

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF)
TRI-TOWNSHIP WATER CORPORATION) CAUSE NO. 45563-U
FOR A NEW SCHEDULE OF RATES AND)
CHARGES)

SUPPLEMENT TO THE OUCC'S REPORT

The Office of Utility Consumer Counselor ("OUCC") hereby files the following schedules and workpaper to incorporate an informal consensus on rates and post order requirements. The attached documents were the result of discussion between Applicant and the OUCC.

Respectfully submitted,

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR



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CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing *Supplement to the OUCC's Report* has been served upon the following counsel of record in the captioned proceeding by electronic service on December 10, 2021.

Jody Blasdel, Utility Manager
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TRI-TOWNSHIP WATER CORPORATION

SCHEDULE OF ESTIMATED PROJECT COSTS AND FUNDING

(Per Consulting Engineers)

ESTIMATED PROJECT COSTS

	Original Filing	Proposed Settlement
Estimated Construction Costs:		
Water Storage Tank	\$2,654,900	\$2,654,900
Water Transmission Mains	774,705	774,705
Sub-totals	3,429,605	3,429,605
Construction Contingencies (15%)	514,200	514,200
Total Estimated Construction Costs	3,943,805	3,943,805
Estimated Non-Construction Costs:		
Engineering - Design, Bidding and Contract Admin.	307,000	307,000
Engineering - PER	25,000	25,000
Geotechnical Engineering - Borings and Report	5,000	5,000
Archaeological Investigation	5,000	5,000
Construction Observation (by owner)	-	-
Specialized Tank Inspections	15,000	15,000
Asset Management Plan	25,000	25,000
Labor Standards Administration	10,000	10,000
Legal, loan counsel, financial advisory and contingencies (1)	214,195	177,195
Total Estimated Non-Construction Costs	606,195	569,195
Total Estimated Project Costs	\$4,550,000	\$4,513,000

ESTIMATED PROJECT FUNDING

Proposed SRF Loan	\$4,525,000	\$4,488,000
SRF Grant Funding - Asset Management Plan	25,000	25,000
Total Estimated Project Funding	\$4,550,000	\$4,513,000

(1) Proposed settlement excludes \$37,000 of of rate case costs.

TRI-TOWNSHIP WATER CORPORATION

**SCHEDULE OF AMORTIZATION OF \$4,488,000 PRINCIPAL AMOUNT
OF PROPOSED WATERWORKS REVENUE BONDS OF 2022**

Interest and Principal payable semi-annually January 1st and July 1st

Assumed interest rate as shown

Assumes bonds dated April 30, 2022

Payment Date	Principal		Assumed Interest Rate	Debt Service		Bond Year Total
	Balance (-----In \$1,000's-----)	Principal	(%)	Interest (-----In Dollars-----)	Total	
07/01/22	\$4,488			\$19,011.67	\$19,011.67	
01/01/23	4,488			56,100.00	56,100.00	\$75,111.67
07/01/23	4,488	87	2.50	56,100.00	143,100.00	
01/01/24	4,401	88	2.50	55,012.50	143,012.50	286,112.50
07/01/24	4,313	89	2.50	53,912.50	142,912.50	
01/01/25	4,224	90	2.50	52,800.00	142,800.00	285,712.50
07/01/25	4,134	92	2.50	51,675.00	143,675.00	
01/01/26	4,042	93	2.50	50,525.00	143,525.00	287,200.00
07/01/26	3,949	94	2.50	49,362.50	143,362.50	
01/01/27	3,855	95	2.50	48,187.50	143,187.50	286,550.00
07/01/27	3,760	96	2.50	47,000.00	143,000.00	
01/01/28	3,664	98	2.50	45,800.00	143,800.00	286,800.00
07/01/28	3,566	99	2.50	44,575.00	143,575.00	
01/01/29	3,467	100	2.50	43,337.50	143,337.50	286,912.50
07/01/29	3,367	101	2.50	42,087.50	143,087.50	
01/01/30	3,266	102	2.50	40,825.00	142,825.00	285,912.50
07/01/30	3,164	104	2.50	39,550.00	143,550.00	
01/01/31	3,060	105	2.50	38,250.00	143,250.00	286,800.00
07/01/31	2,955	106	2.50	36,937.50	142,937.50	
01/01/32	2,849	108	2.50	35,612.50	143,612.50	286,550.00
07/01/32	2,741	109	2.50	34,262.50	143,262.50	
01/01/33	2,632	110	2.50	32,900.00	142,900.00	286,162.50
07/01/33	2,522	112	2.50	31,525.00	143,525.00	
01/01/34	2,410	113	2.50	30,125.00	143,125.00	286,650.00
07/01/34	2,297	115	2.50	28,712.50	143,712.50	
01/01/35	2,182	116	2.50	27,275.00	143,275.00	286,987.50
07/01/35	2,066	117	2.50	25,825.00	142,825.00	
01/01/36	1,949	119	2.50	24,362.50	143,362.50	286,187.50
07/01/36	1,830	120	2.50	22,875.00	142,875.00	
01/01/37	1,710	122	2.50	21,375.00	143,375.00	286,250.00
07/01/37	1,588	123	2.50	19,850.00	142,850.00	
01/01/38	1,465	125	2.50	18,312.50	143,312.50	286,162.50
07/01/38	1,340	127	2.50	16,750.00	143,750.00	
01/01/39	1,213	128	2.50	15,162.50	143,162.50	286,912.50
07/01/39	1,085	130	2.50	13,562.50	143,562.50	
01/01/40	955	131	2.50	11,937.50	142,937.50	286,500.00
07/01/40	824	133	2.50	10,300.00	143,300.00	
01/01/41	691	135	2.50	8,637.50	143,637.50	286,937.50
07/01/41	556	136	2.50	6,950.00	142,950.00	
01/01/42	420	138	2.50	5,250.00	143,250.00	286,200.00
07/01/42	282	140	2.50	3,525.00	143,525.00	
01/01/43	142	142	2.50	1,775.00	143,775.00	287,300.00
		<u>\$4,488</u>		<u>\$1,317,911.67</u>	<u>\$5,805,911.67</u>	<u>\$5,805,911.67</u>

TRI-TOWNSHIP WATER CORPORATION

**PRO FORMA ANNUAL REVENUE REQUIREMENTS
AND ANNUAL OPERATING REVENUES**

	<u>Original Filing</u>		<u>OUCC Report</u>		<u>Proposed Settlement</u>	
	<u>Phase I</u>	<u>Phase II</u>	<u>Phase I</u>	<u>Phase II</u>	<u>Phase I</u>	<u>Phase II</u>
<u>Pro Forma Revenue Requirements:</u>						
Operation and Maintenance Expenses (1)	\$932,888	\$933,580	\$933,614	\$933,868	\$933,614	\$933,846
Additional IURC Fee (0.13%)	311	299	254	312	232	306
Debt Service:						
Proposed Bonds (2)	135,750	304,151	100,980	279,903	112,200	286,394
Debt Service Reserve (3)	60,830	60,830	55,981	55,981	27,500	27,500
Replacements and Improvements	100,000	165,528	100,000	165,528	100,000	165,528
Total Annual Revenue Requirements	1,229,779	1,464,388	1,190,829	1,435,592	1,173,546	1,413,574
Less Miscellaneous Revenues	(26,075)	(26,075)	(26,075)	(26,075)	(26,075)	(26,075)
Less Interest Income	(11,629)	(11,629)	(11,629)	(11,629)	(11,629)	(11,629)
Net Annual Revenue Requirements	\$1,192,075	\$1,426,684	\$1,153,125	\$1,397,888	\$1,135,842	\$1,375,870
<u>Pro Forma Annual Revenues:</u>						
Water sales (4)	\$947,537	\$947,537	\$953,528	\$953,528	\$953,528	\$953,528
Additional Revenues from Rate Increase Phase I		244,538		199,597		182,314
Total Available Revenues	\$947,537	\$1,192,075	\$953,528	\$1,153,125	\$953,528	\$1,135,842
Additional Revenue Required	\$244,538	\$234,609	\$199,597	\$244,763	\$182,314	\$240,028
Approximate Across-The-Board Increase In Present Rates and Charges	25.81%	19.68%	20.93%	21.23%	19.12%	21.13%

(1) Proposed settlement assumes the OUCC's operating expenses.

(2) Proposed settlement assumes a 2.5% interest rate for the proposed bonds and a full year of interest only expense for Phase I as the dating of the bonds is not yet fully known. Phase II assumes the average of the 4 bond years ending January 1, 2027.

(3) Proposed settlement increased based on the maximum annual funding from rates and charges of \$27,500.

(4) Proposed settlement assumes the OUCC's normalized test year revenues.

TRI-TOWNSHIP WATER CORPORATION

SCHEDULE OF PRESENT AND PROPOSED RATES AND CHARGES

		<u>Present (1)</u>	<u>Proposed Settlement</u>	
			<u>I</u>	<u>II</u>
<u>Monthly Metered Flow Rate (rate per 1,000 gallons):</u>			<u>(IURC Approval)</u>	<u>(1/1/23)</u>
First	2,000 gallons	\$4.96	\$5.91	\$7.16
Next	5,000 gallons	3.31	3.94	4.77
Next	13,000 gallons	2.27	2.70	3.27
Next	15,000 gallons	1.76	2.10	2.54
Over	35,000 gallons	1.49	1.77	2.14
<u>Minimum Charge (per month)</u>		<u>Gallons Allowed</u>		
5/8 - 3/4 inch meter		2,000	\$9.92	\$11.82
1 inch meter		3,224	13.97	16.64
1 1/4 inch meter		5,333	20.95	24.95
1 1/2 inch meter		7,030	26.54	31.60
2 inch meter		10,735	34.95	41.60
3 inch meter		19,994	55.97	66.60
4 inch meter		32,792	78.49	93.48

- (1) Present rates and charges approved pursuant to IURC Cause Number 40327, dated April 17, 1996.
- (2) Assumes a 19.12% across-the-board increase.
- (3) Assumes a 21.13% across-the-board increase.

WORKPAPER
December 3, 2021

Settlement Agreement Response

Cause 45563-U Tri-Township Water

December 3, 2021

Tri-Township Water Corporation submitted a case requesting an overall rate increase of 50.57%, to be implemented in two phases, a 25.81% phase 1 increase and a 19.68% phase 2 increase. Tri-Township also requested borrowing authority of \$4,525,000.

The OUCC recommended an overall rate increase of 46.60%, consisting of a phase 1 increase of 20.93% and a phase 2 increase of 21.23%. The OUCC recommended borrowing authority of \$4,488,000.

Recognizing that Tri-Township's required debt service reserve would be met within five years, the OUCC proposed Tri-township amend its rates in year five or six in order to eliminate the debt service reserve revenue requirement, which the OUCC considered to be \$55,981 annually for ratemaking purposes.

Informally, Tri-township proposed it not be required to amend its rates after it had fully funded its debt service reserve. The OUCC agreed to that provided the debt service reserve revenue requirement not exceed \$27,500 per year. This required Tri-Township to use available cash on hand and apply revenues, based on prospective debt service, Tri-Township will collect before debt closing. (Tri-Township has approximately \$300,000 of cash on hand. Also, Tri-Township anticipates closing on its debt approximately 6 – 9 months after its new rates are implemented. This means Tri-township would be collecting debt service and debt service reserve through rates without a contemporaneous matching expense.)

As a result of the agreement, agreed rates will be lower than both Tri-Township's application and the OUCC's report. However, there would be no requirement to amend rates after the debt service reserve has been fully funded.

After settlement discussions, the parties have agreed to the following, which are reflected in the accounting schedules:

Revenue increase, phase 1	\$182,314 (19.12% increase)
Revenue increase, phase 2	\$240,028 (21.13% increase)
Total debt service (included in above), phase 1	\$112,200
Total debt service (included in above), phase 2	\$286,394
Total debt service reserve (included in above), both phases	\$27,500
Total borrowing authority	\$4,488,000

WORKPAPER
December 3, 2021

The OUCC accepted the majority of Tri-Township's proposals in this cause, and subsequently Tri-Township accepted the majority of the proposals that were raised by the OUCC. The disagreements that arose and their resolution are shown below:

The OUCC lowered the requested borrowing authority by \$37,000 to reflect lower rate case costs. The settlement utilizes the OUCC's recommendation of \$4,488,000 of borrowing authority.

There were different interest rate assumptions utilized by Tri-Township (3%) and the OUCC (2.25%). The parties have agreed to an amount of 2.5%, which is based primarily on more recent data from the SRF pooled financing program.

After adjusting for the settled principal amount and the settled interest rate, debt service for both phases changes as shown above. This is a flow through adjustment.

OUCC witness Shawn Dellinger recommended various true-up requirements listed below, which Tri-Township accepts, with the exception of the revision of the tariff once the debt service reserve is paid off in five years. Parties have agreed to an annual debt service reserve amount of \$27,500 which revenue requirement will not be adjusted or subject to any restrictions after it is fully funded, nor will any rate adjustments be required.

1. Within 30 days of closing on the debt, Tri-Township should file a report explaining:
 - a. The terms of the loan
 - b. Itemized account of all issuance costs (Specifically the \$177,195 of estimated "Legal, loan counsel, financial advisory and contingencies" costs)
 - c. Revised tariff, amortization schedule, and a calculation of the effect on rates.
2. Financing authority would expire 2 years after a final order has been issued in this case.