

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF THE TOWN OF CHANDLER,)
INDIANA, FOR AUTHORITY AND)
APPROVAL TO: (1) INCREASE RATES)
AND CHARGES FOR WATER UTILITY)
SERVICE, INCLUDING APPROVAL OF) CAUSE NO. 46124
NEW SCHEDULE(S) OF RATES AND)
CHARGES FOR WATER SERVICES; AND)
(2) ISSUE REVENUE BONDS, NOTES, OR)
OTHER OBLIGATIONS OF)
INDEBTEDNESS)

PUBLIC'S EXHIBIT NO. 1

TESTIMONY OF THOMAS W. MALAN

ON BEHALF OF

THE INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

December 20, 2024

Respectfully submitted,

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR



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CERTIFICATE OF SERVICE

This is to certify that a copy of the *Public's Exhibit No. 1 – Testimony of Thomas W. Malan on behalf of the OUCC* has been served upon the following captioned proceeding by electronic service on December 20, 2024.

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TESTIMONY OF OUCC WITNESS THOMAS W. MALAN
CAUSE NO. 46124
TOWN OF CHANDLER, INDIANA

I. 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, Indiana 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 with the Water/Wastewater Division. My qualifications and
7 experience are set forth in Appendix A.

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

9 A: On September 16, 2024, Town of Chandler, Indiana (“Chandler” or “Petitioner”)
10 filed a petition seeking an overall across-the-board 53.62% rate increase to be
11 implemented in three phases. Petitioner’s overall rate increase would produce an
12 additional \$2,453,766 of operating revenue. I present the OUCC’s schedules and
13 recommend an overall rate increase of 46.14% to produce an additional \$2,163,426
14 of operating revenue, which is also to be implemented in three phases. I present the
15 OUCC’s recommended revenue and expense adjustments. I explain my inclusion
16 of other revenues and late payment fees in my determination of an appropriate
17 revenue requirement in this Cause. I recommend adjustments to reclassify test year
18 operating expenses related to capital projects, remove non-recurring expenses, and
19 amortize a hydraulic model analysis and audit costs. I discuss the OUCC’s

1 acceptance of Petitioner's proposed phase-in of its rate increase. I recommend
2 approval of Petitioner's proposed \$1,130 system development charge. I discuss the
3 importance of striving for and maintaining the affordability of water service.

4 **Q: If your testimony does not address a topic, issue, or item, should it be construed**
5 **to mean you agree with Petitioner's proposal?**

6 A: No. My silence on any issue or matter should not be construed as an endorsement.
7 Also, my silence in response to any actions or positions stated or implied by
8 Petitioner should not be construed as an endorsement of those actions or statements.

9 **Q: Describe the review and analysis you performed.**

10 A: I reviewed Chandler's testimony, schedules, and workpapers. I reviewed
11 Petitioner's 2014 - 2023 IURC annual reports. I prepared discovery questions and
12 reviewed Petitioner's responses. I participated in an on-site accounting review on
13 October 22 and 23, 2024. I reviewed the Commission's final order in Cause No.
14 45062, Petitioner's last rate case. I conducted informal discovery and participated
15 in phone calls with Petitioner's rate consultant and utility staff.

16 **Q: Who else will testify on behalf of the OUCC?**

17 A: OUCC witness Shawn Dellinger discusses Petitioner's debt service and debt
18 service reserve revenue requirements. OUCC witness James T. Parks testifies about
19 Petitioner's proposed debt-funded capital projects.

20 **Q: What schedules are submitted with your testimony?**

21 A: I include the following schedules:

22 Schedule 1 – Comparison of Revenue Requirements (page 1)
23 – Comparison of Net Operating Income Adjustments (page 2)
24 – Comparison of Revenue Requirements Phased In (page 3)
25 Schedule 2 – Comparative Balance Sheet as of December 31, 2023, 2022, and 2021

1 Schedule 3 – Comparative Income Statement for the Twelve Months Ended
2 December 31, 2023, 2022, and 2021.

3 Schedule 4 – *Pro Forma* Net Operating Income Statement

4 Schedule 5 – OUCC Revenue Adjustments

5 Schedule 6 – OUCC Expense Adjustments

6 Schedule 7 – Depreciation

7 Schedule 8 – Working Capital

8 Schedule 9 – Debt Service

9 Schedule 10 – Debt Service Reserve

10 Schedule 11 – Tariff

11 **Q: What attachments are submitted with your testimony?**

12 A: I include the following attachments:

13 OUCC Attachment TWM-1 – Petitioner Responses to OUCC Data Request No. 1-6

14 OUCC Attachment TWM-2 – Support for cost capitalized in Adjustment 6-1

15 OUCC Attachment TWM-3 – Support for costs amortized in Adjustment 6-2

16 OUCC Attachment TWM-4 – Support for engineering costs capitalized in Adj 6-3

17 OUCC Attachment TWM-5 – SBOA Audit Letter

18 OUCC Attachment TWM-6 – Non-recurring cost removal Adjustment 6-5

19 OUCC Attachment TWM-7 – 30-day filing cost amortization Adjustment 6-6

20 OUCC Attachment TWM-8 – Support for capitalized legal costs in Adjustment 6-7

21 OUCC Attachment TWM-9 – Petitioner Responses to OUCC Data Request No. 3-1

II. CASE SUMMARY

A. Chandler's Proposal

22 **Q: Please describe Chandler's water utility.**

23 A: Chandler is a municipal water utility located in Warrick County, Indiana providing
24 service to approximately 7,800 customers in the Town of Chandler and surrounding
25 area. Chandler's last rate order was issued in Cause No. 45062 on February 6, 2019.

1 **Q: Please describe Chandler's proposal in this Cause.**

2 A: Chandler proposes an overall across-the-board 53.62% rate increase to generate
3 \$2,453,766 of additional annual operating revenue and proposes this rate increase
4 be implemented over three phases. Chandler's proposed rate increase is based on a
5 historical test year ending December 31, 2023 and reflects increased operating
6 expenses, depreciation expense, and debt service expense. If approved, a
7 residential customer using 4,000 gallons of water per month will see their monthly
8 bill increase from \$34.10 to \$52.39 once Phase 3 rates have been implemented.

9 **Q: Did Chandler propose to issue long term debt in this Cause?**

10 A: Yes. As discussed by OUCC witness Mr. Dellinger, Petitioner seeks authority in
11 this Cause to issue not more than \$15,155,000 of long-term debt.

12 **Q: Does Chandler propose any other changes to its current rates and charges?**

13 A: Yes. Chandler also proposes an increase to its current \$660 system development
14 charge to \$1,130 for a 5/8" metered customer.

Table 1: Petitioner's Proposed Rate Increase

Phase	1	2	3	Overall
% increase	15.38%	15.38%	15.40%	53.62%
Revenue Increase	\$ 703,559	\$ 812,090	\$ 938,117	\$ 2,453,766

B. OUCC's Recommendation

15 **Q: What rate increase does the OUCC recommend?**

16 A: The OUCC recommends an across-the-board overall rate increase of 46.14% to
17 produce additional annual revenues of \$2,163,426. While Petitioner proposes a
18 residential customer using 4,000 gallons would pay \$52.39 the OUCC's

1 recommendation would result in the same customer paying \$49.83 once Phase 3
 2 rates are implemented. Table 2 shows the OUCC's recommended rate increases by
 3 Phase. Table 3 compares the OUCC's and Petitioner's recommended rate increase
 4 and underlying revenue requirements.

Table 2: OUCC's Recommended Rate Increase

Phase	1	2	3	Overall
% increase	15.38%	15.38%	9.78%	46.14%
Revenue Increase	\$ 720,984	\$ 832,219	\$ 610,223	\$ 2,163,426

Table 3: Overall Revenue Requirement Comparison

	Per Applicant	Per OUCC	Sch Ref	OUCC More (Less)
Operating Expenses	\$ 2,991,163	\$ 2,808,344	4	\$ (182,819)
Payroll Taxes	57,198	57,198	4	-
Depreciation	1,345,782	1,345,782	7	-
Debt Service	2,539,624	2,624,724	9	85,100
Debt Service Reserve	295,413	240,081	10	(55,332)
Total Revenue Requirements	7,229,180	7,076,129		(153,051)
Less: Revenue Requirement Offsets				
Interest Income	(133,800)	(133,800)	3	-
Other Income	(65,687)	(65,687)	3	-
Miscellaneous Revenues	-	(6,366)		(6,366)
Disconnection Service Charges	-	(17,515)		(17,515)
Net Revenue Requirements	7,029,693	6,852,761		(176,932)
Less: Rev @ current rates subj to increase	(4,575,927)	(4,689,335)	4	(113,408)
Recommended Increase	<u>\$ 2,453,766</u>	<u>\$ 2,163,426</u>		<u>\$ (290,340)</u>
Recommended Percentage Increase	<u>53.62%</u>	<u>46.14%</u>		<u>-7.49%</u>

5 **Q: Does the OUCC recommend approval of any other changes to Petitioner's**
 6 **current rates and charges?**

7 **A:** Yes. The OUCC accepts Chandler's proposed increase to its current \$660 system
 8 development charge to \$1,130.

III. OPERATING REVENUE

A. Petitioner's Proposal

1 **Q: What amount of *pro forma* operating revenue did Petitioner propose?**

2 A: Chandler proposed *pro forma* Phase 1 present rate operating revenues of
3 \$4,575,927, which is a \$1,165 decrease from test year operating revenues of
4 \$4,577,092. Petitioner's \$1,165 decrease consists of three adjustments: (1) a
5 \$31,254 *increase* to normalize test year residential water sales, (2) a \$12,736
6 *increase* to normalize test year commercial water sales, and (3) a \$45,155 *decrease*
7 to operating revenue to reflect the 1.75% decrease to Petitioner's tariff rates to
8 reflect its Cause No. 45062 debt true-up effective August 13, 2023.

9 **Q: Did Petitioner propose any *pro forma* operating revenue adjustments in**
10 **Phases 2 or 3?**

11 A: No. Petitioner only proposed *pro forma* operating revenue adjustments in Phase 1.
12 Phases 2 and 3 only include *proposed rate* operating revenue adjustments.

B. OUCC's Recommendation

13 **Q: Do you accept Petitioner's proposed operating revenue adjustments?**

14 A: Yes. I accept Petitioner's *pro forma* Phase 1 operating revenue adjustments.

15 **Q: What amount of operating revenues do you recommend?**

16 A: I recommend Phase 1 *pro forma* operating revenues of \$4,689,335, which is a
17 \$98,680 increase over test year operating revenue of \$4,590,655.

18 **Q: Do you recommend any other *pro forma* operating revenue adjustments?**

19 A: Yes. I recommend an additional adjustment to reflect post-test year residential
20 customer growth (OUCC Schedule 5, Adjustment No. 1).

1 **Q: What post-test year residential customer growth adjustment do you**
 2 **recommend?**

3 A: I recommend a \$99,845 increase to residential customer revenues. Customer billing
 4 determinants through September 2024 showed Petitioner continued to experience
 5 substantial customer growth in its residential customer class during the twelve-
 6 month adjustment period. (OUCC DR 1-6, OUCC Attachment TWM-1.)
 7 Therefore, a post-test year customer growth adjustment is justified.

8 **Q: How did you calculate your post-test year customer growth adjustment?**

9 A: I determined the net additional annual bills resulting from post-test year customer
 10 growth by subtracting the December 31, 2023 customer count (7,410) from the
 11 September 30, 2024 customer count (7,654) to arrive at the number of residential
 12 customers added during the adjustment period (244). I then multiplied the number
 13 of residential customers added during the adjustment period by 12 months to arrive
 14 at the net increase in annual residential customer billings (2,948) due to customer
 15 growth. I then multiplied the net increase in residential customer billings by the
 16 current bill for 4,000 gallons (\$34.10) to determine the increase to residential water
 17 revenues of \$99,845. (See OUCC Schedule 5, Adjustment No. 1.)

Table 4: OUCC Post-Test Year Residential Customer Growth

Customer Count 7/31/2024	7,654
Less: Customer Count 12/31/2023	<u>7,410</u>
Customers added in adjustment Per	244
Times: 12 Months	<u>12</u>
Net Increase in Customer Billings	2,928
Times: 4,000 Gallon Customer Bill	<u>\$ 34.10</u>
Increase to Residential Water Revenues	<u><u>\$ 99,845</u></u>

Table 5: Comparison of Proposed Operating Revenue Adjustments

	<u>Per Petitioner</u>	<u>Per OUC</u>	<u>OUC More (Less)</u>
Test Year Operating Revenues	\$ 4,577,092	\$ 4,590,655	\$ 13,563
Water Sales			
Residential - Test Year	31,254	31,254	-
Rate Reduction	(29,550)	(29,550)	-
Residential - Post Test Year	-	99,845	99,845
Commercial	12,736	12,736	-
Rate Reduction	(11,177)	(11,177)	-
Industrial	(70)	(70)	-
Fire Protection			
Public	(4,215)	(4,215)	-
Private	(143)	(143)	-
	<u>(1,165)</u>	<u>98,680</u>	<u>99,845</u>
<i>Pro forma</i> Operating Revenues	<u>\$ 4,575,927</u>	<u>\$ 4,689,335</u>	<u>\$ 113,408</u>

1 **Q: Please explain the difference between OUC and Petitioner test year**
2 **operating revenues.**

3 A: My review revealed that during the test year Petitioner received \$13,563 of late
4 payment fees, which were not included in its case-in-chief test year operating
5 revenues. Late fees should be recognized as a revenue source for ratemaking
6 purposes. Therefore, my test year operating revenues include the late fee revenue
7 Petitioner received during the test year.

IV. REVENUE REQUIREMENT OFFSETS

8 **Q: What revenues did Petitioner include as an offset to its revenue requirement in**
9 **determining its proposed revenue increase?**

10 A: Petitioner offset its revenue requirement by \$133,800 of interest income and
11 \$65,687 of other income. Petitioner recognized a total of \$199,487 in revenue
12 requirement offsets.

1 **Q: Do you agree with Petitioner's proposed revenue requirement offsets?**

2 A: No. Although I accept the adjustments and offsets proposed by Petitioner, my
3 analysis identified additional offsets that Petitioner did not include -- miscellaneous
4 revenues of \$6,366 and disconnection service charges of \$17,515.

5 **Q: Why do you identify miscellaneous revenues as a revenue requirement offset?**

6 A: Miscellaneous revenues consist of various refunds and reimbursements received by
7 Petitioner during the test year. My review of these transactions determined that all
8 of these revenues are related to test year transactions. Rather than reduce operating
9 expenses, Petitioner recorded these refunds and reimbursements as "revenues."
10 Because the original transactions being refunded or reimbursed are included in test
11 year operating expenses, these "revenues" should be included as an offset.
12 Otherwise, Petitioner's revenue requirement will be overstated.

13 **Q: Why did you identify disconnection service charges as a revenue requirement**
14 **offset?**

15 A: Disconnection charges are a non-recurring charge included in Petitioner's
16 Commission approved tariff. These types of fees are considered "non-recurring" to
17 differentiate them from monthly sales revenues that are billed to customers on a
18 recurring monthly basis. These types of fees are cost-based and are established to
19 charge a customer for costs incurred at the customer's request (i.e., after hours
20 service call) or due to the customer's actions (i.e., bad check charge). These charges
21 offset the costs incurred by the utility and are established so that other customers
22 are not subsidizing these activities. Therefore, these types of charges should be
23 included as an offset to the revenue requirement.

Table 6: Revenues & Offsets

	<u>Petition</u>	<u>OUC</u>	<u>Difference More (Less)</u>
Water Sales			
Residential	\$ 3,010,209	\$ 3,110,054	\$ 99,845
Commercial	1,119,909	1,119,909	-
Industrial	7,030	7,030	-
Fire Protection	438,779	438,779	-
Late Payment Fees	-	13,563	13,563
Total Water Sales	\$ 4,575,927	\$ 4,689,335	\$ 113,408
Other Offsets			
Interest Income	133,800	133,800	-
Other Income	65,687	65,687	-
Misc Revenues	-	6,366	6,366
Disconnection Fees	-	17,515	17,515
Total Other Offsets	\$ 199,487	\$ 223,368	\$ 23,881
Total Offset	\$ 4,775,414	\$ 4,912,703	\$ 137,289

1 **Q: What do you recommend as the appropriate revenue offset in determining your**
2 **proposed revenue increase?**

3 A: I recommend a total revenue requirement offset of \$4,912,703 compared to
4 Petitioner's \$4,775,414 .

V. OPERATING EXPENSE

A. Petitioner's Proposed Operating Expense

5 **Q: What level of operating expense did Chandler propose?**

6 A: Chandler proposed *pro forma* Phase I operating expense of \$3,048,361, which is an
7 increase of \$143,760 over test year operating expense of \$2,904,601.

8 **Q: What operating expense adjustments did Chandler propose?**

9 A: Chandler proposed four test year operating expense adjustments, including
10 adjustments to salaries and wages expense, employee benefits expense, purchased
11 power expense, and tank maintenance expense.

B. OUCC Recommended Operating Expense

1 **Q: Do you accept any of Petitioner's operating expense adjustments?**

2 A: Yes. I accept all of Petitioner's proposed operating expense adjustments.

3 **Q: What level of operating expense do you recommend?**

4 A: I recommend *pro forma* operating expense of \$2,865,542, which is a decrease of
 5 \$39,059 to test year operating expenses of \$2,904,601. I recommend additional
 6 adjustments to reflect (1) capitalization of capital project costs expenses during the
 7 test year, (2) amortization of a hydraulic Model Analysis, (3) amortization of SBOA
 8 audit costs, (4) elimination of non-recurring test year costs, and (5) inclusion of
 9 additional costs related to customer growth (system delivery adjustment).

Table 7: Comparison of Proposed Operating Expense Adjustments

	Per Applicant	Per OUCC	OUCC More (Less)
O&M Expense			
Salaries and Wages	\$ 87,794	\$ 87,794	\$ -
Employee Benefits	95,603	95,603	-
Purchased Power	(12,352)	(12,352)	-
Chemicals	-	-	-
Materials & Supplies	(27,285)	(52,285)	(25,000)
Contractual Serv			
Engineering			
Hydraulic Model	-	(124,240)	(124,240)
Capital Projects	-	(16,737)	(16,737)
Accounting			
SBOA Audit Amort.	-	(6,656)	(6,656)
Receipt Tax Case	-	(6,135)	(6,135)
Non-Recurring Charges	-	(6,176)	(6,176)
Legal	-	(10,043)	(10,043)
System Delivery	-	12,168	12,168
Total Operating Expense	<u>\$ 143,760</u>	<u>\$ (39,059)</u>	<u>\$ (182,819)</u>

A. Materials and Supplies

1 **Q: Do you propose an adjustment to remove test year costs that were incorrectly**
2 **recorded as material and supplies expense rather than capitalized?**

3 A: Yes. I propose a \$25,000 decrease to test year materials and supplies to remove a
4 Metzger Construction Co., Inc. invoice (OUCC Attachment TWM-2) that should
5 be capitalized rather than expensed (OUCC Schedule 6, Adjustment No. 7). The
6 invoice clearly identifies these costs as being related to the Baker Road capital
7 project and should have been capitalized as part of the cost of this project.

B. Contractual Services – Engineering

8 **Q: What adjustments do you recommend to contractual services – engineering**
9 **expense?**

10 A: I recommend two adjustments to Petitioner's test year contractual services –
11 engineering expense: (1) a decrease of \$124,240 to amortize the costs of a
12 Hydraulic Model Analysis conducted during the test year and (2) a decrease of
13 \$16,737 of capital project costs.

1. Amortization of Hydraulic Model Analysis Cost

14 **Q: What adjustment do you recommend?**

15 A: Petitioner included \$155,300 of costs associated with a Hydraulic Model Analysis
16 prepared by Beam Longest Neff (OUCC Attachment TWM-3) in its test year
17 operating expenses. Hydraulic modeling studies are not conducted often and
18 certainly will not be completed each year. Petitioner should not receive the total
19 cost of this study on an annual basis. Therefore, I propose these costs be received
20 over a period of five years, allowing Chandler funds to conduct another study by
21 the end of the expected life of these rates. Therefore, Petitioner's rates should

1 include only twenty percent (20%) of this cost. I recommend a decrease to operating
 2 expense of \$124,240 (See Table 8 below) to reflect the amortization of Petitioner's
 3 Hydraulic Model Analysis. (See OUCC Schedule 6, Adjustment No. 2.)

Table 8: Hydraulic Model Analysis Amortization

Total Project Cost	\$ 155,300
Useful life	<u>5</u>
Yearly Amortization Amount	\$ 31,060
Years to be Removed	<u>4</u>
Amount to be Removed	<u>\$ 124,240</u>

2. Elimination of Engineering Capital Costs

4 **Q: Please explain your adjustment to remove contractual services – engineering**
 5 **capital costs from test year operating expenses?**

6 A: I propose a decrease to test year contractual services - engineering expense of
 7 \$16,737 to remove five invoices (Attachment TWM-4) that should be capitalized
 8 rather than expensed (OUCC Schedule 6, Adjustment No. 3). These engineering
 9 costs relate to identified capital projects and should be capitalized as part of the cost
 10 of these projects. While Petitioner identified other test year costs and reclassified
 11 them as capital (e.g., costs associated with the Oak Grove), these \$16,737 of costs
 12 should also have been reclassified.

C. Contractual Services – Accounting

13 **Q: What adjustments does the OUCC recommend to contractual services –**
 14 **accounting expense?**

15 A: The OUCC recommends three adjustments to Petitioner's test year contractual
 16 services – accounting expense: (1) a decrease of \$6,656 to amortize costs associated

1 with the State Board of Accounts audit, (2) a decrease of \$6,135 to remove cost
2 associated with the removal of Utility Receipts Tax, and (3) a decrease of \$6,176
3 to amortize the cost associated with “revised Water Utility non-recurring charges.”

1. Amortization of Audit Costs

4 **Q: What adjustment does the OUCC recommend?**

5 A: Petitioner included in its test year contractual services – accounting expense an
6 invoice for \$13,311, which was associated with a State Board of Accounts
7 (“SBOA”) audit (OUCC Attachment TWM-5). This audit takes place every two
8 years and is not an annual expense. Therefore, Petitioner should only receive 50%
9 (one year) of the audit cost through rates. The OUCC recommends a decrease to
10 operating expense of \$6,656 ($\$13,311 / 2\text{-year frequency} = \$6,656$) to reflect the
11 amortization of Petitioner’s State Board of Accounts audit. (See OUCC Schedule
12 6, Adjustment No. 4.)

2. Non-recurring Utility Receipts Tax Expense

13 **Q: Do you recommend an adjustment to remove contractual services – accounting**
14 **costs from test year operating expenses?**

15 A: Yes. I propose a decrease to test year contractual services - accounting expense of
16 \$6,135 to remove invoice BTMA17767 from Baker Tilly Municipal Advisors,
17 LLC¹ for the calculation of the removal of Utility Receipts Tax, which was repealed
18 by House Enrolled Act 1002 on July 1, 2022. This is not a recurring expense for

¹ See OUCC Attachment TWM-6.

1 Petitioner and therefore, a reduction of \$6,135 from test year expense is necessary
2 (OUCC Schedule 6, Adjustment No. 3).

3. Amortization of Professional Service for Non-recurring Charges

3 **Q: Please explain why this non-recurring expense should be amortized.**

4 A: Petitioner included Baker Tilly Municipal Advisors invoice BTMA18816 for
5 \$7,720 in test year expense. (OUCC Attachment TWM-7) associated with a 30-day
6 filing. As stated on the invoice these costs represent “professional services rendered
7 in connection with the preparation of revised Water Utility non-recurring charges.”

8 **Q: What does the OUCC recommend regarding these costs?**

9 A: The OUCC recommends amortizing the 30-day filing cost over a period of five
10 years to reflect the expected frequency of these filings. Therefore, the OUCC
11 recommends a decrease to test year operating expenses of \$6,176 (OUCC Schedule
12 6, Adjustment No. 6).

D. Contractual Services – Legal Expenses

13 **Q: What legal expense did Petitioner include in its revenue requirement?**

14 A: Petitioner included \$34,897 of test year legal expense.

15 **Q: Did Petitioner propose an adjustment to test year contractual services - legal**
16 **expenses?**

17 A: No.

18 **Q: Did you identify any legal expense that is not eligible for inclusion in rates as**
19 **an operating expense?**

20 A: Yes. During my review of the test year legal expense, I found three Jacksonkelly,
21 PLLC invoices (OUCC Attachment TWM-8) that are not eligible for inclusion in
22 rates as an operating expense. These three invoices with costs that should not be

1 included in rates as a *pro forma* operating expense include fees associated with the
2 current rate case (i.e., the new water tower, transmission main extension, bond fees,
3 and rate case expense), which will be recovered through other mechanisms.
4 (Petitioner proposed to include rate case expense in the long-term debt proposed in
5 this case.) The OUCC recommends a decrease in test year legal expense of \$10,043
6 (OUCC Schedule 6, Adjustment No. 6).

E. System Delivery Expense Adjustment

7 **Q: What is a system delivery expense adjustment?**

8 A: A system delivery expense adjustment captures the increase or decrease in variable
9 operating expenses related to an increase or decrease in customer growth which
10 leads to an increase in (1) the amount of water sold or processed and (2) the number
11 of customer billings issued. These variable costs generally consist of purchased
12 power, chemicals, and postage.

13 **Q: Did Petitioner propose a system delivery expense adjustment.**

14 A: No. Even though Petitioner proposed a test year normalization adjustment to
15 capture test year customer growth in revenues, it proposed no corresponding
16 increase to expense related to this customer growth.

17 **Q: What system delivery expense adjustment do you recommend?**

18 A: I recommend a \$12,168 increase to operating expenses to reflect increased costs
19 related to test year and post-test year customer growth. (See OUCC Schedule 6,
20 Adjustment No. 8.)

1 **Q: How did you calculate your system delivery adjustment?**

2 A: I calculated my system delivery adjustment on a cost per bill basis. I determined
3 the cost per bill and then multiplied this cost by the total additional billings resulting
4 from my recommended post-test year residential customer growth adjustment and
5 Petitioner's test year normalization adjustment. (See OUCC Schedule 5,
6 Adjustment No. 1.)

7 **Q: How many total additional billings do you recommend based on your post-test**
8 **year residential customer growth adjustment?**

9 A: Based on my customer growth adjustment, I calculated an additional 2,928
10 customer residential billings resulting from post-test year customer growth. To this
11 amount I added the 1,010 additional billings calculated by Petitioner in its test year
12 normalization adjustment, for total additional billings of 3,938.

13 **Q: How did you calculate your cost per billing?**

14 A: I took the sum of test year purchased power expense and test year chemical expense
15 then divided by total test year water sold, resulting in a cost per thousand gallons
16 of \$0.53 before postage costs.

Table 9: Variable cost

Purchased Power Exp	\$215,310	
Chemical Expense	<u>98,938</u>	
Total Variable Cost		\$ 314,248
Gallons Sold (000's Omitted)		<u>591,835</u>
Cost per 1,000 Gallons		<u>\$ 0.53</u>

17 I then multiplied the cost per 1,000 gallons by the average residential consumption
18 during the test year to calculate a cost per bill of \$2.36 before considering postage

1 costs. I then added \$0.73 for postage, resulting in a total cost per bill of \$3.09. I
2 then multiplied the total cost per billing by the expected additional billings of 3,938
3 to calculate the system delivery adjustment of \$12,168.

Table 10: Total Billing Cost

Variable Cost per Bill	\$	2.36
Postage Cost		0.73
Total Cost Per Billing	\$	3.09
Times: Additional Billings		3,938
System Delivery Adjustment	\$	12,168

VI. DEPRECIATION

4 **Q: What level of depreciation did Petitioner propose as part of its revenue**
5 **requirement?**

6 A: Petitioner proposed a Phase 1 annual depreciation revenue requirement of
7 \$415,000, a Phase 2 annual depreciation revenue requirement of \$633,000, and a
8 Phase 3 annual depreciation revenue requirement of \$1,345,782.

9 **Q: Did Petitioner explain its proposal regarding the determination of its**
10 **depreciation revenue requirement?**

11 A: Yes. Petitioner explained it wanted to spread the rate increase evenly across three
12 phases and the Phase 1 and Phase 2 depreciation amounts were used as a plug to
13 that end. Petitioner stated that its intention is to build depreciation to full
14 depreciation amount by Phase 3 of \$1,345,782. At page 17 of his testimony,
15 Petitioner's witness Scott A. Miller states on page 17 of his direct testimony
16 explained that in order to achieve the phased in implementation of rates "we have

1 structured the proposed debt service and the allowance for annual replacements and
2 improvements to allow for a gradual increase in the additional annual requirement.”

3 **Q: Do you accept Petitioner’s premise that rates should be gradually increased to**
4 **the full amount?**

5 A: Yes. The OUCC accepts Petitioner’s proposal to phase in rates to lessen the impact
6 on its rate payers in Phases 1 and 2.

7 **Q: What depreciation expense recovery does the OUCC recommend?**

8 A: The OUCC recommends Petitioner’s annual depreciation revenue requirement be
9 set at \$963,146 in Phase 1, \$1,072,236 in Phase 2, and \$1,345,782 in Phase 3.
10 Because the OUCC accepts Petitioner’s stated goal to phase-in rates over three
11 phases and to limit the rate increases in each phase to approximately 15%, the
12 OUCC “plugged” the amount of depreciation to equal the Phase 1 and Phase 2 rate
13 increases proposed by Petitioner. Effectively, any adjustments the OUCC
14 recommends to Petitioner’s revenue requirements in Phases 1 and 2 are “added
15 back” to depreciation to equal the overall rate increase proposed by Petitioner in
16 Phases 1 and 2. In Phase 3, all revenue requirements are reflected as recommended
17 by the OUCC. Essentially, the OUCC’s adjustments to Petitioner’s revenue
18 requirement will not be reflected in rates until Phase 3.

VII. ACCOUNTING PRACTICES

19 **Q: What accounting issues did you discover during your review of Petitioner’s**
20 **books and records?**

21 A: I discovered issues with the way that costs are allocated between the water utility
22 and other Town of Chandler (“the Town”) departments. I discovered that Petitioner

1 does not charge other Town departments for their water consumption. I also
2 identified an issue with fuel purchases.

A. Allocation of Shared Costs

3 **Q: What is Petitioner's current practice for allocating common costs shared**
4 **among the water utility and other Town of Chandler departments.**

5 A: Currently, the Town employs multiple processes to record shared costs. In some
6 instances, the Town "rotates" which department will pay the full invoice. In these
7 instances, no allocation is made as the payment rotation is the allocation process.
8 For other invoices, the Town properly allocates the invoice to the departments
9 responsible for the cost.

10 **Q: Do you agree with the Town's use of a "rotation methodology?"**

11 A: No. This methodology does not necessarily allocate costs equitably because costs
12 vary from one invoice to the next. Further, this methodology leaves no audit trail,
13 nor does it easily allow review of the reasonableness of cost. Finally, the Town is
14 not consistently rotating the payment of these shared invoices.

15 **Q: What do you recommend regarding allocation of shared costs?**

16 A: I recommend Petitioner discontinue the use of a "rotation methodology" of shared
17 costs. All invoices for common costs should be allocated to the various Town
18 departments responsible for those costs. This practice will provide a better audit
19 trail than Petitioner's current practice and will provide support that all costs are
20 being equitably and consistently allocated amongst the various Town departments.

B. Fuel Purchases

1 **Q: Please explain the fuel purchase issue you identified.**

2 A: Petitioner purchases all the fuel used at the Town's garage, which is shared by
3 multiple Town departments. Petitioner then charges these departments for the fuel
4 used. This process places the burden on Petitioner to manage the Town's garage
5 and keep track of each department's fuel usage.

6 **Q: What do you recommend regarding fuel purchases?**

7 A: Petitioner's current practice of purchasing fuel used by the Town and then billing
8 other departments for their usage should be discontinued. Instead, I recommend
9 that the Town should purchase all fuel and bill each of the Town's departments for
10 their use each month.

C. Billing of Town Water Consumption

11 **Q: Does Petitioner bill all water consumption?**

12 A: No. In response to OUCC Discovery No. 3-1 (OUCC Attachment TWM-9),
13 Petitioner stated that the utility does not charge other Town departments for water
14 service and usage.

15 **Q: Why do you consider this an issue?**

16 A: Not billing all consumption creates lost revenue for Petitioner, which results in
17 higher rates for Petitioner's rate payers.

18 **Q: What do you recommend for billing of the Town's water consumption?**

19 A: I recommend Petitioner start metering and charging Town departments for their
20 water usage.

VIII. SYSTEM DEVELOPMENT CHARGE

1 **Q: Does Petitioner propose a change to its current system development charge**
 2 **(“SDC”)?**

3 A: Yes. Petitioner proposes to increase its current SDC of \$600 per equivalent
 4 dwelling unit to \$1,130 for a 5/8” to 3/4” meter size. Table 11 below details
 5 Petitioner’s proposal.

Table 11: Proposed SDC

Meter Size	SDC Charge	Equivalency Factor	SDC Amount
	Per EDU (1)		
5/8 to 3/4	\$1,130	1.0	\$ 1,130
1	1,130	2.5	2,825
1 1/2	1,130	5.0	5,650
2	1,130	8.0	9,040
3	1,130	15.0	16,950
4	1,130	25.0	28,250
6	1,130	50.0	56,500
8	1,130	80.0	90,400

6 **Q: How did Petitioner calculate its SDC?**

7 A: Petitioner used the equity buy-in method to calculate its SDC. Using updated net
 8 investment in plant, outstanding debt, and contributions in aid of construction;
 9 Petitioner calculated a Total Net Equity Investment of \$12,519,413 divided by the
 10 annual demand of 591.3 million gallons to calculate the equity investment of \$21.17
 11 per thousand gallons. The equity investment of \$21.17 per thousand gallons was
 12 then multiplied by the typical annual residential user demand of 53,400 gallons to
 13 compute the SDC amount of \$1,130 ($\$21.17 \times 53.4 = \$1,130$).

1 **Q: Has Petitioner used the Equity Buy-in Method previously?**

2 A: Yes. Petitioner used the Equity Buy-in Method in Causes Nos. 42856 and 45062.

3 **Q: Does the OUCC accept Petitioner's proposed SDC?**

4 A: Yes. While the OUCC also considers the capacity buy-in method to be appropriate,
5 it accepts Petitioner's use of the equity buy-in method and Petitioner's proposed
6 increase to its SDC.

7 **Q: Does the OUCC have recommendations regarding the use of SDC funds?**

8 A: Yes. The purpose of a system development charge is to raise funds to pay for future
9 expansion of a utility's system to serve growth. Petitioner should use funds
10 collected through the SDC on capacity related expenditures. Petitioner should not
11 use SDC funds on non-growth-related projects, such as line relocations.

IX. AFFORDABILITY

12 **Q: Should the affordability of Petitioner's rate request be considered?**

13 A: Yes. Through Indiana Code § 8-1-2-0.5, the Indiana General Assembly declared a
14 policy promoting investment in infrastructure and securing affordability of utility
15 services for present and future generations of Indiana citizens. This policy
16 advocates for preserving the affordability of utility services when utilities invest in
17 infrastructure necessary for system operation and maintenance. Further, the OUCC
18 has received eleven consumer comments, the majority of which deal with the
19 affordability of rates. Section 0.5 encourages the policy of balancing the need for
20 infrastructure investment with striving to reach and maintain affordability of water
21 service now and in the future. While typically focusing in its testimony on what
22 costs should or should not be included in a utility's revenue requirement, the OUCC

1 is sometimes quietly and sometimes explicitly considering the need for utilities to
2 gather resources to replace and expand infrastructure. Consistent with the meaning
3 and purpose of section 0.5², the OUCC balances the desire for lower and more
4 affordable rates for today's customers with the need for necessary infrastructure
5 and practices to preserve the life of assets and assure quality utility service.

X. RECOMMENDATIONS

6 **Q: Please summarize your recommendations to the Commission.**

7 A: I recommend the Commission approve a three-phase rate increase as described
8 above, to produce an overall rate increase of 46.14% to generate an additional
9 \$2,163,426 of operating revenue per year. I recommend the Commission order
10 Petitioner to follow procedures laid out previously in my testimony regarding
11 accounting practices for the purchase of fuel and payment of multi-department
12 invoices. I recommend the Commission approve an increase to Petitioner's System
13 Development Charge to \$1,130 per equivalent dwelling unit.

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

15 A: Yes.

² Sec. 0.5. The general assembly declares that it is the continuing policy of the state, in cooperation with local governments and other concerned public and private organizations, to use all practicable means and measures, including financial and technical assistance, in a manner calculated to create and maintain conditions under which utilities plan for and invest in infrastructure necessary for operation and maintenance while protecting the affordability of utility services for present and future generations of Indiana citizens. *As added by P.L.104-2016, SEC.1.*

APPENDIX A - QUALIFICATIONS

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.

AFFIRMATION

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

A handwritten signature in black ink, reading "Thomas W. Malan". The signature is fluid and cursive, with the first name "Thomas" and last name "Malan" clearly legible.

By: Thomas W. Malan, Utility Analyst
Cause No. 46124

Office of Utility Consumer Counselor (OUCC)

Date: December 18, 2024

The Town Of Chandler, Indiana
CAUSE NUMBER 46124

**Comparison of Petitioner's and OUCC's
Overall Revenue Requirement**

	<u>Per Petitioner</u>	<u>Per OUCC</u>	<u>Sch Ref</u>	<u>OUCC More (Less)</u>
Operating Expenses	\$ 2,991,163	\$ 2,808,344	4	\$ (182,819)
Taxes other than Income	57,198	57,198	4	-
Depreciation Expense	1,345,782	1,345,782	7	-
Debt Service	2,539,624	2,624,724	9	85,100
Debt Service Reserve	295,413	240,081	10	(55,332)
Total Revenue Requirements	7,229,180	7,076,129		(153,051)
Less Revenue Requirement Offsets:				
Interest Income	(133,800)	(133,800)	3	-
Other Income	(65,687)	(65,687)	3	-
Miscellaneous Revenues	-	(6,366)		(6,366)
Disconnection Service Charges	-	(17,515)		(17,515)
Net Revenue Requirement	7,029,693	6,852,761		(176,932)
Less: Revenues at current rates subject to increase	(4,575,927)	(4,689,335)	4	(113,408)
Recommended Increase	<u>\$ 2,453,766</u>	<u>\$ 2,163,426</u>		\$ (290,340)
Recommended Percentage Increase	<u>53.62%</u>	<u>46.14%</u>		-7.49%

<u>Current Rate for 4,000 Gallons</u>	<u>Proposed</u>		<u>OUCC More (Less)</u>
	<u>Petitioner</u>	<u>OUCC</u>	
Current Rate = \$34.10	\$ 52.39	\$ 49.83	\$ (2.55)

The Town Of Chandler, Indiana
CAUSE NUMBER 46124

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

	<u>Per Petitioner</u>	<u>Per OUCC</u>	<u>OUCC More (Less)</u>
Operating Revenues			
Water Sales			
Residential			
Rate Reduction	\$ (29,550)	\$ (29,550)	\$ -
Test Year Growth	31,254	31,254	-
Post-Test Year Growth	-	99,845	99,845
Commercial			
Test Year Growth	12,736	12,736	-
Rate Reduction	(11,177)	(11,177)	-
Industrial			
Rate Reduction	(70)	(70)	-
Fire Protection			
Public	(4,215)	(4,215)	-
Private	(143)	(143)	-
	<u>(1,165)</u>	<u>98,680</u>	<u>99,845</u>
Operating Expense			
Salaries & Wages - Employees	87,794	87,794	-
Employee Pensions & Benefits	95,603	95,603	-
Purchased Power	(12,352)	(12,352)	-
Materials and Supplies	(27,285)	(27,285)	-
Capital Expenditures	-	(25,000)	(25,000)
Contractual Services			
Engineering			
Hydraulic Model Analysis	-	(124,240)	(124,240)
Various Capital Projects	-	(16,737)	(16,737)
Accounting			
SBOA Audit Amortization	-	(6,656)	(6,656)
Receipt Tax Case	-	(6,135)	(6,135)
Non-Recurring Charges	-	(6,176)	(6,176)
Legal	-	(10,043)	(10,043)
Depreciation Expense	(895,013)	(895,013)	-
System Delivery	-	12,168	12,168
Total Operating Expenses	<u>(751,253)</u>	<u>(934,072)</u>	<u>12,168</u>
Net Operating Income	<u>\$ 750,088</u>	<u>\$ 1,032,752</u>	<u>\$ 87,677</u>

The Town Of Chandler, Indiana
CAUSE NUMBER 46124

Comparison of Petitioner's and OUCC's
Revenue Requirements (Phased In)

	Phase 1				Phase 2				Phase 3			
	Per Petitioner	Per OUCC	Sch Ref	OUCC More (Less)	Per Petitioner	Per OUCC	Sch Ref	OUCC More (Less)	Per Petitioner	Per OUCC	Sch Ref	OUCC More (Less)
Operating Expenses	\$ 2,991,163	\$ 2,808,344	4	\$ (182,819)	\$ 2,991,163	\$ 2,808,344	4	\$ (182,819)	\$ 2,991,163	\$ 2,808,344	4	\$ (182,819)
Taxes other than Income	57,198	57,198	4	-	57,198	57,198	4	-	57,198	57,198	4	-
Depreciation Expense	415,000	963,146	7	548,146	633,000	1,072,236	7	439,236	1,345,782	1,345,782	7	-
Debt Service	1,720,199	1,564,918	9	(155,281)	2,314,289	2,288,047	9	(26,242)	2,539,624	2,624,724	9	85,100
Debt Service Reserve	295,413	240,081	10	(55,332)	295,413	240,081	10	(55,332)	295,413	240,081	10	(55,332)
Total Revenue Requirements	5,478,973	5,633,687		154,714	6,291,063	6,465,906		174,843	7,229,180	7,076,129		(153,051)
Less Revenue Requirement Offsets:												
Interest Income	(133,800)	(133,800)	3	-	(133,800)	(133,800)	3	-	(133,800)	(133,800)	3	-
Other Income	(65,687)	(65,687)	3	-	(65,687)	(65,687)	3	-	(65,687)	(65,687)	3	-
Other non-operating Revenues	-	(6,366)		(6,366)	-	(6,366)		(6,366)	-	(6,366)		(6,366)
Disconnection Service Charges	-	(17,515)		(17,515)	-	(17,515)		(17,515)	-	(17,515)		(17,515)
Net Revenue Requirement	5,279,486	5,410,319		130,833	6,091,576	6,242,538		150,962	7,029,693	6,852,761		(176,932)
Less: Rev @ current rates subject to inc	(4,575,927)	(4,689,335)	4	(23,881)	(5,279,486)	(5,410,319)	4	(23,881)	(6,091,576)	(6,242,538)	4	(23,881)
Net Revenue Increase Required	703,559	720,984		106,952	812,090	832,219		127,081	938,117	610,223		(200,813)
Recommended Increase	\$ 703,559	\$ 720,984		\$ 106,952	\$ 812,090	\$ 832,219		\$ 127,081	\$ 938,117	\$ 610,223		\$ (200,813)
Recommended Percentage Increase	15.38%	15.38%		0.00%	15.38%	15.38%		0.00%	15.40%	9.78%		-5.63%

The Town Of Chandler, Indiana
CAUSE NUMBER 46124

COMPARATIVE BALANCE SHEET
As of December 31, 2023

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Utility Plant:			
Utility Plant in Service	\$ 42,568,927	\$ 39,130,656	\$ 45,448,803
Construction Work in Progress	9,447,198	8,975,238	
Less: Accumulated Depreciation	(13,308,047)	(12,413,034)	(11,534,547)
Net Utility Plant in Service	<u>38,708,078</u>	<u>35,692,860</u>	<u>33,914,256</u>
Current Assets:			
Cash and Cash Equivalents	1,531,070	2,304,231	2,937,186
Special Funds			
Depreciation	902	902	902
Bond and Interest	524,020	348,973	347,603
Debt Service Reserve	1,129,422	951,872	879,297
Customer Deposits	374,756	390,223	352,073
System Development Charge	237,496	684,998	463,258
Construction Fund	15,712,656		680,578
Cust. Accounts Rec.	36,108	36,108	36,108
Materials & Supplies Inventory	24,220	24,220	24,220
Total Current Assets	<u>19,570,650</u>	<u>4,741,527</u>	<u>5,721,225</u>
Deferred Debits			
Unamortized Debt Discount and Expense	231,530	269,976	308,422
Total Deferred Debits	<u>231,530</u>	<u>269,976</u>	<u>308,422</u>
Total Assets	<u>\$ 58,510,259</u>	<u>\$ 40,704,364</u>	<u>\$ 39,943,903</u>
<u>LIABILITIES</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Equity			
Retained Earnings	\$ 15,866,659	\$ 15,218,301	\$ 14,066,972
Total Equity	<u>15,866,659</u>	<u>15,218,301</u>	<u>14,066,972</u>
Contributions in Aid of Construction			
Contributions in Aid of Construction, net	11,119,928	10,933,478	10,711,718
Net Contributions-in-aid of Construction	<u>11,119,928</u>	<u>10,933,478</u>	<u>10,711,718</u>
Long-term Debt			
2010 Waterworks Revenue Bonds	2,762,000	2,794,000	2,830,000
2016 Waterworks Refunding Revenue Bonds	1,665,000	2,190,000	2,700,000
2019 Waterworks Revenue Bonds	9,075,212	9,179,757	9,284,535
2023 Waterworks Revenue Bonds	17,621,000		
Total Long-term Debt	<u>31,123,212</u>	<u>14,163,757</u>	<u>14,814,535</u>
Current Liabilities			
Customer Deposits	400,460	388,828	350,678
Total Current Liabilities	<u>400,460</u>	<u>388,828</u>	<u>350,678</u>
Total Liabilities	<u>\$ 58,510,259</u>	<u>\$ 40,704,364</u>	<u>\$ 39,943,903</u>

The Town Of Chandler, Indiana
CAUSE NUMBER 46124

COMPARATIVE INCOME STATEMENT
Twelve Months Ended December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating Revenues			
Water Sales			
Residential	3,008,505	2,969,434	2,894,879
Commercial	1,118,350	1,181,217	1,262,918
Industrial	7,100	7,148	7,955
Fire Protection			
Public	443,137	436,555	426,442
Private			
Interdepartmental	45,810	43,091	25,882
Late Payment Fees	13,563	13,563	12,089
Other Water Revenues	232,232	161,301	160,849
Total Operating Revenues	<u>4,868,697</u>	<u>4,812,309</u>	<u>4,791,014</u>
Operating Expenses			
Salaries & Wages - Employees	760,650	704,380	608,802
Salaries & Wages - Officers			11,922
Employee Pensions & Benefits	585,690	508,588	411,032
Purchased Power	227,747	201,041	175,597
Chemicals	98,938	61,225	48,378
Materials and Supplies	580,352	432,361	481,417
Contractual Services			
Engineering	209,938	63,129	28,893
Accounting	-	10,037	3,237
Legal	-	31,638	24,700
Other	62,395	19,154	50,397
Transportation Expense	100,253	100,965	81,302
Insurance - General Liability	16,229	11,499	8,387
Insurance - Other	48,211	42,469	38,018
Miscellaneous Expense	115,518	112,993	97,088
Total O&M Expense	<u>2,805,921</u>	<u>2,299,479</u>	<u>2,069,170</u>
Depreciation Expense	895,013	878,487	802,493
Taxes Other than Income			
Payroll Taxes	57,198	52,751	46,321
Utility Receipts Tax		36,926	
Other Taxes and Licenses			69,418
Total Operating Expenses	<u>3,758,132</u>	<u>3,267,643</u>	<u>2,987,402</u>
Net Operating Income	1,110,565	1,544,666	1,803,612
Other Income: (Expenses):			
Interest Income	110,802	23,291	2,236
Non-Utility Income	6,366	1,757	161,875
Non-Utility Expenses			(41,998)
Total Other Income (Expenses)	<u>117,168</u>	<u>25,048</u>	<u>122,113</u>
Interest Expense			
Interest Expense	540,929	379,939	393,000
Amortization of Debt Discount	38,446	38,446	38,446
amortization of Debt Premium	-	-	-
Total Other Income (Expense)	<u>579,375</u>	<u>418,385</u>	<u>431,446</u>
Net Income	<u>\$ 648,358</u>	<u>\$ 1,151,329</u>	<u>\$ 1,494,279</u>

The Town Of Chandler, Indiana
CAUSE NUMBER 46124

Pro Forma Net Operating Income Statement

Phase 1						
	Test Year Ended 31-Dec-23	Adjustments	Sch Ref	Pro Forma Present Rates	Adjustments	Pro Forma Phase 1 Rates
Operating Revenues						
Water Sales						
Residential	\$ 3,008,505	\$ 31,254	Pet	\$ 3,110,054	478,170	\$ 3,588,224
Rate Reduction		(29,550)	Pet			
Post-Test Year Growth		99,845	5-1			
Commercial	1,118,350	12,736	Pet	1,119,909	172,186	1,292,095
Rate Reduction		(11,177)	Pet			
Industrial	7,100			7,030	1,081	8,111
Rate Reduction		(70)	Pet			
Fire Protection						
Public	428,553	(4,215)	Pet	424,338	65,242	489,580
Private	14,584	(143)	Pet	14,441	2,220	16,661
Late Payment Fees	13,563			13,563	2,085	15,648
Total Operating Revenues	4,590,655	98,680		4,689,335	720,984	5,410,319
O&M Expense						
Salaries & Wages - Employees	760,650	87,794	Pet	848,444		848,444
Employee Pensions & Benefits	585,690	95,603	Pet	681,293		681,293
Purchased Power	227,662	(12,352)	Pet	215,310		215,310
Chemicals	98,938			98,938		98,938
Materials and Supplies	611,641	(27,285)	Pet	559,356		559,356
Capital Expenditures		(25,000)	6-1			
Contractual Services						
Engineering	192,701			51,724		51,724
Hydraulic Model Analysis		(124,240)	6-2			
Various Capital Projects		(16,737)	6-3			
Accounting	47,605			28,638		28,638
SBOA Audit Amort.		(6,656)	6-4			
Receipt Tax Case		(6,135)	6-5			
Non-Recurring Charges		(6,176)	6-6			
Legal	34,897	(10,043)	6-7	24,854		24,854
Management Fees	56,699			56,699		56,699
Testing	5,697			5,697		5,697
Other	663			663		663
Transportation Expense	100,253			100,253		100,253
Insurance - General Liability	16,229			16,229		16,229
Insurance - Other	48,211			48,211		48,211
Miscellaneous Expense	59,867			59,867		59,867
Depreciation Expense	895,013	(895,013)	Pet	-		-
System Delivery	-	12,168	6-8	12,168		12,168
Taxes Other than Income						
Payroll Taxes	57,198			57,198		57,198
Total Operating Expenses	3,799,614	(934,072)		2,865,542	-	2,865,542
Net Operating Income	\$ 791,041	\$ 1,032,752		\$ 1,823,793	\$ 720,984	\$ 2,544,777

The Town Of Chandler, Indiana
CAUSE NUMBER 46124

Pro Forma Net Operating Income Statement

	Phase 2				
	<i>Pro Forma</i> Phase 1 Rates	Adjustments	Sch Ref	<i>Pro Forma</i> Phase 1 Rates	<i>Pro Forma</i> Phase 2 Rates
Operating Revenues					
Water Sales					
Residential	\$ 3,588,224			\$ 3,588,224	552,072
Rate Reduction					\$ 4,140,296
Post-Test Year Growth					
Commercial	1,292,095			1,292,095	198,659
Rate Reduction					1,490,754
Industrial	8,111			8,111	1,247
Rate Reduction					9,358
Fire Protection					-
Public	489,580			489,580	75,273
Private	16,661			16,661	2,562
Late Payment Fees	15,648			15,648	2,406
Total Operating Revenues	5,410,319	-		5,410,319	832,219
O&M Expense					
Salaries & Wages - Employees	848,444			848,444	848,444
Employee Pensions & Benefits	681,293			681,293	681,293
Purchased Power	215,310			215,310	215,310
Chemicals	98,938			98,938	98,938
Materials and Supplies	559,356			559,356	559,356
Capital Expenditures					
Contractual Services					
Engineering	51,724			51,724	51,724
Hydraulic Model Analysis					
Various Capital Projects					
Accounting	28,638			28,638	28,638
SBOA Audit Amort.					
Receipt Tax Case					
Non-Recurring Charges					
Legal	24,854			24,854	24,854
Management Fees	56,699			56,699	56,699
Testing	5,697			5,697	5,697
Other	663			663	663
Transportation Expense	100,253			100,253	100,253
Insurance - General Liability	16,229			16,229	16,229
Insurance - Other	48,211			48,211	48,211
Miscellaneous Expense	59,867			59,867	59,867
Depreciation Expense	-	-		-	-
System Delivery	12,168			12,168	12,168
Taxes Other than Income					
Payroll Taxes	57,198			57,198	57,198
Total Operating Expenses	2,865,542	-		2,865,542	-
Net Operating Income	\$ 2,544,777	\$ -		\$ 2,544,777	\$ 832,219
					\$ 3,376,996

The Town Of Chandler, Indiana
CAUSE NUMBER 46124

Pro Forma Net Operating Income Statement

	Phase 3					
	<i>Pro Forma</i> Phase 2 Rates	Adjustments	Sch Ref	<i>Pro Forma</i> Phase 2 Rates	Adjustments	<i>Pro Forma</i> Phase 3 Rates
Operating Revenues						
Water Sales						
Residential	\$ 4,140,296			\$ 4,140,296	287,003	\$ 4,427,299
Rate Reduction						
Post-Test Year Growth						
Commercial	1,490,754			1,490,754	229,203	1,719,957
Rate Reduction						
Industrial	9,358			9,358	1,439	10,797
Rate Reduction						
Fire Protection					-	
Public	564,853			564,853	86,846	651,699
Private	19,223			19,223	2,956	22,179
Late Payment Fees	18,054			18,054	2,776	20,830
Total Operating Revenues	6,242,538	-		6,242,538	610,223	6,852,761
O&M Expense						
Salaries & Wages - Employees	848,444			848,444		848,444
Employee Pensions & Benefits	681,293			681,293		681,293
Purchased Power	215,310			215,310		215,310
Chemicals	98,938			98,938		98,938
Materials and Supplies	559,356			559,356		559,356
Capital Expenditures				-		
Contractual Services				-		
Engineering	51,724			51,724		51,724
Hydraulic Model Analysis				-		
Various Capital Projects				-		
Accounting	28,638			28,638		28,638
SBOA Audit Amort.				-		
Receipt Tax Case				-		
Non-Recurring Charges				-		
Legal	24,854			24,854		24,854
Management Fees	56,699			56,699		56,699
Testing	5,697			5,697		5,697
Other	663			663		663
Transportation Expense	100,253			100,253		100,253
Insurance - General Liability	16,229			16,229		16,229
Insurance - Other	48,211			48,211		48,211
Miscellaneous Expense	59,867			59,867		59,867
Depreciation Expense	-	-		-		-
System Delivery	12,168			12,168		12,168
Taxes Other than Income				-		
Payroll Taxes	57,198			57,198		57,198
Total Operating Expenses	2,865,542	-		2,865,542	-	2,865,542
Net Operating Income	\$ 3,376,996	\$ -		\$ 3,376,996	\$ 610,223	\$ 3,987,219

The Town Of Chandler, Indiana
CAUSE NUMBER 46124

OUCC Revenue Adjustments

(1)

Post-Test Year Residential Growth

To adjust test year revenue for post-test year residential growth.

Customer Count 9/30/2024	7,654	
Less: Customer Count 12/31/2023	<u>7,410</u>	
Customers added in adjustment period	244	
Times: 12 months	<u>12</u>	
Net Increase in Customer Billings		<u>2,928</u>
Price Per 1,000 gallons	\$ 6.12	
	<u>4</u>	
	\$ 24.48	
Meter Charge	6.00	
Fire Protection	<u>3.62</u>	
Bill for 4,000 gallons		<u>\$ 34.10</u>

Adjustment Increase (Decrease)

\$ 99,845

The Town Of Chandler, Indiana
CAUSE NUMBER 46124

OUCC Expense Adjustments

(1)

Materials and Supplies

Adjustment to remove test year material and supplies expense related to the Baker Road project, that should be capital
(Account 6101001451.000)

<u>Vendor Name</u>	<u>Check Date</u>	<u>Description</u>	<u>Amount</u>
Metzger Construction, Inc.*	1/2/2023	Baker Rd Repair	25,000.00
Adjustment Increase (Decrease)			<u>\$ (25,000)</u>

(2)

Engineering - Amortization

Adjustment to amortize engineering cost associated with the Hydraulic Model Analysis over a period of five (5) years.
(Account 6101001312.000)

<u>Vendor Name</u>	<u>Check Date</u>	<u>Description</u>	<u>Amount</u>
Beam, Longest & Neff, LLC.*	7/3/2023	Hydraulic Model Analysis	\$ 16,995
Beam, Longest & Neff, LLC.*	8/18/2023	Hydraulic Model Analysis	30,141
Beam, Longest & Neff, LLC.*	9/5/2023	Hydraulic Model Analysis	67,189
Beam, Longest & Neff, LLC.*	10/2/2023	Hydraulic Model Analysis	40,975
Total Project Cost			\$ 155,300
Yearly amount (based on a 5 year life)			\$ (31,060)
Adjustment Increase (Decrease)			<u>\$ (124,240)</u>

(3)

Engineering - Capital Projects

Adjustment to remove engineering cost associated with various capital projects (Account 6101001312.000)

<u>Vendor Name</u>	<u>Check Date</u>	<u>Description</u>	<u>Amount</u>
Beam, Longest & Neff, LLC.*	6/2/2023	Pro Serv 2/27 - 4/30/23	\$ 5,813
Beam, Longest & Neff, LLC.*	8/4/2023	Engineering Services	4,070
Beam, Longest & Neff, LLC.*	9/5/2023	Services	4,060
Beam, Longest & Neff, LLC.*	10/2/2023	Engineering Services	1,600
Beam, Longest & Neff, LLC.*	11/3/2023	Engineering services	1,194
			\$ 16,737
Adjustment Increase (Decrease)			<u>\$ (16,737)</u>

The Town Of Chandler, Indiana
CAUSE NUMBER 46124

OUCC Expense Adjustments

(4)

SBOA Audit

Adjustment to Amortize bi-annual State Board of Accounts invoice over 2 years (Account 6101001313.000)

<u>Vendor</u>	<u>Check Date</u>	<u>Description</u>	<u>Amount</u>
<u>Name</u>			
State of Indiana - SBOA*	6/16/2023	SBOA AUDIT/WAT	13,311.00
		Divided by the two year frequency	<u>2</u>

Adjustment Increase (Decrease) \$ (6,656)

(5)

Non-Recurring Accounting

Adjustment to remove contractual services accounting fees associated with Utilities Receipt tax removal (Account 6101001313.000)

<u>Vendor</u>	<u>Check Date</u>	<u>Description</u>	<u>Amount</u>
<u>Name</u>			
Baker Tilly Municipal Adv, LLC	2/3/2023	REVISED WATER RATES	\$6,135
			<u>\$6,135</u>

Adjustment Increase (Decrease) \$ (6,135)

(6)

30 day case expense

Adjustment to Amortize accounting rate case cost over 5 years (Account 6101001313.000)

<u>Vendor</u>	<u>Check Date</u>	<u>Description</u>	<u>Amount</u>
<u>Name</u>			
Baker Tilly Municipal	4/3/2023	NON- RECURRING CHARGES	7,720.00
		Yearly amount (based on a 5 year life)	<u>1,544.00</u>

Adjustment Increase (Decrease) \$ (6,176)

(7)

Legal Expenses

Adjustment to remove test year legal expenses that are capital, non-recurring, or related to rate case expense. (Account 6101001311.000)

<u>Vendor</u>	<u>Check Date</u>	<u>Description</u>	<u>Amount</u>
<u>Name</u>			
JACKSON KELLY PLLC*	12/1/2023	transmission main consultatic	3,712.00
JACKSON KELLY PLLC*	12/29/2023	Transmission Main Consultat	3,331.00
JACKSON KELLY PLLC*	10/13/2023	Legal Services	<u>3,000.00</u>
			10,043.00

Adjustment Increase (Decrease) \$ (10,043)

The Town Of Chandler, Indiana
CAUSE NUMBER 46124

OUCC Expense Adjustments

(8)

System Delivery Adjustment

To account for increased system delivery costs due to customer growth.

Purchased Power Exp	215,310	
Chemical Expense	<u>98,938</u>	
Total Variable Cost	\$ 314,248	
Gallons Sold	<u>591,834,700</u>	
Cost per 1,000 Gallons		\$ 0.53

Residential Cost per Bill

Cost per 1,000 gallons	\$ 0.53	
Average Consumption (000's Omitted)	<u>4.45</u>	
Variable Cost per Residential Bill	\$ 2.36	
Add: Postage	<u>0.73</u>	
Cost per Residential Bill		\$ 3.09
Increase in number of Post test year Bills	2,928	
Increase in test year billings	<u>1,010</u>	

	<u>3,938</u>	
Increased System Deliver Cost Test year	<u>\$ 12,168</u>	

Adjustment Increase (Decrease)

\$ 12,168

The Town Of Chandler, Indiana
CAUSE NUMBER 46124

OUC Depreciation Schedule

Not Applicable

**OUC accepts Petitioner's proposed
depreciation expense**

The Town Of Chandler, Indiana
CAUSE NUMBER 46124

Working Capital

Not Applicable

Petitioner did not request working capital.

The Town Of Chandler, Indiana
CAUSE NUMBER 46124

Debt Service

**Please see the testimony and workpapers of OUCC Witness Shawn
Dellinger for the explanation and calculation of Debt Service and Debt
Service Reserve**

The Town Of Chandler, Indiana
CAUSE NUMBER 46124

Debt Service Reserve

**Please see the testimony and workpapers of OUCC Witness Shawn
Dellinger for the explanation and calculation of Debt Service and Debt
Service Reserve**

The Town Of Chandler, Indiana
CAUSE NUMBER 46124

Current and Proposed Rates and Charges

			Phase 1		
		Current	Petitioner Proposed	OUCC Proposed	OUCC More (Less)
<u>A. Monthly Metered Rates (per 1,000 gallons)</u>					
First	20,000 gallons	\$ 6.12	\$ 7.06	\$ 7.06	\$ -
Next	180,000 gallons	5.72	6.60	6.60	-
Over	200,000 gallons	4.55	5.25	5.25	-
<u>B. Service Charge (per month)</u>					
	5/8 inch meter	\$ 6.00	\$ 6.92	\$ 6.92	\$ -
	3/4 inch meter	6.00	6.92	6.92	-
	1 inch meter	12.30	14.19	14.19	-
	1 1/2 inch meter	22.86	26.38	26.38	-
	2 inch meter	35.51	40.97	40.97	-
	3 inch meter	65.05	75.05	75.05	-
	4 inch meter	107.29	123.79	123.79	-
	6 inch meter	212.78	245.51	245.51	-
	8 inch meter	339.40	391.60	391.60	-
<u>C. Sale for Resale</u>					
	Flow Rate	\$ 3.19	\$ 3.68	\$ 3.68	\$ -
<u>D. Fire Protection Charges</u>					
Public Fire Protection Charges					
	5/8 inch meter	\$ 3.62	\$ 4.18	\$ 4.18	\$ -
	3/4 inch meter	3.62	4.18	4.18	-
	1 inch meter	9.04	10.43	10.43	-
	1 1/2 inch meter	8.38	9.67	9.67	-
	2 inch meter	28.91	33.36	33.36	-
	3 inch meter	54.20	62.54	62.54	-
	4 inch meter	90.33	104.22	104.22	-
	6 inch meter	180.67	208.46	208.46	-
Private Fire Protection Charges					
Private Hydrant					
		\$ 534.75	\$ 616.99	\$ 616.99	\$ -
Automatic Sprinklers					
	1 inch connection	\$ 14.86	\$ 17.15	\$ 17.15	\$ -
	1 1/4 inch connection	23.21	26.78	26.78	-
	1 1/2 inch connection	33.42	38.56	38.56	-
	2 inch connection	59.41	68.55	68.55	-
	3 inch connection	133.69	154.25	154.25	-
	4 inch connection	237.67	274.22	274.22	-
	6 inch connection	534.75	616.99	616.99	-
	8 inch connection	950.66	1,096.87	1,096.87	-

The Town Of Chandler, Indiana
CAUSE NUMBER 46124

Current and Proposed Rates and Charges

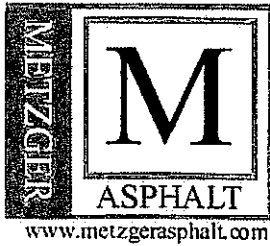
		Phase 2		
		Petitioner Proposed	OUCC Proposed	OUCC More (Less)
<u>A. Monthly Metered Rates (per 1,000 gallons)</u>				
First	20,000 gallons	\$ 8.15	\$ 8.15	\$ -
Next	180,000 gallons	7.62	7.62	-
Over	200,000 gallons	6.06	6.06	-
<u>B. Service Charge (per month)</u>				
	5/8 inch meter	\$ 7.98	\$ 7.98	\$ -
	3/4 inch meter	7.98	7.98	-
	1 inch meter	16.37	16.37	-
	1 1/2 inch meter	30.44	30.44	-
	2 inch meter	47.27	47.27	-
	3 inch meter	86.59	86.59	-
	4 inch meter	142.83	142.83	-
	6 inch meter	283.27	283.27	-
	8 inch meter	451.83	451.83	-
<u>C. Sale for Resale</u>				
	Flow Rate	\$ 4.25	\$ 4.25	\$ -
<u>D. Fire Protection Charges</u>				
Public Fire Protection Charges				
	5/8 inch meter	\$ 4.82	\$ 4.82	\$ -
	3/4 inch meter	4.82	4.82	-
	1 inch meter	12.03	12.03	-
	1 1/2 inch meter	11.16	11.16	-
	2 inch meter	38.49	38.49	-
	3 inch meter	72.16	72.16	-
	4 inch meter	120.25	120.25	-
	6 inch meter	240.52	240.52	-
Private Fire Protection Charges				
Private Hydrant		\$ 711.88	\$ 711.88	\$ -
Automatic Sprinklers				
	1 inch connection	\$ 19.79	\$ 19.79	\$ -
	1 1/4 inch connection	30.90	30.90	-
	1 1/2 inch connection	44.49	44.49	-
	2 inch connection	79.09	79.09	-
	3 inch connection	177.97	177.97	-
	4 inch connection	316.40	316.40	-
	6 inch connection	711.88	711.88	-
	8 inch connection	1,265.57	1,265.57	-

The Town Of Chandler, Indiana
CAUSE NUMBER 46124

Current and Proposed Rates and Charges

		Phase 3		
		Petitioner Proposed	OUCC Proposed	OUCC More (Less)
<u>A. Monthly Metered Rates (per 1,000 gallons)</u>				
First	20,000 gallons	\$ 9.41	\$ 8.95	\$ (0.46)
Next	180,000 gallons	8.79	8.36	(0.43)
Over	200,000 gallons	6.99	6.65	(0.34)
<u>B. Service Charge (per month)</u>				
	5/8 inch meter	\$ 9.21	\$ 8.76	\$ (0.45)
	3/4 inch meter	9.21	8.76	(0.45)
	1 inch meter	18.89	17.97	(0.92)
	1 1/2 inch meter	35.13	33.42	(1.71)
	2 inch meter	54.55	51.89	(2.66)
	3 inch meter	99.93	95.05	(4.88)
	4 inch meter	164.83	156.79	(8.04)
	6 inch meter	326.89	310.96	(15.93)
	8 inch meter	521.41	496.00	(25.41)
<u>C. Sale for Resale</u>				
	Flow Rate	\$ 4.90	\$ 4.67	\$ (0.23)
<u>D. Fire Protection Charges</u>				
Public Fire Protection Charges				
	5/8 inch meter	\$ 5.56	\$ 5.29	\$ (0.27)
	3/4 inch meter	5.56	5.29	(0.27)
	1 inch meter	13.88	13.21	(0.67)
	1 1/2 inch meter	12.88	12.25	(0.63)
	2 inch meter	44.42	42.25	(2.17)
	3 inch meter	83.27	79.21	(4.06)
	4 inch meter	138.77	132.00	(6.77)
	6 inch meter	277.56	264.03	(13.53)
Private Fire Protection Charges				
Private Hydrant		\$ 821.51	\$ 781.47	\$ (40.04)
Automatic Sprinklers				
	1 inch connection	\$ 22.84	\$ 21.72	\$ (1.12)
	1 1/4 inch connection	35.66	33.92	(1.74)
	1 1/2 inch connection	51.34	48.84	(2.50)
	2 inch connection	91.27	86.82	(4.45)
	3 inch connection	205.38	195.37	(10.01)
	4 inch connection	365.13	347.33	(17.80)
	6 inch connection	821.51	781.47	(40.04)
	8 inch connection	1,460.47	1,389.28	(71.19)

[illegible]



METZGER CONSTRUCTION CO., INC.

655 N. Center Rd.
Boonville, IN 47601

P 812.925.7544
F 812.925.7545

INVOICE

Invoice Number: **15088**

Invoice Date: Dec 9, 2022

Due Date: Jan 8, 2023

Customer ID: CHANSTRE

CF

6610100 1456.000
13,572.70 - 1456.000
12,116.70
12,116.70 - 1456.000
10,660.70

Page: 1

Bill To:

Town of Chandler
401 E Lincoln Ave
Chandler, IN 47610

Job Description or Location:

Baker Rd
from 125' S RR Tracks S 975'

Customer PO	Job Completion Date	Via	Payment Terms
	12/6/22	N/A	Net 30 Days

Quantity	Unit	Description	Unit Price	Amount
145.86	GAL	Tack Coat	3.25	474.05
1.00	LS	Transitional Milling	350.00	350.00
36.79	TON	Wedge & Level	95.00	3,495.05
109.44	TON	Full Depth Patch	188.00	20,574.72
197.40	TON	Surface	95.00	18,753.00
79.48	TON	Compacted Shoulder Stone	56.00	4,450.88
1.00	EACH	Thermoplastic RR Track Marking	475.00	475.00

Subtotal	48,572.70
Sales Tax on Materials	
Total Invoice Amount	48,572.70
Payment/Credit Applied	
TOTAL	48,572.70

Check/Credit Memo No:



W/ENGINEERING

1312.000

INVOICE

J.W.

8320 CRAIG STREET | INDIANAPOLIS, IN 46250

317.849.5832 | f: 317.841.4280 | 800.382.5206 | WWW.B-L-N.COM

A TRADITION OF EXCELLENCE SINCE 1945

Chandler, Town of
101 Constitution Court
Chandler, IN 47610

Invoice number 75216
Date 09/08/2023

Project 230025 CHANDLER, TOWN OF -
HYDRAULIC MODEL ANALYSIS

Professional Services from July 31, 2023 through August 27, 2023

Hydraulic Model Analysis

Description	Contract Amount	Percent Complete	Total Billed	Prior Billed	Current Billed
HYDRAULIC MODEL ANALYSIS	155,300.00	100.00	155,300.00	114,325.00	40,975.00
Total	155,300.00	100.00	155,300.00	114,325.00	40,975.00

Invoice total 40,975.00

319

BLN
BEAM · LONGEST · NEFF

INVOICE

8320 CRAIG STREET | INDIANAPOLIS, IN 46250
317.849.5832 | f: 317.841.4280 | 800.382.5206 | WWW.B-L-N.COM

A TRADITION OF EXCELLENCE SINCE 1945

CT

6101001312.000

Chandler, Town of
101 Constitution Court
Chandler, IN 47610

Invoice number ✓ 74580
Date ✓ 07/10/2023

W
Engineering

Project 230025 CHANDLER, TOWN OF -
HYDRAULIC MODEL ANALYSIS

Professional Services from May 29, 2023 through June 30, 2023

Hydraulic Model Analysis

Description	Contract Amount	Percent Complete	Total Billed	Prior Billed	Current Billed
HYDRAULIC MODEL ANALYSIS	155,300.00	30.35	47,136.00	16,995.00	30,141.00
Total	155,300.00	30.35	47,136.00	16,995.00	30,141.00

Invoice total 30,141.00 ✓



INVOICE

8320 CRAIG STREET | INDIANAPOLIS, IN 46250
317.849.5832 | f: 317.841.4280 | 800.382.5206 | WWW.B-L-N.COM

A TRADITION OF EXCELLENCE SINCE 1945

Chandler, Town of
101 Constitution Court
Chandler, IN 47610

Invoice number 74758
Date 08/10/2023

Project 230025 CHANDLER, TOWN OF -
HYDRAULIC MODEL ANALYSIS

Professional Services from July 01, 2023 through July 30, 2023

Hydraulic Model Analysis

Description	Contract Amount	Percent Complete	Total Billed	Prior Billed	Current Billed
HYDRAULIC MODEL ANALYSIS	155,300.00	73.62	114,325.00	47,136.00	67,189.00
Total	155,300.00	73.62	114,325.00	47,136.00	67,189.00

Invoice total **67,189.00**



Handwritten initials: BLN

INVOICE

8320 CRAIG STREET | INDIANAPOLIS, IN 46250
317.849.5832 | f: 317.841.4280 | 800.382.5206 | WWW.B-L-N.COM

A TRADITION OF EXCELLENCE SINCE 1945

Chandler, Town of
101 Constitution Court
Chandler, IN 47610

Handwritten: W/ ENGINEERING 6101001312.000

Invoice number 75443
Date 10/10/2023

Project 230025 CHANDLER, TOWN OF -
HYDRAULIC MODEL ANALYSIS

Professional Services from August 28, 2023 through September 24, 2023

Hydraulic Model Analysis

Description	Contract Amount	Percent Complete	Total Billed	Prior Billed	Current Billed
HYDRAULIC MODEL ANALYSIS	155,300.00	100.00	155,300.00	155,300.00	0.00
Total	155,300.00	100.00	155,300.00	155,300.00	0.00

LABOR

Medium Zone Tank Analysis - Additional Hourly

	Units	Rate	Billed Amount
Project Manager			
Brian Mundy	13.50	245.00	3,307.50
Engineer Intern			
Carl Frey	24.60	130.00	3,198.00
Labor subtotal	38.10		6,505.50
Invoice subtotal			6,505.50
Credit for Overage Billed of \$5.50			-5.50
Invoice total			6,500.00



INVOICE

8320 CRAIG STREET | INDIANAPOLIS, IN 46250
317.849.5832 | f: 317.841.4280 | 800.382.5206 | WWW.B-L-N.COM

A TRADITION OF EXCELLENCE SINCE 1945

Chandler, Town of
101 Constitution Court
Chandler, IN 47610

610100/312.000

Invoice number 73868
Date 05/10/2023

Project 170045 CHANDLER, TOWN OF - AS
NEEDED ENGINEERING SERVICES

W
Engineering
CX

Professional Services from February 27, 2023 through April 30, 2023

As Needed Engineering Services
Drinking Water Services

LABOR

Oak Grove Water Extension

	Units	Rate	Billed Amount
Project Manager			
Brian Mundy	8.50	240.00	2,040.00
Engineer Intern			
Caroline Jankowski	0.40	130.00	52.00
Land Surveyor			
Dustin Ballard	6.00	195.00	1,170.00
Survey Technician			
Jonathan Ross	17.00	145.00	2,465.00
Labor subtotal	31.90		5,727.00

REIMBURSABLES

Oak Grove Water Extension

Job Site Expense			Billed Amount
			85.65
Invoice total			5,812.65



INVOICE

8320 CRAIG STREET | INDIANAPOLIS, IN 46250
317.849.5832 | f: 317.841.4280 | 800.382.5206 | WWW.B-L-N.COM

A TRADITION OF EXCELLENCE SINCE 1945

6101001312.000

W
Engineering

Chandler, Town of
101 Constitution Court
Chandler, IN 47610

Invoice number 74513
Date 07/10/2023

Project **170045 CHANDLER, TOWN OF - AS
NEEDED ENGINEERING SERVICES**

Professional Services from May 29, 2023 through June 30, 2023

As Needed Engineering Services
Drinking Water Services

LABOR

Oak Grove Water Extension

	Units	Rate	Billed Amount
Project Manager			
Brian Mundy	1.50	240.00	360.00
Engineer Intern			
Caroline Jankowski	5.40	130.00	702.00
	17.00	130.00	2,210.00
CAD Technician			
Olga Vegvary	0.60	130.00	78.00

Upgrade 2,000' of Water Main on Libbert Road

	Units	Rate	Billed Amount
Project Manager			
Brian Mundy	3.00	240.00	720.00
Labor subtotal	27.50		4,070.00

Invoice total **4,070.00**



INVOICE

8320 CRAIG STREET | INDIANAPOLIS, IN 46250
317.849.5832 | f: 317.841.4280 | 800.382.5206 | WWW.B-L-N.COM

A TRADITION OF EXCELLENCE SINCE 1945

6X

Chandler, Town of
101 Constitution Court
Chandler, IN 47610

W/ENGINEERING
610100 1312.00

Invoice number 74915 ✓
Date 08/10/2023 ✓

Project 170045 CHANDLER, TOWN OF - AS
NEEDED ENGINEERING SERVICES

Professional Services from July 01, 2023 through July 30, 2023

As Needed Engineering Services
Drinking Water Services

LABOR

Oak Grove Water Extension

	Units	Rate	Billed Amount
Department Manager			
James Kaufman Jr.	1.00	315.00	315.00
Project Manager			
Brian Mundy	1.00	245.00	245.00
Engineer Intern			
Caroline Jankowski	7.00	130.00	910.00

Upgrade 2,000' of Water Main on Libbert Road

	Units	Rate	Billed Amount
Project Manager			
Brian Mundy	3.00	245.00	735.00

SuperCutz Waterline Easements

	Units	Rate	Billed Amount
Project Manager			
Brian Mundy	7.50	245.00	1,837.50

Labor subtotal 19.50 4,042.50

REIMBURSABLES

SuperCutz Waterline Easements

	Billed Amount
Job Site Expense	17.90

invoice total 4,060.40



W/ENGINEERING
1312.000

INVOICE

8320 CRAIG STREET | INDIANAPOLIS, IN 46250
317.849.5832 | f: 317.841.4280 | 800.392.5206 | WWW.B-L-N.COM

A TRADITION OF EXCELLENCE SINCE 1945

Chandler, Town of
101 Constitution Court
Chandler, IN 47610

Invoice number 75233
Date 09/08/2023

Project **170045 CHANDLER, TOWN OF - AS
NEEDED ENGINEERING SERVICES**

Professional Services from July 31, 2023 through August 27, 2023

As Needed Engineering Services
Drinking Water Services

LABOR

Oak Grove Water Extension

Engineer Intern

Caroline Jankowski

Units	Rate	Billed Amount
1.00	130.00	130.00

Upgrade 2,000' of Water Main on Libbert Road

Project Manager

Brian Mundy

Units	Rate	Billed Amount
2.00	245.00	490.00

SR 261 Water Main Relocation

Project Manager

Brian Mundy

Units	Rate	Billed Amount
4.00	245.00	980.00

Labor subtotal 7.00 1,600.00

Invoice total 1,600.00

HLW



INVOICE

8320 CRAIG STREET | INDIANAPOLIS, IN 46250
317.849.5832 | f: 317.841.4280 | 800.382.5206 | WWW.B-L-N.COM

A TRADITION OF EXCELLENCE SINCE 1945

Chandler, Town of
101 Constitution Court
Chandler, IN 47610

*W/ ENGINEERING
66101001312.00*

Invoice number 75401
Date 10/10/2023

Project 170045 CHANDLER, TOWN OF - AS
NEEDED ENGINEERING SERVICES

Professional Services from August 28, 2023 through September 24, 2023

As Needed Engineering Services
Drinking Water Services

LABOR

Oak Grove Water Extension

	Units	Rate	Billed Amount
Project Manager			
Brian Mundy	1.00	245.00	245.00
Engineer Intern			
Caroline Jankowski	7.30	130.00	949.00
Labor subtotal	8.30		1,194.00
Invoice total			1,194.00



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

May 31, 2023

CHANDLER-WATER UTILITY
401 E LINCOLN AVE
CHANDLER IN 47610

*Water Audit
MD
6601001313.000*

Unit ID: 87 002 01

ACCOUNT PAST DUE NOTICE

Dear Fiscal Officer:

This letter serves as a reminder that the following outstanding amounts remain due and owing to State Board of Accounts ("SBOA"):

Original Billing Date	Invoice No.	Amount Due	Audit Period
04/05/2023	50299	\$13,311.00	01/01/21 TO 12/31/22
TOTAL		\$13,311.00	

Please remit payment to SBOA within (30) days of the date of this notice. If payment is not received from you within 30 days from the date on this notice, SBOA is prepared to place your file with the Office of the Indiana General for collection.

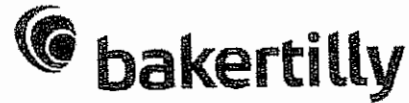
We urge your prompt attention to this matter. When corresponding with this Office, please contact Executive Assistance Juanita Hendricksen directly at (317) 232-2524, or by e-mail at JHendricksen@sboa.in.gov.

Sincerely,

Paul D. Joyce

Paul D. Joyce
State Examiner

Baker Tilly Municipal Advisors, LLC
8365 Keystone Crossing Suite 300
Indianapolis, IN 46240 • (317) 465-1500



Chandler Municipal Water Utility
c/o Mr. Brian Pace, Clerk-Treasurer
Ms. Misty Denk, Utility Administrator
Town Hall
401 East Lincoln Avenue
Chandler, IN 47610

bpace@townofchandler.org
misty@townofchandler.org

Invoice Date: January 6, 2023
Invoice Number: BTMA17767
Client Number: 156768

INVOICE

AMOUNT

Fees For professional services rendered in connection with the calculation of revised water rates and charges reflecting the elimination of Utility Receipts Tax and the associated 30-Day Filing before the IURC. The fees payable reflect 31.25 billable hours.	\$6,135.00
Fees Total:	\$6,135.00
Expenses Total:	\$0.00
Invoice Total:	\$6,135.00

*MD
WTR/Accounting*

For questions, comments or suggestions, please contact Scott Miller at (317) 465-1500.

Balance is payable upon receipt or previously agreed upon terms.

Please ACH or wire payment to: US Bank, Milwaukee, WI Routing No: 075000022 Account No: 182380578936 Reference #: BTMA17767	Or send payment to: Baker Tilly Municipal Advisors, LLC PO Box 957915 St. Louis, MO 63195-7915	Reference: Client Number: 156768 Invoice Number: BTMA17767 Amount Enclosed: \$ _____
--	--	--

Baker Tilly Municipal Advisors, LLC
8365 Keystone Crossing Suite 300
Indianapolis, IN 46240 • (317) 465-1500



Chandler Municipal Water Utility
c/o Mr. Brian Pace, Clerk-Treasurer
Ms. Misty Denk, Utility Administrator
401 East Lincoln Avenue
Chandler, IN 47610

bpace@townofchandler.org
misty@townofchandler.org

Invoice Date: March 17, 2023
Invoice Number: BTMA18816
Client Number: 156768

INVOICE

AMOUNT

Fees	
For professional services rendered in connection with the preparation of revised Water Utility non-recurring charges, filing of the requested changes with the Indiana Utility Regulatory Commission and other related matters.	\$7,720.00
Fees Total:	\$7,720.00
Expenses Total:	\$0.00
Invoice Total:	\$7,720.00

WTR - Accounting

*MD
non-recurring
charges*

For questions, comments or suggestions, please contact Scott Miller at (317) 465-1500.

Balance is payable upon receipt or previously agreed upon terms.

Please ACH or wire payment to: US Bank, Milwaukee, WI Routing No: 075000022 Account No: 182380578936 Reference #: BTMA18816	Or send payment to: Baker Tilly Municipal Advisors, LLC PO Box 957915 St. Louis, MO 63195-7915	Reference: Client Number: 156768 Invoice Number: BTMA18816 Amount Enclosed: \$ _____
--	--	--

JACKSONKELLY PLLC

Attorneys at Law

P. O. BOX 941
EVANSVILLE, INDIANA 47706-0941
TELEPHONE 812-422-5444 FAX 812-421-7459
EMPLOYER I.D. NO. 550394215

29680
Town of Chandler, Indiana

Page: 1
November 8, 2023
Invoice No. 1195983

W/LEGAL
1311.000

For Legal Services Rendered through October 31, 2023.

Matter 343
Chandler Transmission Main Consultation

<u>Date</u>	<u>Timekeeper</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
10/04/23	J. Claybourn	Review and analyze real estate purchase agreement; Correspond regarding the same.	1.20	240.00
10/05/23	J. Claybourn	Review and analyze Ziliak easement dispute; Telephone call regarding the same.	0.40	80.00
10/06/23	J. Claybourn	Negotiate and consider water tower land purchase; Analyze issues; Correspond regarding the same.	3.70	740.00
10/09/23	J. Claybourn	Analyze water tower issues and correspond regarding the same.	0.60	120.00
10/12/23	J. Claybourn	Analyze transmission line land issues; Confer with engineers and accountants	3.20	640.00
10/16/23	J. Claybourn	Analyze water tower issues and correspond regarding the same.	1.80	360.00
10/17/23	J. Claybourn	Finalize water tower property acquisition and correspond regarding the same	1.80	360.00
10/20/23	J. Claybourn	Review and analyze title and ALTA work for water tower project	2.70	540.00
10/23/23	J. Johnson	Review of purchase agreement for new water tower site.	1.50	255.00
10/27/23	J. Claybourn	Review and analyze Deaconess Hospital easement issues	0.90	180.00
10/31/23	J. Claybourn	Review and analyze Deaconess easement issues; Correspond with Maria Bulkley regarding the same.	0.90	180.00
10/31/23	J. Johnson	Review of Deaconess easement requests and email from Rob.	0.10	17.00
Total Hours			18.80	
Services				\$3,712.00

PAYMENT DUE December 8, 2023

JACKSONKELLY PLLC
Attorneys at Law

P. O. BOX 941

EVANSVILLE, INDIANA 47706-0941

TELEPHONE 812-422-9444 FAX 812-421-7459

EMPLOYER I.D. NO. 550394215

29680
Town of Chandler, Indiana

Page: 2
November 8, 2023
Invoice No. 1195983

Total This Matter

\$3,712.00

If you would prefer to have your invoices emailed or need to update your current email on file, please contact us at JK_Billing@jacksonkelly.com.

PAYMENT DUE December 8, 2023

JACKSONKELLY PLLC
Attorneys at Law

P. O. BOX 941
EVANSVILLE, INDIANA 47706-0941
TELEPHONE 812-422-9444 FAX 812-421-7459
EMPLOYER I.D. NO. 550394215

Page: 2
December 6, 2023
Invoice No. 1197881

29680
Town of Chandler, Indiana

Total This Matter

\$3,331.00

If you would prefer to have your invoices emailed or need to update your current email on file, please contact us at JK_Billing@jacksonkelly.com.

IDENTIFIED AS TRANSMISSION MAIN CONSULTATION

PAYMENT DUE January 5, 2024

¹⁴⁰¹
JACKSONKELLY PLLC
Attorneys at Law
P. O. BOX 941
EVANSVILLE, INDIANA 47706-0941
TELEPHONE 812-422-9444 FAX 812-421-7459
EMPLOYER I.D. NO. 550394215

29680
Town of Chandler, Indiana

W/LEGAL - 3,000 ✓
610100 1311.000
S/LEGAL - 4,188.50 ✓
620100 1311.000

Page: 1
September 28, 2023 ✓
Invoice No. 1193219 ✓

For Legal Services Rendered through August 31, 2023.

Matter 369
Water Utility BAN and Rate Case

<u>Date</u>	<u>Timekeeper</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
07/31/23	M. Imbrogno	Phone call with G. Bernaciak regarding <u>BAN</u> structure and related documents.	0.50	100.00
08/01/23	G. Bernaciak	E-mail to Attorney Claybourn and Town's financial advisor regarding scheduling of reimbursement resolution and authorizing ordinance for <u>BANS</u> .	0.40	68.00
08/01/23	G. Bernaciak	Prepare initial version of reimbursement resolution and circulate to Attorney Claybourn and the Town financial advisor.	0.80	136.00
08/01/23	G. Bernaciak	Research Indiana Code references for issuing tax-exempt bonds.	1.20	204.00
08/01/23	J. Claybourn	Revise bond ordinance	1.20	240.00
08/01/23	M. Imbrogno	Reviewing draft reimbursement resolution and providing comments to same.	0.20	40.00
08/02/23	G. Bernaciak	Review applicable Indiana Code citations with respect to the issuance of bond anticipation notes and permanent debt.	1.00	170.00
08/02/23	J. Claybourn	Analyze <u>BAN</u> and bond strategy; Revise resolution; Correspond regarding the same.	2.70	540.00
08/02/23	M. Finucane	Discussion with G. Bernaciak regarding tax exempt bonds; obtain relevant statutes from the Indiana Code in connection with reimbursement bonds; organize and assemble electronic files of legal research for review	1.80	315.00
08/03/23	G. Bernaciak	Circulate revised version of the reimbursement resolution.	0.30	51.00
08/03/23	J. Claybourn	Draft changes to <u>BAN</u> documents; Analyze issues	1.10	220.00
08/04/23	G. Bernaciak	Conference call with working group.	0.50	85.00
08/04/23	J. Claybourn	Analyze <u>BAN</u> and bond issuance issues;	2.50	500.00

PAYMENT DUE October 28, 2023

JACKSONKELLY PLLC
Attorneys at Law
P. O. BOX 941
EVANSVILLE, INDIANA 47706-0941
TELEPHONE 812-422-9444 FAX 812-421-7459
EMPLOYER I.D. NO. 550394215

Page: 2
September 28, 2023
Invoice No. 1193219

29680
Town of Chandler, Indiana

08/07/23	G. Bernaciak	Telephone call regarding the same. Review applicable Indiana Code citations with respect to the issuance of bond anticipation notes and permanent debt.	1.00	170.00
08/07/23	J. Claybourn	Draft rate case documents; Analyze issues	3.20	640.00
08/09/23	G. Bernaciak	Prepare initial version of ordinance authorizing issuance of the 2024 BANS.	1.10	187.00
08/09/23	J. Claybourn	Analyze and draft bond ordinance.	2.50	500.00
08/09/23	M. Finucane	Obtain relevant statutes from the Indiana Code in connection with reimbursement bonds; organize and assemble electronic files of legal research for review	0.30	52.50
08/10/23	G. Bernaciak	Prepare initial version of ordinance authorizing issuance of the <u>2024 BANS</u> .	1.30	221.00
08/10/23	M. Finucane	Obtain relevant statutes from the Indiana Code in connection with reimbursement bonds; organize and assemble electronic files of legal research for review	0.40	70.00
08/11/23	G. Bernaciak	Prepare initial version of ordinance authorizing issuance of the <u>2024 BANS</u> and circulate to Attorney Claybourn and Town financial advisor.	2.00	340.00
08/11/23	J. Claybourn	Review <u>BAN</u> authorizing ordinance; Analyze issues.	1.80	360.00
08/11/23	M. Imbrogno	Phone call with G. Bernaciak regarding transaction documents.	0.20	40.00
08/14/23	J. Claybourn	Review and analyze rate case true-up; Correspond with Scott Miller regarding the same.	2.20	440.00
08/17/23	G. Bernaciak	E-mail to Attorney Claybourn and the Town financial advisor regarding completion of reimbursement resolution.	0.30	51.00
08/17/23	J. Claybourn	Revise <u>BAN</u> ordinance	1.10	220.00
08/18/23	G. Bernaciak	Update reimbursement resolution pursuant to comments from the Town financial advisor.	0.40	68.00
08/18/23	J. Claybourn	Revise <u>BAN</u> ordinance and analyze related issues.	0.90	180.00
08/21/23	J. Claybourn	Finalize and prepare reimbursement ordinance	0.90	180.00

PAYMENT DUE October 28, 2023

JACKSONKELLY PLLC
Attorneys at Law

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EVANSVILLE, INDIANA 47706-0941
TELEPHONE 812-422-9444 FAX 812-421-7459
EMPLOYER I.D. NO. 550394215

Page: 3
September 28, 2023
Invoice No. 1193219

29680
Town of Chandler, Indiana

08/23/23	J. Claybourn	Review and revise finance documents; Analyze <u>transmission line issues.</u>	1.20	240.00
08/30/23	J. Claybourn	Draft rate case testimony and outline litigation strategy.	2.80	560.00
		Total Hours	37.80	
		Services		\$7,188.50
		Total This Matter		\$7,188.50 ✓

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contact us at JK_Billing@jacksonkelly.com.

PAYMENT DUE October 28, 2023

Q-3-1: Does the utility charge other town departments for water usage (parks department, sewer department, etc.)? Please explain.

A-3-1: No, the utility does not charge other departments for water service and usage.