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American Institute of CPAs
Indiana CPA Society

November 12, 2012

Indiana Utility Regulatory Commission
Attn: Secretary of the Commission
101 West Washington Street, Suite 1500E
Indianapolis, Indiana 46204

Re: Eastern Richland Sewer Corporation's 2012 Small Utility Filing

Dear Secretary of the Commission:

Pursuant to Cause No. 43921 approved June 22, 2011, Eastern Richland Sewer Corporation seeks approval of uniform rates for Eastern Richland Sewer Corporation and the prior Northern Richland Sewer Corporation customers, prior to the recent consolidation. Enclosed is the Small Utility Filing which demonstrates the impact of the consolidation of rates.

Because the Small Utility forms have restricted input cells, we have also included the following Supplemental Exhibits A-D which displays the effect of the rate consolidation. Eastern Richland Sewer Corporation is requesting that the wholesale tracking factor be rolled into the base rates and charges and that all customers commence billing under the Eastern Richland Tariff Sheet.

Exhibit A: This exhibit displays the pro forma revenue requirements that the consolidated rates would support. The proposed rates will only support the utilities cash operating expenses and a portion of the annual depreciation expense. To the extent the utility continues to make upgrades to its collection system, it will fund such capital expenditures from its cumulative cash on hand and from expected growth.

Exhibit B: This exhibit displays the calculation of the reduction in test year operating revenues attributable to the proposed rate consolidation.

Exhibit C: This exhibit displays the test year consolidated billing and user base data for Eastern & Northern Richland Sewer Corporations. The effective date of the consolidation occurred on July 1, 2011.

Exhibit D: This exhibit reflects the proposed, amended Tariff Sheet for the consolidated entity. Again, the Eastern Richland base rates, and the wholesale tracking factor roll-in factor, comprise the amended Tariff.

Should you or your staff have questions concerning these or other matters, please do not hesitate to contact me as soon as possible.

O. W. Krohn & Associates, LLP

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SMALL UTILITY RATE APPLICATION

INDIANA UTILITY
REGULATORY COMMISSION

NOT-FOR-PROFIT WASTEWATER

44271-U

Eastern Richland Sewer Corporation

NAME OF UTILITY

P.O. Box 505

STREET ADDRESS

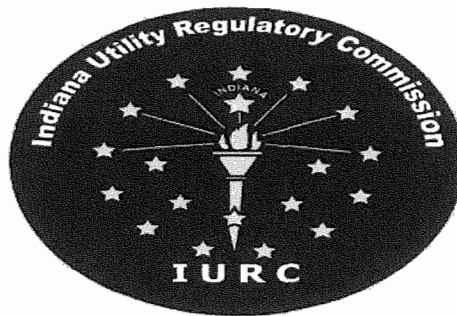
Ellettsville, IN 47429

CITY, STATE & ZIP CODE

N/A

WEBSITE URL:

INDIANA UTILITY REGULATORY COMMISSION



PERSON TO WHOM CORRESPONDENCE CONCERNING THIS REPORT SHOULD BE ADDRESSED:

NAME: Dale Rightley TITLE: Treasurer TELE. NO.: 812-876-4730

ADDRESS: 4750 Marybelle Way, Bloomington, IN 47404

E-MAIL ADDRESS: N/A

DATE SUBMITTED:

General Information

As a utility board member it is important the wastewater utility you oversee has sufficient revenues to cover its annual operating expenses and debt services payments. It is also important that the utility earn sufficient revenues to cover ongoing capital needs and to maintain the operating system in compliance with State and Federal laws and regulations. Finally, the utility needs sufficient working capital to operate during the time the utility provides service until the time it receives payment for that service. This application will assist you in adjusting the utility's rates to achieve these objectives.

In 1986, Title 170 of the Indiana Administrative Code (IAC), Article 14 was enacted to allow Commission regulated utilities, serving fewer than 5,000 customers, an opportunity to increase rates and charges through a less costly regulatory procedure. This Small Utility Rate Application was developed to provide small systems with standard forms that can be filed with the Commission as a Petition without the need for an attorney or accountant.

Below are definitions of common terms used throughout these forms:

Amortization - The allocation of an expense over a predetermined time period -more than one year. Amortization typically occurs for expenses that do not occur annually such as rate case expense, debt service reserve or working capital. These items are typically amortized over the expected life of the proposed rates. Annual costs should be included in rates for the utility to have sufficient funds to cover its costs when incurred.

Annual Report - A financial and operational report required to be filed by a regulated utility with the Commission on April 30th of every year.

Capital or Capitalized - money used for construction projects or expenses that should be considered assets.

Commission or IURC - means the Indiana Utility Regulatory Commission.

Debt Service - The annual payment, both principal and interest, required based on the utility's borrowings usually through the issuance of bonds.

Debt Service Reserve - An amount of money set aside in a restricted account to satisfy a utility's bond or debt requirements. Typically, a debt service reserve will be the utility's maximum debt service payment funded over a five for State Revolving Loan Fund Programs (SRF) or a ten year period for Rural Development Financing (RD) Programs. Underfunding of an existing debt service reserve requirement will typically be funded over the life of the utility's proposed rates.

Extensions and Replacements (E&R) - Improvements necessary to the utility's system to provide and maintain utility service. E&R is typically derived from a utility's master plan and can also include replacement of vehicles and equipment such as backhoes and trucks.

Fixed, Known and Measurable - This term is often used as a basis to propose an adjustment to test year revenues and expenses. Proposed or Pro-forma adjustments are fixed in time, known to occur and measurable in amount. These adjustments can occur either during the test year or within twelve months of the test year.

Interest Income - An amount earned from the utility's investments. Interest Income is typically used as an offset to the utility's revenue requirement.

Master Plan - Serves as an infrastructure investment guide to maintain and serve current and future customers.

Net Operating Income - The amount of operating revenue that remains after operating expenses are deducted.

Non-Recurring Charges - Charges or expenses that do not occur annually or may be a one-time fee. Non-recurring charges can also mean fees that the utility assess customers for one-time or infrequent services (i.e., tap fees, bad check fees, etc.).

Normalize - The process of adjusting test year revenues and expenses to capture changes that occurred during the test year.

Operating Revenues - The amount a utility collects for services rendered.

Operating Expenses - Costs a utility incurs to provide service (i.e., maintenance, depreciation, taxes, etc.).

OUC - means the Indiana Office of Utility Consumer Counselor.

General Information (con't)

Below is a continuation of definitions for common terms used throughout these forms:

Petition - under Title 170 of the Indiana Administrative Code, Article 14, a Petition includes the Small Utility Rate Application and various documents as listed on the checklist shown on the next page.

Pro-forma Adjustments - Operating revenue and expense adjustments made to the test year amounts to capture changes that are fixed, known and measurable, which will result in a better reflection of the utility's ongoing needs. These adjustments can be based on known changes that occurred during the test year or up to twelve months subsequent to the test year.

Revenue Requirement - An annual amount of money a utility must collect to cover all its costs of providing service.

Small Utility Rate Application - means the current set of forms and instructions generated by the Commission and made available to those who would petition for a rate change under 170 IAC 14.

Tariff - A schedule utilities must file with the IURC that reflects the rates and charges imposed on utility customers.

Test Year - A twelve month period of time, or calendar year, for which operating revenues and expenses will be adjusted to reflect the utility's ongoing needs. For purposes of the Small Utility Rate Application, the test year will be the most recent calendar year as reported in the Utility's Annual Report. *Please note* that if a utility is not current with its annual report filings to the Commission, it must do so before requesting a change in rates.

INSTRUCTIONS

These forms were designed to minimize the Commission's request for information and the utility's time for completion. You can complete the balance sheet and income sheet pages from the utility's Annual Report (pages F-1, F-2, F-3, W-2 & W-6) on file with the Commission. Please note that if the utility's annual report on file with the Commission contains errors, or if your utility plans to use a test year ending in anything other than calendar year ended 12/31/XX, other accounting resources should be used. Before you begin, please answer the two questions below. Then familiarize yourself with each Rate Application page. Each page will provide instruction as to why the schedule is in the Rate Application and the utility records needed to complete the page. Please note that shaded areas contain formulas and should not be overwritten. When reading through this application, focus on the "Supporting Documentation" sections shown throughout this document. Other Documentation needed to complete these forms are listed below. To save time, gather this documentation before you begin. Remember, if you are unfamiliar with a term, please see the General Information page. Once you complete the above review of the application, you will begin your adjustments on Schedule 2. You will need to complete Schedules 2, 3, 5, 6, 7, 9, 10 and 11. For each schedule, be sure to read the instruction on that page and gather your *Supporting Documentation* required for that schedule before you begin. If you have any questions, please call the IURC's Water/Sewer Division at (317) 232-2750.

Life of Proposed Rates:

The rates developed in these schedules should be based on a three or five year period. The time period you select should be based on the time period the utility expects to pass before the utility requests another rate case.

What is the expected life of the rates proposed by the utility? → 5 Years

Does Utility have a wastewater treatment plant? → 2.2% Composite Depreciation Rate

Enter Test Year Ending Date →

Documentation Needed to Complete Application (not to be filed with application):

- 1 General Ledger
- 2 General Ledger Trial Balance for Test Year End
- 3 Billing Records or Sales Journal
- 4 Payroll Register
- 5 Salary Resolution
- 6 Current Health Insurance Premiums
- 7 12 months of Purchased Wastewater Treatment Bills received during the test year
- 8 12 months of Purchased Power Bills received during the test year
- 9 12 months of Chemical Bills received during the test year
- 10 Notice of Rate Change from Power or Wastewater Treatment Provider
- 11 Copies of Capital and/or Non-recurring Expense Invoices
- 12 Current Insurance Premium Renewals
- 13 Contracts or Agreements with Consultants to provide any services associated with this filing.

INSTRUCTIONS (con't)

Once you have completed all sections of the Rate Application, Schedule 1 (shown on page 6) will provide the recommended revenue and percentage increase needed to the utility's current rates. This percentage increase should be included in the customer notices required under the Small Utility Rate Application process. Customer notices should be mailed as soon as possible. Rate changes will not be approved until 90 days after the date customer notices were sent.

Before filing the Utility's Petition, check that the following items are included:

Examples of publication/customer notices and the verified statement of indebtedness described below, can be found on the Commission's website at www.in.gov/urc. Then click on the Water/Wastewater Division tab, then click "Toolkit", then go to "Small Utility Rate Application Checklist".

- ☐ A completed Small Utility Rate Application, with *Supporting Documentation* ; note the Documentation listed on page 3 of these Instructions should not be filed with the application. However, these items should be made available at the utility's office for the OUCC to complete its review.
- ☐ A copy of the authorization from the utility's governing body for the requested rate change (i.e., board resolution);
- ☐ A copy of the utility's proposed written notice for publication; and
- ☐ *For Not-for-Profits Only* , A verified statement as to whether or not the small utility has outstanding indebtedness to the federal government. If the utility has federal indebtedness, it must supply written consent to apply for a rate change from the federal agencies that are creditors.

Remember, proof of of publication (i.e., publisher's affidavit) of the actual notice must be filed within fifteen (15) days after the utility files its Petition. An actual copy of the customer notice must also be filed within fifteen (15) days after the utility files its Petition.

Once the utility's Petition is assembled, mail an original and five (5) copies to the address shown below:

Indiana Utility Regulatory Commission
ATTN: Secretary of the Commission
101 West Washington Street, Ste. 1500E
Indianapolis, IN 46204

Case Summary

Instruction: Please complete this summary after the rate application is complete (note - if insufficient space is provided below, please include a note to see attached for additional information and include the attachment as a Microsoft Word document). Please briefly describe the utility's need for its rate increase (i.e., operating expense increases, new project, etc.), which should include the overall percentage and revenue increase requested (See Schedule 1 for percentage and revenue increase). If the utility needs Commission authority to incur new debt, please explain what the proposed debt will be used for. If the new debt will be used to fund a project, a preliminary engineering report (PER) must be filed with this rate application. Also, for any proposed financings, it is recommended that a three year as opposed to a five year rate life be used because most debt financings require interest payments only during the first two years. Therefore, without a subsequent rate adjustment after three years, rates would be insufficient to meet the utility's debt service payments (principal and interest payments). Finally, if the utility would like for its non-recurring charges to be reviewed, place a check in the following box below.

☐

Eastern Richland Sewer Corporation

NAME OF UTILITY

YEAR OF REPORT

December 31, 2011

DO NOT ENTER DATA ON THIS PAGE**REVENUE REQUIREMENT**

This schedule will provide the utility with the recommended revenue increase needed to cover its costs to provide service.

Instruction: All cells in this schedule are automatically filled.

Line No.	Description	Amount
	REVENUE REQUIREMENTS	
1	Operating Expenses (include taxes, not depreciation)	\$1,119,234
2	Debt Service (Schedule 9)	
3	Debt Service Reserve (Schedule 10)	
4	Extensions & Replacements (Schedule 7)	85,971
5	Working Capital (Schedule 8)	
6	Total Revenue Requirements	1,205,205
7	Less: Interest Income	111,702
8	Net Revenue Requirements	1,093,503
8	Less: Other Revenues Not Subject to Increase	17,122
8	Less: Pro Forma Present Rate Operating Revenues (Schedule 4)	1,076,381
	Revenue Increase Required Excluding Taxes	(0)
10	Multiply By: Gross Revenue Conversion Factor	1.0012
11	Recommended Increase	(\$0)
	Recommended Percentage Increase	0.00%

	Not-for-Profit Utility	
Gross Revenue Change	100.0%	(\$0)
Less: IURC Fee	0.1%	(0)
Subtotal	99.9%	\$0
Gross Revenue Conversion Factor	1.0012	

Eastern Richland Sewer Corporation

YEAR OF REPORT

NAME OF UTILITY

December 31, 2011

Instructions: Information for this schedule can be taken from the utility's IURC Annual Report on file with the Commission or from the utility's accounting books and records.

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
UTILITY PLANT			
101-106	Utility Plant	\$5,057,089	\$4,283,217
108	Less: Accumulated Depreciation of Utility Plant	2,445,178	2,242,613
110	Accumulated Amortization of Utility Plant		
	Net Plant	2,611,911	2,040,604
114-115	Utility Plant Acquisition Adjustment (Net)		
116	Other Utility Plant Adjustments		
	<i>Total Net Utility Plant</i>	2,611,911	2,040,604
OTHER PROPERTY AND INVESTMENTS			
121	Nonutility Property		
122	Less: Accumulated Depreciation and Amortization of Nonutility Property		
	<i>Net Nonutility Property</i>		
123	Investment In Associated Entities		
124	Utility Investments		
125	Other Investments		
126-127	Special Funds		
	<i>Total Other Property & Investments</i>		
CURRENT AND ACCRUED ASSETS			
131	Cash	3,673,597	4,012,155
132	Special Deposits		
133	Other Special Deposits		
134	Working Funds		
135	Temporary Cash Investments		
141-144	Accounts and Notes Receivable, Less Accumulated Provision for Uncollectible Accounts	112,477	101,180
145	Accounts Receivable from Associated Entities		
146	Notes Receivable from Associated Entities		
151-153	Materials and Supplies Inventory		
161	Stores Expense		
162	Prepayments	2,643	1,203
171	Accrued Interest and Dividends Receivable	14,343	15,790
172	Rents Receivable		
173	Accrued Utility Revenues		
174	Misc. Current and Accrued Assets		
	<i>Total Current and Accrued Assets</i>	\$3,803,060	\$4,130,328

Eastern Richland Sewer Corporation

NAME OF UTILITY

YEAR OF REPORT

December 31, 2011

Instructions: Information for this schedule can be taken from the utility's IURC Annual Report on file with the Commission or from the utility's accounting books and records.

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)		CURRENT YEAR (d)	PREVIOUS YEAR (e)
	DEFERRED DEBITS			
181	Unamortized Debt Discount & Expense			
182	Extraordinary Property Losses			
183	Preliminary Survey & Investigation Charges			
184	Clearing Accounts			
185	Temporary Facilities			
186	Miscellaneous Deferred Debits			
187	Research & Development Expenditures			
190	Accumulated Deferred Income Taxes			
	<i>Total Deferred Debits</i>			
	TOTAL ASSETS AND OTHER DEBITS		\$6,414,971	\$6,170,932

NOTES TO THE BALANCE SHEET

The space below is provided for important notes regarding the balance sheet.

EASTERN RICHLAND SEWER CORPORATION ACQUIRED THE ASSETS AND LIABILITIES OF
NORTHERN RICHLAND SEWER CORPORATION IN A MERGER JUNE 2011.

Eastern Richland Sewer Corporation

NAME OF UTILITY

YEAR OF REPORT

December 31, 2011

Instructions: Information for this schedule can be taken from the utility's IURC Annual Report on file with the Commission or from the utility's accounting books and records.

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
	EQUITY CAPITAL		
211	Other Paid-In Capital	\$965,750	\$963,200
214-215	Retained Earnings	3,984,674	3,769,219
	<i>Total Equity Capital</i>	4,950,424	4,732,419
	LONG-TERM DEBT		
221	Bonds		
222	Reacquired Bonds		
223	Advances from Associated Entities		
224	Other Long-Term Debt	93,991	103,154
	<i>Total Long-Term Debt</i>	93,991	103,154
	CURRENT AND ACCRUED LIABILITIES		
231	Accounts Payable	284,741	90,151
232	Notes Payable		
233	Accounts Payable to Associated Entities		
234	Notes Payable to Associated Entities		
235	Customer Deposits		
236	Accrued Taxes	2,303	3,548
237	Accrued Interest	221	243
238	Accrued Dividends		
239	Matured Long-Term Debt	9,162	8,716
240	Matured Interest		
241	Miscellaneous Current and Accrued Liabilities	4,452	98,260
	<i>Total Current and Accrued Liabilities</i>	300,879	200,918
	DEFERRED CREDITS		
251	Unamortized Premium on Debt		
252	Advances for Construction		
253	Other Deferred Credits		
	<i>Total Deferred Credits</i>		
	OPERATING RESERVES		
261	Property Insurance Reserve		
262	Injuries and Damages Reserve		
263	Pensions and Benefits Reserve		
265	Miscellaneous Operating Reserves		
	<i>Total Operating Reserves</i>		
	CONTRIBUTIONS IN AID OF CONSTRUCTION		
271	Contributions In Aid of Construction	2,590,581	2,590,581
272	Accumulated Amortization of Contributions In Aid of Construction	1,520,904	1,456,140
	<i>Total Net Contributions In Aid of Construction</i>	1,069,677	1,134,441
	TOTAL EQUITY CAPITAL AND LIABILITIES	\$6,414,971	\$6,170,932

Eastern Richland Sewer Corporation

YEAR OF REPORT

NAME OF UTILITY

December 31, 2011

Instructions: Information for this schedule can be taken from the utility's IURC Annual Report on file with the Commission or from the utility's accounting books and records.

COMPARATIVE OPERATING STATEMENT

ACCT. NO. (a)	ACCOUNT NAME (b)	CURRENT YEAR (c)	PREVIOUS YEAR (d)
400	Operating Revenues:		
521	Flat Rate Revenues		
522.1	Residential Metered Sales	954,493	903,480
522.2	Commercial Metered Sales	121,888	118,777
522.3-522.5	Other Metered Sales		
523	Revenues From Public Authorities		
524	Sales From Other Systems		
525	Interdepartmental Revenues		
532	Late Fees		
	Other Operating Revenues	17,122	24,106
	Total Operating Revenues	1,093,503	1,046,363
401	Operating Expenses:		
701	Salaries & Wages - Employees	30,457	34,000
703	Salaries & Wages - Officers and Directors	22,046	22,088
704	Employee Pensions and Benefits		
710	Purchased Wastewater Treatment	622,266	572,235
711	Sludge Removal Expense		
715	Purchased Power	4,592	3,883
716	Fuel for Power Production		
718	Chemicals		
720	Materials and Supplies		
730	Contractual Services - Billing		
731	Contractual Services - Engineering/Professional	11,011	7,236
732	Contractual Services - Accounting	14,060	15,975
733	Contractual Services - Legal	79,356	65,378
734	Contractual Services - Management Fees		
735	Contractual Services - Other/Testing		
736	Contractual Services - Other	1,780	14,210
740	Rents		
741	Rental of Building/Real Property		
742	Rental of Equipment		
750	Transportation Expenses		
755	Insurance		
756	Insurance - Vehicle		
757	Insurance - General Liability	3,087	3,650
758	Insurance - Workman's Compensation		
759	Insurance - Other		
760	Advertising Expense		
765	Regulatory Commission Expense		
766	Amortization of Rate Case Expense		
767	Regulatory Commission Expense - Other		
770	Bad Debt Expense	1,600	1,752
775	Miscellaneous Expenses	317,151	100,898
	Total Operation and Maintenance Expenses	\$ 1,107,406	\$ 841,305

Eastern Richland Sewer Corporation

NAME OF UTILITY

YEAR OF REPORT

December 31, 2011

Instructions: Information for this schedule can be taken from the utility's IURC Annual Report on file with the Commission or from the utility's accounting books and records.

COMPARATIVE OPERATING STATEMENT (Con't)

ACCT. NO. (a)	ACCOUNT NAME (b)	CURRENT YEAR (c)	PREVIOUS YEAR (d)
403	Depreciation Expense	\$ 41,107	\$ 32,718
406	Amortization of Utility Plant Acquisition Adjustment		
407	Amortization Expense		
408.11	Property Taxes or PILT		
408.12	Payroll Taxes	4,458	4,753
408.13	Other Taxes and Licenses	15,274	14,610
408.1-408.2	Taxes Other Than Inc., unless specified above		
	<i>Total Utility Expenses</i>	1,168,245	893,386
	<i>Net Operating Income</i>	(74,742)	152,977
413	Income From Utility Plant Leased to Others		
414	Gains/(Losses) From Disposition of Property		
	<i>Total Utility Operating Income</i>	(74,742)	152,977
	OTHER INCOME AND DEDUCTIONS		
415	Revenues From Merchandising, Jobbing and Contract Work		
416	Costs and Expenses of Merchandising, Jobbing and Contract Work		
419	Interest and Dividend Income	111,702	128,535
421	Nonutility Income		
426	Miscellaneous Nonutility Expenses		
	<i>Total Other Income and Deductions</i>	111,702	128,535
	TAXES APPLICABLE TO OTHER INCOME		
408.20	Taxes Other Than Income, Other Income & Deductions		
	INTEREST EXPENSE		
427	Interest Expense	5,374	5,832
428	Amortization of Debt Discount & Expense		
429	Amortization of Premium on Debt		
	<i>Total Interest Expense</i>	5,374	5,832
	EXTRAORDINARY ITEMS		
433	Extraordinary Income		
434	Extraordinary Deductions		
	<i>Total Extraordinary Items</i>		
	NET INCOME	\$ 31,586	\$ 275,680

Pro-forma Net Operating Income Statement

DO NOT ENTER DATA ON THIS PAGE

This schedule provides a summary of proposed operating revenues and expenses the utility has included in its rate application. All the revenue and expense adjustments shown on Schedules 5 and 6, respectively will be reflected in Column (b) below. If additional revenue or expense adjustments are needed, please contact the IURC Water/Sewer Division at (317) 232-2750 for further assistance.

	(a) Year Ended 12/31/11	(b) Adjustments	(c) Sch Ref	(d) Pro-forma Present Rates	(e) Adjustments	(f) Sch Ref	(g) Pro-Forma Proposed Rates
Operating Revenues							
Flat Rate Revenues			5-1			1	
Residential Metered Sales	\$954,493		5-2	\$954,493	(\$0)	1	\$954,493
Other Metered Sales	121,888			121,888		1	121,888
Revenues From Other Systems						1	
Late Payment Charges						1	
Other Revenue	17,122			17,122			17,122
Total Operating Revenues	1,093,503			1,093,503	(0)		1,093,503
Operation & Maint. Expense	1,107,406			1,099,502			1,099,502
Salaries and Wages			6-1				
Employee Benefits			6-2A				
Emp. Benefits - PERF/Pensions			6-2B				
Purchased Wastewater Trmt.			6-3A				
			6-3B				
Purchased Power			6-4A				
			6-4B				
Chemicals			6-5A				
			6-5B				
Periodic Maintenance Expense			6-6				
Capital Expenditures			6-7				
Insurance			6-8				
Rate Case Expense			6-9				
Miscellaneous Expense			6-11				
IURC Fee			6-12		(0)	1	
Other		(7,904)	6-13				
Other			6-14				
Depreciation Expense	41,107		7	41,107			41,107
Amortization Expense							
Taxes Other than Income							
Payroll Taxes	4,458		6-10	4,458			4,458
Other Taxes and Licenses	15,274			15,274		1	15,274
Total Operating Expenses	1,168,245	(7,904)		1,160,341	(0)		1,160,341
Net Operating Income	(\$74,742)	\$7,904		(\$66,838)	(\$0)		(\$66,838)

All the "Difference" cells located in the Proof Box located below, should contain a "-" or \$0; if not, then an error exists in the Rate Schedules.

Proof Box:				Difference	Check:
Total Operating Revenues	\$1,093,503	\$1,093,503			Net Operating Income (\$66,838)
Total Operating Expenses	1,168,245	1,168,245			Add: Depr. Expense 41,107
Net Operating Income	(\$74,742)	(\$74,742)			Add: Amort. Expense
					Add: Interest Income 111,702
					Less: E&R 85,971
					Less: Working Capital
					Less: Debt Service
					Less: DSR
					Difference \$0

*If your result is not \$0, your schedules contain an error.

Utility Name: Eastern Richland Sewer Corporation

Schedule 5

Revenue Adjustments

(1)

Flat Rate Revenues - To adjust test year residential flat rate sales to normalize the change in the number of customers that occurred during the test year.

This adjustment should be used to capture changes in the number of residential customers that occurred during the test year.

Enter the following data:

Months	Number of Residential Customers	Increase/ (Decrease in Number of Bills	Multiplier	Additional Monthly Bills
Jan			-	
Feb			1	
Mar			2	
Apr			3	
May			4	
Jun			5	
Jul			6	
Aug			7	
Sep			8	
Oct			9	
Nov			10	
Dec			11	
12 Month Total		Number of Additional Bills		
		Times: Average Bill		
		Adjustment Increase/(Decrease)		

Test Year Residential Sales	\$954,493
Divided By: 12 Month Total # of Residential Customers	
Average Bill per Residential Customer	

Supporting Documentation: None to be filed.

Revenue Adjustments (con't)

(2)

Residential Metered Sales - To adjust test year residential metered sales to normalize the change in the number of customers that occurred during the test year.

This adjustment should be used to capture changes in the number of residential customers that occurred during the test year.

Enter the following data:

Months	Number of Residential Customers	Increase/ (Decrease in Number of Bills	Multiplier	Additional Monthly Bills
Jan	1,976		-	
Feb	1,976		1	
Mar	1,978	2	2	4
Apr	1,984	6	3	18
May	1,986	2	4	8
Jun	1,992	6	5	30
Jul	1,996	4	6	24
Aug	2,000	4	7	28
Sep	1,996	(4)	8	(32)
Oct	1,994	(2)	9	(18)
Nov	1,990	(4)	10	(40)
Dec	1,992	2	11	22
12 Month Total	<u>23,860</u>	Number of Additional Bills		<u>44</u>
		Times: Average Bill		<u>\$40.00</u>
		Adjustment Increase/(Decrease)		<u>\$1,760</u>

Test Year Residential Sales	\$954,493
Divided By: 12 Month Total # of Residential Customers	<u>23,860</u>
Average Bill per Residential Customer	<u>\$40.00</u>

Please list the utility's ten (10) largest customers:

Customer Name	Test Year Consumption:	Test Year Revenues:

If the utility lost or gained any of the customers listed above either during the test year or twelve months subsequent to the test year, an adjustment to remove revenues of the customer(s) lost or add revenues of the customer(s) gained may be necessary. Contact the IURC at (317) 232-2750 if this type adjustment is necessary.

Schedule 6

Instruction: The following expense adjustments typically are needed to modify the utility's test year to allow a better representation of the utility's on going needs. For each adjustment listed, you will find a section labeled "Supporting Documentation." This documentation is needed to make each of the adjustments listed and must be submitted to the Commission as part of the utility's rate application. The utility may not need to make all of these adjustments listed. If an adjustment is not needed, skip to the next expense adjustment.

Salaries and Wage Expense - To adjust test year salaries and wages to reflect any pro-forma changes in wages and hours worked during the test year. (If more lines are needed, please call the Commission's Water/Sewer Division at (317) 232-2750)

Enter the following information:

Supporting Documentation: Any salary or wage ordinance/resolutions that will impact wage expense for the subsequent year. Explanation for any increase or decrease in the number of employees needed on a going forward basis.

Utility Name: Eastern Richland Sewer Corporation

Schedule 6(b)

Expense Adjustments (con't)

(2)

Employee Benefit Expense - To adjust health care, life and dental benefits to current premiums and for any additions or deletions of employees on the utility's payroll either during the test year or twelve (12) months subsequent to the test year. Changes in employee status should also be considered (Married/Single). (Note : The utility's employee benefit account may include expenses other than health, dental or life insurance. Therefore, costs associated with these other benefits should be removed from the test year employee benefit expense amount that will be entered in cell K13 below. The utility's employee benefit expense for the test year can be found on the utility's general ledger.

The following adjustment should be used if the utility has had any changes in its health care, dental or life insurance premiums.

(A) Enter Pro-forma Health, Dental and Life Insurance Expense	→	
Enter Test Year Health, Dental and Life Insurance Expense	→	
Adjustment - Increase/(Decrease)		<hr/>

An additional benefit that may need adjusted for changes in contribution rates is PERF or Pension Expense.

(B) Pro-forma Payroll subject to PERF/Pensions		
Enter PERF/Pension Rate	→	
Sub-Total		<hr/>
Enter Test Year PERF Expense	→	
Adjustment - Increase/(Decrease)		<hr/>

Supporting Documentation: Copies of current health, dental and life insurance premium invoices and if applicable, PERF/Pension Statement.

Expense Adjustments (con't)

(3)

Purchased Wastewater Treatment Expense - To adjust test year purchased wastewater treatment to normalize any changes in cost that occurred during the test year or twelve months subsequent to the test year and to increase/decrease this expense due to the wastewater sales normalization adjustment shown on Schedule 5.

(A) The following adjustment should be used if the utility purchases wastewater from another utility ("wholesale provider" or "Provider") and that utility increased rates during the test year or twelve months subsequent to the test year.

Name of Wholesale Supplier: _____

Effective Date of Rate Change: _____

NOTE: For column (e), you will need to collect the bills your utility received during the test year from the utility's wastewater treatment provider ("Provider"). Once you have this information, you need to know how the Provider charges your utility for the wastewater treatment that it purchases. This may require you to contact the Provider to obtain their wholesale tariff or if applicable, a copy of the special contract ("contract") your utility has with its Provider. Once you obtain your Provider's rate tariff or contract with your utility, review the utility's bills to add the utility's treatment purchased for each month during the test year by rate block. For example, XYZ Utility purchases all its wastewater treatment from Provider. Provider implemented a rate increase in June of XYZ Utility's test year. The Provider's new tariff reflects a first rate block of \$3.00 per 1,000 gallons purchased up to 10,000 gallons in a month. The Provider's second rate block reflects \$2.00 per 1,000 gallons purchased for the next 10,001 gallons to 20,000 gallons in a month. XYZ Utility purchased 20,000 gallons of treatment each month during the test year or 240,000 gallons (20,000 x 12 months). Therefore, 120 would be entered on line 1, column (e), which represents 1,200,000 gallons ((10,000 gallons X 12 months)/1,000) and 120 would be entered on line 2, column (e).

Metered Rates Per Month - enter wholesale provider's rate blocks below	Prior Rates Charged per 1,000 gallons or 100 Cu.ft.	Current Rates Charged per 1,000 gallons or 100 Cu.ft.	Purchased by rate blocks- see note above	Adjustment
(a)	(b)	(c)	(e)	(f)
1				
2				
3				
4				
5				
6				
7				
Flat Rate				
Pro-forma Purchased Wastewater Treatment				
Less: Test Year Expense				
Adjustment - Increase/(Decrease)				

(B) The following adjustment increases/decreases the cost to the utility for the increase/decrease in number of residential customers that occurred during the test year as shown on Schedule 5, Adjustment 1.

Test Year Purchased Wastewater Expense	
Plus: (A) adjustment above	
Sub-Total	
Divided By: # of Test Year Bills	23,860
Cost Per Bill	
Times: Number of Additional Bills	44
Adjustment - Increase/(Decrease)	

Supporting Documentation: Copy of resolution by wholesale utility to support changed rates or letter from wholesale utility notifying of the increase in rates.

Expense Adjustments (con't)
(4)

Purchased Power Expense - To adjust test year purchased power to normalize any changes in cost that occurred during the test year or twelve months subsequent to the test year and to increase/decrease this expense due to the purchased wastewater treatment normalization adjustment shown on Schedule 5.

(A) The following adjustment should be used if the utility's purchased power/electricity vendor increased its rates during the test year or twelve months subsequent to the test year.

Name of Electric Utility Supplier: _____

Effective Date of Rate Change: _____

NOTE: For column (e), you will need to collect the bills your utility received during the test year from the utility's vendor(s) that supplies electricity ("Supplier"). Once you have this information, you need to know how the Supplier charges your utility for the electricity that it purchases. This may require you to contact the Supplier to obtain their user rate tariff ("tariff"). Once you obtain your Supplier's tariff, review the utility's bills to add the utility's usage for each month during the test year by rate block. For example, XYZ Utility purchased all its electricity from Supplier. Supplier implemented a rate increase in June of XYZ Utility's test year. The Supplier's new tariff reflects a first rate block of \$0.05 per kilowatt hour ("kWh"), up to 1,000 kWh in a month. The Supplier's second rate block reflects \$.025 per kWh for the next 1,001 to 2,000 kWh in a month. XYZ Utility used 2,000 kWh of electricity each month during the test year or 24,000 kWh (2,000 x 12 months). Therefore, 12,000 would be entered on line 1, column (e), which represents kWhs purchased through Supplier's first rate block during the test year and 12,000 would be entered on line 2, column (e).

Metered Rates Per Month - enter rate per rate blocks below	Prior Rates Charged per kWh	Current Rates Charged per kWh	Usage by rate block-see note above	Adjustment (f)
(a)	(b)	(c)	(e)	
1 _____	_____	_____	_____	_____
2 _____	_____	_____	_____	_____
3 _____	_____	_____	_____	_____
4 _____	_____	_____	_____	_____
5 _____	_____	_____	_____	_____
6 _____	_____	_____	_____	_____
7 _____	_____	_____	_____	_____
Fixed Charges/Meter Charge	_____	_____	_____	_____
		Pro-forma Purchased Power		_____
		Less: Test Year Expense		_____
		Adjustment - Increase/(Decrease)		_____

(B) The following adjustment increases/decreases your utility's power cost for the increase/decrease in number of residential customers that occurred during the test year as shown on Schedule 5, Adjustment 1.

Test Year Purchased Power Expense	_____
Plus: (A) adjustment above	_____
Sub-Total	_____
Divided By: # of Test Year Bills	23,860
Cost Per Bill	_____
Times: Number of Additional Bills	44
Adjustment - Increase/(Decrease)	_____

Supporting Documentation: Copy of ordinance/resolution by the electric utility to support its changed rates or the letter from the electric utility notifying of the rate increase.

Expense Adjustments (con't)
(5)

Chemical Expense - To adjust test year chemical expense to normalize any changes in cost that occurred during the test year or twelve months subsequent to the test year and to increase or decrease this expense due to the purchased wastewater treatment normalization adjustment shown on Schedule 5.

The following adjustment should be used if the utility's per unit cost of chemicals changed either during the test year or subsequent to the test year or if the amount of chemicals used during the test year will increase.

[illegible]

The following adjustment increases/decreases the chemical cost to the utility for the increase/decrease in number of residential customers that occurred during the test year as shown on Sch. 5, Adjustment 1.

(B) Test Year Chemical Expense	
Plus: Adjustment (A) above	
Sub-total	
Divided By: # of Test Year Bills	23,860
Cost Per Bill	
Times: Number of Additional Bills	44
Adjustment - Increase/(Decrease)	

Supporting Documentation: Bill received by chemical suppliers to support unit cost(s) and an explanation supporting any increased amount of chemical purchases contemplated above test year purchase amounts.

Utility Name: Eastern Richland Sewer Corporation

Schedule 6(f)

Expense Adjustments (con't)
(6)

Maintenance Expense - To adjust test year maintenance expense to reflect the utility's average annual cost associated with system maintenance. (Add more lines if necessary)

This adjustment allows the utility to accrue funds for annual system maintenance that may not have been performed during the test year. To determine test year expense add all costs incurred during the test year for the maintenance items listed below and enter total in cell M20.

*Enter Actual Cost
(Invoice) or
Estimate/Quote:*

Enter Estimated Cost to Televising and Clean 10% of Utility's System: →

Enter I&I Assessment/Abatement Activity Cost: →

Enter Cost Associated with Lift Station Pump-down Tests: →

Enter Description of Any Other Annual Maintenance Performed Below:

*Enter Test Year Expense
Adjustment - Increase/(Decrease)* →

Supporting Documentation: Test year invoices, estimates or quotes obtained from the Vendors that provide each of the above services. Also, provide any documentation or calculations used to support test year expense.

Eastern Richland Sewer Corporation

Schedule 6(g)

Expense Adjustments (con't)

(7)

Non-Recurring or Capital Expenditures - To remove from test year operating costs that either will not recur in the future or were inadvertently recorded as expenses but should have been recorded as utility plant in service (capitalized). Typically, investments of \$1,000 or more made to the infrastructure of the utility are considered capital investments and not expenses. To eliminate these expenses from the utility's test year expense, **enter each expense amount as a negative number.**

Enter the following information:

[illegible]

Supporting Documentation: Copy(ies) of the invoice(s) paid for the capital expenditure or non-recurring charge.

(8)

Insurance Expense - To adjust test year insurance expense to reflect any changes in insurance premiums that occurred during the test year.

The following adjustment is necessary if the utility added additional insurance subsequent to the test year or if insurance premiums paid during the test year changed.

Type of Insurance, if applicable	Annual Premium
Enter Automobile Insurance Annual Premium Amount	
Enter Commercial Property Insurance Annual Premium Amount	
Enter Worker's Compensation Annual Amount Paid by the Utility	
Enter General Liability Insurance Annual Premium Amount	
Enter Directors & Officers Renewal Policy Amount	
Enter Comprehensive Insurance Premium Amount	
Enter any Other Insurance, please include a description	
Sub-Total	
Less: Test Year Insurance Expense	
Adjustment - Increase/(Decrease)	

Supporting Documentation: Insurance Premium renewals/invoices that support new premium rates.

Expense Adjustments (con't)**(9)**

Rate Case Expense - To adjust test year operating expenses to include costs associated with this rate case amortized over the utility's expected life of its proposed rates. Typically, utilities will propose a rate life of three to five years, which means that within three to five years of the implementation of the rates in this case, the utility plans to file another rate case.

The following adjustment is needed to capture costs the utility incurs to process this rate application. If costs associated with this case were incurred during the test year, enter the total amount of test year rate case costs in cell M205.

Enter Accounting Contract Amount, if applicable	_____	→	_____
Enter Engineering Fees, if applicable	_____	→	_____
Enter Other Fees, if applicable (enter description)	_____	→	_____
IURC Fees (For CD, or WA enter \$3,000, otherwise \$0)	_____	→	_____
Sub-Total			_____
Divided By: Expected Life of Rates			<u>5</u>
Pro forma Test Year Rate Case Expense			_____
Enter Test Year Rate Case Expenses	_____	→	_____
Adjustment - Increase/(Decrease)			<u>_____</u>

Supporting Documentation: Written contract or agreement with consultants for proposed services. Also, provide documentation and any calculations used to support test year costs.

(10)

Payroll Taxes - To adjust test year payroll taxes to reflect pro-forma adjustments in Adjustment 6-1.

The adjustment is needed to capture in the utility's proposed rates any changes in payroll expense shown in adjustment 1 above.

Pro-forma Payroll			_____
Times: FICA Rate			<u>7.65%</u>
Pro-forma FICA Expense			_____
Enter Test Year FICA Expense	_____	→	_____
Adjustment - Increase/(Decrease)			<u>_____</u>

Supporting Documentation: None

(11)

Miscellaneous Expense - To adjust test year postage expense to reflect increase/decrease in test year number of customers.

# of Additional Bills			_____
Enter Current Postage Rate	_____	→	<u>\$0.44</u>
Adjustment - Increase/(Decrease)			<u>_____</u>

Supporting Documentation: None

Expense Adjustments (con't)**(12)**

Indiana Utility Regulatory Commission (IURC) Fee - To adjust test year IURC fee for pro-forma present rate operating revenues (*For Not-for-Profits Only -does not apply to Conservancy Districts (CD or Water Authorities WA)*). Note that the "Test Year IURC Fee" amount must be hard entered.

	Present
Total Operating Revenues (Hard enter amount taken from cell K23 shown on Schedule 4) →	
Times: Current IURC Fee	0.0011785
Sub-Total	
Enter Test Year IURC Fee →	
Adjustment - Increase/(Decrease)	

Supporting Documentation : None

(13)

Other Expense Adjustment - enter description below:

Adjustment to neutralize for no rate increase.

Enter Pro-forma Expense Amount →	\$ -
Enter Test Year Expense →	7,904
Adjustment - Increase/(Decrease)	\$ (7,904)

Supporting Documentation : Provide any spreadsheets and/or workpapers used to compute the Proforma expense amount shown above as well as a narrative explaining the need for the adjustment. Also, include any workpapers that supports that a test year adjustment is necessary.

(14)

Other Expense Adjustment - enter description below:

Enter Pro-forma Expense Amount →	
Enter Test Year Expense →	
Adjustment - Increase/(Decrease)	\$ -

Supporting Documentation : Provide any spreadsheets and/or workpapers used to compute the Proforma expense amount shown above as well as a narrative explaining the need for the adjustment. Also, include any workpapers that supports that a test year adjustment is

Extensions and Replacements

It is recommended a utility use a capital improvement plan taken from its utility master plan as its basis for extensions and replacements. If your utility currently has no master plan, contact the IURC Water/Sewer Division at (317) 232-2750 and we will provide you with information on how to start such a plan. In the interim, a three-year historic average of past infrastructure investments less debt funds used to pay for the investment can be used. The utility's goal for this adjustment is to include a sufficient amount in rates to replace and maintain its utility infrastructure.

Extensions and Replacement - based on a capital improvement plan. To reflect the average amount needed to fund the utility's capital improvement projects over the next three or five year period, depending on the expected life of the utility's proposed rates.

Two methods are shown below. Place an X in the method you propose to use. Do not complete the other two sections. NOTE: The amount shown for the method used will be reflected on the Revenue Requirement Schedule, Schedule 1.

For each project listed below, enter the amount the utility expects to pay for that project in the year the investment will be incurred. Year 1 would be the year subsequent to the test year. If a project will take more than one year to complete, enter a pro-rated share of the costs in each year the utility expects to incur that cost. NOTE: Do Not Enter Project Costs that will be Funded with Debt Funds, Grants, or Contributions.

	<u>1. Extensions and Replacement based on a Capital Improvement Plan</u>					
Description	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Total						
Divide by: Proposed Life of Rates*						
Average Annual Extensions and Replacements						

** NOTE: Cell N29 will not add across and down if the proposed life of rates is 3 years and data has been added for years 4 and 5.*

2. Historic Extensions and Replacements	Year 1	Year 2	Year 3
Enter the Total Amount Spent for Capital Investments for Each of the Last Three Years Less the Amount that was Funded with Debt			
Divided By: 3 Years			
Average Historic Extensions and Replacements			
Supporting Documentation: None			

DO NOT ENTER DATA ON THIS PAGE**Working Capital**

This adjustment is necessary if the utility does not have sufficient cash on hand to cover its costs from the time the utility provides service until it collects for its services provided.

Operation & Maintenance Expense	\$1,099,502
Less: Purchased Wastewater Trmt. (total TY expense, plus adj. 3 shown on Sch. 6)	622,266
Purchased Power (total test year expense, plus adjustment 4 shown on Sch. 6)	4,592
	<hr/>
Adjusted Operation & Maintenance Expense	472,644
Times: 45 Day Factor	0.125
	<hr/>
Working Capital Revenue Requirement	59,081
Less: Cash on Hand	3,673,597
Net Working Capital Revenue Requirement	<hr/>
Divide by: Amortization Period (Years)	5
Annual Working Capital Revenue Requirement	<hr/> <hr/>

Please note that the "Annual Working Capital Revenue Requirement" cell H21 will be blank if no working capital is required.

Eastern Richland Sewer Corporation

Schedule 9

Debt Service

To reflect the average amount of debt service required over a three or five year period, depending on the life of the utility's proposed rates. Note: If utility is proposing new or refinanced debt include, the annual debt service in this schedule.

For each debt listed below, enter the amount the principal and interest or "debt service" payment the utility will pay for each of the next five years. Year 1 will be the payment made subsequent to the test year. NOTE: If more than one payment is scheduled to be made in a year's time, add all payments for that year and enter the total payment in the applicable field below.

[illegible]

** NOTE: Cell N18 will not add across and down if the proposed life of rates is 3 years and data has been provided for Years 4 and 5.*

Supporting Documentation: All debt listed should include amortization tables in the utility's bond or loan closing documents. Copies of these tables must be provided. For any new or refinanced debt, a copy of the Board's resolution must also be provided that authorized the debt issue.

Eastern Richland Sewer Corporation

Schedule 10

Debt Service Reserve

To reflect the average amount of debt service reserve required over a three or five year period, depending on the life of the utility's proposed rates.

This adjustment is needed if the utility has debt on its books and the debt issuance requires that the utility set aside money to fund its maximum debt service payment(s) over a certain period of time. This requirement can usually be found in the utility's bond documents. If you are uncertain that a debt service reserve is required, contact your bond counsel or accountant that helped the utility obtain the debt listed.

Enter Description of Debt Below: Enter Maximum Debt Service Payment:

Enter Debt Service Reserve Already Funded (Should be included in Account 132)

Sub-Total

Enter Number of Years Remaining to Fund Reserve:

Average Annual Debt Service Reserve

100

* NOTE: Cell N19 will not add across and down if the proposed life of rates is 3 years and data has been entered for years 4 and 5.

Supporting Documentation: copy of front page of loan document and the page of the loan documents that explain that a debt service reserve is required and how it needs to be funded.

Utility Name: Eastern Richland Sewer Corporation

Schedule 11

Current and Proposed Rates and Charges

The rates charged to the utility's customers are contained on the utility's tariff. These rates should be entered below. If more lines are necessary, please call the Commission at (317) 232-2750.

Enter the following rates below:	Current Rates	Tracker	Adjusted Current Rates	Proposed Rates	Proposed Increase	Percent Increase
Flat Rate Per Month Unmetered Users (includes tracking factor)	\$26.28		\$26.28	\$26.28	(\$0.00)	0.00%
Service Charge or Minimum Rate Per Month Per Meter Size - If minimum rate is used, please also enter usage allowance Min. - All Users (3,000 gallons) (includes tracking factor)	\$26.28		\$26.28	\$26.28	(\$0.00)	0.00%
Flow Rates Per Month - enter rate blocks below						
First 3,000 Gallons	\$3.81	\$4.95	\$8.76	\$8.76	(\$0.00)	0.00%
Next 5,000 Gallons	\$3.14	\$4.95	\$8.09	\$8.09	(\$0.00)	0.00%
Next 12,000 Gallons	\$1.43	\$4.95	\$6.38	\$6.38	(\$0.00)	0.00%
Next 30,000 Gallons	\$1.22	\$4.95	\$6.17	\$6.17	(\$0.00)	0.00%
Over 50,000 Gallons	\$1.00	\$4.95	\$5.95	\$5.95	(\$0.00)	0.00%

EASTERN RICHLAND SEWER CORPORATION

SCHEDULE OF PRO FORMA REVENUE REQUIREMENTS
BASED UPON THE TWELVE MONTHS ENDED DECEMBER 31, 2011

REVENUE REQUIREMENTS:				BASED UPON TEST YEAR (2011) ACTUAL	PROPOSED CONSOLIDATION REDUCTIONS	ERSC EXISTING RATES
12 MONTHS OPERATING EXPENSES - ERSC				\$ 1,107,406		\$ 1,107,406
ADD: 1ST 6 MONTHS 2011 NRSC EXPENSES				83,349		83,349
ADJUSTED PROFORMA OPERATING EXPENSES				1,190,755		1,190,755
DEPRECIATION EXPENSE (2)				41,105	(2,005)	39,100
RETURN ON RATE BASE	RATE BASE = \$1,323,772	8.0%		105,902	(105,902) 100.0%	-
SUB-TOTALS				1,337,762	(107,907)	1,229,855
DEDUCT INTEREST INCOME				(111,702)	30,000 Estimated	(81,702)
TOTAL REVENUE REQUIREMENTS				\$ 1,226,060	\$ (77,907)	\$ 1,148,153
OPERATING REVENUES:				ACTUAL	ADJUSTMENTS	ADJUSTED
TEST YEAR OPERATING REVENUE - ACTUAL ERSC				\$ 996,434		\$ 996,434
TEST YEAR OPERATING REVENUE - ACTUAL NRSC				150,449	(15,852) (1)	134,597
OTHER OPERATING REVENUES				17,122		17,122
ADJUSTED TEST YEAR OPERATING REVENUE				\$ 1,164,005	\$ (15,852)	\$ 1,148,153
REVENUE DEFICIT (SURPLUS)				\$ 62,055	\$ (62,055)	\$ -
PERCENTAGE REVENUE DEFICIT				5.33%		0.00%

- (1) REFER TO EXHIBIT B FOR REVENUE ADJUSTMENT CALCULATION. THE REDUCTION IN REVENUE IS A RESULT OF DECREASE IN PRIOR NORTHERN RICHLAND CUSTOMERS TO EASTERN RICHLAND RATES.
- (2) ERSC IS UTILITIZING ITS CUMULATIVE FUND BALANCE TO PAY FOR ON-GOING COLLECTION SYSTEM REHABILITATION COSTS AND FUTURE CAPITAL COSTS ANTICIPATED WITH INT CONSOLIDATED SERVICE AREA.

EASTERN RICHLAND SEWER CORPORATION

Comparison of ERSC Rates vs NRSC - Rate Consolidation Impact

Calculation of Average NRSC Bill

Total NRSC Residential Gallons Billed	13,127,600
Total NRSC Residential Bills (annual no. bills)	<u>2,877</u>
Average Gallons per Residential Bill	<u><u>4,563</u></u>

Calculation of Difference between NRSC and ERSC Rates

ERSC Sewer Rates

First 3,000 Gallons	\$ 8.76
Next 5,000 Gallons	\$ 8.09
Next 12,000 Gallons	\$ 6.38
Next 30,000 Gallons	\$ 6.17
Over 50,000 Gallons	\$ 5.95

Total 4,563 Gallon Bill	<u><u>\$ 38.93</u></u>
-------------------------	------------------------

NRSC Sewer Rates

First 3,000 Gallons	\$ 9.93
Next 5,000 Gallons	\$ 9.37
Next 12,000 Gallons	\$ 7.94
Next 30,000 Gallons	\$ 7.76
Next 50,000 Gallons	\$ 7.58
Next 100,000 Gallons	\$ 7.46
Over 200,000 Gallons	\$ 7.40

Total 4,563 Gallon Bill	<u><u>\$ 44.44</u></u>
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Difference between NRSC and ERSC Rates per Average Residential	\$ (5.51)
--	-----------

Total number of NRSC Residential Bills	<u>2,877</u>
--	--------------

Change in Revenue ERSC vs. NRSC Rates	<u><u>(15,852.27)</u></u>
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EASTERN RICHLAND SEWER CORPORATION

SCHEDULE OF COMBINED BILLINGS AND CHARGES - JANUARY - DECEMBER 2011

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
USAGE (GALLONS)													
RESIDENTIAL	7,656,800	9,675,500	6,017,500	7,876,700	8,766,400	8,813,800	9,514,300	9,894,900	10,331,200	7,645,200	7,639,100	7,178,200	101,009,600
COMMERCIAL	1,584,200	1,901,200	1,191,100	1,479,800	1,520,900	1,432,400	1,629,700	1,694,600	1,563,700	1,358,100	1,400,000	1,265,800	18,021,500
APARTMENTS	688,200	1,800,200	600,400	616,000	641,900	636,300	798,300	625,800	736,800	567,800	656,700	748,700	9,117,100
CHURCHES	14,800	8,300	8,100	11,800	13,700	10,400	15,200	13,000	16,300	20,600	15,000	13,700	160,900
FLAT RATE	54,000	53,200	36,900	46,200	46,000	67,500	62,400	59,800	71,400	47,100	42,700	42,300	629,500
ADJUSTMENT	(124,400)	(47,300)	(11,600)	(97,100)	(1,045,750)	(31,900)	(29,400)	(19,600)	(76,600)	(293,500)	(39,800)	(18,000)	(1,834,950)
TOTAL CONSUMPTION	9,873,600	13,391,100	7,842,400	9,933,400	9,943,150	10,928,500	11,990,500	12,268,500	12,642,800	9,345,300	9,713,700	9,230,700	127,103,650
AMOUNT (DOLLARS)													
RESIDENTIAL	\$ 73,560.16	\$ 89,095.18	\$ 64,167.52	\$ 74,962.36	\$ 80,797.55	\$ 81,290.40	\$ 86,280.71	\$ 89,174.87	\$ 91,533.14	\$ 73,546.69	\$ 73,429.71	\$ 70,516.26	\$ 948,354.55
COMMERCIAL	11,377.29	13,331.71	9,018.36	10,821.27	11,080.02	10,566.96	11,794.63	12,186.69	11,247.24	9,970.96	10,317.17	9,403.31	131,115.61
APARTMENTS	4,272.31	10,904.70	3,738.74	3,845.50	3,997.39	3,960.06	4,926.82	3,896.18	4,566.52	3,553.95	4,083.35	4,631.02	56,376.54
CHURCHES	213.50	157.68	169.81	194.89	208.64	183.57	189.24	198.94	216.22	234.60	198.13	186.81	2,352.03
FLAT RATE	341.64	341.64	341.64	341.64	341.64	341.64	341.64	341.64	341.64	341.64	341.64	341.64	4,099.68
ADJUSTMENT	(832.63)	(335.12)	(413.57)	(609.27)	(6,075.11)	(1.81)	(468.49)	(5,074.73)	(183.41)	(1,510.40)	(277.16)	161.36	(15,620.34)
PENALTY	1,530.40	1,679.05	2,253.78	1,462.53	1,748.80	1,802.11	1,909.48	1,727.82	1,597.85	1,647.20	1,497.26	1,347.51	20,203.79
TOTAL USAGE CHARGE	\$ 90,462.67	\$ 115,174.84	\$ 79,276.28	\$ 91,018.92	\$ 92,098.93	\$ 98,142.93	\$ 104,974.03	\$ 102,451.41	\$ 109,319.20	\$ 87,784.64	\$ 89,590.10	\$ 86,587.91	\$ 1,146,881.86
GALLONS BILLED TO ERSC	9,819,600	13,337,900	7,805,500	9,887,200	9,897,150	10,861,000	11,923,300	2,598,500	12,571,400	9,298,200	9,671,000	9,188,400	116,859,150
WHOLESALE TREATMENTS CHG:	\$ 24,058.03	\$ 32,677.86	\$ 19,123.48	\$ 24,223.64	\$ 24,248.03	\$ 26,609.46	\$ 29,212.09	\$ 29,911.32	\$ 30,799.93	\$ 22,780.60	\$ 23,693.96	\$ 22,511.58	\$ 309,849.98
WHOLESALE FIXED PAYMENTS	\$ 30,815.00	\$ 30,815.00	\$ 30,815.00	\$ 30,815.00	\$ 30,815.00	\$ 30,815.00	\$ 30,815.00	\$ 30,815.00	\$ 30,815.00	\$ 30,815.00	\$ 30,815.00	\$ 30,815.00	\$ 369,780.00
SUBTOTAL	\$ 54,873.03	\$ 63,492.86	\$ 49,938.48	\$ 55,038.64	\$ 55,063.03	\$ 57,424.46	\$ 60,027.09	\$ 60,726.32	\$ 61,614.93	\$ 53,595.60	\$ 54,508.96	\$ 53,326.58	\$ 679,629.98
BILLING CHARGES:													
BILLING	\$ 4,953.80	\$ 5,699.59	\$ 5,705.42	\$ 5,739.44	\$ 5,747.06	\$ 5,764.58	\$ 6,067.76	\$ 6,079.44	\$ 6,067.76	\$ 6,061.92	\$ 6,050.24	\$ 6,056.08	\$ 69,993.09
DISCONNECT - P	93.67	99.47	92.21	89.55	94.39	93.42	98.26	96.32	88.58	89.06	98.74	88.10	1,121.77
DISCONNECT - M	160.23	170.16	157.74	153.19	161.47	159.82	168.09	164.78	151.53	152.36	168.92	150.71	1,919.00
BB-P CHARGES	-	-	29.34	-	-	-	-	-	58.68	-	-	29.34	117.36
SUBTOTAL	\$ 5,207.70	\$ 5,969.22	\$ 5,984.71	\$ 5,982.18	\$ 6,002.92	\$ 6,017.82	\$ 6,334.11	\$ 6,340.54	\$ 6,366.55	\$ 6,303.34	\$ 6,317.90	\$ 6,324.23	\$ 73,151.22
TOTAL	\$ 60,080.73	\$ 69,462.08	\$ 55,923.19	\$ 61,020.82	\$ 61,065.95	\$ 63,442.28	\$ 66,361.20	\$ 67,066.86	\$ 67,981.48	\$ 59,898.94	\$ 60,826.86	\$ 59,650.81	\$ 752,781.20
NUMBER OF BILLS	2058	2058	2060	2066	2068	2074	2078	2082	2078	2076	2072	2074	
COLLECTIONS	\$ 90,927.91	\$ 87,924.86	\$ 110,792.93	\$ 80,260.10	\$ 89,659.99	\$ 97,768.88	\$ 98,799.68	\$ 103,149.03	\$ 109,452.10	\$ 106,076.03	\$ 91,592.93	\$ 88,576.67	\$ 1,154,981.11
OFFICE DEPOSITS	87,133.13	84,110.41	110,534.27	80,088.57	89,369.73	97,471.20	95,143.78	98,856.30	106,029.96	102,088.36	88,442.30	84,903.88	1,124,171.89
DIRECT DEPOSITS	3,794.78	3,733.45	255.66	171.53	290.26	297.68	3,655.90	4,292.73	3,422.14	3,987.67	3,150.63	3,672.79	30,725.22
TOTAL CASH RECEIPTS	\$ 90,927.91	\$ 87,843.86	\$ 110,789.93	\$ 80,260.10	\$ 89,659.99	\$ 97,768.88	\$ 98,799.68	\$ 103,149.03	\$ 109,452.10	\$ 106,076.03	\$ 91,592.93	\$ 88,576.67	\$ 1,154,897.11
CHANGE IN RECEIVABLES	\$ (465.24)	\$ 27,249.98	\$ (31,516.65)	\$ 10,758.82	\$ 2,438.94	\$ 374.05	\$ 6,174.35	\$ (697.62)	\$ (132.90)	\$ (18,291.39)	\$ (2,002.83)	\$ (1,988.76)	\$ (8,099.25)
BEGINNING BALANCE	120,387.06	119,921.82	147,171.80	115,655.15	126,413.97	128,852.91	129,226.96	135,401.31	134,893.32	134,760.42	116,469.03	114,466.20	115,805.69
ENDING BALANCE	\$ 119,921.82	\$ 147,171.80	\$ 115,655.15	\$ 126,413.97	\$ 128,852.91	\$ 129,226.96	\$ 135,401.31	\$ 134,703.69	\$ 134,760.42	\$ 116,469.03	\$ 114,466.20	\$ 112,477.44	\$ 107,706.44

EASTERN RICHLAND SEWER CORPORATION
Monroe County, Indiana

SCHEDULE OF RATES AND CHARGES
Applicable to Sewage Disposal Service

SEWER RATES

Metered Water Quantity Per Month*

First 3,000 Gallons	\$ 8.76
Next 5,000 Gallons	8.09
Next 12,000 Gallons	6.38
Next 30,000 Gallons	6.17
Over 50,000 Gallons	5.95

Monthly Minimum Charge *

All users (3,000 gallons)	\$26.28
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Unmetered Residential Users*

If water is unmetered, a flat rate of \$26.28* per month will be charged with adjustments upward for projected type of usage based on volumes normally used by similar users.

*Subject to addition of wholesale sewage treatment cost tracking adjustment shown in Appendix A.

** See Appendix B for Non-Recurring Charges.

Subject to Approval by IURC

EASTERN RICHLAND SEWER CORPORATION
Monroe County, Indiana

APPENDIX A

Wholesale Sewage Treatment Cost Tracking Adjustment*

Wholesale sewage treatment cost tracking factor occasioned solely by changes in the cost of purchased sewage treatment, determined in accordance with the order of the Indiana Utility Regulatory Commission of Indiana, approved January 15, 1986 in Cause No. 37900, based upon the quantity of water consumed each month:

<u>Effective Date</u>	<u>Per 1,000 Gallons Per Month</u>	<u>Per EDU Per Month</u>
May 1, 2009	\$ 0.0000	\$ 0.00

*In addition to the base rates and charges.

Subject to Approval by IURC

EASTERN RICHLAND SEWER CORPORATION
Monroe County, Indiana

APPENDIX B

NON-RECURRING CHARGES

CONNECTION CHARGE

All property owners shall be assessed a connection fee of \$1,200.00 at the time sewer service is initiated.

Subject to Approval by IURC