


IURC
PETITIONER'S 17
EXHIBIT NO. _____
6-23-23
DATE REPORTER 

Petitioner's Exhibit 17

OFFICIAL
EXHIBITS

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF
THE CITY OF MARION, INDIANA, FOR
APPROVAL TO ISSUE BONDS AND ADJUST
ITS RATES AND CHARGES

CAUSE NO. 45838

JOINT STIPULATION AND SETTLEMENT AGREEMENT

This Joint Stipulation and Settlement Agreement (“Settlement Agreement”) is entered into this 8th day of June, 2023, by and between the City of Marion, Indiana (“Marion”), and the Indiana Office of Utility Consumer Counselor (“OUCC”), who stipulate and agree for purposes of settling all matters in this Cause that the terms and conditions set forth below represent a fair and reasonable resolution of all issues in this Cause, subject to their incorporation in a final Order of the Indiana Utility Regulatory Commission (“Commission”) without modification or the addition of further conditions that may be unacceptable to either party. If the Commission does not approve the Settlement Agreement in its entirety and incorporate the conclusions herein in its final Order, the entire Settlement Agreement shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by Marion and the OUCC (“Settling Parties”).

Terms and Conditions of Settlement Agreement

1. **Requested Relief.** On January 10, 2023, Marion initiated this Cause by filing its Petition requesting authority to adjust its rates and charges for water service and issue bonds to fund capital improvements to its water system.
2. **Prefiled Evidence of Parties.** In support of its Petition, Marion filed the Prefiled Testimony and Exhibits of John Charles (Chuck) Binkerd, Patrick R. Pinkerton, P.E., Jennifer Z. Wilson, C.P.A., and Andrew Burnham on January 10, 2023. On June 9, 2023, the OUCC prefiled

the Settlement Testimony and Exhibits of Shawn Dellinger and Thomas W. Malan, and Marion filed the Settlement Testimony and Exhibits of John Charles ("Chuck") Binkerd.

3. **Settlement.** Through analysis, discussion, and negotiation, as aided by their respective technical staff and experts, the Settling Parties agree on the terms and conditions as described herein that resolve all issues between them in this Cause. Attached to the Settlement Agreement as Exhibit A are accounting schedules ("Schedules") that reflect the agreed upon revenue requirement, the proposed rates and charges, and an estimated amortization schedule for Marion's outstanding and proposed indebtedness.

4. **Revenue Requirement, Rates, and Charges.** The Settling Parties agree that Marion should, subject to the terms and conditions set forth herein, be authorized to increase its rates and charges for water service to reflect an overall pro forma net revenue requirement of \$6,368,819, which yields an annual increase of \$2,454,760, or 62.72% over Marion's current revenues at existing rates.

5. **Five-Phase Rate Increase.** The rate increase will be implemented in five phases. The amount and timing of the phases shall be as follows: (i) the first phase in the amount of 16.89% (or \$661,176) shall occur upon issuance of a Commission Order approving the Settlement Agreement (ii) the second phase in the amount of 10.37% (or \$474,545) will be implemented on January 1, 2025; (iii) the third phase in the anticipated amount of 9.28% (or \$468,494) will be implemented on January 1, 2026; (iv) the fourth phase in the anticipated amount of 8.51% (or \$469,595) will be implemented on January 1, 2027; and (v) the fifth phase in the anticipated amount of 6.36% (or \$380,950) will be implemented on January 1, 2028.

6. **Financing Terms.** The Settling Parties agree that Marion should have its requested debt authority of \$14,200,000 as proposed by Marion subject to the following terms and conditions:

a. Marion may issue its debt in two (2) phases with the first phase anticipated to be closed in 2023 ("2023 Bonds") and the second phase anticipated to be closed in 2025 ("2025 Bonds").

b. Until closing on the 2023 Bonds and upon implementation of the Phase 1 rate increase, Marion shall set aside an amount each month that is equal to the monthly portion of its debt service revenue requirement for the applicable phase. If the 2023 Bonds are issued within 120 days of the implementation of Phase 1 rates, Marion may apply the funds collected for utility purposes as it sees fit. If the 2023 Bonds are not issued within 120 days of the implementation of Phase 1 rates, Marion shall apply the total amount set aside until closing to reduce the amount of borrowing or to fund a portion of the debt service reserve for the 2023 Bonds.

c. Until closing on the 2025 Bonds and upon implementation of the Phase 3 rate increase, each month Marion shall set aside an amount equal to the monthly portion of its debt service revenue requirement for the 2025 Bonds for the applicable phase. If the 2025 Bonds are issued within 90 days of the implementation of Phase 3 rates, Marion may apply the funds collected for utility purposes in its discretion. If the 2025 Bonds are not issued within 90 days of the implementation of Phase 3 rates, Marion shall apply the total amount set aside until closing to reduce the amount of borrowing or to fund a portion of the debt service reserve for the 2025 Bonds.

d. If Marion requires the funding of a debt service reserve as an annual revenue requirement, Marion shall do so from the amount currently allowed for the debt service revenue

requirement. Marion shall notify the OUCC once it has fully funded its debt service reserve. In lieu of any requirement to amend its tariff to remove that portion of its revenue requirement from rates, Marion shall reallocate that portion of its revenue requirement to perform extensions and replacements.

e. Marion shall file a report within thirty (30) days of closing on the 2023 and 2025 Bonds describing the terms of the respective Bonds, the buyer of the Bonds, the par amount of the Bonds, the amount required for the debt service reserve, bid tabulations for any projects for which these are available at the time of the true-up, and an itemized account of all issuance costs (such as bond counsel and financial advisory fees), including issuance costs actually incurred to that date. The report should include a revised tariff, amortization schedule, and calculation of the rate impact in a manner consistent with the schedules attached hereto. All funds secured for lead service line subsidizations, if any, shall be included in this true-up report. The OUCC shall have no less than twenty-one (21) days after service of the true-up to challenge Marion's proposed true-up. Marion should similarly have twenty-one (21) days to file a response to the OUCC. Thereafter, the Commission should resolve any issue raised through a process it deems appropriate. Any true-up report should state the time frames for objections or responses. If both parties agree that the increase or decrease indicated by the report need not occur because the increase or decrease would be immaterial, or for any other reason, then Marion will not need to true-up its rates.

f. Marion expects to complete its requested borrowing in late 2025. Any financing authority authorized in this Cause not used by Marion should expire at the end of 2026 (allowing approximately one additional year beyond the anticipated issuance date).

g. Subject to section 6(c) of this settlement agreement, the parties agree that Marion will not true-up rates to increase the revenue requirement beyond that which is contemplated in

the settlement schedules for Phase 5. Petitioner will endeavor to obtain annual debt service payments or a combination of annual debt service payments and annual funding of the debt service reserve (if not funded by the bond issue) as near to those indicated on the settlement schedule for debt service revenue requirements as reasonably possible. In no case, may Petitioner enter into a borrowing that would result in higher total payments over the life of the bonds than is contemplated in the settlement schedules.

7. **Storage Tank Painting and Maintenance.** The parties agree Marion's annual pro forma Storage Tank Painting and Periodic Maintenance revenue requirement shall be \$100,000, which shall be placed in a restricted account to be used only to fund storage tank painting, tank maintenance, and other periodic maintenance items.

8. **Leak Detection Survey.** The Settling Parties agree Marion shall perform a leak detection study, which shall commence within 18 months of the final order in this Cause and which shall be completed no later than when Marion files a petition in its next rate case. The Settling Parties agree and acknowledge that Petitioner's agreed rates and revenue requirement includes \$20,000 per annum based on an assumed leak detection study expense of up to \$100,000. The Settling Parties agree that in addition to the \$100,000 for periodic maintenance, Marion shall hold the \$20,000 per annum in a restricted account provided such funds may only be used only for performing the leak detection study. After completion and payment of a leak detection study, Marion may reallocate and use the funds collected each year to perform storage tank painting and tank maintenance.

9. **Rate Case Expense.** The Settling Parties agree that Marion's rate case expense shall be \$250,000 and amortized over a four-year period. Phase 5 rates and charges reflect the removal the annual amortization amount from its collected rates.

10. Operational Terms.

a. Marion's Revenue Requirement includes an amount for extensions and replacements. Beginning with the Year End 2024 IURC Annual Report and then annually until its next rate case or five years after the issuance of the Final Order in this case, whichever shall first occur, Marion shall submit with its IURC Annual Report an extensions and replacements reconciliation that includes project descriptions and an explanation if its actual expense for extensions and replacements is less than the amount(s) included for extensions and replacements as part of this Settlement Agreement.

b. Beginning with the Year End 2024 IURC Annual Report and annually until its next rate case, Marion shall submit with its IURC Annual Report a report showing the percentage of unaccounted for water, the year-over-year change to the unaccounted water percentage, and the measures being taken to address and lessen the percentage of unaccounted water.

c. Within nine (9) months of the final order in this Cause, Marion shall install meters and meter all municipal departments receiving water to determine the amount of water used by each department. Thereafter, and within two years of the final order in this Cause, Marion shall complete a water audit using the AWWA free water audit software (V6.0 now available). Marion shall provide a copy of the water audit to the OUCC.

11. Filing of Tariff. The Settling Parties agree that Marion may expeditiously file a new tariff after issuance of a Commission Order in this Cause approving an adjustment to Marion's rates that is consistent with Settlement Agreement (and attached schedules).

12. Admissibility and Sufficiency of Evidence. The Settling Parties hereby stipulate that the prefiled testimony and exhibits of Marion and the OUCC should be admitted into the record without objection or cross examination by either party. The Settling Parties agree that such

evidence constitutes substantial evidence sufficient to support the Settlement Agreement and provides an adequate evidentiary basis upon which the Commission can make all findings of fact and conclusions of law necessary for the approval of this Settlement Agreement as filed.

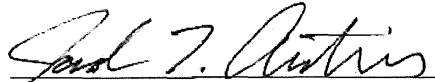
13. **Non-Precedential Effect of Settlement.** The Settling Parties agree that the facts in this Cause are unique and all issues presented are fact specific. Therefore, the Settlement Agreement shall not constitute nor be cited as precedent by any person or deemed an admission by any party in any other proceeding except as necessary to enforce its terms before the Commission or any court of competent jurisdiction. This Settlement Agreement is solely the result of compromise in the settlement process and, except as provided herein, is without prejudice to and shall not constitute a waiver of any position that either party may take with respect to any issue in any future regulatory or other legal proceeding.

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

15. **Approval of Settlement Agreement in its Entirety.** As a condition of this settlement, the Settling Parties specifically agree that if the Commission does not approve this Settlement Agreement in its entirety and incorporate it into the Final Order as provided above, the entire Settlement Agreement shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by the Settling Parties. The Settling Parties further agree that if the Commission does not issue a Final Order in the form that reflects the Agreement described herein, the matter should proceed to be heard by the Commission as if no settlement had been reached unless otherwise agreed by the Settling Parties in a writing that is filed with the Commission.

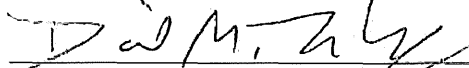
16. Proposed Order. The Settling Parties agree to cooperate in the preparation, presentation, and issuance by the Commission of a proposed order.

CITY OF MARION, INDIANA



J. Christopher Janak, Atty. No. 18499-49
Jacob T. Antrim, Atty. No. 36762-49
BOSE MCKINNEY & EVANS LLP
111 Monument Circle, Suite 2700
Indianapolis, IN 46204
Phone: (317) 684-5000
Fax: (317) 684-5173

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



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

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EXHIBIT A

Schedule 16 Phase Rate Plan

| Customer Charge, Monthly | Phase I | Phase II | Phase III | Phase IV | Phase V |
|--------------------------|---------|----------|-----------|----------|---------|
| Meter Size | | | | | |
| 5/8" | \$4.13 | \$4.61 | \$5.08 | \$5.56 | \$5.96 |
| 3/4" | \$4.13 | \$4.61 | \$5.08 | \$5.56 | \$5.96 |
| 1" | \$4.13 | \$4.61 | \$5.08 | \$5.56 | \$5.96 |
| 1 1/2" | \$4.13 | \$4.61 | \$5.08 | \$5.56 | \$5.96 |
| 2" | \$4.13 | \$4.61 | \$5.08 | \$5.56 | \$5.96 |
| 3" | \$4.13 | \$4.61 | \$5.08 | \$5.56 | \$5.96 |
| 4" | \$4.13 | \$4.61 | \$5.08 | \$5.56 | \$5.96 |
| 6" | \$4.13 | \$4.61 | \$5.08 | \$5.56 | \$5.96 |
| 8" | \$4.13 | \$4.61 | \$5.08 | \$5.56 | \$5.96 |

| Usage Rate (per CCF) | Phase I | Phase II | Phase III | Phase IV | Phase V |
|----------------------|---------|----------|-----------|----------|---------|
| Tier 1 - 0 - 1.33 | \$4.00 | \$4.12 | \$4.24 | \$4.32 | \$4.40 |
| Tier 2 - 1.34 - 6.67 | \$3.55 | \$3.85 | \$4.04 | \$4.24 | \$4.40 |
| Tier 3 - 6.67 - 100 | \$3.02 | \$3.48 | \$4.00 | \$4.20 | \$4.40 |
| Tier 4 - Over 100 | \$2.02 | \$2.50 | \$3.10 | \$3.70 | \$4.40 |

| Public Fire Protection | Phase I | Phase II | Phase III | Phase IV | Phase V |
|-------------------------------|----------|----------|-----------|----------|----------|
| by Meter Size, Monthly | | | | | |
| 5/8" | \$3.27 | \$3.39 | \$3.48 | \$3.81 | \$4.08 |
| 3/4" | \$3.27 | \$3.39 | \$3.48 | \$3.81 | \$4.08 |
| 1" | \$8.38 | \$8.67 | \$8.89 | \$9.73 | \$10.43 |
| 1 1/2" | \$18.86 | \$19.52 | \$20.03 | \$21.92 | \$23.50 |
| 2" | \$33.52 | \$34.70 | \$35.60 | \$38.95 | \$41.76 |
| 3" | \$75.44 | \$78.08 | \$80.10 | \$87.63 | \$93.94 |
| 4" | \$134.11 | \$138.81 | \$142.40 | \$155.79 | \$167.01 |
| 6" | \$301.75 | \$312.31 | \$320.40 | \$350.52 | \$375.75 |
| 8" | \$536.44 | \$555.22 | \$569.59 | \$623.13 | \$668.00 |

| | | | | | |
|--------------------------------|----------|----------|----------|----------|----------|
| Private Fire Protection | | | | | |
| Per Hydrantl, Annually | \$413.06 | \$413.06 | \$413.06 | \$413.06 | \$413.06 |
| Per Sprinkler Head, Annually | \$0.43 | \$0.43 | \$0.43 | \$0.43 | \$0.44 |

FOR SETTLEMENT PURPOSES ONLY

MARION MUNICIPAL UTILITIES

CAUSE NUMBER 45838

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

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

Footnotes:

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

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

FOR SETTLEMENT PURPOSES ONLY

MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838

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

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

Footnotes:

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

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

FOR SETTLEMENT PURPOSES ONLY

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

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

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

Footnotes:

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

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

FOR SETTLEMENT PURPOSES ONLY

MARION MUNICIPAL UTILITIES CAUSE NUMBER 45838

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

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

FOR SETTLEMENT PURPOSES ONLY

MARION MUNICIPAL UTILITIES CAUSE NUMBER 45838

COMPARATIVE BALANCE SHEET

As of

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

FOR SETTLEMENT PURPOSES ONLY

MARION MUNICIPAL UTILITIES CAUSE NUMBER 45838

COMPARATIVE INCOME STATEMENT For the Twelve Months Ended

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

FOR SETTLEMENT PURPOSES ONLY

MARION MUNICIPAL UTILITIES CAUSE NUMBER 45838

COMPARATIVE INCOME STATEMENT For the Twelve Months Ended

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

FOR SETTLEMENT PURPOSES ONLY

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

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

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

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

FOR SETTLEMENT PURPOSES ONLY

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

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

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

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

FOR SETTLEMENT PURPOSES ONLY

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

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

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

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

FOR SETTLEMENT PURPOSES ONLY

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

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

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

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

FOR SETTLEMENT PURPOSES ONLY

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

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

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

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

FOR SETTLEMENT PURPOSES ONLY

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

Settlement Revenue Adjustments

(1)

Miscellaneous Revenue - Credit Card Fee

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

Credit card Convenience Fee Revenue \$ (580)

Adjustment Increase (Decrease) \$ 580

FOR SETTLEMENT PURPOSES ONLY

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

Settlement Operating Expense Adjustments

(1)

Periodic Maintenance (Phase 1)

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

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

Adjustment Increase (Decrease) \$ 120,000

(2)

Amortize Rate Case Expense (Phase 1)

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

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

Adjustment Increase (Decrease) \$ 62,500

(3)

Remove Capital Expenditure (Phase 1)

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

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

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

(4)

Wellhead Protection (Phase 1)

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

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

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

FOR SETTLEMENT PURPOSES ONLY

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

(5)

Asset Management Plan (Phase 1)

Amortize asset management plan contract expense over four years.

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

(6)

Credit Card Processing Expense (Phase 1)

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

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

(7)

Asset Management Plan (Phase 5)

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

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

(8)

Rate Case Expense (Phase 5)

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

| | |
|--------------------------------|--------------------|
| Adjustment Increase (Decrease) | <u>\$ (62,500)</u> |
|--------------------------------|--------------------|

FOR SETTLEMENT PURPOSES ONLY

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

Extensions and Replacements

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

FOR SETTLEMENT PURPOSES ONLY

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

Payment in Lieu of Property Taxes

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

FOR SETTLEMENT PURPOSES ONLY

MARION MUNICIPAL UTILITIES CAUSE NUMBER 45838

Working Capital

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

FOR SETTLEMENT PURPOSES ONLY

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

Debt Service

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

FOR SETTLEMENT PURPOSES ONLY

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

Debt Service Reserve

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

FOR SETTLEMENT PURPOSES ONLY

MARION MUNICIPAL UTILITIES

CAUSE NUMBER 45838

Schedule of Rates and Charges

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

FOR SETTLEMENT PURPOSES ONLY

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

Revenue Requirement Comparison

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

[illegible]

FOR SETTLEMENT PURPOSES ONLY

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

OPERATING EXPENSE MATRIX

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

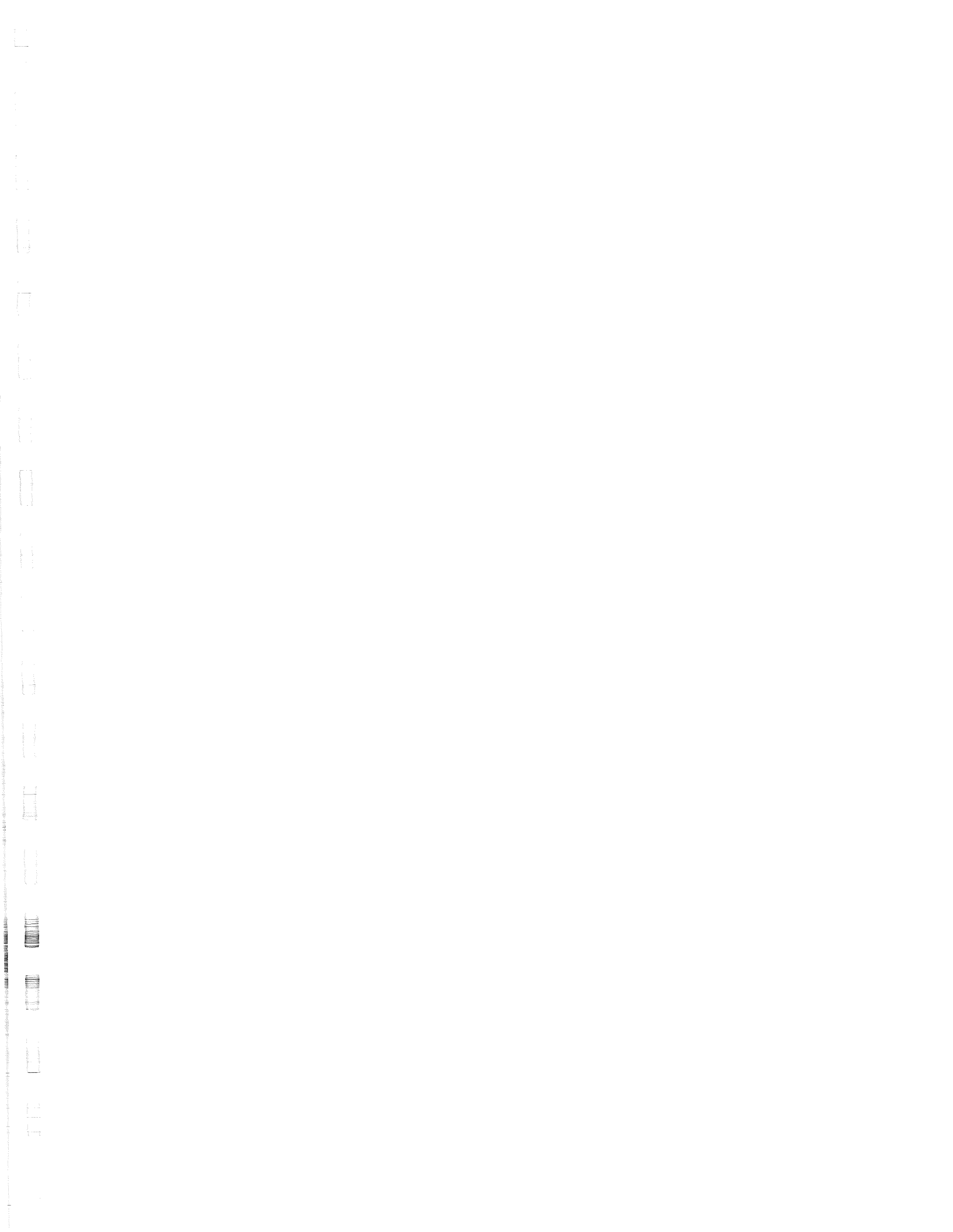
FOR SETTLEMENT PURPOSES ONLY

**MARION MUNICIPAL UTILITIES
CAUSE NUMBER 45838**

OPERATING EXPENSE MATRIX

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

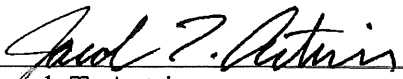
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CERTIFICATE OF SERVICE

I certify that a copy of the foregoing "Verified Settlement Testimony of John Charles ("Chuck") Binkerd." was served upon the following by electronic mail this 9th day of June, 2023:

Daniel M. Le Vay
Indiana Office of Utility Consumer Counselor
infomgt@oucc.in.gov
dlevay@oucc.IN.gov



Jacob T. Antrim