June 20, 2018

# SMALL UTILITY RATE APPLICATION INDIANA UTILITY

**REGULATORY COMMISSION** 

# MUNICIPAL OR NOT-FOR-PROFIT WATER

Floyds Knobs Water Company, Inc
NAME OF UTILITY
4781 Paoli Pike, Suite 1
STREET ADDRESS
Floyds Knobs, Indiana 47119
CITY, STATE & ZIP CODE
N/A
WEBSITE URL:

#### INDIANA UTILITY REGULATORY COMMISSION



PERSON TO WHOM CORRESPONDENCE CONCERNING THIS REPORT SHOULD BE ADDRESSED:

NAME: George W. Gesenhues	TITLE: Attorney	TELE. NO.:	812 949 1000	_
ADDRESS: 506 State Street; New	Albany, IN 47150			
E-MAIL ADDRESS: ggesenhue	s@Inwlegal.com			_
DATE SUBMITTED:				

#### General Information

As a utility board or city/town council member it is important the water 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.). **OUCC** - 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 will notice that many of the forms are already complete. These numbers were obtained from the utility's most recent Annual Report on file with the Commission. Please note that if the utility's annual report on file with the Commission contains errors, test year data may change. Before you begin, please answer the three 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 completed the above review of the application, you will begin your adjustments on Schedule 5. You will need to complete Schedules 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. **Utility Status:** 

(M) for Muncipality, (N) for Not-for-Profit*	Not for Profit
*NOTE: Conservancy districts ("CD") and water authorities ("WA") would als	so insert "N".

Depending on the utility's status, not all adjustments contained on these forms will apply to your utility. *Please note: Skip all adjustment that state "NOT APPLICABLE".* 

#### 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?	3 Years
Does Utility have a water treatment plant?	1.7% Composite  Depreciation Rate
Enter Test Year Ending Date Financing Request:	<u>12/31/2017</u>
Is utility requesting financing authority from the commission?	N Please Pick (Y) for Yes or (N) for No

#### UNLESS DIRECTED, DO NOT HIT THIS BUTTON

#### 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 Ordinance or Resolution
- 6 Current Health Insurance Premiums
- 7 12 months of Purchased Water 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 Water Provider
- 11 Estimates or Quotes received for tank painting
- 12 Estimates or Current Invoice for Pump and/or Well Maintenance
- 13 Copies of Capital and/or Non-recurring Expense Invoices
- 14 Current Insurance Premium Renewals
- 15 Contracts or Agreements with Consultants to provide any services associated with this filing.
- 16 For Municipals Only, Copy of Assessor's published corporate tax rate for the town the utility is located.

# **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 indetedness described below, can be found on the Commission's website at www.in.gov/urc. Then click on the Water/Sewer Division tab, then click "Toolkit", then click "Small Utility Rate Application Checklist".

X	A completed Small Utility Rate Application, with <i>Supporting Documentation</i> ; note the Documentation listed on page 1 of these Instructions <u>should not</u> be filed with the application. However, these items should be made available at the utility's office for the OUCC to complete its review.
Х	A copy of the authorization from the utility's governing body for the requested rate change (i.e., rate ordinance or board resolution);
х	A copy of the utility's proposed written notice for publication; and
х	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 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, submit filing through the Commission's Electronic Filing System at www.in.gov/iurc and mail an original and two (2) 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 insufficent 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.

The managing body of Floyd Knobs Water Company, Inc. has determined that the level of revenues presently being generated are insufficient to adequately cover the utility's total expenses on an ongoing basis. This situation has resulted because of several pertinent factors, the most significant of which is this: The utility's present rates were based on averaging anticipated expenses over a five year period beginning with 2014. During the first three years of that five year period, the utility paid interest only payments on a capital improvement project loan, with principal and interest payments during the last two years. Thus, the average debt service payments over the five-year period are much less than the average debt service payments that will be required going forward. (The amortization period for the loan is 20 years.) A rate increase is needed to enable the utility to make the required loan payments and otherwise maintain a stable financial condition. As indicated in Schedule 1 in this Application, a 24.36% rate increase is being requested, in order to generate \$352,705 of increased revenues.

# Floyds Knobs Water Company, Inc

YEAR OF REPORT NAME OF UTILITY December 31, 2017

#### 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)	\$1,301,240
2	Debt Service (Schedule 9)	293,127
3	Debt Service Reserve (Schedule 10)	57,158
4	Extensions & Replacements or Depreciation (Schedule 7)	155,277
5	Working Capital (Schedule 8)	
6	Total Revenue Requirements	1,806,802
7	Less: Interest Income	1,752
8	Net Revenue Requirements	1,805,050
8	Less: Other Revenues Not Subject to Increase	5,051
8	Less: Pro Forma Present Rate Operating Revenues (Schedule 4)	1,447,766
	Revenue Increase Required Excluding Taxes	352,233
10	Multiply By: Gross Revenue Conversion Factor	1.0013
11	Recommended Increase	\$352,705
	Recommended Percentage Increase	24.36%

Gross Revenue Conversion Factor: _	Municipal Utility	Amount
Gross Revenue Change	100.0%	\$352,705
Less: URT	1.2%	4,377
Subtotal	98.8%	\$348,328
Gross Revenue Conversion Factor	1.0126	
_	Not-for-Profit Utility	
Gross Revenue Change	100.0%	\$352,705
Less: IURC Fee	0.1%	472
Subtotal	99.9%	(\$472)
Gross Revenue Conversion Factor	1.0013	

YEAR OF REPORT December 31, 2017

#### DO NOT ENTER DATA ON THIS PAGE

#### **COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS**

ACCT.			
NO.	ACCOUNT NAME	CURRENT YEAR	PREVIOUS YEAR
(a)	(b)	(d)	(e)
(4)	UTILITY PLANT		
101-106	Utility Plant	\$11,375,426	\$10,408,077
108	Less: Accumulated Depreciation of Utility Plant	2,479,130	2,270,533
110	Accumulated Amortization of Utility Plant		
	Net Plant	8,896,296	8,137,544
114-115	Utility Plant Acquisition Adjustment (Net)		
116	Other Utility Plant Adjustments		
		The state of the s	
	Total Net Utility Plant	8,896,296	8,137,544
	OTHER PROPERTY AND INVESTMENTS		
121	Nonutility Property		
	Less: Accumulated Depreciation and Amortization		
	of Nonutility Property		
	Net Nonutility Property		
	Investment In Associated Entities	all i	
	Utility Investments		
0.120-0.00	Other Investments		
126-127	Special Funds	273,082	215,503
	Total Other Bureau de Other state	070 000	245 502
	Total Other Property & Investments	273,082	215,503
	CURRENT AND ACCRUED ASSETS		
131	Cash	200	200
	Special Deposits		
	Other Special Deposits	167,613	107,915
	Working Funds	221,023	337,716
135	Temporary Cash Investments		
141-144	Accounts and Notes Receivable, Less		
	Accumulated Provision for Uncollectible		
	Accounts	113,396	112,095
145	Accounts Receivable from Associated Entities		
	Notes Receivable from Associated Entities		
151-153	Materials and Supplies Inventory	49,557	62,978
	Stores Expense		
	Prepayments	8,867	8,770
	Accrued Interest and Dividends Receivable		
W. 699155-1	Rents Receivable		
	Accrued Utility Revenues		
174	Misc. Current and Accrued Assets		
	Total Current and Approved Appets	\$560.656	\$620.674
	Total Current and Accrued Assets	\$560,656	\$629,674

#### Floyds Knobs Water Company, Inc

NAME OF UTILITY

YEAR OF REPORT December 31, 2017

#### DO NOT ENTER DATA ON THIS PAGE

#### **COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS**

ACCT. NO. (a)	ACCOUNT NAME (b)	CURRENT YEAR (d)	PREVIOUS YEAR
	DEFERRED DEBITS		
181 182 183 184 185 186 187	Unamortized Debt Discount & Expense Extraordinary Property Losses Preliminary Survey & Investigation Charges Clearing Accounts Temporary Facilities Miscellaneous Deferred Debits Research & Development Expenditures Accumulated Deferred Income Taxes		
	Total Deferred Debits		
	TOTAL ASSETS AND OTHER DEBITS	\$9,730,034	\$8,982,721

#### NOTES TO THE BALANCE SHEET

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

YEAR OF REPORT December 31, 2017

#### DO NOT ENTER DATA ON THIS PAGE

#### COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

A A A A T	COMPARATIVE BALANCE SHEET - EQUITY	CAPITAL AND LIABILITY	=3 
ACCT. NO. (a)	ACCOUNT NAME	CURRENT YEAR	PREVIOUS YEAR (e)
(4)	EQUITY CAPITAL	(4)	101
	N. A.		
211	Other Paid-In Capital	\$193,965	\$191,665
214-215	Retained Earnings	1,780,533	1,822,338
	Total Equity Capital	1,974,498	2,014,003
		1,071,100	2,011,000
	LONG-TERM DEBT		
221	Bonds		
222	Reacquired Bonds		
223	Advances from Associated Entities		
224	Other Long-Term Debt	4,439,109	3,768,398
	Total Long-Term Debt	4,439,109	3,768,398
	CURRENT AND ACCRUED LIABILITIES	19	
231	Accounts Boyable	256,964	266 649
232	Accounts Payable Notes Payable	250,964	366,618
233	Accounts Payable to Associated Entities		
234	Notes Payable to Associated Entities		
235	Customer Deposits	(6)	
236	Accrued Taxes	6,143	6,376
237	Accrued Interest	46,787	39,223
238	Accrued Dividends	40,707	00,220
239	Matured Long-Term Debt	ST -	
240	Matured Interest	Will the state of	
241	Miscellaneous Current and Accrued Liabilities	(8)	
5	Total Current and Accrued Liabilities	309,894	412,217
	DEFERRED CREDITS		
251	Unamortized Premium on Debt		
252	Advances for Construction		
253	Other Deferred Credits		
	Total Deferred Credits		
	OPERATING RESERVES		
261	Property Insurance Reserve		
262	Injuries and Damages Reserve		
263	Pensions and Benefits Reserve		
265	Miscellaneous Operating Reserves		
	Total Operating Reserves		
	CONTRIBUTIONS IN AID OF CONSTRUCTION		
271	Contributions In Aid of Construction	3,006,533	2,788,103
272	Accumulated Amortization of Contributions In Aid	3,000,333	2,700,103
-12	of Construction		
	700		
	Total Net Contributions In Aid of Construction	3,006,533	2,788,103
	TOTAL EQUITY CAPITAL AND LIABILITIES	\$9,730,034	\$8,982,721

#### Floyds Knobs Water Company, Inc

NAME OF UTILITY

YEAR OF REPORT December 31, 2017

#### DO NOT ENTER DATA ON THIS PAGE

#### COMPARATIVE OPERATING STATEMENT

ACCT. NO.	ACCOUNT NAME (b)	371-1	CURRENT YEAR (c)	PREVIOUS YEAR (d)
	UTILITY OPERATING INCOME			
400	Operating Revenues:	LEXI M		\$1,395,913
460	Unmetered Water Sales			
461.1	Residential Metered Water Sales		\$1,277,346	
461.2	Commerical Metered Water Sales	270		
461.3-461.5	Other Metered Water Sales			
462.1	Public Fire Protection			
462.2	Private Fire Protection			
466	Sales for Resale		\$165,108	
470	Late Fees		Ψ100,100	
470	Other Operating Revenues		\$5,051	
	Total Operating Revenues			01 20E 011
			\$1,447,505	\$1,395,913
	Operating Expenses:			
601	Salaries & Wages - Employees		\$128,050	
603	Salaries & Wages - Officers and Directors		\$13,600	
604	Employee Pensions and Benefits	1300	\$3,124	
610	Purchased Water		\$821,569	
615	Purchased Power		\$15,224	
616	Fuel for Power Production			
618	Chemicals	4.9 38		
620	Materials and Supplies		\$76,600	
630	Contractual Services - Billing	SV SU		
631	Contractual Services - Engineering/Professional			
632	Contractual Services - Accounting		\$27,670	
633	Contractual Services - Legal		\$9,775	
634	Contractual Services - Management Fees			
635	Contractual Services - Other/Testing	C. A.		
636	Contractual Services - Other		\$55,632	
640	Rents			
641	Rental of Building/Real Property		\$10,706	
642	Rental of Equipment	1 34 35		
650	Transportation Expenses		\$11,246	
655	Insurance	Mille &		
656	Insurance - Vehicle			
657	Insurance - General Liability		\$13,203	
658	Insurance - Workman's Compensation	2000		
659	Insurance - Other		\$3,759	
660	Advertising Expense			
665	Regulatory Commission Expense			
666	Amortization of Rate Case Expense	3 8 60		
667	Regulatory Commission Expense - Other	S. Syll		
670	Bad Debt Expense			
675	Miscellaneous Expenses		\$10.765	
0/0	Total Operation and Maintenance Expenses		\$10,765 \$1,200,923	\$1,028,88

YEAR OF REPORT December 31, 2017

#### DO NOT ENTER DATA ON THIS PAGE

COMPARATIVE OPERATING STATEMENT (Con't)

ACCT. NO.	ACCOUNT NAME	CURRENT YEAR	PREVIOUS YEAR
(a)	(b)	(c)	(d)
403	Depreciation Expense	\$ 208,597	\$ 168,705
406	Amortization of Utility Plant Acquisition	-	•
	Adjustment		
	Amortization Expense		
	Property Taxes or PILT	10.010	0.000
408.12 408.13	Payroll Taxes Other Taxes and Licenses	10,243	8,993
	Taxes Other Than Income, unless specified		
400.1-400.2	above		
	Total Utility Expenses	1,419,763	1,206,581
	Total Camby Experience	1,110,100	1,200,001
	Net Operating Income	27,742	189,332
413	Income From Utility Plant Leased to Others	-	
414	Gains (Losses) From Disposition of Utility	500	
	Property		
	Total Utility Operating Income	28,242	189,332
	OTHER INCOME AND DEDUCTIONS		
415	OTHER INCOME AND DEDUCTIONS  Poverness From Merchandising, Johning and		
415	Revenues From Merchandising, Jobbing and Contract Work		-
416	Costs and Expenses of Merchandising, Jobbing		
410	and Contract Work		
419	Interest and Dividend Income	1,752	529
421	Nonutility Income		
426	Miscellaneous Nonutility Expenses		
	Total Other Income and Deductions	1,752	529
400.00	TAXES APPLICABLE TO OTHER INCOME		
408.20	Taxes Other Than Income, Other Income & Deductions		-
	Deductions		
	INTEREST EXPENSE		
427	Interest Expense	71,799	79
428	Amortization of Debt Discount & Expense		
429	Amortization of Premium on Debt	•	-
	Total Interest Expense	71,799	79
	EXTRAORDINARY ITEMS		
433	Extraordinary Income	*	
434	Extraordinary Deductions		•
	Total Extraordinary Items	-	-
	NET INCOME	(41,805)	189,782

**Utility Name:** 

#### **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) <b>Year</b>	(b)	(c)	(d) <b>Pro-forma</b>	(e)	(f)	(g) <b>Pro-Forma</b>
	Ended 12/31/17	Adjustments	Sch Ref	Present Rates	Adjustments	Sch Ref	Proposed Rates
Operating Revenues							
Water Sales	\$1,277,346	\$5,312	5-1 5-2	\$1,282,658	\$312,481	1	\$1,595,139
Fire Protection Sales for Resale	165,108			165,108	40,224	1	205,332
Other Sales of Water Late Payment Charges				,		1	
Other Revenue	5,051			5,051		(3.0)	5,051
Total Operating Revenues	1,447,505	5,312		1,452,817	352,705		1,805,522
Operation & Maint. Expense	1,200,923			1,288,312			1,288,784
Salaries and Wages		35,104	6-1				
Employee Benefits		5,602	6-2A				
Emp. Benefits - PERF/Pensions		2,664	6-2B				
Purchased Water		48	6-3A				
		3,417	6-3B				
Purchased Power			6-4A				
		63	6-4B				
Chemicals			6-5A				
			6-5B				
Periodic Maintenance Expense		38,933	6-6				
Capital Expenditures			6-7				
Insurance			6-8				
Rate Case Expense		1,167	6-9				
Miscellaneous Expense		51	6-11				
IURC Fee		340	6-14		472	1	
Other			6-15				
Other			6-16				
Depreciation Expense	208,597		7	208,597			208,597
Amortization Expense							
Taxes Other than Income							
Payment in Lieu of Taxes (PILT)			6-12				
Payroll Taxes	10,243	2,685	6-10	12,928			12,928
Other Taxes and Licenses			6-13			1	
Total Operating Expenses	1,419,763	90,074		1,509,837	472		1,510,309
Net Operating Income	\$27,742	(\$84,762)		(\$57,020)	\$352,233		\$295,213

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:	25		Difference	Check:	
Total Operating Revenues	\$1,447,505	\$1,447,505		Net Operating Income	\$295,213
Total Operating Expenses	1,419,763	1,419,763		Add: Depr. Expense	208,597
Net Operating Income	\$27,742	\$27,742		Add: Amort. Expense	
				Add: Interest Income	1,752
				Less: E&R	155,277
				Less: Working Capital	
				Less: Debt Service	293,127
				Less: DSR	57,158
				Difference	(\$0)
			*If your result is	not \$0, your schedules conta	in an error.

**Utility Name:** 

Floyds Knobs Water Company, Inc

Schedule 5

#### **Revenue Adjustments**

(1)

Water Sales - To adjust test year residential water 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:

	Number of Residential	Increase/ (Decrease in		Additional
Months	Customers	Number of Bills	Multiplier	Monthly Bills
Jan	2,289		-	
Feb	2,291	2	1	2
Mar	2,290	(1)	2	(2)
Apr	2,299	9	3	27
May	2,281	(18)	4	(72)
Jun	2,309	28	5	140
Jul	2,311	2	6	12
Aug	2,315	4	7	28
Sep	2,314	(1)	8	(8)
Oct	2,320	6	9	54
Nov	2,320		10	
Dec	2,314	(6)	11	(66)
12 Month Total	27,653	Number of Additiona	al Bills	115
		Times: Average Bill		\$46.19
		Adjustment Increase	e/(Decrease)	\$5,312

Test Year Residential Sales

Divided By: 12 Month Total # of Residential Customers

Average Bill per Residential Customer

\$1,277,346
27,653
\$46.19

Supporting Documentation: None to be filed.

See included note concerning Schedule 5 / Rate Adjustment(1)

# FLOYDS KNOBS WATER COMPANY, INC. SMALL UTILITY RATE APPLICATION

#### Note Concerning Schedule 5 / Rate Adjustment (1):

The "Number of Residential Customers" includes both residential and commercial customers; and the "Test Year Residential Sales" likewise includes both residential and commercial sales. This is done because the utility's 2017 (test year) IURC Annual Report combines residential and commercial for all reporting purposes.

#### Revenue Adjustments (con't)

(2)

Water Sales - To adjust test year commercial water 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 commercial customers that occurred during the test year.

Enter the following data:

	Number of Commercial	Increase/ (Decrease in		Additional	
Months	Customers	Number of Bills	Multiplier	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 Addition	onal Bills		
		Times: Average I	Bill		
		Adjustment Increa			
		,	,		
Test Year Commercial Sales Divided By: 12 Month Total # of Commercial Customers Average Bill per Commercial Customer					

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

Customer Name	Test Year Consumption:	Test Year Revenues:
Greenville Water	20,559,100 gallons	\$103,665
New Albany Wastewater Station 2	2,311,500	\$13,801
New Albany Wastewater Station 1	1,873,600	\$11,275
Magnolia Health	1,728,300	\$10,376
King, Julian	1,164,700	\$6,969
Pharmacy/Groc	931,800	\$5,748
Restaurant, T	903,300	\$5,591
Church, Wesley Chapel	854,200	\$6,664
School, NAFC	819,100	\$9,184
Blue River DE	797,200	\$5,188

If the utility lost or gained any of the customers listed above either during the test year or twelve months subsquent 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.

#### **Expense Adjustments**

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.

(1)

**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)

The following adjustment should be used if the utility board passed an ordinance or resolution to increase wages or the utility has increased or decreased its workforce. This adjustment can also be used to normalize wage rate changes or number of work hours for each employee.

Enter the following information:

	_		For Hourly Workers			
		Regular Hrs.	Overtime Hrs.	Proposed		
Employee		proposed for	proposed for	Regular	Proposed	
Name or		subsequent	subsequent	Hr. Wage	Overtime Hr.	
Title	Proposed Salary	year	year	Rate	Wage Rate	Total
Super	\$55,619					\$55,619
Office Mgr		1,040	-	\$20.94	\$31.41	21,778
Field Staff		2,080	60	\$19.52	\$29.28	42,358
Office Staff		1,040		\$11.73	\$17.60	12,199
New Field		2,080		\$15.00	\$22.50	31,200
		-	Pro-forma Sala	aries and Wag	jes	163,154
			Less: Test Yea	ar Expense		128,050
			Adjustment - Inc	crease/(Decre	ease)	\$35,104

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.

Notes: Included are Board Meeting Minutes referencing pay rate decisions and the decision to hire a new full time employee.

# MINUTES OF THE SPECIAL MEETING CONCERNING FKWC'S ANNUAL REVIEW OF PERSONNEL COMPENSATION AND RELATED ISSUES/HELD 11/27/17 IMMEDIATELY FOLLOWING THE REGULAR NOVEMBER MONTHLY MEETING

1	Directors present at the meeting are: Rick Morgan, Gayle Pearl, David Cull, Kirk Shaffer,
2	Ryan Pfeifer, and Mike Shearer (present via telephone).
3	The following director(s) was/were absent: Berneta Stillman.
4	Also present were Dan Standiford, superintendent; and George W. Gesenhues, Jr.,
5	company attorney.
6	Kirk Shaffer reports that the Personnel Committee met on or about November 21st.
7	Kirk Shaffer reports that one decision made by the Personnel Committee is that, going
8	forward, Dan Standiford will come to the annual Personnel Committee meeting with a
9	recommendation concerning the various compensation issues that are to be dealt with, for the
10	Board's consideration.
11	After an extended discussion, Dan Standiford recommends to the Board that Dana Engle
12	receive a 2% raise and a \$100 bonus. He says that he does not feel she will ever be the employee
13	to replace Theresa as Office Manager. He said she has had some attendance issues, but she is
14	generally improving in that regard.
15	Dan Standiford recommends that both Theresa Getrost and Sean Getrost receive a 3%
16	salary increase, and that Theresa receive a \$200 bonus and Sean Getrost receive a \$300 bonus. All
17	of these recommendations (concerning Dana Engle, Theresa Getrost and Sean Getrost). are
18	Dan Standiford offered these comments: It would be helpful, when the time comes, for
19	Theresa Getrost to give some advance notice of about when she intends to retire, so that adequate
20	planning can take place.

With regard to Sean Getrost: Dan wants to see him continue to be closely involved with various FKWC projects. He thinks it would helpful if he could, to some extent, shadow other water utility personnel, and he is tentatively planning to have Sean take the lead with regard to the FKWC cross connection program.

Dan Standiford would generally like to see continued improvement from Dana Engle with regard to her attendance and other general work duties.

It was noted that Dan Standiford will communicate with each of the other FKWC employees concerning their salary increases and bonuses. He will discuss those issues with the employees as part of his general employee evaluation process.

At this point Dan Standiford left the meeting and the Board discussed what to do with regard to a salary increase for Dan Standiford for the calendar year 2018. Rick Morgan noted that, during the course of his substantial contact with Dan Standiford with regard to the SRF Project, Rick has been very pleased with the way Dan has gone about his work. Mike Shearer asked whether or not the Board has any reliable information about Dan Standiford's salary being in line with similar jobs at other comparable utilities. Rick Morgan noted that an effort was made to get useful information concerning that question at the time FKWC was looking for a replacement for Gary Getrost. Rick Morgan believes that the \$54,000 annual salary currently being paid to Dan Standiford is in line with similarly situation employees of other utilities. After an extended discussion, the Board approved a 3% raise for Dan Standiford, effective January 1, 2018, and that he receive a \$500 bonus for his work in 2017.

Kirk Shaffer noted the several goals with regard to Dan Standiford's role at FKWC: Fire hydrant replacement project, GIS project; 1, 3 and 5 year long range plans; and prepare job descriptions for each FKWC position. He also noted, as another goal, to work on the Company's

<del>1</del> 4	Rules and Regulations. It was noted, though, that given the status of that project, Company counsel		
45	should spend some time in an effort to coordinate progress in that regard.		
16	It was confirmed that the FKWC contribution to it's retirement plan for employees (th		
17	SEP plan) would be 3% for calendar year 2017.		
18	Arrangements were made to receive some basic information concerning an SEP retirement		
19	plan (which is the type of plan that FKWC has) to Mike Shearer for a general review.		
50	The meeting was then adjourned.		
	CHAIRMAN		
	GE GENERAL DATA		
	SECRETARY		

# MINUTES OF THE REGULAR MONTHLY MEETING OF THE BOARD OF DIRECTORS OF THE FLOYDS KNOBS WATER COMPANY, INC., HELD AT THE OFFICE OF THE FLOYDS KNOBS WATER COMPANY, INC., 4781 PAOLI PIKE, STE. 1, FLOYDS KNOBS, IN 47119, ON THE 29TH DAY OF MAY, 2018 AT 7:00 P.M., PURSUANT TO NOTICE

1	Rick Morgan, President of the Company, acted as Chairman of the meeting.
2	The following directors were present: Gayle Pearl, Berneta Stillman, David Cull, Kirk
3	Shaffer, Mike Shearer and Ryan Pfeifer.
4	Also present were Dan Standiford, superintendent; George W. Gesenhues, Jr., company
5	attorney; and Sandra Black, bookkeeper.
6	The minutes of the previous month's meeting were reviewed and approved. (Mike Shearer
7	asked for clarification concerning the "unsigned draft" of a letter mentioned in line 50 on the
8	minutes. It was clarified that the "representation letter" prepared by the accountants was signed
9	by Rick Morgan and returned.
10	Berneta Stillman noted that, as a property owner in Clark County, Indiana, she had received
11	a notice from Indiana American Water Company explaining that the property owner, as opposed
12	to a renter, is responsible for water at a given location. This initiated a discussion of how FKWC
13	will be handling requests for services at locations which have outstanding accounts. In summary,
14	the IURC has notified FKWC that the FKWC By-Law provision which requires someone
15	requesting service at a location which has a pre-existing account balance cannot be held
16	responsible for that pre-existing account balance.
17	Dan Standiford reports that the circus put on by the Lions Club utilized a temporary meter
18	and that a bill has been sent for the water used.
19	Rick Morgan thanked board member David Cull for the article he shared with the Board,
20	concerning public relations considerations for a utility seeking a rate increase.

21	It was noted that Mike Shearer has taken steps to have Theresa Getrost on the MainSource
22	bank account.
23	It was reiterated that Board President Rick Morgan has signed the Sherman Barber &
24	Mullikin prepared "representation letter" and returned it to the accountants.
25	Dan Standiford explained at length his recommendation that FKWC hire a new full-time
26	"maintenance technician" - basically, a full-time worker to handle various day-to-day operational
27	requirements for FKWC. After an extended discussion, the Board decided that a new full-time
28	employee is needed. Dan Standiford was instructed to begin the process of hiring a full-time
29	employee, with a starting rate of \$15.00 per hour.
30	George Gesenhues reported that the goal is to have the rate application filed by next
31	month's meeting.
32	A discussion was had concerning the piles of gravel along Old Hill Road: It's decided this
33	is a problem that does not justify spending the funds that would, in all likelihood, be necessary to
34	eliminate the problem.
35	Dan Standiford distributed to the Board his usual monthly memorandum. (The
36	memorandum is attached to these minutes.)
37	Dan Standiford notes that no "comments" have been received concerning the CCR report
38	which was recently mailed to members.
39	A discussion was had concerning the water main, or the lack of a water main, on Augusta
40	National Drive. A search is underway to try to determine if a main was ever installed in this area.
41	The issue now is what to do about a new residence planned for this area.
12	A question was asked about whether the plans are in place for paving Brush College and

Buck Creek Roads. It seemed to be a consensus that this paving work will take place soon.

43

44	Rick Morgan	ı posed a	question	concerning	FKWC's	current	uses	of	water	supplied	by
45	Borden Tri-County.										

Rick Morgan asked a question about the Georgetown cross country line that previously served as FKWC's principal supply line from Indiana American/Georgetown. Dan Standiford noted that a valve has been installed near the FKWC end of that line so as to address potential leak issues.

Rick Morgan initiated a discussion concerning a tank valve. Dan Standiford and David Cull had previously communicated about this matter and it is not a major issue.

Sandra Black distributed monthly financial reports for review.

Sandra Black noted that checks to Sherman Barber & Mullikin for accounting work have recently been issued.

It as generally noted that top priority needs to be placed on submission of the rate increase application.

Rick Morgan inquired as to whether or not Dan Cristiani is being adequately attentive to FKWC maintenance/repair needs, and Dan Standiford says that yes, that is happening. Mike Shearer inquired at to whether or not Dan Standiford has back ups in place in case Dan Cristiani is not available. Dan mentioned a couple of contractors that he would utilize in that situation.

Dan Standiford explained that he has received an inquiry about supplying water to a location generally at the bottom of Spickert Knob Road hill. Because of the elevations involved, it is Dan Standiford's view that it would not be prudent to offer to provide service to this prospective customer. It is feared that pressure problems could result. Dan Standiford will let the people involved know that FKWC will not be able to provide service.

The meeting was then adjourned.

CHAIRMAN	

NEXT MONTH'S MEETING OF THE BOARD OF DIRECTORS WILL BE HELD ON JUNE 25, 2018, AT 7:00 P.M. AT THE FLOYD KNOBS WATER COMPANY OFFICE.

44725

# **FKWC May '18 Board Meeting**

#### **Updates**

- -CCR has been mailed out
- -GIS collection of meters, valves, and hydrants is complete (to our knowledge)
- -Augusta National Dr. We can't find 6" main, possibly never ran?
- Water loss 15.7% in 2017 and 15.6% in 2016. It is recommended to change 5/8" meters every 15-18 years or 1 million gallons. 20 years would be a long life for a 5/8" meter. FKWC has 147 meters from the 1990's. We 74- 5/8" meters from 2009 and 2010.
- 1 leak at 4092 View Crest Loop. Cristiani made repairs.
- There were 87 locates this month

### **Up Coming**

- The week if June 4-8 we will be changing 2-3" meters. FK Elementary has a 2"-3" Rockport meter(original) not working properly. St Marys Elementary has a Badger 3" meter, but only pay for a 2"(against IURC regulations). Both schools will replace their vault top with a OSHA approved hatch.

#### Adjustments

- 4 leak adjustments: \$38.67, \$34.58, \$126.31, \$51.56
- 2 late fee adjustments: \$20.97, \$0.80
- 1 hydrant meter rental fee \$20.00

**Utility Name:** 

Floyds Knobs Water Company, Inc

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)

\$10,092

4,490

\$5,602

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

Enter Test Year PERF Expense

\$163,154

3.00%

4,895

2,231

Adjustment - Increase/(Decrease)

\$2,664

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

Notes: Provided are insurance premium invoices.



12/27/17 R-56 PM 3 - 0004017 201/0507 NE20H101 BENNO 1 oz DÓM NE20H10000 161950 CE

#### ՖլիմիիիիթըՈլհգեՈԿիիՄիդՈկիՈՄբը-Մյդիիհիհ

SEAN GETROST 1720 KELLY AVE **GEORGETOWN IN 47122-8923** ATTN: SEAN GETROST





05/07/2018 100079733



Invoice Number:	18126465710	Previous Balance:	\$	370.55
Invoice Date:	05/07/2018		\$	(741.10)
Plan Name:	76179IN0110001-01	Past Due / (Credit Balance):	\$	(370.55
Member ID:	U9198761201	Monthly Premium:	\$	370.55
Policy #:	91987612	Adjustments:	\$	0.00
Coverage Period:	06/01/2018 - 06/30/2018	Tax Credit:	\$	(0.00)
_		TOTAL AMOUNT DUE:	\$	0.00
		Due Date:	OS	/31/2018

Payment Options - We have several ways for you to pay your premium - Online, Auto Bill Pay, Phone, Mail and more! Ways to pay are listed on the back of this invoice. To make a change to any of your bill pay settings, please log in to your online member account at Ambetter.mhsindiana.com.

Paperless Options - Go paperless! Sign up for Paperless Billing today and receive a monthly email when your invoice is ready to view. All you need is a valid email address. Get started today at Ambetter.mhsindiana.com.

Notes: Any past due amounts are due immediately. It is important to pay any past due amounts as soon as possible in order to keep your health insurance coverage active. Please do not wait until the due date for your current premium to pay your past due amounts. Payments made after 6PM Eastern time will be processed on the next business day and will be reflected on your account within 24 hours.

> TO AVOID PROCESSING DELAYS, PLEASE REMEMBER TO INCLUDE THE ATTACHED PAYMENT COUPON WITH YOUR CHECK OR MONEY ORDER.

Address Changed? Visit www.healthcare.gov or contact 1-800-318-2596.

#### RETURN THIS WITH PAYMENT

**Total Amount Due:** \$0.00 System ID: 83120016

Policy #: 91987612

Payment Due By: 05/31/2018 Invoice Number: 18126465710

05/07/2018 \* Invoice Date: Coverage Period: 06/01/2018 - 06/30/2018

Enrollment Type:

**SEAN GETROST** 

1720 KELLY AVENUE GEORGETOWN, IN 47122

Ambetter from MHS PO Box 74008545 Chicago, IL 60674-8545



00000008375007P000000000017

Bill Type: 890

Group Nbr: 00141615-0000 Bill Group Nbr: 0000 Due Date: 06/01/2018

Region: CENTRAL

իվիակիլիրականներին կինին իրկային այննակ

1340 2 AB 0.408 PERSONAL AND CONFIDENTIAL FLOYDS KNOBS WATER CO., INC. ATTN: TERESA GETROST PO BOX 115 FLOYDS KNOBS IN 47119-0115

#### **Administrative Contact:**

E-Mail: centralregion@anthem.com Phone Number: 866-551-0315 Fax Number: 614-433-8302 Invoice Date: 05/17/2018 Reference ID: 037155

#### Billing Statement Summary for JUNE 01, 2018 TO JULY 01, 2018

TOTAL AMOUNT DUE	\$16.75	PLEASE PAY THIS AMOUNT
Current Billed Balance	\$16.75	
Administrative Fees	\$0.00	
Current Period Adjustments	\$0.00	(CASSIELL)
Current Period Premium	\$16.75	
Beginning Balance	\$0.00	
Account Credit	\$0.00	
Outstanding Balance	\$0.00	

Your premium payment grace period expires 31 days after the premium due date unless otherwise agreed to by us. Please remember, we have no liability for claims incurred on or after the due date of your earliest outstanding bill, except as outlined in your policy/certificate.



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

(3)

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

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

Name of Wholesale Supplier:

Ramsey Water Company, Inc.

Effective Date of Rate Change:

5/17/2017

NOTE: For column (e), you will need to collect the bills your utility received during the test year from the utility's water supplier ("Supplier"). Once you have this information, you need to know how the Supplier charges your utility for the water that it purchases. This may require you to contact the Supplier to obtain their wholesale tariff or if applicable, a copy of the special contract ("contract") your utility has with its Supplier. Once you obtain your Supplier's rate tariff or contract with your utility, review the utility's bills to add the utility's consumption for each month during the test year by rate block. For example, XYZ Utility purchases all its water 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 \$3.00 per 1,000 gallons usage up to 10,000 gallons in a month. The Supplier's second rate block reflects \$2.00 per 1,000 gallons usage for the next 10,001 gallons to 20,000 gallons in a month. XYZ Utility used 20,000 gallons of water 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 supplier's rate blocks below (a)	Cha 1,00	or Rates rged per 0 gallons 00 Cu.ft. (b)	Ch 1,0	rent Rates larged per 00 gallons 100 Cu.ft. (c)	Consumption by rate blocks- see note above (e)	Adjustment (f)
1 All purchased water	\$	3.37	\$	3.51	224899.3	\$789,397
2			_			<b>4.00,00</b>
3						
4						
5						
6						
7	_					
Fixed Charges/Meter Charge*	\$	2,511.00	\$	2,685.00		\$32,220
			Pro	-forma Purch	nased Water	\$821,617
			Les	s: Test Year	Expense	\$821,569
			Adjı	ustment - Inci	rease/(Decrease)	\$48

<sup>\*</sup>The utility's wholesale supplier may include a certain level of consumption in its meter charge per month. If your utility exceeds this certain level of consumption, sometimes referred to as "minimum consumption" or "minimum charge", do not include the minimum charge/meter charge in cells F23 and H23.

(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 Water Expense
 \$821,569

 Plus: (A) adjustment above
 48

 Sub-Total
 821,617

 Divided By: # of Test Year Bills
 27,653

 Cost Per Bill
 \$29.71

 Times: Number of Additional Bills
 115

 Adjustment - Increase/(Decrease)
 \$3,417

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

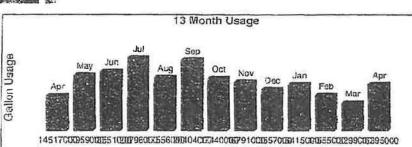
Notes: Included are invoices from the utility's water supplier (Ramsey Water Company, Inc.): The invoice for the monthy immediately preceeding the rate change; and the first invoice with the increased rate.

Floyds Knobs Water Co.



Ramsey Water Company, Inc. P.O. Box 245 Ramsey, IN 47166-0245

# UTILITY BILL



Office Hours

Carlotte Services

8:00 a.m. to 4:00 p.m. Monday - Friday Phone: (812) 347-2551 Fax: (812) 347-2589 After hours emergency phone 1-866-254-1640 www.ramseywater.com

#### A Message from Ramsey Water Company..

Ramsey Water offers Automated Checking Account (ACH) Payments. The form and instructions are on the back of this invoice.

Ramsey Water also offers ebill delivery. To sign up for ebill delivery, go to www.ramseywater.com. By signing up for ebill delivery you save paper.

Suring Flush will continue for areas Japanif SR 135 & South of SR 64 hmill 5/31/17.

ny may etperianne disociomal visital Suring this lime: ACCOUNT NUMBER 108042 SERVICE DATES 3/16/2017 - 4/17/2017 SERVICE ADDRESS HIGHWAY 150 / DUFFY RD

BALANCE FORWARD PAYMENT WATER

FACILITY CH

Jersey Markey

649110000 632715000 16395000

47,328.63

War Miles

**-47**,328.63 **55**,251.15 **2**,511.00

Ü

3.37/1000



Know what's **below.** Call before you dig. AMOUNT DUE AFTER DUE DATE \$59,495.22 PENALTY AFTER DUE DATE \$1,733.07

**ACCOUNT NUMBER** 

**AFTER DUE DATE** 

DUE DATE

**AMOUNT DUE** 

AMOUNT DUE

\$57,762.15

108042

05/15/17

\$57,762.15

\$59,495.22

PLEASE DETACH BOTTOM PORTION AND RETURN IN ENCLOSED ENVELOPE



Ramsey Water Company, Inc. P.O. Box 245 Ramsey, IN 47166-0245





MAKE CHECKS PAYABLE AND REMIT TO:



FLOYDS KNOBS WATER 13 34
P O BOX 115
FLOYDS KNOBS IN 47119-0115
[[[[[[]]]]]][[[[[]]]][[[]]][[[]]][[[]]][[[]]][[[]]][[[]]][[[]][[[]]][[[]]][[[]][[]][[]][[[]][[]][[]][[]][[]][[]][[[]][[]][[]][[[]][[]][[]][[]][[]][[]][[]][[][[]][[]][[]][[]][[][[]][[]][[]][[]][[]][[]][[][[]][[]][[]][[]][[]][[][[]][[]][[]][[]][[]][[][[]][[]][[]][[]][[]][[][[][[]][[][[]][[]][[]][[]][[]][[]][[]][[]][[]][[]][[]][[]][[]][[]][[][[]][[]][[]][[]][[]][[]][[]][[]][[]][[]][[]][[]][[]][[]][[]][[]][[][[]][[]][[]][[]][[]][[][[]][[]][[]][[][[]][[]][[][[]][[]][[]][

Update phone # if new:

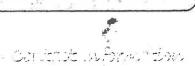
RAMSEY WATER COMPANY, INC.



Gallon Usage

Ramsey Water Company, Inc. P.O. Box 245 Ramsey, IN 47166-0245





## 13 Month Usage Sep Nov Dec Feb

Office Hours

8:00 a.m. to 4:00 p.m. Monday - Friday Phone: (812) 347-2551 Fax: (812) 347-2589 After hours emergency phone 1-866-254-1640 wv.w.ramseywater.com

#### A Message from Ramsey Water Company

May

Jui

Ramsey Water offers Automated Checking Account (ACH) Payments. The form and instructions are on the back of this invoice.

Ramsey Water also offers ebill delivery. To sign up for ebill delivery, go to www.ramsevwater.com. By signing up for ebill delivery you save paper.

Water rates increased \$0,022 per 1,000 gallons. This increase is a wholesale water cost tracker based upon the change in the cost of purchased water purchased from Indiana American Water Company,

ACCOUNT NUMBER 108042

17959CRE51020796CRE56C02040C04CC0RF910F857CG0415COB55C0D299C0895C0D4570C0

SERVICE DATES 4/17/2017 - 5/17/2017

SERVICE ADDRESS HIGHWAY 150 / DUFFY RD

SERVICE	READING	READING	USAGE	CHARGES
BALANCE FORWARD PAYMENT WATER FACILITY CH		649110000	15457000	57,762.15 -57,762.15 54,254.07 } - 2,511.00 } 174.00
		1		
			-	
3		1		
į.				
3.51/1000				

PRESENT PREVIOUS USAGE

Know what's below. Call before you dig.

AMOUNT DUE AFTER DUE DATE \$58,468.23

PENALTY AFTER DUE DATE \$1,703.16

AMOUNT DUE 56,939.07 \$56,765.07

PLEASE DETACH BOTTOM PORTION AND RETURN IN ENCLOSED ENVELOPE



Ramsey Water Company, Inc. P.O. Box 245 Ramsey, IN 47166-0245



108042	
06/15/17	
\$56,765.07	
\$58,468.23	

FLOYDS KNOBS WATER P 0 BOX 115 FLOYDS KNOBS IN 47119-0115 



RAMSEY WATER COMPANY INC PO BOX 245 RAMSEY IN 47166-0245 <u>նդիվ:Ս[Ոլիքնոննիհովնի օիդիսիուպելՈֆիիին հիրեներին</u>ը

MAKE CHECKS PAYABLE AND REMIT TO:

U	pdate	phone	# if	uem:	3
U	hnare	PHONE	T II	HEAR"	

812-923-9042

p.14

DATE: 5/30/2017 01:44:10 PM

#### RAMSEY WATER COMPANY, INC.

PAGE NO: 1

BY: PC

Customer History Report Select Customer By: Account Range: From 108042 To 108042 Status: All Accounts

Transaction Types: Range: >= 4/1/17

Date	Type	Cls	Amount	Applied	Reference	Usage	Balance
	FLOYDS KNOBS WAT 00 HIGHWAY 150 / DL						
04/04/17 04/25/17 04/25/17	PAYMENT WATER FACILITY CH	CHK WAT OTH	-47,328.63 55,251.15 2,511.00	55,251.15 2,511.00	470 632715000-649110000 M	16395000	0.00 55,251.15 57,762.15
05/04/17 05/25/17 05/25/17 05/30/17	PAYMENT WATER FACILITY CH OTHER - F02	CHK WAT OTH OTH	-57,762.15 54,254.07 2,511.00 174.00		473 649110000-664567000 M U-FACILITY CHG -	15457000	0.00 54,254.07 56,765.07 56,939.07
	ENDING BAL						56,939.07

<sup>\*</sup> Denotes an unposted transaction.

this is a billing correction in they forgot to change the "facility change"

<sup>&</sup>lt;< End of Customer History Report: 1 Page(s) >>

# 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 subsquent to the test year and to increase/decrease this expense due to the water sales normalization adjustment shown on Schedule 5.

(A) The following adjustment should during the test year or twelve month			sed power/electricity v	endor increased its rates
Name of Electric Utility Supplier: Effective Date of Rate Change:				
NOTE: For column (e), you will need vendor(s) that supplies electricity ("charges your utility for the electricity user rate tariff ("tariff"). Once you of each month during the test year by Supplier implemented a rate increase block of \$0.05 per kilowatt hour ("kl \$.025 per kWh for the next 1,001 to during the test year or 24,000 kWh which represents kWhs purchased entered on line 2, column (e).	Supplier"). Oncy that it purchas btain your Supprate block. For se in June of X Wh"), up to 1,000 2,000 kWh in a (2,000 x 12 mo	e you have this ses. This may re plier's tariff, revie example, XYZ Utility's test you kWh in a monta month. XYZ Utinths). Therefore	information, you need quire you to contact the withe utility's bills to a stillity purchased all its year. The Supplier's neeth. The Supplier's sectifity used 2,000 kWh of 12,000 would be enter the supplier of the supplier's sectifity used 2,000 kWh of 12,000 would be enter the supplier's sectifity used 2,000 kWh of 12,000 would be enter the supplier's sections.	to know how the Supplier to obtain their the Supplier to obtain their add the utility's usage for electricity from Supplier. The event ariff reflects a first rate cond rate block reflects of electricity each month fered on line 1, column (e),
		Current		
	Prior Rates	Rates	Usage by rate	
Metered Rates Per Month -	Charged per	Charged per	block-see	
enter rate per rate blocks below	kWh	kWh	note above	Adjustment
(a)	(b)	(c)	(e)	(f)
1			·	
2				
3				
4				
5				
6				
7				
Fixed Charges/Meter Charge				
			rchased Power	
		Less: Test Ye	-	
		Adjustment - Ir	ncrease/(Decrease)	
(B) The following adjustment increaresidential customers that occurred				
Test Year Purchased Power Expen Plus: (A) adjustment above	ise			\$15,224
Sub-Total				15,224
Divided By: # of Test Year Bills				27,653
Cost Per Bill				\$0.55
Times: Number of Additional Bills				115
		Adjustment - Ir	ncrease/(Decrease)	\$63
Supporting Documentation: Copy letter from the electric utility notifyin			electric utility to suppor	t its changed rates or the
140163.				

**Utility Name:** 

Floyds Knobs Water Company, Inc.

Schedule 6(e)

# 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 subsquent to the test year and to increase or decrease this expense due to the water sales normalization adjustment shown on Schedule 5.

The following adjustment should be used if the utility's per unit of test year or subsequent to the test year or if the amount of cher		•				
(A) Enter all Types of Chemicals the utility uses below	Quantity in	Enter				
regardless of whether a per unit price change occurred. (Add	Purchased	<b>Current Per</b>	Pro-forma			
more lines if necessary):	Units	Unit Cost	Cost			
Sub-Total Less: Test Ye Adjustment - In	ear Expense	ise)				
The following adjustment increases/decreases the chemical cosmumber of residential customers that occurred during the test yet (B) Test Year Chemical Expense	•					
Plus: Adjustment (A) above Sub-total			_			
Divided By: # of Test Year Bills			27,653			
Cost Per Bill			21,000			
Times: Number of Additional Bills			115			
	ncrease/(Decrea	ise)				
•	The second secon	,	4			
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.						
Notes:						

#### Expense Adjustments (con't)

(6)

**Periodic 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 must be made for all utilities. It allows the utility to accrue funds for periodic system maintenance. To determine test year expense add all costs incurred during the test year for the maintenance items that are listed below and enter total in cell M42. If you believe the amortization periods listed are not representative of the utility's need, please contact the Commission at (317) 232-2750.

Tank Painting/Cleaning: Enter Tank Description Below:	Enter Size of Ten	ok in Callana	Enter Actual
Composite Elevated Tank	Enter Size of Tan 1,000,000	ik III Gallons.	<u>Cost (Invoice)</u> 280,000
	the same of the sa		
Standpipe Water Tank	645,000		304,000
	0		
		Sub-Total	584,000
		Amortized over 15 years	15
		Amortized over 15 years	38,933
Wells Cleanings and Well Pump	Maintenance:		30,933
For Each Well/Pump, Enter Des			
Tor Lacif Weilin amp, Linter Des	cription below.		
M			
11-11-11-11-11-11-11-11-11-11-11-11-11-			-
		Sub-Total	
		Amortized over 5 years	5
		Amortized over 5 years	
		Enter cost per	
		filter	
Treatment Plant Maintenance:	Enter # of filters	replacement	
Filter Media Replacement			
		Amortized over 10 years	10
		and the second control of the second	
Booster Pumps:			
For Each Booster Pump, Enter			
Description Below:			
		Sub-Total	
		Amortized over 5 years	5_
		300	***
		Enter Test Year Expense	>
		Adjustment - Increase/(Dec	rease) \$38,933
			·
Supporting Documentation: Inv	oices, estimates or	quotes obtained from the Ve	ndors that provide each of the
above services. Also, provide a	ny documentation of	or calculations used to suppo	rt proposed expense.
Notes Attached is estimate information	n concerning tank pair	nting costs.	

#### FLOYDS KNOBS WATER COMPANY, INC. Floyds Knobs, IN Future Repaint Cost Estimates

#### 1,000,000 Gallon Composite Elevated Storage Tank

Year Built: 2016 First Repaint: --Year: 2031

-Exterior and Interior Surfaces Overcoat

--Cost: \$280,000.00

#### Second Repaint:

-Year: 2046

-- Exterior and Interior Surfaces Complete Blast and New Coating Systems

--Cost: \$420,000.00

#### 645,000 Gallon Standpipe Water Storage Tank

Year Built: 1981

Year Rehab & Repaint: 2017

First Repaint: --Year: 2029

-- Exterior and Interior Surfaces Overcoat

--Cost: \$304,000.00

#### Second Repaint:

--Year: 2042

-- Exterior and Interior Surfaces Complete Blast and New Coating Systems

--Cost: \$445,000.00

#### Periodic Inspections:

- -- Two washout and inspections; and one visual inspection before First Repaint
- --Two washout and inspections; and one visual inspection between First and Second Repaints
- --Cost 1,000,000 Gallon Composite Elevated: \$800.00 per year
- --Cost 645,000 Gallon Standpipe: \$1,000.00 per year

Cost Estimates do not include engineering and inspection fees for overcoats and complete repaints.

Cost Estimates based upon 2018 Prices.

David G. Cull, PE, SE April 23, 2018

#### **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:

			Enter "C" for Capital Exp. Or "N" for Non-	
Vendor Desc	ription	Account	Recurring	Amount
		,		
	Adjustment - Inc	rease//Decrea	201	
	/ tajastinent - ino	reaser(Decrea	30)	
Supporting Documentation: Copy(ies) of the invo	ice(s) paid for the	capital expend	iture or non-recur	ring charge
Supporting Documentation: Copyriso, or the invest			itaro or morridoan	ing onenge.
	(8)			
<b>Insurance Expense</b> - To adjust test year insurance occurred during the test year.	ce expense to refle	ect any change	s in insurance pre	miums that
The following adjustment is necessary if the utility insurance premiums paid during the test year cha		nsurance subs	equent to the test	year or if
, ,				Annual
Type of Insurance, if applicable				Premium
Enter Automobile Insurance Annual Premium Am	ount		$\longrightarrow$	
Enter Commercial Property Insurance Annual Pre	mium Amount		$\rightarrow$	
Enter Worker's Compensation Annual Amount Pa	id by the Utility		>	
Enter General Liability Insurance Annual Premiun	n Amount —		$\longrightarrow$	
Enter Directors & Officers Renewal Policy Amoun	t		<b>→</b>	
Enter Comprehensive Insurance Premium Amour	ot		>	
Enter any Other Insurance, please include a desc	ription		>	
	Sub-Total			
	Less: Test Year	Insurance Exp	pense	
	Adjustment - Inc	rease/(Decrea	se)	
Supporting Documentation: Insurance Premium	renewals/invoices	that sunnort ne	w 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 M17.

Enter Accounting Contract Amount, if applicable	>
Enter Engineering Fees, if applicable	<b>→</b>
Enter Other Fees, if applicable (enter description Lawyer	> 3,500
IURC Fees (For Municipal Utility, CD, or WA enter \$3,000, otherwise \$0)	→ <u> </u>
Sub-Total	3,500
Divided By: Expected Life of Rates	3
Pro forma Test Year Rate Case Expense	1,167
Enter Test Year Rate Case Expenses	<del></del>
Adjustment - Increase/(Decrease)	\$1,167
Out of the Design of the Control of	Alaa

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	\$163,154
Times: FICA Rate	7.65%
Pro-forma FICA Expense	12,481
Enter Test Year FICA Expense	9,796
Adjustment - Increase/(Decrease)	\$2,685

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		115
Enter Current Postage Rate	$\longrightarrow$	\$0.44
Adjustment - Increase/(Decrease)		\$51

Supporting Documentation: None

Included is a letter concerning estimated attorney fees.



# LORCH NAVILLE WARD LLG



Chester V. Lorch

(1900-1972)

Frank E. Lorch, Jr.

(1905 - 1951)

Basil H. Lorch, Jr.

(1925-1997)

Herbert F. Naville

(1919-2010)

Michael G. Naville

(1951-2014)

Michael F. Ward

George W. Gesenhues, Jr.

Linda B. Lorch

Robert P. Hamilton

Timothy J. Naville\*

Pamela S. Perkinson

Lisa Garcia Reger

Gregory M. Reger\*

Cary J. Hurst

J. David Agnew\*

Christopher L. King\*

Stephen T. Naville

Claire Lorch Hagedorn

Maxwell W. McCrite

Retired

William C. Moyer\*

\*Also admitted in KY

June 20, 2018

Floyds Knobs Water Company, Inc.

P.O. Box 115

4781 Paoli Pike - Ste. 1

Floyds Knobs, IN 47119

RE: Estimate of Attorney Fees Related to Small Utility Rate Application

**Board Members:** 

I'm writing to give an estimate of the attorney fees that will be involved with the current

Small Utility Rate Application process: \$3,500.

This estimated figure is based upon time spent thus far and time anticipated thru the

conclusion of the process.

Let me know if there are any questions.

Som freehome

Cordially,

George W. Gesenhues, Jr.

GWG/cp

44725

**Utility Name:** 

Floyds Knobs Water Company, Inc.

# Expense Adjustments (con't)

(12)

**Payment in Lieu of Taxes** - To adjust test year PILT to reflect capital additions not included in test year PILT payments and for potential new tax rates. (For Municipal Utilities only)

This adjustment is needed for a municipal utility that serves a municipality that has elected to collect a property tax payment from the utility as if it where a taxable entity for property tax purposes. NOTE: This adjustment may be modified by the OUCC, during its review, if the utility has assets located outside the municipality's corporate boundaries.

Utility Plant in Service		<del>*************************************</del>
Add: Capital Expenditures (Adjustment 6-7)	NOT APPLICABLE	
Less: Test Year Accumulated Depreciation	NOT APPLICABLE	2,479,130
Estimated Assessed Tax Value	NOT APPLICABLE	8,896,296
Less: Net Cost of Plant Located Outside Municipal Corp	oorate Boundaries	$\rightarrow$
Estimated Assessed Tax Value Subject to Corporate Ta	ax Rate	8,896,296
Enter Corporate Tax Rate per \$100 assessed value (ne	et of property tax replacement credit)	$\rightarrow$
Pro forma PILT expense	NOT APPLICABLE	
Enter test year PILT expense	NOT APPLICABLE	$\rightarrow$
Adjustment - Increase/(Decrease)	NOT APPLICABLE	
Supporting Documentation: Copy of Assessor's publish	hed corporate tax rate for the city or to	own the utility is
located and a copy of the municipality's ordinance requi	iring payment of this fee by the utility.	

(13)

Utility Receipts Tax - To adjust test year utility receipts to appropriate levels (For Municipal Utilities Only).

		Present
Pro-forma Present Rate Operating Revenues	NOT APPLICABLE	
Less: Sales for Resale	NOT APPLICABLE	165,108
Less: Exemptions	NOT APPLICABLE	
Taxable Operating Revenues	NOT APPLICABLE	(165,108)
Times: URT Rate	NOT APPLICABLE	1.40%
Pro-forma URT	NOT APPLICABLE	(2,312)
Enter Test Year Utility Receipts Tax expense	NOT APPLICABLE	<b>→</b>
Adjustment - II	ncrease/(Decrease)	(\$2,312)

Supporting Documentation: None

(14)

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 <u>not</u> apply to Municipalities, 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 K24 shown on Schedule 4)	\$1,452,817
Times: Current IURC Fee	0.0013384
Sub-Total	1,944
Enter Test Year IURC Fee	1,604
Adjustment - Increase/(Decrease)	\$340
Supporting Documentation: None	

Supporting Documentation: None

**Utility Name:** 

Floyds Knobs Water Company, Inc

Schedule 6(j)

# Expense Adjustments (con't)

(15) 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 us the Proforma expense amount shown above as well as a narrative explaining the adjustment. Also, include any workpapers that supports that a test year a necessary.	g the need for
(16) 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 us the Proforma expense amount shown above as well as a narrative explaining	•

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.

#### **Extensions and Replacements or Depreciation**

Indiana Code allows a municipal utility either depreciation expense or extensions and replacements as part of its revenue requirements, but not both. 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.

Three 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.

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Tota
111						
		_				
Sub-Total						
Less: Enter Amount Aire	ady Funded				$\longrightarrow$	
Total						
Divide by: Proposed Life	of Rates*					

<sup>\*</sup> 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.

X 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 Less: Enter Amount Already Funded Sub-Total	\$41,097	\$4,114,924	\$967,349	\$5,123,370 4,657,539 465,831
Divided By: 3 Years				3
Average Historic Extensions and Replacements				\$155,277
Add: Capital Expenditures (From Adjustment 6-7)	NOT APPLICAE	BLE		\$11,375,426
3	NOT APPLICATI		$\rightarrow$	14.075.400
	NOT APPLICAE NOT APPLICAE			11,375,426
, , , , , , , , , , , , , , , , , , ,	NOT APPLICATION			1.70%
1 to 1 offia Depreciation Expense	Less: Test Ye			208,597
	Adjustment - I			200,001
Supporting Documentation: None				

Utility Name: Floyds Knobs Water Company, Inc

#### 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	\$1,288,312
Less: Purchased Water (total test year expense, plus adj. 3 shown on Sch. 6)	825,033
Purchased Power (total test year expense, plus adjustment 4 shown on Sch. 6)	15,287
Adjusted Operation C. Maintenance France	447.004
Adjusted Operation & Maintenance Expense	447,991
Times: 45 Day Factor	0.125
Working Capital Revenue Requirement	55,999
Less: Cash on Hand	221,223
Net Working Capital Revenue Requirement	
Divide by: Amortization Period (Years)	3
Annual Working Capital Revenue Requirement	

Schedule 8

#### **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.

Enter Description of Debt Below: SRF Loan	<b>Year 1</b> \$293,166	<b>Year 2</b> \$293,027	Year 3 \$293,188	Year 4	Year 5	**Total ************************************
			$\equiv$			
	\$293,166	\$293,027	\$293,188			\$879,381
Divide by: Proposed Life of Ra Average Annual Debt Service						3 \$293,127

<sup>\*</sup> 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 or ordinance must also be provided that authorized the debt issue.

## Exhibit "B"

## FLOYDS KNOBS WATER COMPANY, INC.

## Note No. 15R-A-1

\$3,280,000 Semi-annual payments for 20 years 2.00% Interest

Date	Principal	Interest Rate	Interest	Principal	Semi-Annual
				Balance	Debt Service
12/1/2016				3,280,000	
1/1/2017	66,200	2.00%	32,802	3,213,800	99,002
7/1/2017	67,800	2.00%	32,138	3,146,000	99,938
1/1/2018	68,500	2.00%	31,460	3,077,500	99,960
7/1/2018	69,100	2.00%	30,775	3,008,400	99,875
1/1/2019	69,800	2.00%	30,084	2,938,600	99,884
7/1/2019	70,500	2.00%	29,386	2,868,100	99,886
1/1/2020	71,200	2.00%	28,681	2,796,000	99,881
7/1/2020	72,000	2.00%	27,969	2,724,900	99,969
1/1/2021	72,700	2.00%	27,249	2,652,200	99,949
7/1/2021	73,400	2.00%	26,522	2,578,800	99,922
1/1/2022	74,100	2.00%	25,788	2,504,700	99,888
7/1/2022	74,900	2.00%	25,047	2,429,800	99,947
1/1/2023	75,600	2.00%	24,298	2,354,200	99,898
7/1/2023	76,400	2.00%	23,542	2,277,800	99,942
1/1/2024	77,100	2.00%	22,778	2,200,700	99,878
7/1/2024	77,900	2.00%	22,007	2,122,800	99,907
1/1/2025	78,700	2.00%	21,228	2,044,100	99,928
7/1/2025	79,500	2.00%	20,441	1,964,600	99,941
1/1/2026	80,300	2.00%	19,646	1,884,300	99,946
7/1/2026	81,200	2.00%	18,843	1,803,200	99,943
1/1/2027	81,900	2.00%	18,032	1,721,300	99,932
7/1/2027	82,700	2.00%	17,213	1,638,600	99,913
1/1/2028	83,500	2.00%	16,386	1,555,100	99,886
7/1/2028	84,400	2.00%	15,551	1,470,700	99,951
1/1/2029	85,200	2.00%	14,707	1,385,500	99,907
7/1/2029	86,100	2.00%	13,855	1,299,400	99,955
1/1/2030	86,900	2.00%	12,994	1,212,500	99,894
7/1/2030	87,800	2.00%	12,125	1,124,700	99,925

# FLOYDS KNOBS WATER COMPANY, INC.

# Note No. 15R-A-1

\$3,280,000 Semi-annual payments for 20 years 2.00% Interest

1/1/2031	88,700	2.00%	11,247	1,036,000	99,947
7/1/2031	89,600	2.00%	10,360	946,400	99,960
1/1/2032	90,500	2.00%	9,464	855,900	99,964
7/1/2032	91,400	2.00%	8,559	764,500	99,959
1/1/2033	92,300	2.00%	7,645	672,200	99,945
7/1/2033	93,200	2.00%	6,722	579,000	99,922
1/1/2034	94,100	2.00%	5,790	484,900	99,890
7/1/2034	95,100	2.00%	4,849	389,800	99,949
1/1/2035	96,000	2.00%	3,898	293,800	99,898
7/1/2035	97,000	2.00%	2,938	196,800	99,938
1/1/2036	98,000	2.00%	1,968	98,800	99,968
7/1/2036	98,800	2.00%	988		99,788
Totals	3,280,000				

# Exhibit "C"

## FLOYDS KNOBS WATER COMPANY, INC.

## Note No. 15R-B-1

\$1,420,000 Semi-annual payments for 20 years 2.85% Interest

Date	Principal	Interest Rate	Interest	Principal	Semi-Annual
				Balance	Debt Service
12/1/2016				1,420,000	
1/1/2017	31,000	2.85%	17,342	1,389,000	48,342
7/1/2017	26,900	2.85%	19,793	1,362,100	46,693
1/1/2018	27,300	2.85%	19,410	1,334,800	46,710
7/1/2018	27,600	2.85%	19,021	1,307,200	46,621
1/1/2019	28,000	2.85%	18,628	1,279,200	46,628
7/1/2019	28,400	2.85%	18,229	1,250,800	46,629
1/1/2020	28,800	2.85%	17,824	1,222,000	46,624
7/1/2020	29,300	2.85%	17,414	1,192,700	46,714
1/1/2021	29,700	2.85%	16,996	1,163,000	46,696
7/1/2021	30,100	2.85%	16,573	1,132,900	46,673
1/1/2022	30,500	2.85%	16,144	1,102,400	46,644
7/1/2022	31,000	2.85%	15,709	1,071,400	46,709
1/1/2023	31,400	2.85%	15,267	1,040,000	46,66
7/1/2023	31,900	2.85%	14,820	1,008,100	46,720
1/1/2024	32,300	2.85%	14,365	975,800	46,663
7/1/2024	32,800	2.85%	13,905	943,000	46,70:
1/1/2025	33,200	2.85%	13,438	909,800	46,638
7/1/2025	33,700	2.85%	12,965	876,100	46,663
1/1/2026	34,200	2.85%	12,484	841,900	46,684
7/1/2026	34,700	2.85%	11,997	807,200	46,69
1/1/2027	35,200	2.85%	11,503	772,000	46,703
7/1/2027	35,700	2.85%	11,001	736,300	46,70
1/1/2028	36,200	2.85%	10,492	700,100	46,692
7/1/2028	36,700	2.85%	9,976	663,400	46,670
1/1/2029	37,200	2.85%	9,453	626,200	46,652
7/1/2029	37,700	2.85%	8,923	588,500	46,62
1/1/2030	38,300	2.85%	8,386	550,200	46,680
7/1/2030	38,800	2.85%	7,840	511,400	46,640

# FLOYDS KNOBS WATER COMPANY, INC.

# Note No. 15R-B-1

\$1,420,000 Semi-annual payments for 20 years 2.85% Interest

1/1/2031	39,400	2.85%	7,287	472,000	46,687
7/1/2031	39,900	2.85%	6,726	432,100	46,626
1/1/2032	40,500	2.85%	6,157	391,600	46,657
7/1/2032	41,100	2.85%	5,580	350,500	46,680
1/1/2033	41,700	2.85%	4,995	308,800	46,695
7/1/2033	42,300	2.85%	4,400	266,500	46,700
1/1/2034	42,900	2.85%	3,798	223,600	46,698
7/1/2034	43,500	2.85%	3,186	180,100	46,686
1/1/2035	44,100	2.85%	2,566	136,000	46,666
7/1/2035	44,700	2.85%	1,938	91,300	46,638
1/1/2036	45,400	2.85%	1,301	45,900	46,701
7/1/2036	45,900	2.85%	654		46,554
Totals	1,420,000				

#### **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:		Total
SRF Loan		\$293,975	\$293,975
			\$293,975
			Ψ293,913
Enter Debt Service Reserve A	Aready Funded (Should be included in Acc	ount 132)	122,500
Sub-Total			171,475
Enter Number of Years Rema	ining to Fund Reserve: —————		3
Average Annual Debt Service	Reserve		\$57,158

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.

# TRUST INDENTURE, MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

THIS TRUST INDENTURE, MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT dated as of February 1, 2015, by and between FLOYDS KNOBS WATER COMPANY, INC., an Indiana nonprofit corporation (the "Borrower"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association duly organized, existing and authorized to accept and execute trusts of the character herein set out under the laws of the United States of America with a corporate trust office in Indianapolis, Indiana, as trustee (the "Trustee").

#### WITNESSETH:

WHEREAS, the Board of Directors of the Borrower has found that certain improvements and extensions to its existing waterworks utility, providing water services in Floyd County in the State of Indiana, consisting of the construction of extensions and improvements to the waterworks system of the Borrower including sandblasting and repainting of the existing standpipe, installation of a new 1,000,000 gallon elevated composite water storage tank, installation of approximately 10,300 lineal feet of 12-inch water main along Old Vincennes Road and Old Hill Road and installation of approximately 5,500 lineal feet of 8-inch water main along Brush College Road to replace an existing 4-inch main (the "Project"), are necessary; and

WHEREAS, a preliminary engineering report and cost estimates have been prepared and filed by Midwestern Engineers, Inc., consulting engineers of Indianapolis, Indiana, the consulting engineers employed by the Borrower for the construction of the Project, which report has been approved by all governmental authorities having jurisdiction thereover including, without limitation, the Indiana Department of Environmental Management; and

WHEREAS, the Borrower intends to issue its Secured Notes, Series 2015, in the aggregate principal amount not to exceed \$4,700,000 (the "Series 2015 Notes") pursuant to this Trust Indenture, Mortgage, Security Agreement and Financing Statement (the "Indenture" or "Mortgage") in order to obtain funds to finance the Project and costs of issuance of the Series 2015 Notes; and

WHEREAS, the Series 2015 Notes will be purchased by the Indiana Finance Authority (the "Authority") which will finance such purchase through the State of Indiana Drinking Water State Revolving Fund loan program (the "SRF Program") established and existing pursuant to Indiana Code 4-4-11 and Indiana Code 13-18-21; and

WHEREAS, the Borrower will enter into a Financial Assistance Agreement (as hereinafter defined) with the Authority pertaining to the Project and the Series 2015 Notes; and

WHEREAS, the Borrower has no outstanding indebtedness other than trade payable; and

WHEREAS, the Series 2015 Notes and any Additional Parity Notes which may be hereafter issued in accordance with the terms and conditions herein, will be secured by the provisions of this Mortgage; and

dates. There shall similarly be transferred to the Trustee and credited to the SRF Debt Service Account any amount necessary to pay the charges and fees of the Trustee for services as Trustee for the Series 2015 Notes and any SRF Parity Notes as the same become payable. For the Series 2015 Notes, the monthly transfers shall be on the dates and in the amounts as set forth in the attached Exhibit C monthly transfer schedule.

Section 4.5. Application of Debt Service Accounts. The Trustee shall, from the sums deposited to the SRF Debt Service Account, make payments of principal and interest on the Series 2015 Notes and any SRF Parity Notes, as such payments come due. The Trustee shall be entitled to receive from such sums payment of the amount of its charges. Moneys in the SRF Debt Service Account shall not be available for payment of principal of or interest on any Additional Parity Notes sold to a purchaser other than the Authority. Additional debt service accounts shall be hereafter established by the Trustee to set aside moneys for the payment of principal of and interest on Additional Parity Notes which are not sold to the Authority and any moneys set aside in any such hereafter established account shall not be available for payment of principal of or interest on the Series 2015 Notes or any SRF Parity Notes. In the event the Borrower shall fail in any month to transfer sufficient funds to the Trustee to meet the requirements of the SRF Debt Service Account and any such other debt service accounts (collectively, the "Debt Service Accounts"), the Trustee shall allocate the amounts received from the Borrower to the Debt Service Accounts on a parity basis.

Section 4.6. SRF Debt Service Reserve Account. Beginning on the last day of the first calendar month following the issuance of the Series 2015 Notes, and on the last day of each month thereafter, there shall be transferred from the Borrower to the Trustee for deposit to the SRF Debt Service Reserve Account a monthly amount at least equal to \$4,899.58, until the balance therein shall equal \$293,975, the maximum annual debt service on the Series 2015 Notes (the "SRF Reserve Requirement"). Said monthly deposits shall be sufficient to accumulate the SRF Reserve Requirement within five (5) years of delivery of the Series 2015 Notes and shall be in accordance with the monthly transfer schedule for the Series 2015 Notes attached hereto as Exhibit C. If the Borrower shall issue any SRF Parity Notes, the SRF Reserve Requirement shall be the maximum annual debt service on the Series 2015 Notes and said SRF Parity Notes. In such case, the increase in the SRF Reserve Requirement shall be funded on the date of delivery of said SRF Parity Notes (or over a period note to exceed five (5) years from the date of delivery of said SRF Parity Notes and in equal monthly installments until the balance in the SRF Debt Service Reserve Account equals the SRF Reserve Requirement); such increase in the SRF Reserve Requirement shall not reduce or delay the monthly deposits otherwise required by this Section 4.7 related to the Series 2015 Notes. The moneys in the SRF Debt Service Reserve Account shall be used to pay principal of and interest on Series 2015 Notes and any SRF Parity Notes to the extent that moneys in the SRF Debt Service Account are insufficient for that purpose. Any deficiencies in credits to the SRF Debt Service Reserve Account shall be promptly made up after credits into the Debt Service Accounts and like accounts established for the payment of principal of or interest on any Additional Parity Notes sold to a purchaser other than the Authority. Any moneys in the SRF Debt Service Reserve Account in excess of the SRF Reserve Requirement shall be transferred to the SRF Debt Service Account and used to pay debt service on the Series 2015 Notes and any SRF Parity Notes. In no event shall moneys in excess of the SRF Reserve Requirement be held in the SRF Debt Service Reserve Account.

#### 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:  Metered Rates Per Month - enter rate blocks below	Current Rates	Tracker	Adjusted Current Rates	Proposed Rates	Proposed Increase	Percent Increase
First 2,000 gallons	\$9.41	\$0.29	\$9.70	\$12.06	\$2.36	24.36%
Next 18,000 gallons	\$6.71	\$0.29	\$7.00	\$8.71	\$1.71	24.36%
Over 20,000 gallons	\$5.45	\$0.29	\$5.74	\$7.14	\$1.40	24.36%
Service Charge or Minimum Rate Per Month Per						
Meter Size - If minimum rate is used, please also						
enter usage allowance						
5/8" or 3/4" meter	\$19.40		\$19.40	\$24.13	\$4.73	24.36%
1" meter	\$124.82		\$124.82	\$155.23	\$30.41	24.36%
2" meter	\$300.38		\$300.38	\$373.56	\$73.18	24.36%
3" meter	\$759.58		\$759.58	\$944.63	\$185.05	24.36%
4" meter	\$1,035.10		\$1,035.10	\$1,287.27	\$252.17 \$319.29	24.36% 24.36%
6" meter	\$1,310.62		\$1,310.62	\$1,629.91	\$319.29	24.30%
Fire Lines/Sprinklers Per Month or Year	-					
6" connection	\$39.66		\$39.66	\$49.32	\$9.66	24.36%
8" connection	\$66.19		\$66.19	\$82.32	\$16.13	24.36%
Hydrant Charge Per Month or Year						
Fire Protection Surcharge Per 1,000g or 100cf	<del></del>					
-						
	<u> </u>					

# Floyds Knobs Water Company, Inc. Small Utility Rate Application

#### Additional Included Items:

- Corporate Resolution authorizing submission of the Rate Application
- Notice of Filing of Rate Application for Newspaper Publicaion
- Letter notifying customers of the filing of the Rate Application
- Affidavit concerning Federal Government Debt

#### FLOYDS KNOBS WATER COMPANY, INC

#### **Corporate Resolution**

Floyds Knobs Water Company, Inc (FKWC) is a not-for-profit corporation organized and existing under the laws of the State of Indiana. FKWC is a water utility serving approximately 2180 customers in mostly rural areas of Floyd County, Indiana.

The managing body of FKWC, its Board of Directors, has determined that the level of revenues presently being generated are insufficient to adequately cover the utility's total expenses on an ongoing basis. This situation has resulted because of several pertinent factors, the most significant of which is this: The utility's present rates were based on averaging anticipated expenses over a five-year period beginning with 2014. During the first three years of that time period, the utility paid interest only payments on a capital improvement project loan, with principal and interest payments over only the last two years of that five year period. Thus, the average debt service payments over the five-year period is much less than the average debt service payments that will be required going forward. (The amortization period for the loan is 20 years.) A rate increase is needed to enable the utility to make the required loan payments and otherwise maintain a stable financial condition. That being the case, it has been resolved, as hereby documented, that FKWC is authorized to file a Small Utility Rate Application with the Indiana Utility Regulatory Commission. The specifics concerning the amount of the rate increase are set forth in the Small Utility Rate Application authorized as set forth in this resolution.

Dated this 23<sup>rd</sup> day of April, 2018

Floyds Knobs Water Company, Inc, by:

Rick Morgan, Board President

Witnessed by:

George W. Gesenhues, Attorney

# NOTICE OF PROPOSED INCREASE IN WATER RATES FOR CUSTOMERS OF THE FLOYDS KNOBS WATER COMPANY, INC.

Gwg/clp/44725/Rate Application/Newspaper Notice

# WATER CUSTOMERS OF FLOYDS KNOBS WATER COMPANY, INC.

# In Re: Proposed Water Rate Increase

Dear Water Customer:
The purpose of this letter is to notify you that the Floyds Knobs Water Company, Inc. did on,, file an application with the Indiana Utility Regulatory Commission to increase the water rate charged to customers of the Floyds Knobs Water Company.
This application was filed pursuant to Ind. Code 8-1-2-61.5 without the necessary cost of a Utility Regulatory Commission hearing. However, a public hearing by the Utility Regulatory Commission may be held if any public or municipal corporation, ten (10) individuals, firms corporations or associations, or ten (10) complainants of all or any of these classes affected by the proposed rate change requests a formal public hearing by filing a written, signed request with the Secretary of the Commission, Utility Regulatory Commission, 101 W. Washington Street, Suite 1500 East, Indianapolis, Indiana 46204. Said request must be received by the Utility Regulatory Commission within forty (40) days after the date the application was filed with the Utility Regulatory Commission and declared complete. In addition, a public hearing may be held if the same is requested by the Indiana Utility Consumer Counselor.
The proposed increase in the water rate requested by the application is approximately and is proposed to be an "Across the Board" increase.
In the absence of a written request as provided herein, there likely will be no hearing conducted by the Utility Regulatory Commission on this application.
FLOYDS KNOBS WATER COMPANY, INC.  Rick Morgan, President
Rick Morgan, President

Gwg/clp/44725/Rate Application/Customer Notice

#### FLOYDS KNOBS WATER COMPANY, INC

#### AFFIDAVIT OF UTILITY OFFICER/MANAGER

Rick Morgan submits the following:

- 1. That I am the President of the Board of Directors of the Floyds Knobs Water Company, Inc, located at 4781 Paoli Pike, Ste. 1, Floyds Knobs, IN 47119.
  - 2. That the Floyds Knobs Water Company, Inc is a non-for-profit water utility.
- 3. That I am familiar with the financial affairs and conditions of the Floyds Knobs Water Company, Inc.
- That the Floyds Knobs Water Company, Inc. currently does not have outstanding indebtedness to the United States Government. (The utility does have an outstanding indebted ness to the Indiana Finance Authority.)

The undersigned, being first and duly sworn upon oath says:

:SS

I am the affiant in the above-entitle cause. I have read the foregoing Affidavit and the facts stated there are true.

> Rick Morgan, President of the Board of Directors of the Floyds Knobs Water Company, Inc

COUNTY OF FLOYD	)
Before me, a Notary F	Public in and for said State and County, personally appeared Rick

k Morgan, and acknowledged the execution of this instrument this 1/4 day of June, 2018.

Notary Public (Signature)

George w Gesenhnes

Notary Public (Printed) My Commission Expires: 1-4-2024 County of Residence Floyd

Gwg/clp/44725/Rate Increase/Affidavit of No Government Debt

STATE OF INDIANA