

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF THE CITY OF ELKHART, )  
INDIANA, FOR AUTHORITY TO INCREASE )  
ITS RATES AND CHARGES FOR WATER ) CAUSE NO. 46010  
SERVICE, AND FOR APPROVAL OF NEW )  
SCHEDULE OF RATES AND CHARGES )  
APPLICABLE THERETO )

PUBLIC'S EXHIBIT NO. 1-S

SETTLEMENT TESTIMONY OF JASON T. COMPTON

ON BEHALF OF

THE INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

November 4, 2024

Respectfully submitted,

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR



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Daniel M. Le Vay, Attorney No. 22184-49  
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**CERTIFICATE OF SERVICE**

This is to certify that a copy of the *Public's Exhibit No. 1-S – Settlement Testimony of Jason T. Compton on behalf of the OUCC* has been served upon the following captioned proceeding by electronic service on November 4, 2024.

Margaret M. Marnocha, Assistant City Attorney  
**PUBLIC WORKS & UTILITIES**  
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Elkhart, IN 46516  
Email: [Maggie.Marnocha@coei.org](mailto:Maggie.Marnocha@coei.org)



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**SETTLEMENT TESTIMONY OF OUCC WITNESS JASON T. COMPTON**  
**CAUSE NO. 46010**  
**ELKHART MUNICIPAL WATER WORKS**

**I. INTRODUCTION**

1 **Q: Please state your name and business address.**

2 A: My name is Jason Compton, and my business address is 115 West Washington Street, Suite  
3 1500 South, Indianapolis, IN 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 a Utility  
6 Analyst in the OUCC’s Water and Wastewater Division. My qualifications and credentials  
7 are set forth in Appendix A attached to this testimony.

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

9 A: The OUCC and Elkhart Municipal Water Works (hereafter “Elkhart” or “Petitioner”) have  
10 reached agreement on the issues raised in this rate case, which agreement is to be set forth  
11 in a Stipulation and Settlement Agreement (“Settlement Agreement”) and submitted to the  
12 Indiana Utility Regulatory Commission (“Commission”) for approval. My testimony  
13 describes the terms of the Settlement Agreement. I recommend that the Commission  
14 approve the proposed Settlement Agreement, and I explain why approval of its terms is in  
15 the public interest.

16 **Q: Do you sponsor any schedules or workpapers in support of the Settlement**  
17 **Agreement?**

18 A: Yes. I sponsor the following schedules which provide the basis of the proposed rate  
19 increase under the Settlement Agreement:

20 Schedule 1 – Comparison of Overall Revenue Requirements (page 1)

21 Comparison of Net Operating Income Adjustments (page 2)

- 1 Comparison of Phased-In Revenue Requirements (page 3)
- 2 Schedule 2 – Comparative Balance Sheet as of December 31, 2022, 2021 and 2020
- 3 Schedule 3 – Comparative Income Statement for the Twelve Months Ended December 31,
- 4 2022, 2021, and 2020
- 5 Schedule 4 – *Pro Forma* Net Operating Income Statement
- 6 Schedule 5 – Revenue Adjustments
- 7 Schedule 6 – Expense Adjustments
- 8 Schedule 7 – Extensions & Replacements
- 9 Schedule 8 – PILT
- 10 Schedule 9 – Working Capital
- 11 Schedule 10 – Debt Service
- 12 Schedule 11 – Debt Service Reserve
- 13 Schedule 12 – Tariff

14 **Q: Do you sponsor any attachments supporting the Settlement Agreement?**

15 A: Yes. I sponsor OUCC Attachment JTC-2 which is Petitioner’s responses to OUCC data  
16 requests.

17 **Q: What review and analysis have you conducted to prepare your testimony?**

18 A: I reviewed the testimony of Tory Irwin and Elkhart’s Baker Tilly Municipal Advisors  
19 (“BTMA”) consultant, Andre Riley. I reviewed the rate study performed by BTMA and  
20 the associated workpapers, schedules, and other documentation prepared by both Elkhart  
21 and BTMA. I prepared discovery questions and reviewed Elkhart’s and BTMA’s  
22 responses. On August 19<sup>th</sup> and 20<sup>th</sup>, I conducted an onsite review of Elkhart’s test year  
23 revenues, expenses, vouchers, and other various documentation alongside OUCC Chief  
24 Technical Advisor, Margaret Stull. I also participated in settlement negotiations and  
25 discussions.

## **II. GENERAL OVERVIEW**

1 **Q: What was Elkhart’s original proposal in this case?**

2 A: Elkhart proposed an overall across-the-board increase of 43.54% to generate \$2,949,903  
3 of additional annual revenue over three phases. Elkhart based its proposed rate request on  
4 a twelve-month historical test year ending October 31, 2023. The main drivers of Elkhart’s  
5 requested rate increase are an increase in operating expenses and an increased need for cash  
6 and debt-funded capital improvements including lead service line replacements, replacing  
7 water mains in conjunction with wastewater projects for combined sewer overflow  
8 (“CSO”), and other planned asset management.

9 **Q: What is the proposed rate increase under the Settlement Agreement?**

10 A: The Settlement Agreement stipulates to an overall across-the-board rate increase of 40.63%  
11 to generate \$2,807,429 of additional revenues over three phases. Table JTC-1 compares  
12 Elkhart’s rate proposal to the rates under the Settlement Agreement.

**Table JTC-1: Revenue Requirement Comparison**

**Comparison of Petitioner’s and Settlement  
Revenue Requirements**

	<b>Overall</b>			
	<b>Per Petitioner</b>	<b>Per Settlement</b>	<b>Sch Ref</b>	<b>Settlement More (Less)</b>
1 Operating Expenses	\$ 6,528,652	\$ 6,503,404	4	\$ (25,248)
2 Taxes other than Income	-	-	4	-
3 Extensions and Replacements	2,593,200	2,593,200	7	-
4 Payment in Lieu of Taxes	605,104	550,000	8	(55,104)
5 Working Capital	-	-	9	-
6 Debt Service	516,983	482,511	10	(34,472)
7 Debt Service Reserve	103,397	101,287	11	(2,110)
8 Total Revenue Requirements	10,347,336	10,230,402		(116,934)
9 Less Revenue Requirement Offsets:				
10 Interest Income	(57,625)	(57,625)	3	-
11 Miscellaneous Revenues	(294,165)	(294,165)		-
12 Net Revenue Requirement	9,995,546	9,878,612		(116,934)
13 Less Revenues at current rates subject to inc	(6,909,827)	(6,909,827)	4	-
14 Other revenues not subject to increase	(135,816)	(161,356)	4	(25,540)
15 Net Revenue Increase Required	2,949,903	2,807,429		(142,474)
16 Additional Utility Receipts Taxes	-	-		-
17 Additional Bad Debt Expense	-	-		-
18 Recommended Increase	\$ 2,949,903	\$ 2,807,429		\$ (142,474)
19 Recommended Percentage Increase	43.54%	40.63%		-2.91%

1 **Q: What components of Elkhart’s original proposal are being modified by the Settlement**  
2 **Agreement?**

3 A: The Settlement Agreement reflects the following modifications: (1) an increase to other  
4 water revenues, (2) a decrease in rate case expense, (3) a decrease in PERF disbursement  
5 expense, (4) removal of a non-recurring expense, (5) a decrease in payment in lieu of taxes  
6 (“PILOT”), (6) a reduction in debt service and debt service reserve; and (7) an increase in  
7 debt authority to be used for subsidized loans for lead service line replacements (“LSLR”)  
8 and mediating per- and polyfluoroalkyl substances (“PFAS”).

9 **Q: Do you believe the Settlement Agreement reached between the OUCC and Elkhart is**  
10 **in the public interest?**

11 A: Yes. The Settlement Agreement reflects compromise and resolves the disputed issues in  
12 this proceeding avoiding expenditure of the time and resources of the parties maintaining  
13 contested issues. It also promotes certainty of what is being included in the revenue  
14 requirement. The Settlement Agreement acknowledges the extraordinary amount of  
15 investment required by Elkhart to address lead service line replacement (“LSLR”) and  
16 PFAS and attempts to provide a means for Elkhart to gradually incorporate this investment  
17 cost over time to mitigate future rate increases and promote continued affordability of  
18 service. As conceived, this is accomplished by Petitioner reallocating lead service line  
19 replacement monies embedded in its E&R revenue requirement to pay debt service on  
20 funds borrowed to accomplish LSLR and PFAS projects. The Settlement Agreement  
21 provides Elkhart the opportunity of drawing on substantially more funds it can use to  
22 mitigate the pressing issues of LSLR and PFAS with a minimized effect on its rates.

### **III. REVENUE TERMS**

1 **Q: What revenue adjustments did Elkhart originally propose?**

2 A: Elkhart proposed three revenue adjustments. Elkhart's proposed adjustments are (1) an  
3 increase to miscellaneous revenues of \$58, (2) a decrease to other water revenues of  
4 \$62,927, and (3) an overall decrease to interest income of \$21,858.

5 **Q: How does the Settlement Agreement differ from Elkhart's proposal?**

6 A: The Settlement Agreement accepts Elkhart's adjustments to miscellaneous revenues and  
7 interest income. However, the Settlement Agreement modifies the decrease to other water  
8 revenues from \$62,927 to a decrease of \$37,387.

9 **Q: Why is the modification to other water revenues a term of the Settlement Agreement?**

10 A: Elkhart originally included the peak of the COVID pandemic, 2020, in its four-year average  
11 to estimate its other water revenue going forward. The Settling Parties agreed to forego the  
12 use of 2020 as it does not appropriately model the level of revenues going forward. This  
13 effectively results in a reduced revenue requirement.

### **IV. OPERATING EXPENSE TERMS**

14 **Q: Please summarize Elkhart's proposed operating expense adjustments.**

15 A: Petitioner proposed several operating expense adjustments that increase test year  
16 expenditures of \$6,316,972 by \$201,680 resulting in a *pro forma* operating expense of  
17 \$6,528,652.<sup>1</sup> Elkhart's adjustments include increases to (1) salaries and wages, (2)  
18 employee benefits, (3) chemicals, (4) materials and supplies, (5) rate case expense, and (6)  
19 other contractual costs. Elkhart's adjustments also include decreases for (1) non-recurring

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<sup>1</sup> Total operating expense excludes depreciation expense and payment in lieu of taxes ("PILOT").

1 charges, (2) removal of utility receipts tax (“URT”) payments, and (3) sick incentive  
2 disbursements.

3 **Q: How does the Settlement Agreement differ from Elkhart’s proposal?**

4 A: The Settlement Agreement accepts all of Elkhart’s original proposals except rate case  
5 expense and PERF disbursements. The Settlement Agreement provides for an additional  
6 adjustment to remove \$16,500 as non-recurring expenditures.

7 **Q: What does the Settlement Agreement stipulate for rate case expense?**

8 A: Baker Tilly Municipal Advisors’ (“BTMA”) contract with Elkhart is for a not to exceed  
9 limit of \$175,000. The contract states that if the case is settled with limited discovery, the  
10 fees are anticipated to be less. The OUCC was able to complete most of its discovery during  
11 the site visit thanks to the cooperation of Elkhart’s personnel, resulting in the OUCC  
12 issuing fewer sets of discovery requiring formal responses. Additionally, with a settlement  
13 being reached and with the anticipation it is in the public’s interest, Elkhart will not need  
14 to incur costs from BTMA to review testimony and prepare rebuttal or attend a day-long  
15 hearing. Therefore, the Settling Parties stipulate that rate case expense should be trued up  
16 to the actual amount incurred, not to exceed \$175,000, and amortized over the life of the  
17 rates of five years.

18 **Q: What does the Settlement Agreement stipulate for PERF disbursements?**

19 A: Elkhart’s proposed adjustment applies a PERF disbursement rate of 14.5% to eligible  
20 salaries and wages. Settling Parties stipulate that 14.2% is Elkhart’s actual disbursement  
21 rate, which is composed of an 11.2% rate set by the State of Indiana and a 3% mandatory  
22 contribution rate provided by Elkhart.



1 **Q: What is the additional non-recurring expense removed by the Settlement Agreement?**

2 A: The Settlement Agreement stipulates the removal of an additional non-recurring expense  
3 of \$16,500 due to what is purportedly vehicle damage to the south booster station. As  
4 vehicle damage to utility buildings is not an annually recurring expense, for ratemaking  
5 purposes, the Settling Parties stipulated to remove the expense from the calculation of rates.

6 **Q: As a result of these modifications, what level of operating expense does the Settlement  
7 Agreement stipulate?**

8 A: The Settlement Agreement proposes an increase of \$176,432 to test year expenditures of  
9 \$6,326,972 for a *pro forma* total operating expense of \$6,503,404.<sup>2</sup>

#### V. EXTENSIONS AND REPLACEMENTS (“E&R”) TERMS

10 **Q: Did Elkhart include E&R, rather than depreciation expense, in its proposed revenue  
11 requirement?**

12 A: Yes. Elkhart presented an E&R capital plan reflecting \$27,552,500 of capital projects to  
13 be constructed over the next 7 years. Of the \$27,552,500, Elkhart anticipates that it will  
14 debt fund \$9,400,000, reducing the total cash funded capital projects over the next 7 years  
15 to \$18,152,500. As a result, Elkhart proposed to include \$2,593,200 ( $\$18,152,500 / 7$ ) of  
16 cash funded E&R in its revenue requirement.

17 **Q: Does the Settlement Agreement make any modifications to Elkhart’s originally  
18 proposed E&R revenue requirement?**

19 A: No. The Settlement Agreement accepts Elkhart’s proposed E&R revenue requirement  
20 subject to the financing terms established by the Settlement Agreement, to which I alluded  
21 above and which I explain further below.

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<sup>2</sup> Total operating expense excludes depreciation expense and payment in lieu of taxes (“PILOT”).

**VI. PAYMENT IN LIEU OF TAXES (“PILOT”) TERMS**

1 **Q: Please explain Elkhart’s originally proposed PILOT expense.**

2 A: Elkhart proposed to include \$605,104 of PILOT expense in its revenue requirement.  
3 Elkhart calculated its PILOT expense by taking its total net assessed value (“NAV”) of  
4 utility plant as of October 31, 2023, and subtracted out an allowance for assets located  
5 outside municipal boundaries based on a percentage of customers located outside  
6 municipal boundaries to calculate the NAV subject to PILOT. Elkhart then applied the  
7 Department of Local Government Finance factor of 1.8886 per \$100 of NAV subject to  
8 PILOT to calculate its PILOT allowance.

9 **Q: Does the Settlement Agreement make any modifications to Elkhart’s originally**  
10 **proposed PILOT?**

11 A: Yes. The Settling Parties agree to include \$550,000 in the revenue requirement for PILOT.  
12 The Settlement Agreement removes the value of plant located outside of Elkhart’s  
13 municipal boundaries (a wellfield, a booster station, a water tower) and only applies the  
14 PILOT allowance to plant located within municipal boundaries.

**VII. FINANCING TERMS**

15 **Q: Does the OUCC accept all the proposed interest rates, term, and structure of the**  
16 **proposed debt for purposes of setting initial rates for the debt service and debt service**  
17 **reserve revenue requirement?**

18 A: Yes. The OUCC also accepts Elkhart’s proposal for the debt service revenue requirement,  
19 and the debt service reserve revenue requirement to be based on \$9.855 million in total  
20 borrowing (\$8.355 million of borrowing and \$1.5 million in forecasted grants for lead  
21 service line projects). These proposed terms are reasonable forecasts, but rates may be  
22 adjusted to incorporate actual costs, interest rates, term and structure once the bonds are  
23 secured and this information is certain.

1 **Q: Elkhart requested \$12.815 million of total borrowing authority. The Settlement**  
2 **terms agree to this amount. Can you explain the uses this additional authority may**  
3 **be accessed for?**

4 A: The \$12.815 million requested is acceptable to the OUCC and may be used to complete  
5 the projects identified in Elkhart's case in chief, as well as additional projects identified in  
6 this settlement that is supplemental to Elkhart's case in chief testimony. Although Elkhart  
7 plans and will endeavor to complete as many of these projects as possible, it is understood  
8 by both Parties that if circumstances change, Elkhart has the flexibility to finance projects  
9 that are not currently under consideration. This allows Elkhart to maintain flexibility to  
10 pursue the most critical capital projects, while the OUCC has had the opportunity to review  
11 and approve financing for the projects under consideration, to ensure that these expenses  
12 are in the ratepayers long-term interest.

13 **Q: The Implementation of Phase II and Phase III is initiated by the issuance of debt**  
14 **rather than by a fixed date. How is this in the public interest?**

15 A: The Settlement Agreement calls for Phase II to be implemented no more than 30 days  
16 before the anticipated closing date of the first issuance of bonds, currently called the Series  
17 2026 bonds. Implementing the estimated costs prior to the issuance of the debt ensures  
18 that Elkhart has sufficient revenues to pay for the Bonds at the time of issuance. Since the  
19 entirety of the change in Phase II rates as compared to Phase I rates is associated with debt  
20 service costs, costs are aligned with revenues more precisely and the concern about any  
21 over or under collection of revenues based on the timing of the bond issuances is  
22 minimized. Similarly, Phase III is linked in the same way to the timing of the issuance of  
23 what is currently called the Series 2027 bonds. It is in all the stakeholder interests to ensure  
24 revenues align with costs to the maximum extent possible, and aligning the timing of the  
25 revenue increases with the increase in costs serves that goal.

1 **Q: Additional borrowing authorization beyond the \$12.815 million requested by Elkhart**  
2 **is included in the settlement agreement. Is this in the public's interest?**

3 A: Yes. The Settlement affords Elkhart an additional \$16.85 million in subsidized borrowing  
4 authority to be used exclusively for subsidized borrowing for lead service lines and PFAS  
5 projects (see OUCC Attachment JTC-2, DR 1-4). This helps the ratepayers by allowing  
6 Elkhart access to subsidized funding for addressing lead service line replacements and  
7 PFAS, which is significantly less costly in the long-term than waiting until after the life of  
8 these rates to substantively address these concerns. Because the current policy of the State  
9 Revolving Fund is to limit lead service line subsidized borrowing to no more than \$5  
10 million a year, this amount of borrowing potentially allows for a significantly greater  
11 amount of grants and subsidies to address these upcoming costs than if this borrowing was  
12 delayed until after the life of these rates, as well as potentially limiting the amount of  
13 projects required in a single year by spreading out the projects over a longer period, which  
14 should alleviate the significant pressure on managerial and engineering resources. Further,  
15 it would be substantively paid for over the life of these rates by shifting \$1 million of lead  
16 service projects intended to be cash funded to pay for these borrowing costs instead. From  
17 Elkhart's viewpoint, all these borrowings are optional, so if circumstances change, there is  
18 no obligation that Elkhart has to pursue all or even a portion of the additional borrowing  
19 authority. By granting Elkhart the ability to decide, at its discretion, whether to use the  
20 funds in whole or in part, and to use them on either lead service line replacements or  
21 potential PFAS, maximum flexibility is maintained while ensuring long-term ratepayer  
22 savings due to the subsidized nature of any additional borrowings. No true up will be  
23 necessary for this additional borrowing because the funds that would be used for the debt  
24 service and debt service reserve are embedded in Elkhart's E&R revenue requirement.

1 **Q: For the \$12.85 million of borrowing will there be a true-up?**

2 A: Yes. The provision that all costs of that issuance will be supported at the time of the true-  
3 up ensures that borrowings will be used for actual costs and for capital projects and that  
4 rates will be adjusted to reflect actual debt service costs. The Settlement provides for  
5 standard language for the debt service reserve and for the true-up requirements, which are  
6 described below.

7 **Q: Should there be any restrictions on Petitioner's proposed debt service reserve?**

8 A: Yes. As agreed Petitioner's debt service reserve should be placed in a restricted account,  
9 and Petitioner should notify the Commission and the OUCC if it spends any funds from its  
10 debt service reserves for any reason other than to make the last payment on its current or  
11 proposed debt issuances. Petitioner should be required to provide a report to the  
12 Commission and the OUCC within five (5) business days of any such transaction. The  
13 report should (1) state how much Petitioner spent from its debt service reserve, (2) explain  
14 why it spent funds from its debt service reserve, (3) cite to any applicable loan documents  
15 that allow it to spend funds from its debt service reserve, (4) describe its plans to replenish  
16 its debt service reserve, and (5) describe any saving measures it has implemented to  
17 forestall spending funds from its debt service reserve.

18 **Q: Is Petitioner required to true-up its proposed annual debt service after the interest**  
19 **rates on its proposed debt are known?**

20 A: Yes. The precise interest rates, borrowing amount and annual debt service will not be  
21 known until Petitioner's debt has been issued. Therefore, Petitioner's rates should be true-d-  
22 up to reflect the actual cost of the debt. In this case, Phase II and Phase III are initiated by  
23 the issuing of debt. Therefore, new rates should be implemented no sooner than 30 days  
24 prior to the closing of the debt, initiated by Petitioner notifying the Commission of the

1 impending closing on the debt, in the amount contemplated in the settlement schedules.

2 The Petitioner shall file a report within thirty (30) days of closing its debt issuance  
3 explaining the terms of the new loan, the actual balance borrowed, the amount of debt  
4 service reserve required, bid tabulations, and an itemized account of all issuance costs (such  
5 as bond counsel, rate consultant, and BABA costs), including issuance costs actually  
6 incurred to that date. The report should include a revised tariff, amortization schedule and  
7 a calculation of the rate impact in a form similar to the OUCC's schedules.

8 **Q: How should disputes regarding Petitioner's true up report be identified?**

9 A: The OUCC should have no less than twenty-one (21) days after service of the true-up to  
10 challenge Petitioner's proposed true-up. Petitioner should similarly have twenty-one (21)  
11 days to file a response to the OUCC. Thereafter, the Commission should resolve any issue  
12 raised through a process it deems appropriate. Any true-up report should state the time  
13 frames for objections or responses.

14 **Q: Are there any exceptions to the requirement for a true-up?**

15 A: Yes. The Settling Parties agreed that if both parties state in writing to the Commission that  
16 the increase or decrease indicated by the report need not occur because the increase or  
17 decrease would be immaterial, the true-up need not be implemented.

18 **Q: Is all borrowing subject to a true-up?**

19 A: No. In this Cause, only the authorized \$12.815 million of borrowing is subject to the true-  
20 up requirements described above. There is no true-up filing for additional subsidized lead  
21 service line or PFAS borrowings over this amount.

**VIII. CONCLUSION**

1 **Q: Please summarize your recommendations for the Commission.**

2 A: I recommend the Commission find the Settlement is in the public interest and approve the  
3 Settlement Agreement in its entirety.

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

5 A: Yes.

**APPENDIX A TO TESTIMONY OF**  
**OUCW WITNESS JASON T. COMPTON**

1 **Q: Describe your educational background and experience.**

2 A: I graduated from Indiana University Bloomington with a Bachelor of Science in  
3 Accounting in May 2022 and a Master of Science in Accounting with Data and Analytics  
4 in May 2023. Throughout my undergraduate education, I worked as an undergraduate  
5 instructor for Indiana University Bloomington, teaching the lab portion of a web  
6 development and data analytics class, CSCI-A110. From May 2022 through August 2022,  
7 I worked as a Staff Accounting Intern for Greystone Property Management Company  
8 where I was responsible for completing daily bank reconciliations, truing up accruals, and  
9 preparing monthly financial reports for nine properties. In May 2023, I began my  
10 employment with the Indiana Office of Utility Consumer Counselor (“OUCC”) as a Utility  
11 Analyst in the Water and Wastewater Division. My current responsibilities include  
12 reviewing accounting adjustments to expenses and revenues, verifying revenue  
13 requirements, and performing data analyses for proposed models. In May 2024, I attended  
14 the National Association of Utility Regulatory Commissioners’ Spring 2024 Rate School.

15 **Q: Have you previously testified before the Commission?**

16 A: Yes. I have testified in Cause Nos. 45870, 45900-U, 45929, 45767 DSIC 2, 45964, 45998  
17 DSIC 1, 45990, and 46020.



**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 cursive script that reads "Jason Compton". The signature is written in black ink on a light-colored background.

---

By: Jason T. Compton, Utility Analyst  
Cause No. 46010

Office of Utility Consumer Counselor (OUCC)

Date: November 4, 2024

**CAUSE NUMBER 46010**  
**Office of Utility Consumer Counselor**  
**Workpaper JTC-1**  
**Schedules and Workpapers (Excel Version)**

**Elkhart Municipal Water Utility**  
**CAUSE NUMBER 46010**

**Comparison of Petitioner's and Settlement**  
**Revenue Requirements**

Overall				
	Per Petitioner	Per Settlement	Sch Ref	Settlement More (Less)
1 Operating Expenses	\$ 6,528,652	\$ 6,503,404	4	\$ (25,248)
2 Taxes other than Income	-	-	4	-
3 Extensions and Replacements	2,593,200	2,593,200	7	-
4 Payment in Lieu of Taxes	605,104	550,000	8	(55,104)
5 Working Capital	-	-	9	-
6 Debt Service	516,983	482,511	10	(34,472)
7 Debt Service Reserve	103,397	101,287	11	(2,110)
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11 Miscellaneous Revenues	(294,165)	(294,165)		-
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13 Less: Revenues at current rates subject to increase	(6,909,827)	(6,909,827)	4	
14 Other revenues not subject to increase	(135,816)	(161,356)	4	(25,540)
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16 Additional Utility Receipts Taxes	-	-		-
17 Additional Bad Debt Expense	-	-		-
18 Recommended Increase	\$ 2,949,903	\$ 2,807,429		\$ (142,474)
19 Recommended Percentage Increase	<u>43.54%</u>	<u>40.63%</u>		<u>-2.91%</u>

		<u>Proposed</u>		<u>Settlement</u>
<u>Current Rate for 4,000 Gallons</u>		<u>Petitioner</u>	<u>Settlement</u>	<u>More (Less)</u>
20	22	\$ 18.39	\$ 18.02	\$ (0.37)

**Elkhart Municipal Water Utility**  
**CAUSE NUMBER 46010**

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

	<u>Per Petitioner</u>	<u>Per Settlement</u>	<u>Settlement More (Less)</u>
1 Operating Revenues			
2     Other Revenues	(62,927)	(37,387)	25,540
3	-	-	-
4	-	-	-
5	-	-	-
6 Total Operating Revenues	<u>(62,927)</u>	<u>(37,387)</u>	<u>25,540</u>
7 O&M Expense			
8     Salaries and Wages	79,386	79,386	-
9     FICA	17,520	17,520	-
10    PERF	28,086	19,338	(8,748)
11    Sick Incentive	(4,876)	(4,876)	-
12    Health Insurance	23,882	23,882	-
13    Chemicals	13,334	13,334	-
14    Main Breaks	80,313	80,313	-
15    Meter Replacements	28,978	28,978	-
16    Capital/Non-Recurring	(120,005)	(136,505)	(16,500)
17    IURC Rate Case	35,000	35,000	-
18    Well Cleaning	39,775	39,775	-
19    Utility Receipts Tax	(19,713)	(19,713)	-
20 Depreciation Expense	-	-	-
21 Amortization Expense	-	-	-
22 Taxes Other than Income	-	-	-
23     Total Operating Expenses	<u>201,680</u>	<u>176,432</u>	<u>(25,248)</u>
24 Net Operating Income	<u>\$ (264,607)</u>	<u>\$ (213,819)</u>	<u>\$ 50,788</u>

**Elkhart Municipal Water Utility**  
**CAUSE NUMBER 46010**

**Comparison of Petitioner's and OUCC's**  
**Revenue Requirements - Phased In**

	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)
1 Operating Expenses	\$ 6,528,652	\$ 6,503,404	4	\$ (25,248)	\$ 6,528,652	\$ 6,503,404	4	\$ (25,248)	\$ 6,528,652	\$ 6,503,404	4	\$ (25,248)
2 Taxes other than Income	-	-	4	-	-	-	4	-	-	-	4	-
3 Extensions and Replacements	2,593,200	2,593,200	7	-	2,593,200	2,593,200	7	-	2,593,200	2,593,200	7	-
4 Payment in Lieu of Taxes	605,104	550,000	8	(55,104)	605,104	550,000	8	(55,104)	605,104	550,000	8	(55,104)
5 Working Capital	-	-	9	-	-	-	9	-	-	-	9	-
6 Debt Service	-	-	10	-	316,530	239,918	10	(76,612)	516,983	482,511	10	(34,472)
7 Debt Service Reserve	-	-	11	-	47,484	64,748	11	17,264	103,397	101,287	11	(2,110)
8 Total Revenue Requirements	9,726,956	9,646,604		(80,352)	10,090,970	9,951,270		(139,700)	10,347,336	10,230,402		(116,934)
9 Less Revenue Requirement Offsets:												
10 Interest Income	(53,079)	(53,079)	Pet	-	(57,398)	(57,398)	Pet	-	(57,625)	(57,625)	Pet	-
11 Other Income	-	-		-	-	-	Pet	-	-	-		-
12 Miscellaneous Revenues	(294,165)	(294,165)		-	(294,165)	(294,165)		-	(294,165)	(294,165)		-
13 Net Revenue Requirement	9,379,712	9,299,360		(80,352)	9,739,407	9,599,707		(139,700)	9,995,546	9,878,612		(116,934)
14 Less: Revenues at current rates subject to increase	(6,909,827)	(6,909,827)	4		(9,243,896)	(9,138,004)	4		(9,603,591)	(9,438,351)	4	
15 Other revenues not subject to increase	(135,816)	(161,356)	4	(25,540)	(135,816)	(161,356)	4	(25,540)	(135,816)	(161,356)	4	(25,540)
16 Net Revenue Increase Required	2,334,069	2,228,177		(105,892)	359,695	300,347		(165,240)	256,139	278,905		(142,474)
17 Additional Utility Receipts Taxes	-	-		-	-	-		-	-	-		-
18 Additional Bad Debt Expense	-	-		-	-	-		-	-	-		-
19 Recommended Increase	\$ 2,334,069	\$ 2,228,177		\$ (105,892)	\$ 359,695	\$ 300,347		\$ (165,240)	\$ 256,139	\$ 278,905		\$ (142,474)
20 Recommended Percentage Increase	33.78%	32.25%		-1.53%	3.89%	3.29%		-0.60%	2.67%	2.96%		0.29%

**Elkhart Municipal Water Utility**  
**CAUSE NUMBER 46010**

**COMPARATIVE BALANCE SHEET**  
**As of October 31,**

	<u>ASSETS</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
1	Utility Plant:			
2	Utility Plant in Service	\$ 64,626,727	\$ 64,133,935	\$ 62,985,866
3	Construction Work in Progress	2,882,369	2,529,993	2,124,799
4	Less: Accumulated Depreciation	<u>(26,121,472)</u>	<u>(24,847,371)</u>	<u>(23,583,126)</u>
5	Net Utility Plant in Service	<u>41,387,624</u>	<u>41,816,557</u>	<u>41,527,539</u>
6	Restricted Assets:			
7	Debt Service Fund			
8	Debt Service Reserve			
9	Depreciation Reserve	1,604,999	2,053,831	2,151,011
10	Meter Deposit Fund	251,468	232,675	207,788
11	Water Main Extension Fund	683,112	969,253	732,346
12	Tank Maintenance Fund	1,135,925	1,135,925	1,135,925
13	Maintenance Reserve	<u>2,722,631</u>	<u>1,896,116</u>	<u>2,134,856</u>
14	Total Restricted Assets	<u>6,398,135</u>	<u>6,287,800</u>	<u>6,361,926</u>
15	Current Assets:			
16	Cash and Cash Equivalents			
17	Temporary Cash Investments			
18	Customer Deposits			
19	Customer Accounts Receivable	1,053,563	1,053,563	1,061,582
20	Provision for Uncollectible Accounts			
21	Customer Accounts Receivable - Other			
22	Materials and Supplies	488,887	488,887	289,948
23	Prepayments			
24	Accrued Interest Receivable			
25	Other Current Assets			
26	Total Current Assets	<u>1,542,450</u>	<u>1,542,450</u>	<u>1,351,530</u>
27	Deferred Debits			
28	Deferred Regulatory Asset			
29	Unamortized Debt Discount and Expense			
30	Other Deferred Debits			
31	Total Deferred Debits	<u>-</u>	<u>-</u>	<u>-</u>
32	<b>Total Assets</b>	<u>\$ 49,328,209</u>	<u>\$ 49,646,807</u>	<u>\$ 49,240,995</u>

**Elkhart Municipal Water Utility**  
**CAUSE NUMBER 46010**

**COMPARATIVE BALANCE SHEET**  
**As of October 31, 2023**

	<u><b>LIABILITIES</b></u>	<u><b>2023</b></u>	<u><b>2022</b></u>	<u><b>2021</b></u>
1	Equity			
2	Retained Earnings	\$ 48,669,748	\$ 49,026,752	\$ 48,649,231
3	Paid in Capital			
4	Total Equity	<u>48,669,748</u>	<u>49,026,752</u>	<u>48,649,231</u>
5	Contributions in Aid of Construction			
6	Contributions in Aid of Construction, net	305,238	312,021	318,804
7	Accumulated Amortization of CIAC	<u>(305,238)</u>	<u>(312,021)</u>	<u>(318,804)</u>
8	Net Contributions-in-aid of Construction	<u>-</u>	<u>-</u>	<u>-</u>
9	Long-term Debt			
10	Bonds Payable - Series A			
11	Bonds Payable - Series B			
12	Notes Payable			
13	Lease Payable			
14	Total Long-term Debt	<u>-</u>	<u>-</u>	<u>-</u>
15	Current Liabilities			
16	Accounts Payable	39,711	39,711	39,711
17	Customer Deposits	251,468	232,675	209,787
18	Current Portion of Long-term Debt			
19	Accrued Interest Payable			
20	Accrued Wages Payable			
21	Accrued Taxes Payable	(25,901)	(29,541)	(34,945)
22	Other Current Liabilities	<u>393,183</u>	<u>377,210</u>	<u>377,210</u>
23	Total Current Liabilities	<u>658,461</u>	<u>620,055</u>	<u>591,763</u>
24	Deferred Credits:			
25	Unamortized Premium on Debt			
26	Advances for Construction			
27	Other Deferred Credits			
28	Total Deferred Credits	<u>-</u>	<u>-</u>	<u>-</u>
29	<b>Total Liabilities</b>	<u><u>\$ 49,328,209</u></u>	<u><u>\$ 49,646,807</u></u>	<u><u>\$ 49,240,995</u></u>

**Elkhart Municipal Water Utility**  
**CAUSE NUMBER 46010**

**COMPARATIVE INCOME STATEMENT**  
**Twelve Months Ended October 31,**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
1 Operating Revenues			
2 Water Sales			
3 Unmetered	-	20,653	22,451
4 Residential	2,750,806	2,711,465	2,594,860
5 Commercial	1,388,546	1,462,610	1,435,989
6 Industrial	606,630	671,611	673,481
7 Public Authority	156,799	172,145	162,007
8 Multi-Family	676,434	732,398	678,396
9 Irrigation	19,893	20,673	479,256
10 Fire Protection			
11 Public	715,241	708,031	709,389
12 Private	499,662	493,702	522,515
13 Late Payment Fees	95,816	61,121	67,208
Miscellaneous Service Revenues	294,107	273,322	360,485
14 Other Water Revenues	198,743	116,224	169,101
15 Total Operating Revenues	<u>7,402,677</u>	<u>7,443,955</u>	<u>7,875,138</u>
16 Operating Expenses			
17 Salaries and Wages	2,846,179	2,500,116	2,364,380
18 Employee Benefits	1,088,109	902,282	865,296
19 Purchased Water	-	-	-
20 Purchased Power	418,117	432,228	363,927
21 Chemicals	285,466	183,315	118,302
22 Materials and Supplies	438,657	368,333	493,492
23 Contractual Services			
24 Accounting	45,856	9,366	5,172
25 Engineering	-	-	-
26 Legal	-	-	-
27 Management Fees	-	-	-
28 Testing	-	-	14,772
29 Other	597,826	454,969	707,817
30 Rental of Building/Real Property	-	-	-
31 Rental of Equipment	1,040	1,040	184
32 Transportation Expense	-	-	-
33 Insurance			
34 Vehicle	-	-	-
35 General Liability	163,000	163,000	163,000
36 Workers' Compensation	-	-	-
37 Other	-	-	-
38 Advertising Expense	-	-	8,269
39 Regulatory Expense	14,823	14,823	14,875
40 Bad Debt Expense	-	-	-
41 Miscellaneous Expense	408,186	387,725	179,780
42 Total O&M Expense	<u>6,307,259</u>	<u>5,417,197</u>	<u>5,299,266</u>



**Elkhart Municipal Water Utility**  
**CAUSE NUMBER 46010**

**COMPARATIVE INCOME STATEMENT**  
**Twelve Months Ended October 31,**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
43 Depreciation Expense	1,274,101	1,264,245	1,241,286
44 Amortization Expense	-	-	-
45 Taxes Other than Income	-	-	-
46     Payroll Taxes	-	-	-
47     Utility Receipts Tax	19,713	25,097	108,000
48     PILT	-	419,000	419,000
49     Other Taxes and Licenses	-	-	-
50     Total Operating Expenses	<u>7,601,073</u>	<u>7,125,539</u>	<u>7,067,552</u>
51 Net Of Net Operating Income	(198,396)	318,416	807,586
52 Other Income: (Expenses):			
53     Interest Income	79,483	34,932	5,591
54     Gain (Loss) on Sale of Assets	-	-	-
55     Revenues from Jobbing	-	-	-
56     Non-Utility Income	-	-	-
57     Non-Utility Expenses	-	-	-
58     Total Other Income (Expenses)	<u>79,483</u>	<u>34,932</u>	<u>5,591</u>
59 Interest Expense			
60     Interest Expense	-	-	-
61     Amortization of Debt Discount	-	-	-
62     amortization of Debt Premium	-	-	-
63     Total Other Income (Expense)	<u>-</u>	<u>-</u>	<u>-</u>
64 Net Income	<u>\$ (118,913)</u>	<u>\$ 353,348</u>	<u>\$ 813,177</u>

**Elkhart Municipal Water Utility**  
**CAUSE NUMBER 46010**

Pro Forma Net Operating Income Statement

	Phase I					Phase II					Phase III					
	Test Year Ended 31-Oct-23	Adjustments	Sch Ref	Pro Forma Present Rates	Adjustments	Pro Forma Phase I Rates	Adjustments	Sch Ref	Pro Forma Phase I Rates	Adjustments	Pro Forma Phase II Rates	Adjustments	Sch Ref	Pro Forma Phase II Rates	Adjustments	Pro Forma Phase III Rates
1 Operating Revenues																
2 Water Sales																
3 Residential	\$ 2,750,806			\$ 2,750,806	887,039	\$ 3,637,845			\$ 3,637,845	122,704	\$ 3,760,549			\$ 3,760,549	113,945	\$ 3,874,494
4 Commercial	1,388,546			1,388,546	447,757	1,836,303			1,836,303	59,308	1,895,611			1,895,611	55,074	1,950,685
5 Industrial	606,630			606,630	195,617	802,247			802,247	25,911	828,158			828,158	24,061	852,219
6 Public Authority	156,799			156,799	50,562	207,361			207,361	6,697	214,058			214,058	6,219	220,277
7 Multi-Family	676,434			676,434	218,126	894,560			894,560	28,892	923,452			923,452	26,830	950,282
8 Irrigation	19,893			19,893	6,415	26,308			26,308	850	27,158			27,158	789	27,947
9 Fire Protection																
10 Public	715,241			715,241	230,640	945,881			945,881	30,550	976,431			976,431	28,369	1,004,800
11 Private	499,662			499,662	161,124	660,786			660,786	21,342	682,128			682,128	19,818	701,946
12 Late Payment Fees	95,816			95,816	30,897	126,713			126,713	4,093	130,806			130,806	3,800	134,606
13 Other Water Revenues	198,743	(37,387)	5-1	161,356		161,356			161,356		161,356			161,356		161,356
14 Total Operating Revenues	7,108,570	(37,387)		7,071,183	2,228,177	9,299,360	-		9,299,360	300,347	9,599,707	-		9,599,707	278,905	9,878,612
15 O&M Expense																
16 Salaries and Wages	2,846,179	96,906	Pet	2,943,085		2,943,085		6-1	2,943,085		2,943,085		6-1	2,943,085		2,943,085
17 Employee Benefits	1,088,109			1,126,453		1,126,453			1,126,453		1,126,453			1,126,453		1,126,453
18 PERF Disbursement		19,338	6-2													
19 Sick Incentive		(4,876)	Pet													
20 Health Insurance		23,882	Pet													
21 Purchased Water	-			-		-			-		-			-		-
22 Purchased Power	418,117			418,117		418,117			418,117		418,117			418,117		418,117
23 Chemicals	285,466	13,334	Pet	298,800		298,800			298,800		298,800			298,800		298,800
24 Materials and Supplies	438,657	(10,714)	Pet	427,943		427,943			427,943		427,943			427,943		427,943
25 Contractual Services																
26 Accounting	45,856			45,856		45,856			45,856		45,856			45,856		45,856
27 Engineering	-			-		-			-		-			-		-
28 Legal	-			-		-			-		-			-		-
29 Management Fees	-			-		-			-		-			-		-
30 Testing	-			-		-			-		-			-		-
31 Other	597,826			621,101		621,101			621,101		621,101			621,101		621,101
32 Non-Recurring Charge		(16,500)	6-3													
33 Well Cleaning		39,775	Pet													
34 Rental of Building/Real Property	-			-		-			-		-			-		-
35 Rental of Equipment	1,040			1,040		1,040			1,040		1,040			1,040		1,040
36 Transportation Expense	-			-		-			-		-			-		-
37 Insurance																
38 Vehicle	-			-		-			-		-			-		-
39 General Liability	163,000			163,000		163,000			163,000		163,000			163,000		163,000
40 Workers' Compensation	-			-		-			-		-			-		-
41 Other	-			-		-			-		-			-		-
42 Advertising Expense	-			-		-			-		-			-		-
43 Regulatory Expense	14,823	35,000	Pet	49,823		49,823			49,823		49,823			49,823		49,823
44 Bad Debt Expense	-			-		-			-		-			-		-
45 Miscellaneous Expense	408,186			408,186		408,186			408,186		408,186			408,186		408,186
46 Depreciation Expense	1,274,101	(1,274,101)	7	-		-		7	-		-		7	-		-
47 Amortization Expense	-			-		-			-		-			-		-
48 Taxes Other than Income																
49 Payroll Taxes	-			-		-			-		-			-		-
50 Utility Receipts Tax	19,713	(19,713)	Pet	-		-			-		-			-		-
51 PILT	-	550,000	8	550,000		550,000			550,000		550,000			550,000		550,000
52 Total Operating Expenses	7,601,073	(547,669)		7,053,404	-	7,053,404	-		7,053,404	-	7,053,404	-		7,053,404	-	7,053,404
53 Net Operating Income	\$ (492,503)	\$ 510,282		\$ 17,779	\$ 2,228,177	\$ 2,245,956	\$ -		\$ 2,245,956	\$ 300,347	\$ 2,546,303	\$ -		\$ 2,546,303	\$ 278,905	\$ 2,825,208

**Elkhart Municipal Water Utility**  
**CAUSE NUMBER 46010**

**Revenue Adjustments**

(1)

**Other Revenue**

To normalize other revenue using a 3-year average (excluding COVID year 2020)

<b><u>Year</u></b>	<b><u>Other Revenues</u></b>	
2021	\$	169,101
2022		116,224
Test Year		198,743
Normalized Other Revenue		161,356
Less: Test Year Other Revenue		198,743
		<b>Adjustment Increase (Decrease) <u>(37,387)</u></b>

**Elkhart Municipal Water Utility**  
**CAUSE NUMBER 46010**

**Expense Adjustments**

(1)

**Rate Case Expense**

To adjust rate case expense to actuals

Estimated Actual Rate Case Expense	\$175,000
Estimated Life of Rates	5

Adjustment Increase (Decrease) \$ 35,000

(2)

**PERF Disbursements**

To adjust test year PERF disbursements to reflect updated salaries & wages

Adjusted Test Year Eligible Salaries & Wages	\$	2,915,965
Times: PERF Rate		14.2%

PERF Contribution	\$	414,067
Less: Test Year PERF Disbursements	\$	394,729

Adjustment Increase (Decrease) \$ 19,338

(3)

**Non-Recurring Charges**

To remove a non-recurring charge associated with vehicle damage to south booster station

<u>O&amp;M Line Item</u>	<u>Account</u>	<u>Reason</u>	<u>Amount</u>
Other Contractual Services	6101-5-734-6360000	Non-recurring vehicle damage to booster station	\$ 16,500

Adjustment Increase (Decrease) \$(16,500)

**Elkhart Municipal Water Utility  
CAUSE NUMBER 46010**

**Extensions and Replacements**

To reflect the average amount of debt service required over a five year period.

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Total</u>
<b>Project Descriptions</b>								\$ -
1 Oakland Phase C				2,000,000				2,000,000
2 Oakland Phase D				1,750,000				1,750,000
3 CSO 13 Separation		750,000						750,000
4 CSO 15 Separation						2,650,000		2,650,000
5 Wellfields and Towers Asset Management	1,785,000	550,000	600,000	900,000	1,000,000	1,000,000	1,000,000	6,835,000
6 Distribution System Asset Management			1,000,000	700,000	1,200,000	1,100,000	900,000	4,900,000
7 Vehicle and Equipment	80,000	175,000	270,000	340,000	410,000	375,000	310,000	1,960,000
8 Extensions	635,000	200,000	200,000	200,000	200,000	200,000	200,000	1,835,000
9 Hydrant Replacements			74,500	74,500	74,500	74,500	74,500	372,500
10 Well Pumps and High Service Pumps			100,000	100,000	100,000	100,000	100,000	500,000
11 Lead Service Line Replacement				2,000,000	1,000,000	500,000	500,000	4,000,000
12	<u>\$ 2,500,000</u>	<u>\$1,675,000</u>	<u>\$2,244,500</u>	<u>\$ 8,064,500</u>	<u>\$3,984,500</u>	<u>\$5,999,500</u>	<u>\$ 3,084,500</u>	<u>\$ 27,552,500</u>
13						Less: Bond Funded Items		(7,900,000)
14						Less: BIL Grant Funded Items		(1,500,000)
15						Total Cash Funded Items		\$ 18,152,500
16 Expected Life of Capital Plan								7
17 <b>Average Annual Extensions and Replacements</b>								<u>\$ 2,593,200</u>

**Elkhart Municipal Water Utility**  
**CAUSE NUMBER 46010**

**Payment in Lieu of Taxes**

		<b><u>Ref</u></b>
1 Utility Plant in Service as of 10/31/23	\$ 64,626,727	Pet
2 Less: UPIS Outside Municipal Boundaries	9,572,239	DR 1-7
3 Gross Utility Plant in Service Subject to PILOT	<u>55,054,488</u>	
4 Accumulated Depreciaton as of 10/31/23	(26,121,472)	Pet
5 Less: UPIS Outside Municipal Boundaries	<u>(4,260,452)</u>	DR 1-7
6 Adjusted Accumulated Depreciation Subject to PILOT	<u>(21,861,020)</u>	
7 Mains in Service as of 10/31/23	40,088,322	Pet
8 Main Depr % of Acc. Depr as of 12/31/23	60.37%	2023 IURC
9 Main Depreciation as of 10/31/23	(15,769,533)	
10 Net Assessed Mains	24,318,789	
11 Times: % of Main Outside Municipal Boundaries	16.79%	Pet
12 Less: Net Assessed Main Outside Municipal Boundaries	<u>4,083,125</u>	
13 Estimated Net Assessed Valuation as of 10/31/23	<u>29,110,343</u>	
14 Divide: \$100	<u>291,103.43</u>	
15 Times: Petitioner 2023 Tax Rate per \$100	<u>1.8886</u>	
16 <b><i>Pro Forma</i> Payment in Lieu of Property Taxes</b>		<b><u>\$ 550,000</u></b>

**Elkhart Municipal Water Utility  
CAUSE NUMBER 46010**

**Working Capital**

**Schedule intentionally left blank**

**Petitioner did not request working capital.**

**Elkhart Municipal Water Utility  
CAUSE NUMBER 46010**

**Debt Service**

**Schedule intentionally left blank  
Debt Service is as provided by Settlement  
Agreement**



OUCC - Settlement  
Schedule 11  
Page 1 of 1

**Elkhart Municipal Water Utility**  
**CAUSE NUMBER 46010**

**Debt Service Reserve**

**Schedule intentionally left blank**

**Debt Service Reserve is as provided  
by Settlement Agreement**

**Elkhart Municipal Water Utility**  
**CAUSE NUMBER 46010**

**Current and Proposed Rates and Charges**

	Current	Phase I			Phase II			Phase III			Overall			
		Petitioner Proposed	Settlement Proposed	Settlement More (Less)	Petitioner Proposed	Settlement Proposed	Settlement More (Less)	Petitioner Proposed	Settlement Proposed	Settlement More (Less)	Petitioner Increase (%)	Settlement Increase (%)	Settlement More (Less)	
<b>Monthly Metered Rates (per 1,000 gallons)</b>														
First	29,900 gallons	\$ 1.95	\$ 2.61	\$ 2.58	\$ (0.03)	\$ 2.72	\$ 2.66	\$ (0.05)	\$ 2.80	\$ 2.74	\$ (0.06)	43.54%	40.63%	-2.91%
Next	553,500 gallons	1.503	\$ 2.01	1.99	(0.03)	\$ 2.09	2.05	(0.04)	\$ 2.16	2.11	(0.04)	43.54%	40.63%	-2.91%
Next	508,600 gallons	1.200	\$ 1.61	1.59	(0.02)	\$ 1.67	1.64	(0.03)	\$ 1.72	1.69	(0.03)	43.54%	40.63%	-2.91%
Over	1,092,000 gallons	1.015	\$ 1.36	1.34	(0.02)	\$ 1.41	1.39	(0.03)	\$ 1.46	1.43	(0.03)	43.54%	40.63%	-2.91%
<b>Monthly Metered Rates (per 100 cubic feet)</b>														
First	4,000 cubic feet	\$ 1.46	\$ 1.96	\$ 1.93	\$ (0.03)	\$ 2.03	\$ 1.99	\$ (0.04)	\$ 2.10	\$ 2.05	\$ (0.04)	43.54%	40.63%	-2.91%
Next	74,000 cubic feet	1.120	1.50	1.48	(0.02)	\$ 1.56	1.53	(0.03)	\$ 1.61	1.58	(0.03)	43.54%	40.63%	-2.91%
Next	68,000 cubic feet	0.900	1.21	1.19	(0.02)	\$ 1.25	1.23	(0.02)	\$ 1.29	1.27	(0.03)	43.54%	40.63%	-2.91%
Over	146,000 cubic feet	0.760	1.02	1.01	(0.01)	\$ 1.06	1.04	(0.02)	\$ 1.09	1.07	(0.02)	43.54%	40.63%	-2.91%
<b>Service Charge (per month)</b>														
5/8 inch meter	\$ 2.25	\$ 3.02	\$ 2.98	\$ (0.04)	\$ 3.14	\$ 3.07	\$ (0.06)	\$ 3.23	\$ 3.16	\$ (0.07)	43.54%	40.63%	-2.91%	
3/4 inch meter	2.47	3.31	3.27	(0.04)	\$ 3.44	3.37	(0.07)	\$ 3.55	3.47	(0.07)	43.54%	40.63%	-2.91%	
1 inch meter	3.03	4.06	4.01	(0.05)	\$ 4.22	4.14	(0.08)	\$ 4.35	4.26	(0.09)	43.54%	40.63%	-2.91%	
1 1/2 inch meter	4.61	6.18	6.10	(0.08)	\$ 6.42	6.30	(0.13)	\$ 6.62	6.48	(0.13)	43.54%	40.63%	-2.91%	
2 inch meter	6.81	9.13	9.01	(0.12)	\$ 9.49	9.30	(0.19)	\$ 9.78	9.58	(0.20)	43.54%	40.63%	-2.91%	
3 inch meter	13.11	17.57	17.34	(0.23)	\$ 18.27	17.91	(0.36)	\$ 18.82	18.44	(0.38)	43.54%	40.63%	-2.91%	
4 inch meter	21.96	29.43	29.04	(0.39)	\$ 30.60	30.00	(0.61)	\$ 31.52	30.88	(0.64)	43.54%	40.63%	-2.91%	
6 inch meter	47.19	63.23	62.41	(0.83)	\$ 65.76	64.46	(1.31)	\$ 67.74	66.36	(1.37)	43.54%	40.63%	-2.91%	
8 inch meter	82.51	110.56	109.12	(1.45)	\$ 114.99	112.70	(2.28)	\$ 118.44	116.03	(2.40)	43.54%	40.63%	-2.91%	
<b>Minimum Charge (per month)</b>														
5/8 inch meter	\$ 8.09	10.84	\$ 10.70	\$ (0.14)	\$ 11.27	\$ 11.05	\$ (0.22)	\$ 11.61	\$ 11.38	\$ (0.24)	43.54%	40.63%	-2.91%	
3/4 inch meter	11.23	15.05	14.85	(0.20)	\$ 15.65	15.34	(0.31)	\$ 16.12	15.79	(0.33)	43.54%	40.63%	-2.91%	
1 inch meter	17.63	23.62	23.32	(0.31)	\$ 24.57	24.08	(0.49)	\$ 25.31	24.79	(0.51)	43.54%	40.63%	-2.91%	
1 1/2 inch meter	33.81	45.31	44.71	(0.59)	\$ 47.12	46.18	(0.94)	\$ 48.53	47.55	(0.98)	43.54%	40.63%	-2.91%	
2 inch meter	53.53	71.73	70.79	(0.94)	\$ 74.60	73.12	(1.48)	\$ 76.84	75.28	(1.56)	43.54%	40.63%	-2.91%	
3 inch meter	93.91	125.84	124.19	(1.65)	\$ 130.87	128.27	(2.60)	\$ 134.80	132.07	(2.73)	43.54%	40.63%	-2.91%	
4 inch meter	147.56	197.73	195.14	(2.59)	\$ 205.64	201.56	(4.08)	\$ 211.81	207.51	(4.30)	43.54%	40.63%	-2.91%	
6 inch meter	284.79	381.62	376.62	(4.99)	\$ 396.88	389.00	(7.88)	\$ 408.79	400.50	(8.29)	43.54%	40.63%	-2.91%	
8 inch meter	454.51	609.04	601.07	(7.97)	\$ 633.41	620.83	(12.58)	\$ 652.41	639.18	(13.23)	43.54%	40.63%	-2.91%	
<b>Fire Protection (per month)</b>														
Private Fire Hydrants (per hydrant)	\$ 28.12	\$ 37.68	\$ 37.19	\$ (0.49)	\$ 39.19	\$ 38.41	\$ (0.78)	\$ 40.36	\$ 39.55	\$ (0.82)	43.54%	40.63%	-2.91%	
<b>Municipal and Public Fire Hydrants</b>														
5/8 inch meter	\$ 2.76	\$ 3.70	\$ 3.65	\$ (0.05)	\$ 3.85	\$ 3.77	\$ (0.08)	\$ 3.96	\$ 3.88	\$ (0.08)	43.54%	40.63%	-2.91%	
3/4 inch meter	3.03	4.06	4.01	(0.05)	\$ 4.22	4.14	(0.08)	\$ 4.35	4.26	(0.09)	43.54%	40.63%	-2.91%	
1 inch meter	3.86	5.17	5.10	(0.07)	\$ 5.38	5.27	(0.11)	\$ 5.54	5.43	(0.11)	43.54%	40.63%	-2.91%	
1 1/4 inch meter	4.41	5.91	5.83	(0.08)	\$ 6.15	6.02	(0.12)	\$ 6.33	6.20	(0.13)	43.54%	40.63%	-2.91%	
1 1/2 inch meter	4.97	6.66	6.57	(0.09)	\$ 6.93	6.79	(0.14)	\$ 7.13	6.99	(0.14)	43.54%	40.63%	-2.91%	
2 inch meter	8.00	10.72	10.58	(0.14)	\$ 11.15	10.93	(0.22)	\$ 11.48	11.25	(0.23)	43.54%	40.63%	-2.91%	
3 inch meter	30.33	40.64	40.11	(0.53)	\$ 42.27	41.43	(0.84)	\$ 43.54	42.65	(0.88)	43.54%	40.63%	-2.91%	
4 inch meter	38.62	51.75	51.07	(0.68)	\$ 53.82	52.75	(1.07)	\$ 55.44	54.31	(1.12)	43.54%	40.63%	-2.91%	
6 inch meter	57.92	77.61	76.60	(1.02)	\$ 80.72	79.11	(1.60)	\$ 83.14	81.45	(1.69)	43.54%	40.63%	-2.91%	
8 inch meter	79.98	107.17	105.77	(1.40)	\$ 111.46	109.25	(2.21)	\$ 114.80	112.48	(2.33)	43.54%	40.63%	-2.91%	
<b>Private Fire Protection Service (sprinkler)</b>														
2 inch connection	\$ 3.10	\$ 4.15	\$ 4.10	\$ (0.05)	\$ 4.32	\$ 4.23	\$ (0.09)	\$ 4.45	\$ 4.36	\$ (0.09)	43.54%	40.63%	-2.91%	
4 inch connection	12.64	16.94	16.72	(0.22)	\$ 17.62	17.27	(0.35)	\$ 18.14	17.78	(0.37)	43.54%	40.63%	-2.91%	
6 inch connection	28.12	37.68	37.19	(0.49)	\$ 39.19	38.41	(0.78)	\$ 40.36	39.55	(0.82)	43.54%	40.63%	-2.91%	
8 inch connection	50.06	67.08	66.20	(0.88)	\$ 69.76	68.38	(1.39)	\$ 71.86	70.40	(1.46)	43.54%	40.63%	-2.91%	
10 inch connection	78.19	104.77	103.40	(1.37)	\$ 108.97	106.80	(2.16)	\$ 112.23	109.96	(2.28)	43.54%	40.63%	-2.91%	
12 inch connection	112.49	150.74	148.76	(1.97)	\$ 156.77	153.65	(3.11)	\$ 161.47	158.19	(3.27)	43.54%	40.63%	-2.91%	

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF THE CITY OF ELKHART, )  
INDIANA, FOR AUTHORITY TO ISSUE )  
BONDS, NOTES, OR OTHER OBLIGATIONS, )  
FOR AUTHORITY TO INCREASE ITS RATES ) CAUSE NO. 46010  
AND CHARGES FOR WATER SERVICE, AND )  
FOR APPROVAL OF A NEW SCHEDULE OF )  
RATES AND CHARGES )

**RESPONSES OF PETITIONER TO**  
**INDIANA OFFICE OF THE UTILITY CONSUMER COUNSELOR'S**  
**DATA REQUEST SET NO. 1**

Petitioner, the City of Elkhart, Indiana (“Petitioner” or “City” or “Elkhart”), pursuant to Ind. Tr. R. 26(B), by its counsel, hereby submits the following responses to the Indiana Office of the Utility Consumer Counselor’s Data Request Set No. 1 (the “Data Requests”).

Q-1-1: Please provide Attachment AJR-1 in Excel with formulas intact and unlocked.

**Response:** Please see Attachment R-1-1.

Q-1-2: Please provide a detailed breakdown of the estimated non-construction financing costs for each Phase, including, but not limited to, legal, bond counsel, financial advisory and contingencies. Please also provide the basis for each estimated non-construction cost.

- a. Phase 1 - \$140,250;
- b. Phase 2 - \$145,875; and
- c. Phase 3 - \$147,987.

**Response:** Please see Attachment AJR-2, pages 599-601, to the direct testimony of Andre Riley.

Q-1-3: Please state the balance in each of the following fund cash accounts as of July 31, 2024 or the most recent month available:

- a. Operation and Maintenance;
- b. Depreciation;
- c. Tank Maintenance; and
- d. Water Main Extension.

**Response:** Please see Attachment R-1-3.

Q-1-4: Please state Petitioner's current total estimated capital expenditures required to address the following issues:

- a. Lead service line replacements; and
- b. PFAS remediation.

**Response:** Please see Attachments R-1-4a (Lead Service Estimate), R-1-4b-1 (Elkhart GAC High Level Cost Estimate), and R-1-4b-2 (PFAS Remediation Estimate).

Q-1-5: Please provide a trial balance as of July 31, 2024 or the most recent month available.

**Response:** Please see Attachment R-1-5

Q-1-6: Please list the general ledger transactions for the period November 1, 2023 through July 31, 2024 or the most recent month available. Please provide in a format similar to that provided in Workpaper AJR-12.

**Response:** Please see Attachment R-1-6.

Q-1-7: Aside from mater wains, please identify all assets located outside of Elkhart's municipal boundaries. For each asset, please state (1) the original cost and (2) accumulated depreciation as of October 31, 2023.

**Response:** Please see Attachments R-1-7-1 (Original Cost of NW Wellfield) and R-1-7-2 (spreadsheet).

Q-1-8: Please provide the income statement for the twelve months ended October 31, 2022.

**Response:** The City of Elkhart does not have the formal statements as requested, however, but the information is contained within the 2021 and 2022 IURC Annual Reports filed 2022 and 2023 and attached as Attachments R-1-8.

Q-1-9: Please provide the income statement for the twelve months ended October 31, 2021.

**Response:** The City of Elkhart does not have the formal statements as requested, however, but the information is contained within the 2020 and 2021 IURC Annual Reports filed 2021 and 2022 and attached as Attachments R-1-9.

Q-1-10: Please provide the balance sheet for the twelve months ended October 31, 2022.

**Response:** The City of Elkhart does not have the formal statements as requested, however, but the information is contained within the 2021 and 2022 IURC Annual Reports filed 2022 and 2023 and attached as Attachments R-1-8.

Q-1-11: Please provide the balance sheet for the twelve months ended October 31, 2021.

**Response:** The City of Elkhart does not have the formal statements as requested, however, but the information is contained within the 2020 and 2021 IURC Annual Reports filed 2021 and 2022 and attached as Attachments R-1-9.

Q-1-12: Please identify and describe the projects included in Oakland Phase C.

**Response:** With regard to the Water Utility, the scale of the project will require the removal and replacement of the entirety of the 1941 cast iron water main, approximately 3,300 feet, within the project limits. All water service lines will also be replaced, and those that are lead/galvanized will be replaced to the customer's meter setting.

The Oakland Phase C project is a Combined Sewer Overflow (CSO) project necessitated by the EPA's Consent Decree with the City and included in its Long Term Control Plan (LTCP). This specific CSO project phase includes the separation of the combined storm/sanitary sewer system on Harrison Street between 3<sup>rd</sup> Street and Oakland Avenue, as well as a new sanitary sewer force main between two sewer storage tanks within the sewer system, in the City of Elkhart.

Q-1-13: Please identify and describe the projects included in Oakland Phase D.

**Response:** With regard to the Water Utility, the scale of the project will require the removal and replacement of the entirety of the 1934 cast iron water main, approximately 2,200 feet, within the project limits. All water service lines will also be replaced, and those that are lead/galvanized will be replaced to the customer's meter setting.

The Oakland Phase D project is a Combined Sewer Overflow (CSO) project necessitated by the EPA's Consent Decree with the City and included in its Long Term Control Plan (LTCP). This specific CSO project phase includes the installation of new 24" sanitary sewer force main along Jackson Boulevard between Waterfall Drive and 3<sup>rd</sup> Street, and on 3<sup>rd</sup> Street between Jackson Boulevard and Harrison Avenue. In conjunction with the other Phases of the Oakland project, this will complete the connection between two sewer storage tanks within the sewer system, within the City of Elkhart.

The documents and responses have been provided by Tory Irwin and Andre Riley.

By: /s/Margaret M. Marnocha  
Margaret M. Marnocha (#23249-71)  
Assistant City Attorney  
Public Works & Utilities  
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Attorney for the Petitioner, the City of  
Elkhart, Indiana

**CERTIFICATE OF SERVICE**

The undersigned certifies that a copy of the foregoing has been served by electronic service on the following this 30<sup>th</sup> day of August 2024:

Daniel Le Vay  
Indiana Office of Utility Consumer Counselor  
115 West Washington Street, Suite 1500 South  
Indianapolis, Indiana 46204  
[infomgt@oucc.in.gov](mailto:infomgt@oucc.in.gov)  
[dlevay@oucc.in.gov](mailto:dlevay@oucc.in.gov)

/s/Margaret M. Marnocha  
Margaret M. Marnocha

2/13/23 Oakland Avenue A Bid Results for Lead Water Services:	Quantity	Unit	Unit Cost 1	Total Bid 1	Unit Cost 2	Total Bid 2	Unit Cost 3	Total Bid 3	Average Bid Unit Cost	Average Unit Cost Per Service Line	1-4a Respo
MOBILIZATION AND DEMOBILIZATION (DIVISION II), MAX 5%	1	LS	\$ 40,000.00	\$ 40,000.00	\$ 25,000.00	\$ 25,000.00	\$ 43,023.00	\$ 43,023.00	\$36,007.67	\$371.21	
CONSTRUCTION STAKING (DIVISION II)	1	LS	\$ 15,000.00	\$ 15,000.00	\$ 500.00	\$ 500.00	\$ 1.00	\$ 1.00	\$5,167.00	\$53.27	
POLLUTION PREVENTION AND EROSION CONTROL (DIVISION II)	1	LS	\$ 30,210.00	\$ 30,210.00	\$ 1,000.00	\$ 1,000.00	\$ 1.00	\$ 1.00	\$10,403.67	\$107.25	
POTHOLE SERVICE (CUSTOMER)	97	EACH	\$ 875.00	\$ 84,875.00	\$ 750.00	\$ 72,750.00	\$ 1,800.00	\$ 174,600.00	\$1,141.67	\$1,141.67	
1-INCH SERVICE RESIDENTIAL (CUSTOMER)	94	EACH	\$ 2,450.00	\$ 230,300.00	\$ 2,905.00	\$ 273,070.00	\$ 1,900.00	\$ 178,600.00	\$2,418.33	\$2,418.33	
1-1/2-INCH SERVICE COMMERCIAL (CUSTOMER)	3	EACH	\$ 5,350.00	\$ 16,050.00	\$ 3,800.00	\$ 11,400.00	\$ 2,500.00	\$ 7,500.00	\$3,883.33	\$0.00	
WATER CONNECTION INSIDE RESIDENCE (CUSTOMER)	97	EACH	\$ 1,760.00	\$ 170,720.00	\$ 725.00	\$ 70,325.00	\$ 1,575.00	\$ 152,775.00	\$1,353.33	\$1,353.33	
FLUSHING AND SAMPLING - INITIAL FLUSHING (CUSTOMER)	97	EACH	\$ 70.00	\$ 6,790.00	\$ 90.00	\$ 8,730.00	\$ 350.00	\$ 33,950.00	\$170.00	\$170.00	
FLUSHING AND SAMPLING - FOLLOWING - UP FLUSHING (CUSTOMER)	97	EACH	\$ 50.00	\$ 4,850.00	\$ 45.00	\$ 4,365.00	\$ 150.00	\$ 14,550.00	\$81.67	\$81.67	
ELECTRICAL INSPECTION (CUSTOMER)	97	EACH	\$ 100.00	\$ 9,700.00	\$ 100.00	\$ 9,700.00	\$ 200.00	\$ 19,400.00	\$133.33	\$133.33	
ELECTRICAL RE-GROUNDING (CUSTOMER)	97	EACH	\$ 100.00	\$ 9,700.00	\$ 100.00	\$ 9,700.00	\$ 600.00	\$ 58,200.00	\$266.67	\$266.67	
LEAD SERVICE LINE SITE RESTORATION (CUSTOMER)	1	AL	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$100,000.00	\$1,030.93	
LEAD SERVICE LINE RESTORATION, INTERIOR (CUSTOMER)	1	AL	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$100,000.00	\$1,030.93	

2023 Cost per Lead Service Line Replacement: \$8,158.59

City of Elkhart System-wide # of Water Services	19,300			
# of Water Services within Area of Concern (potential for lead)	10,028			
# of field inspected water service lines as of 8/26/24	3,840			
# of inspected service lines that are lead/galvanized	2,625			
% of lead/galvanized lines	68.36%			
Estimated # of lead lines based on field inspections	6,855			
2023 Average Cost per lead service line replacement	\$8,158.59			
3% inflation rate per year	3.00%	# of lines, 10% EPA Rule	Total Yearly Cost	
2027 Cost per Lead Service Line Replacements	\$9,182.57	685.5	\$6,294,720.81	
2028 Cost per Lead Service Line Replacements	\$9,458.04	685.5	\$6,483,562.44	
2029 Cost per Lead Service Line Replacements	\$9,741.78	685.5	\$6,678,069.31	
2030 Cost per Lead Service Line Replacements	\$10,034.04	685.5	\$6,878,411.39	
2031 Cost per Lead Service Line Replacements	\$10,335.06	685.5	\$7,084,763.73	
2032 Cost per Lead Service Line Replacements	\$10,645.11	685.5	\$7,297,306.65	
2033 Cost per Lead Service Line Replacements	\$10,964.46	685.5	\$7,516,225.84	
2034 Cost per Lead Service Line Replacements	\$11,293.40	685.5	\$7,741,712.62	
2035 Cost per Lead Service Line Replacements	\$11,632.20	685.5	\$7,973,964.00	
2036 Cost per Lead Service Line Replacements	\$11,981.17	685.5	\$8,213,182.92	
<b>Total 10 Year Cost, 2023 Dollars</b>			<b>\$72,161,919.72</b>	

1-4b Response

PFAS Estimate of Cost 8/26/24:	
PFAS Monitoring Lab Cost to Date	\$15,695.00
Monthly PFAS Monitoring Lab Cost (Year 1)	\$32,250.00
Quarterly PFAS Monitoring (Year 2)	\$6,400.00
Quarterly PFAS Monitoring (Year 3)	\$6,600.00
Quarterly PFAS Monitoring (Year 4)	\$6,800.00
Quarterly PFAS Monitoring (Year 5)	\$7,000.00
Northwest Wellfield Deep Test Well Reactivation Cost Estimate	\$7,285.00
2026 Cost Estimate for Granular Activated Carbon Vessels - Northwest Wellfield	\$7,250,000.00
2026 Cost Estimate for Granular Activated Carbon Vessels - South Wellfield	\$7,250,000.00
<b>PFAS Total Estimated Cost, 2023 Dollars</b>	<b>\$14,582,030.00</b>