ORIGINAL

Commissioner	Yes	No	Not Participating
Huston	√		
Freeman	√		
Krevda	√		
Ziegner	√		

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF ST. ANTHONY WATER UTILITIES INC. FOR A NEW SCHEDULE OF RATES AND CHARGES FOR WATER SERVICE.	)	**CAUSE NO. 45671 U**
	)	**APPROVED: JUL 27 2022**

ORDER OF THE COMMISSION

Presiding Officers:
Sarah E. Freeman, Commissioner
Carol Sparks Drake, Senior Administrative Law Judge

On January 24, 2022, St. Anthony Water Utilities, Inc. ("St. Anthony" or "Applicant") filed a Small Utility Rate Application ("Application") with the Indiana Utility Regulatory Commission ("Commission") under Ind. Code § 8-1-2-61.5 and 170 IAC 14-1. On June 21, 2022, Applicant filed proof that its required notice of the Application was published on February 2, 2022.

On February 16, 2022, the Commission's Water and Wastewater Division issued a Memorandum finding the Application was complete.

On April 25, 2022, as required by 170 IAC 14-1-4(a), the Indiana Office of Utility Consumer Counselor ("OUCC") filed a report on the Application through the testimony of Thomas W. Malan and Shawn Dellinger, each of whom is a Utility Analyst in the OUCC's Water/Wastewater Division, and Carl N. Seals, Assistant Director in the OUCC's Water/Wastewater Division.

On June 8, 2022, St. Anthony filed the rebuttal testimony of Douglas L. Baldessari, a Certified Public Accountant and Partner with Baker Tilly Municipal Advisors, LLC.

Under Ind. Code § 8-1-2-61.5, a formal public hearing is not required in rate cases involving small utilities with fewer than 8,000 customers unless a hearing is requested by at least 10 customers, a public or municipal corporation, or the OUCC. The Commission received a hearing request from the Town of Birdseye ("Birdseye") dated February 27, 2022, but Birdseye subsequently rescinded that request via a letter dated May 25, 2022. The Commission received no additional request for a hearing and, accordingly, no hearing was held.

Based on applicable law and the evidence presented, the Commission finds as follows:

1. <u>Commission Jurisdiction and Notice</u>. St. Anthony is a public utility as defined in Ind. Code § 8-1-2-1(a) and qualifies for treatment as a small utility under Ind. Code § 8-1-2-61.5. The Commission has authority under Ind. Code § 8-1-2-125 to approve St. Anthony's rates and charges. St. Anthony published legal notice of filing this small utility rate case as required by 170 IAC 14-1-2(b); therefore, we find notice of this Cause was given and published as required by law. The Commission also finds the Application satisfies the requirements of Ind. Code § 8-1-2-61.5 and 170 14-1. Accordingly, the Commission has jurisdiction over St. Anthony and the subject matter of this proceeding and may issue an Order in this Cause based upon the information filed as provided by 170 IAC 14-1-6.

2. <u>Applicant's Characteristics</u>. St. Anthony is an Indiana not-for-profit corporation providing water utility service to approximately 715 customers in Dubois County, Indiana. Applicant's infrastructure includes the utility's office and a utility garage located in the Town of St. Anthony, and Applicant's service infrastructure includes three connections to its supplier, Patoka Lake Regional Water and Sewer District ("Patoka Lake Water"), approximately 56 miles of asbestos-cement and polyvinyl chloride mains from two to eight inches in diameter, a former booster station now used for collecting distribution samples, and two storage tanks. St. Anthony also maintains connections to the City of Huntingburg, Birdseye, and Dubois Water Utilities, Inc. for emergencies. Relying on one elevated storage tank and one standpipe located on its system, St. Anthony has a total storage capacity of 275,000 gallons.

3. <u>Existing Rates and Relief Requested</u>. The Commission approved St. Anthony's current rates and charges over 30 years ago on October 18, 1991, in Cause No. 39193. In the Application, St. Anthony requests authority to increase its water rates across-the-board approximately 58.12% to produce an additional $194,143 of operating revenue. St. Anthony also requests authority to borrow $290,000 in long-term debt, primarily to fund proposed capital improvements.

4. <u>Test Period</u>. Applicant's test period for determining revenues and expenses reasonably incurred in providing water utility services is the 12 months ending December 31, 2020. With adjustments for changes that are fixed, known, and measurable, the Commission finds this test period is sufficiently representative of St. Anthony's normal operations to provide reliable data for ratemaking purposes.

5. <u>OUCC Report</u>. In response to the Application, the OUCC calculated a 50.63% rate increase is appropriate, producing an annual revenue increase of $171,132, which is $23,011 less than St. Anthony originally proposed.

OUCC witness Malan testified the principal drivers for this rate increase are increased operating expenses and requested extensions and replacements ("E&R"). In explaining the differences between St. Anthony's overall proposed revenue requirement and the OUCC's, Mr. Malan testified the OUCC's pro forma operating revenues reflect higher revenues at current rates because of the OUCC's recommended post-test year customer growth adjustments. He stated Applicant did not include an adjustment to recognize post-test year customer growth, but based on Mr. Malan's analysis, St. Anthony had added three residential customers and three commercial customers as of December 2021; therefore, he recommended a post-test year residential customer growth adjustment of $1,135 and a post-test year commercial customer growth adjustment of $2,876.

Mr. Malan reviewed Applicant's adjustments proposed to test year operating revenues. These included a revenue normalization adjustment that increased operating revenues by $2,176; an increase of $21,051 to account for Birdseye being charged a contract minimum of 500,000 gallons per month, and a decrease of $10,614 to account for a reimbursement from Cottage Estates. Mr. Malan stated he accepted St. Anthony's adjustments to operating revenues.

With respect to operating expenses, Mr. Malan testified St. Anthony proposes pro forma operating expense of $438,253. This is an increase of $54,358 over test year operating expense of

$383,895. He noted the operating expense adjustments St. Anthony proposes include: (1) a $7,543 increase to salaries and wages; (2) a $2,242 increase to payroll taxes; (3 a $12,008 increase to adjust for increased purchased water costs; (4) a $244 increase to purchased power; (5) a $28,733 increase to periodic maintenance expense; (6) a $538 increase to insurance; and (7) a $3,050 increase to audit expense. Mr. Malan accepted Applicant's operating expense adjustments, but he recommended the following additional operating expense adjustments: (1) a $7,545 decrease to materials and supplies and (2) a $935 decrease to miscellaneous expenses. The recommended decrease to materials and supplies was attributable to his removal of certain non-recurring expenses and an out-of-period expense for floor covering installed in the maintenance building along with non-recurring expenses incurred for replacing shop lighting and purchasing an additional wholesale water meter from Patoka Lake Water. Mr. Malan's recommended decrease in miscellaneous expenses included the donation portion ($160) of a $200 payment to St. Anthony Street Light Committee and Christmas appreciation gifts for employees that Mr. Malan testified are not necessary to provide safe, reliable drinking water.

Mr. Malan recommended the Commission approve an across-the-board rate increase of 50.63% to generate an additional $171,132 of annual operating revenue.

Mr. Dellinger testified regarding St. Anthony's proposed annual debt service revenue requirement of $36,650 and $7,330 per year debt service reserve revenue requirement. He recommended no debt service reserve revenue requirement be approved at this time and $33,490 be approved for Applicant's debt service revenue requirement. Mr. Dellinger stated it is unusual for a local bank to require a debt service reserve fund, so he recommended this revenue requirement be removed because it is unlikely it will be required. Mr. Dellinger, however, testified that if a debt service reserve is required, he is amenable to this being included in his recommended true-up and rates reflecting this cost at that time.

Mr. Dellinger also recommended the Commission approve $265,000 of debt authority because he took issue with Petitioner's issuance cost. Per Mr. Dellinger, St. Anthony seeks to obtain a $290,000 loan from a local bank and indicates the cost of issuance is $45,000; therefore, approximately 15.5% of the total to be borrowed is for fees, i.e., $35,000 for Baker Tilly Municipal Advisors, LLC ("Baker Tilly") fees for advising Applicant upon the bank loan and $10,000 for counsel. Mr. Dellinger opined this is excessive for a local bank loan. He proposed these fees be limited to $20,000 total, subject to true-up. With this adjustment, he stated the total cost of issuance changes to $90,000 or a reduction of $25,000.

Mr. Dellinger stated St. Anthony's proposed loan interest rate of 4.5% is certainly not an aggressive interest rate, but he questioned whether, since interest rates have significantly increased since St. Anthony filed the Application, Applicant will be able to borrow at 4.5%. Per Mr. Dellinger, a rate of 5.50% to 5.75% may be more appropriate to consider. He also testified the 10-year term of St. Anthony's proposed loan is acceptable, but he encouraged St. Anthony to explore changing to a 15 or 20-year amortization period, if available, as the expected life of the associated assets is greater than 10 years.

Additionally, Mr. Dellinger recommended Applicant be required to true-up its proposed annual debt service once the interest rate and borrowed balance on its proposed debt are known so St. Anthony's rates reflect the actual cost of the debt. Accordingly, he recommended the Commission require St. Anthony to file a true-up report within 30 days of closing on its long-term debt issuance explaining the terms of the new loan, including: (1) the interest rate(s); (2) the amount borrowed; (3)

the lender; (4) the amount of debt service reserve, if any, required, and (5) an itemized account of all issuance costs, including issuance costs actually incurred to that date. Mr. Dellinger asked that bid tabulations for the financed projects also be provided at the time of this filing or at a later date, as available, for each of the projects financed. Mr. Dellinger requested the OUCC have at least 14 days after service of the true-up to challenge St. Anthony's proposed true-up and recommended St. Anthony then have 14 days to file a response to the OUCC's filing, after which the Commission should resolve any issue through the process it deems appropriate. Mr. Dellinger further recommended that if both St. Anthony and the OUCC state in writing that the increase or decrease indicated by the report need not occur because it is immaterial, the true-up need not be implemented.

Mr. Dellinger also recommended any financing authority the Commission grants that St. Anthony does not use expire as of two years from the date of this Order. Mr. Dellinger stated this is longer than the OUCC typically recommends for this expiration to allow Applicant to utilize its discretion if bids are higher than expected and to enable St. Anthony to pause to allow supply chain bottlenecks and contractor availability to ease and possibly reduce project costs. In addition, Mr. Dellinger requested that if a debt service reserve is ultimately necessary, these funds be placed in a restricted account, with St. Anthony ordered to notify the Commission and the OUCC in writing within five business days if funds are spent or withdrawn from its debt service reserves for any reason other than to make the last payment on its current or proposed debt issuances and to explain in this notification why such funds were withdrawn, provide the text from applicable loan documents that allows St. Anthony to spend or withdraw funds from its debt service reserve, and describe how St. Anthony plans to replenish its debt service reserve, as well as describing any cost-cutting Applicant has implemented to preclude again spending debt service reserve funds.

OUCC witness Seals reviewed St. Anthony's proposed capital improvement projects, its revenue requirement for E&R, and Applicant's request to recover periodic maintenance expenses. He also discussed water loss generally and testified that since 2016, St. Anthony's water loss values have ranged from 5.6% to 12.5%. Per Mr. Seals, while this is generally an acceptable range for water loss, the trend line shows an increase, but he is not currently concerned with St. Anthony's water loss level.

Mr. Seals testified that in the Application, St. Anthony requested $115,000 for its annual E&R revenue requirement. He provided Table 2 showing the types of projects and expenditures Applicant proposed, and he recommended the Commission approve St. Anthony's requested E&R revenue requirement. Mr. Seals stated it is also reasonable and appropriate for St. Anthony to incur expenses to perform periodic maintenance as such maintenance helps utility facilities operate properly and realize their expected service life. Mr. Seals stated that as with Applicant's E&R expenses, support for St. Anthony's periodic maintenance expenses was included in the Preliminary Engineering Report that Midwest Engineers prepared. He recommended the Commission approve St. Anthony's periodic maintenance adjustment of $23,788, but he also recommended the tank maintenance funds be placed in a restricted account to assure they are available when needed for future tank maintenance.

6. <u>St. Anthony's Rebuttal Filing</u>. Doug Baldessari, a Certified Public Accountant and Partner with Baker Tilly, provided notice on St. Anthony's behalf on May 9, 2022, that Applicant would be filing a response to the OUCC's filings. In the notice, Mr. Baldessari stated St. Anthony is generally in agreement with the OUCC's filings but is proposing additional adjustments related to eliminating Birdseye's revenues and purchased water expenses as a result of Birdseye requesting to purchase its water directly from Patoka Lake Water rather than continuing to purchase from Applicant.

On June 8, 2022, St. Anthony filed Mr. Baldessari's rebuttal testimony. He testified that overall, Applicant does not take issue with Mr. Malan's recommendations except for a few items. He also testified that while St. Anthony disagrees with items Mr. Dellinger recommended related to the proposed financing, St. Anthony understands the overall debt service and debt service reserve requirements are subject to true-up and will, therefore, be based on the actual financing Applicant incurs.

With respect to Mr. Dellinger's recommendation that St. Anthony explore longer loan amortization periods of 15 or 20 years, Mr. Baldessari testified St. Anthony considered longer amortization periods, but its Board decided to stay with the 10-year amortization for this loan. He stated that, in addition, banks do not normally offer loans of more than 10 years without making the interest rate variable instead of a fixed interest rate through maturity. Mr. Baldessari testified St. Anthony also considered a loan through the State Revolving Loan Program, but the Board determined the requirements and costs were too extensive for this size loan.

Mr. Baldessari also reviewed the adjustment to revenues for St. Anthony's water tracker. He stated the tracker increased by $0.34 per 1,000 gallons to a new overall tracking factor of $1.57 to account for increased rates charged by Patoka Lake Water. Per Mr. Baldessari, the Commission approved this increased tracker under the 30-day filing process on June 2, 2021, and it generates approximately $12,316 in revenue for St. Anthony. Birdseye has, however, informed St. Anthony it wants to disconnect from St. Anthony's system and prospectively, exclusively purchase water from Patoka Lake Water. Mr. Baldessari testified the adjustment St. Anthony now proposes in rebuttal to its annual revenues will eliminate the test year revenue from Birdseye when calculating Applicant's proposed rate increase. He stated St. Anthony also realized that with Birdseye coming off its system, Applicant will realize a reduction in its purchased water expenses from Patoka Lake Water. St. Anthony's current contract with Patoka Lake Water imposes a minimum of 120,000 gallons per day that St. Anthony will fall below when Birdseye is no longer on its system, but he stated it appears Patoka Lake Water is willing to amend the contract with St. Anthony to lower St. Anthony's minimum purchase, with approval of this new contract anticipated when Patoka Lake Water's Board meets on June 13, 2022. As a result, Mr. Baldessari testified St. Anthony is proposing to reduce its operation and maintenance expense by $5,258 to account for the decrease in its purchased water expenses. On June 21, 2022, St. Anthony filed a copy of the contract modification Applicant and Patoka Lake Water executed on June 13, 2022. Under this modification, St. Anthony's minimum daily purchase is reduced to 100,000 gallons.

Mr. Baldessari testified that overall, the OUCC recommended an across-the-board rate increase of 50.63%. With the changes to revenue and expenses proposed in his rebuttal testimony due to Birdseye prospectively purchasing its water directly from Patoka Lake Water, he stated Applicant now calculates an overall across-the-board increase of 53.03% or an additional 2.40%.

7. <u>Commission Discussion and Findings</u>.

A. Applicant's Borrowing Authority. Under Ind. Code §§ 8-1-2-76 through -81 and Ind. Code § 8-1-4-1, the Commission has authority to approve a public utility's proposal to issue bonds, notes, or other evidence of indebtedness payable more than one year from their execution. Consistent with 170 IAC 14-1-1, St. Anthony requested such financing authority in its Application. St. Anthony proposes to secure a long-term loan not to exceed $290,000, but because OUCC witness

Dellinger reduced Applicant's issuance costs by $25,000, he recommended the Commission authorize debt of $265,000. Mr. Dellinger anticipates the interest rate will be higher than the 4.5% St. Anthony included. He testified an interest rate of 5.50% to 5.75% may be more appropriate to consider, but he accepted St. Anthony's proposal for a 4.5% interest rate, with the understanding it is likely this rate will have increased at the time of the true-up when actual interest rates are known. The OUCC proposed that Applicant's financing authority expire two years from the date of this Order, and in rebuttal, St. Anthony did not take issue with such expiration or the true-up filing Mr. Dellinger proposed within 30 days of St. Anthony closing on its long-term debt and the related process. The Commission directs St. Anthony to file the true-up report Mr. Dellinger proposed under this Cause within 30 days of closing on its long-term debt issuance and include the information Mr. Dellinger listed in his testimony, with the OUCC afforded 14 business days after service of this report to file concerns and St. Anthony then afforded the same time period to file a response.

Based on the evidence, including Mr. Baldessari's rebuttal testimony, the Commission finds St. Anthony should be authorized to borrow up to $290,000 in long-term debt over ten years as opposed to reducing Applicant's financing authority by $25,000; however, St. Anthony is directed to attempt to reduce its issuance costs, particularly the advising fees and counsel's fees associated with the loan as Mr. Dellinger recommended. The Commission is not persuaded that any benefit from reducing St. Anthony's long-term borrowing authority, given the dollars at issue, offsets the potential adverse impact upon St. Anthony's ability to close and proceed with the improvements and projects the OUCC agrees are needed should St. Anthony be unable to achieve the recommended fee reductions. In so finding, the Commission notes the overall debt service and debt service reserve requirements will be subject to true-up. The Commission also declines to prescribe a 4.5% interest rate for this approved borrowing. As Mr. Dellinger recognized, interest rates have significantly increased since St. Anthony filed this matter. The 4.5% interest rate Applicant originally proposed may no longer be available. In the current climate of increasing interest rates, the OUCC's range of 5.50% to 5.75% seems more probable; consequently, we decline, given the limited amount this small utility proposes to borrow via a local bank, the ongoing interest rate increases, and the true-up to approve any particular interest rate.

The Commission further finds the foregoing borrowing authority, if not used by St. Anthony, shall expire two years from the date this Order is approved. In approving Applicant's proposed loan, the Commission also finds that if a debt service reserve is ultimately required, St. Anthony shall place these funds in a restricted account, with St. Anthony ordered to notify the Commission and the OUCC in writing, under this Cause, within five calendar days of spending or withdrawing any funds from this restricted account for other than the last payment on its current or proposed loan, at which time St. Anthony shall explain in said notice why such funds were withdrawn, provide the text from its loan documents that affords Applicant the latitude of withdrawing such funds from its debt service reserve, and describe St. Anthony's plan for replenishing its restricted debt service reserve, along with any related cost-cutting Applicant has implemented to preclude again spending debt service reserve funds for other than the last payment on its debt.

B. Applicant's Rate Increase. Under Ind. Code § 8-1-2-125, rates for a not-for-profit utility are calculated by first determining the amount of the adjusted net operating expenses based on the utility's current rates. The adjusted amounts are based on known recurring expenses, updated to include changes that are fixed, known, and measurable, and expected to occur within 12 months of the end of the test year. Under this statute, a reasonable and just charge for St. Anthony's water service is a charge that will produce sufficient revenue to pay all legal and other necessary expense incident to the operation of Applicant's utility system, including the following:

> (1) Maintenance and repair costs.
> (2) Operating charges.
> (3) Interest charges on bonds or other obligations
> (4) Provision for a sinking fund for the liquidation of bonds or other evidences of indebtedness.
> (5) Provision for a debt service reserve for bonds or other obligations in an amount not to exceed the maximum annual debt service on the bonds or obligations.
> (6) Provision of adequate funds to be used as working capital.
> (7) Provision for making extensions and replacements.
> (8) The payment of any taxes that may be assessed against the not-for-profit.

Ind. Code § 8-1-2-125(d). In addition, Ind. Code § 8-1-2-125(d) provides:

> The charges must produce an income sufficient to maintain the not-for-profit utility's property in sound physical and financial condition to render adequate and efficient service. A rate too low to meet these requirements is unlawful.

In its rebuttal, St. Anthony accepted the OUCC's adjustments while also presenting an additional revenue adjustment as a result of Birdseye wanting to prospectively purchase water exclusively from Patoka Lake Water and terminate its contract with St. Anthony. This change prompted St. Anthony to remove approximately $7,679 from test year revenues and $5,257.52 of costs that St. Anthony will avoid with Birdseye no longer purchasing its water from Applicant as a wholesale customer. The Commission is mindful that Birdseye withdrew its request for a field hearing in a letter dated May 25, 2022, because St. Anthony, along with Patoka Lake Water, worked with Birdseye to terminate its contract with St. Anthony. With this contractual change, Mr. Baldessari testified the OUCC's recommended 50.63% rate increase is an overall increase of 53.03% or an additional 2.4%.

The revenue requirements are compared below from St. Anthony's Application, the OUCC's proposal, and St. Anthony's rebuttal proposal with Birdseye no longer purchasing wholesale water from Applicant.

	Applicant	OUCC	Rebuttal
Operating Expenses	$393,047	$384,567	$379,309
Extensions and Replacements	115,000	115,000	115,000
Debt Service	36,650	33,490	33,490
Debt Service Reserve	7,330	-	-
Total Revenue Requirements	552,027	533,057	527,799
Less: Interest Income	(5,394)	(5,394)	(5,394)
Net Revenue Requirements	546,633	527,663	522,405
Less: Revenues at current rates subject to increase	(334,021)	(338,032)	(329,281)
Other revenues at current rates	(18,717)	(18,717)	(18,717)
Net Revenue Increase Required	193,895	170,914	174,407
Add: Additional IURC Fees	248	218	218
Recommended Increase	$194,143	$171,132	$174,625
Recommended Percentage Increase	58.12%	50.63%	53.03%

As shown above, in its rebuttal, St. Anthony followed Mr. Dellinger's recommendation that Applicant's debt service reserve revenue requirement of $7,330 be removed, but if Applicant's lender requires debt service reserve, Mr. Dellinger supported including this in Applicant's true-up and rates reflecting this cost at that time. The Commission finds, given St. Anthony's proposed revenue requirements in its rebuttal and the identified amount of this reserve, if required, this approach is reasonable under the circumstances presented, but a greater amount at issue might merit an alternative approach.

Mr. Seals identified the types of E&R projects St. Anthony is considering and the associated costs. He opined that based on the information he was provided, each of the identified projects is reasonable and will enhance St. Anthony's ability to serve its customers effectively and efficiently. Mr. Seals recommended the Commission approve St. Anthony's requested $115,000 E&R revenue requirement. He testified it is also reasonable for St. Anthony to incur periodic maintenance expenses, noting cost support was provided for these expenses. Based on the tank inspection reports the OUCC received in discovery, he stated Applicant's tanks were in generally good condition at the time of their October 2019 inspection. Mr. Seals recommended the Commission approve St. Anthony's periodic maintenance adjustment of $23,788 but also, "to promote its continued good practice," recommended the tank maintenance funds be placed in a restricted account to assure their availability when needed. Public's Exhibit 3 at p. 7. Since it has been more than 30 years since St. Anthony was last before the Commission for a rate increase, and its tanks were in good condition when last inspected, the Commission finds the proposed restricted account for Applicant's maintenance dollars was not shown to be necessary. The Commission, nonetheless, encourages St. Anthony to regularly set aside funds so these are available, as needed, for tank maintenance in the future and to also take the actions needed to assure its water loss does not continue to increase and remains within an acceptable range.

Based on the evidence presented and consistent with the Commission's findings above, St. Anthony is authorized to increase its rates and charges by 53.03% to generate additional revenue of $174,625, subject to potentially increasing up to an additional $7,330 or such lesser amount as Applicant's lender requires for debt service reserve on the authorized long-term borrowing and to further true-up as authorized above if Applicant's long-term debt interest rate exceeds 4.5%, up to a maximum interest rate of 5.75%.

8. **Effect on Rates.** A residential customer using 5,000 gallons per month will experience an increase from $ 44.05 to approximately $ 67.41.

9. **Alternative Regulatory Program ("ARP").** If St. Anthony elects to participate in the Small Utility ARP in accordance with the procedures approved in Cause No. 44203, the eligible operating expenses to which the Annual Cost Index will be applied are $249,389. E&R of $115,000 are also eligible expenses to which the Annual Cost Index will be applied.

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. St. Anthony is authorized to increase its rates and charges by 53.03% to generate additional revenues of $174,625, subject to the true-up approved in Finding No. 7.B. above upon closing upon its authorized long-term debt

2. St. Anthony is authorized to issue long-term debt not to exceed $290,000 as approved above in Finding No. 7.A and shall file a report on such financing within 30 days of closing under this Cause with the OUCC and Applicant thereafter afforded the opportunity to timely respond to such filing consistent with Finding No. 7.A.

3. The financing authority approved in this Order, to the extent not utilized, shall expire two years from the date this Order is approved.

4. St. Anthony shall place all amounts Applicant collects for debt service reserve in a restricted account to be used only for the last payment upon its debt issuances, with notice to be timely filed with the Commission consistent with Finding No. 7.A. if funds are withdrawn from this account for other than the last payment on Applicant's debt issuances.

5. Prior to implementing the rates and charges authorized in this Order, St. Anthony shall file new rate schedules under this Cause for approval by the Commission's Water and Wastewater Division. Such rates shall be effective on and after the Order date, subject to the Division's review and agreement with the amounts reflected.

6. If rate changes are appropriate as a result of the true-up report and process authorized after closing upon Applicant's new long-term debt, prior to implementing such changes St. Anthony shall again file new rate schedules under this Cause for the Water and Wastewater Division's review and agreement with the amount(s) reflected before implementing such changes; provided, that if St. Anthony and the OUCC state in writing that the increase or decrease indicated by such report need not occur because it is immaterial, the true-up need not be implemented.

7. This Order shall be effective on and after the date of its approval.

<u>HUSTON, FREEMAN, KREVDA, AND ZIEGNER CONCUR</u>:

APPROVED: JUL 27 2022

I hereby certify that the above is a true and correct copy of the Order as approved.

Dana Kosco Digitally signed by Dana Kosco Date: 2022.07.27 10:23:20 -04'00'

Dana Kosco
Secretary of the Commission