settlement Testimony is true to the best of my knowledge, information, and belief as of the date here filed.


Larry W. McIntosh