STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF ANDERSON MUNICIPAL LIGHT & POWER FOR (1) AUTHORITY TO INCUR INDEBTEDNESS, AND (2) APPROVAL OF A NEW SCHEDULE OF RATES AND CHARGES FOR ELECTRIC SERVICE	)	**CAUSE NO. 44308**

TESTIMONY OF

MICHAEL D. ECKERT – PUBLIC'S EXHIBIT NO.1

ON BEHALF OF THE

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

DECEMBER 20, 2013

Respectfully submitted,

Scott Franson, Atty. No. 27839-49
Deputy Consumer Counselor

CERTIFICATE OF SERVICE

This is to certify that a copy of the ***OUCC TESTIMONY OF MICHAEL D. ECKERT*** has been served upon the following counsel of record in the captioned proceeding by electronic service on November 22, 2013.

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TESTIMONY OF OUCC WITNESS MICHAEL D. ECKERT
CAUSE NO. 44308
ANDERSON MUNICIPAL LIGHT & POWER

I. INTRODUCTION

Q: Please state your name and business address.

A: My name is Michael D. Eckert and my business address is 115 W. Washington St., Suite 1500 South, Indianapolis, Indiana 46204.

Q: By whom are you employed and in what capacity?

A: I am employed by the Indiana Office of Utility Consumer Counselor ("OUCC") as a Senior Utility Analyst in the Electric Division.

Q: Please describe your educational background and experience.

A: I graduated from Purdue University in West Lafayette, Indiana in December 1986, with a Bachelor of Science degree, majoring in Accounting. I am licensed in the State of Indiana as a Certified Public Accountant. Upon graduation, I worked as a Field Auditor with the Audit Bureau of Circulation in Schaumburg, Illinois until October 1987. In December 1987, I accepted a position as a Staff Accountant with the OUCC. In May 1995, I was promoted to Principal Accountant and in December 1997, I was promoted to Assistant Chief Accountant. As part of the OUCC's reorganization, I accepted the position of Assistant Director of its Telecommunications Division in July 1999. From January 2000 through May 2000, I was the Acting Director of the Telecommunications Division. As part of an OUCC reorganization, I accepted a position as a Senior Utility Analyst. As part of my continuing education, I have attended the National Association of Regulatory Utility Commissioner's ("NARUC") two-week seminar in Lansing, Michigan. I attended NARUC's Spring 1993 and 1996 seminar on system of accounts. In addition, I attended several CPA sponsored courses and the Institute of Public Utilities Annual Conference in December 1994 and December 2000.

Q: Have you previously testified before the Indiana Utility Regulatory Commission ("Commission")?

A: Yes.

Q: Please describe the review and analysis you conducted in order to prepare your testimony.

A: I read Anderson Municipal Light & Power's (Petitioner or AMLP) prefiled testimony and prefiled application in this proceeding, as well as relevant Commission Orders. I reviewed Petitioner's responses to OUCC data requests and I reviewed the Commission's Orders in Cause No. 43411 and Cause No. 42317. Additionally, I participated in an on-site review of accounting records at AMLP's office in Anderson on Thursday November 7. I participated in meetings with other OUCC staff members and AMLP personnel in developing issues identified in this Cause.

Q: What is the purpose of your testimony?

A: The purpose of my testimony is to recommend: 1) the OUCC's revenue requirement; 2) comment on AMLP's and Time of Use rates; and 3) Petitioner's Cost of Service Study.

Q. What schedules are you presenting?

A. I am presenting the following schedules:

Schedule 1: Comparison of Petitioner's and OUCC's Revenue Requirements.

Schedule 1A: Working Capital;

Schedule 2: Comparative Balance Sheet for the periods as of December 31, 2012, 2011, 2010, and 2009;

Schedule 3: Income Statement for the Twelve Months Periods Ended December 31, 2012, 2011, 2010, and 2009;

Schedule 4: *Pro Forma* Net Operating Income Statement;

Schedule 5; Revenue Adjustments;

Schedule 6: Expense Adjustments; and

Schedule 7: Debt Service Requirements.

II. PRO FORMA REVENUE REQUIREMENT

Q: Please explain AMLP's proposed revenue requirement?

A: On February 22, 2012, AMLP recommended a revenue increase of $1,961,363 or a 2.69% rate increase. The Company filed revised testimony and exhibits on July 22, 2013 requesting a revenue increase of $720,580 or a 0.96% increase. Subsequently, Petitioner filed a second set of revised testimony and exhibits on October 7, 2013 requesting a revenue increase of $17,399 or a 0.02% increase.

Q: Please explain how the OUCC's overall cumulative proposed revenue requirement differs from Petitioner's proposed revenue requirement.

A: In its second revised testimony and exhibits, AMLP requested an increase in base rates of $17,399 or 0.02%. As shown on page 1 of Schedule 1, I have determined that AMLP's rates should be decreased by $24,083 (0.03%) for the test year ended December 31, 2012. This amount is $41,481 less than the increase requested by AMLP. Schedule 1 displays the differences in operating expenses, taxes other than income, extensions and replacements, depreciation expense, debt service and various offsets to revenue requirements.

Q: What is the OUCC's recommended revenue requirement increase/decrease in this case?

A: The OUCC is recommending a $0 (0.00%) rate increase and is not recommending a rate decrease.

Q: Did you review all of Petitioners proposed adjustments?

A: Yes. I reviewed each of Petitioner's adjustments and the related workpapers.

Q: What other documents did you review of Petitioners?

A: I reviewed Petitioner's General Ledger and analyzed the monthly balances for each of those accounts. For those accounts that had monthly balances that were unusually high, I requested the invoices and journal entries for those specific accounts and months to make a determination if any extraordinary expenses occurred.

Q: Did you review the AMLP's Board of Director Minutes?

A: Yes. I reviewed AMLP's Board of Director Minutes for the test year and the period after the test year.

III. INDIANA MUNICIPAL POWER ASSOCIATION (IMPA) BILLS

Q: What amount did AMLP pay IMPA for Purchased Power?

A: AMLP paid IMPA approximately $55.2 million for purchased power. This amount represents approximately 75% of Petitioners total operating expenses.

Q: Did you request and review IMPA bills that AMLP received during the test year?

A: Yes. I did.

Q: Did you request and review the purchased power contract between IMPA and AMLP?

A: Yes. I reviewed the purchased power contract between IMPA and AMLP.

IV. DEBT SERVICE REQUIREMENTS AND LEASE PAYMENTS

Q: What is Petitioner seeking for its annual debt service and lease payments in this Cause?

A: AMLP is seeking to include in its proposed rates an annual debt service and lease payment amount of $2,050,716. This figure includes annual debt service for Petitioner's two bond issuances (Series 2013 Revenue Refunding Bonds, 2014 Proposed Electric Revenue Bonds). In addition, Petitioner has included lease payments for automatic meter Readers (electric only), automatic meter readers (shared portion), ROAM Streetlighting, utility Truck 1, and utility Truck 2.

Q: Do you agree with Petitioner's calculation of Debt Service Requirement?

A: No. I disagree with the time period Petitioner used to calculate its debt service requirement. Petitioner used the three year period 2013 through 2015 which uses a historical year and two future years. I have used the three year period 2014 through 2016. The three year period that I use will be the first three years Petitioner's rates will be in effect. By using this three year period, my recommended debt service and lease payment requirement will match what Petitioner is projected to pay during the next three years.

Q: Do you agree with Petitioner's inclusion of the ROAM Streetlighting?

A: No. Petitioner's last scheduled payment for Roam Streelighting is January 1, 2014. Thus, the ROAM Streetlighting will be paid off prior to the time the rates will be implemented. Therefore, the ROAM Streetlighting payment should be eliminated from the calculation of the Debt Service Requirement.

Q: What are you recommending regarding Petitioner's Debt Service Requirement?

A: I recommend that Petitioner utilize a three year average of Debt Service and lease payments (January 2014 through December 2016), and exclude the ROAM Streetlighting payment. I am recommending a decrease of $40,901 in debt service requirement for a total of $2,009,815.

V. UTILITY RECEIPTS TAX

Q: Please explain the OUCC's modification to Petitioner's test year utility receipts tax ("URT") expense.

A: The OUCC proposes a *pro forma* adjustment of ($337) based on its additional revenue requirement of ($24,083). (See OUCC Schedule 1)

VI. WORKING CAPITAL

Q: Did you accept Petitioner's Working Capital calculation?

A: Yes.

VII. COST OF SERVICE STUDY

Q: Did the OUCC review Petitioner's Cost of Service Study?

A: Yes. The OUCC did not make any adjustments to Petitioner's Cost of Service Study and does not oppose Petitioner's Cost of Service Study. The OUCC has reviewed Petitioner's proposed Industrial Sub-Transmission (ISTP) Rate and does not oppose the establishment of the ISTP Rate.

VIII. TIME OF USE RATES

Q: Has AMLP proposed to implemented Time of Use rates?

A: No. Petitioner has not implemented Time of Use rates because the utility needs to have two pieces of information: 1) metering information of each customer's usage during each billing time increment and 2) the cost difference incurred by the utility during each billing time increment. Currently, AMLP does not have the time-based cost difference because IMPA does not have time based rates. Therefore, AMLP has not proposed to implement Time of Use rates.

IX. CONCLUSIONS AND RECOMMENDATIONS

Q: What does the OUCC recommend?

A: The OUCC recommends the Commission:

1. Accept the OUCC's recommended rate increase of $0.00; and
2. Implement Petitioner's proposed Cost of Service Study.

Q: Does this conclude your testimony?

A: Yes, it does.

AFFIRMATION

I affirm, under the penalties for perjury, that the foregoing representations are true.

Michael D. Eckert

Michael D. Eckert, Utility Analyst
Indiana Office of Utility Consumer Counselor

December 20, 2013
Date

Cause No. 44308
Anderson Municipal Electric

Anderson Municipal Light & Power
Cause Number 44308

Comparison of Petitioner's and OUCC's
Revenue Requirements

Description:	Per Petitioner	Per OUCC	Sch Ref	OUCC More (Less)
Operations and Maintenance Expense	$68,315,518	$68,315,518	4	$0
Taxes Other Than Income Taxes	2,702,248	2,702,249	4	1
Extensions and Replacements - (Depreciation Expense)	2,909,765	2,909,765	4	(0)
Amortization Expense	0	0	4	0
Debt Service and Lease Payments	2,050,716	2,009,815	7	(40,901)
Working Capital	576,802	576,802	1-A	(0)
Total Revenue Requirements	76,555,049	76,514,148		(40,901)
Less: Adjusted Operating Revenue	(76,537,894)	(76,537,894)	4	0
Increase In Net Operating Income	17,155	(23,746)		(40,901)
Divide: Revenue Conversion Factor	98.60%	98.60%		
Net Revenue Increase Required	$17,399	($24,083)		($41,481)
Divide by Adjustable Operating Revenues:	76,098,019	76,098,019	4	0
Recommended Increase	0.02%	-0.03%		-0.05%

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Working Capital

Description:		Calculation
Operations and Maintenance Expense		$68,315,518
Less:	Purchased power	(57,199,797)
Net:	Annual Working Capital Expense	11,115,721
Divide By:	45 Day Factor	8
Working Capital Required		1,389,465
Add:	Note Payable - Associated Departments	700,000
Less:		
	Operating Fund Balance	(932,710)
	United parcel Service Deposit Balance	(152)
	Mail Permit Deposits balance	(3,000)
Working Capital Deficit		1,153,603
Divide by:	Amortization period	2
Working Capital Need		$576,802

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Balance Sheets as of December 31, 2009, 2010, 2011, and 2012

Assets and Other Debits

Description:	Per Petitioner As Filed December 31, 2012	Per Petitioner As Filed December 31, 2011	Per Petitioner As Filed December 31, 2010	Per Petitioner As Filed December 31, 2009
Utility Plant				
Utility Plant In Service	$ 99,285,118	$ 97,789,253	$ 97,139,818	$ 97,492,434
Accumulated Depreciation	(50,340,037)	(47,830,256)	(45,378,592)	(44,297,148)
Net Utility Plant In Service	48,945,081	49,958,997	51,761,226	53,195,286
Add; Construction Work In Progress	1,289,988	1,170,990	702,666	2,568,445
Net Utility Plant	50,235,069	51,129,987	52,463,892	55,763,731
Restricted Assets				
Customer Deposit Fund	937,973	902,896	886,353	852,958
Sinking Fund	332	0	0	0
Debt Service Reserve Fund	855,875	865,683	855,875	1,079,375
Reserve for Payment in Lieu of taxes	1,281,586	1,281,650	1,922,379	310,825
Depreciation Reserve Fund	0	0	20,000	159,297
Construction Fund	25,348	60,245	398,875	393,624
Meter Refund Account	0	0	0	8,000
United Parcel Service Deposit	152	152	152	152
Automatic Meter Reading Fund	0	0	0	14,935
Garage Reserve Fund	0	0	56,679	35,124
Fiber Optic Cash Fund	209,351	148,638	410,605	475,311
Cash with Fiscal Agent	0	0	0	84,485
Mail Permit Deposits	3,000	3,000	3,000	3,000
Total Restricted Assets	3,313,617	3,262,264	4,553,918	3,417,086
Current and Accrued Assets				
Operating Fund	932,710	3,117	153,112	649,494
Non Sufficient Funds Account	0	0	0	7,000
Accounts Receivable (Net)	4,844,409	4,556,691	3,758,276	5,105,821
Accounts Receivable from Associated Departments	165,344	175,492	125,791	928,500
Accrued Interest	0	0	558	10,269
Materials and Supplies Inventory	1,736,723	1,661,623	1,701,717	1,802,147
Total Current and Accrued Assets	7,679,186	6,396,923	5,739,454	8,503,231
Deferred Debits				
Unamortized Debt Discount and Expense	127,670	97,076	225,188	353,300
Unrecovered Plant and Regulatory Study Cost	66,798	0	46,530	97,494
Total Deferred Debits	194,468	97,076	271,718	450,794
Total Assets and Other Debits	$61,422,340	$60,886,250	$63,028,982	$68,134,842

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Balance Sheets as of December 31, 2009, 2010, 2011, and 2012

Assets and Other Debits

Description:	Per Petitioner As Filed December 31, 2012	Per Petitioner As Filed December 31, 2011	Per Petitioner As Filed December 31, 2010	Per Petitioner As Filed December 31, 2009
Equity Capital				
Current year Earnings	$1,563,096	$1,002,724	($674,105)	($246,644)
Earned Surplus	26,234,716	25,387,704	25,766,045	27,282,365
Total Equity Capital	27,797,812	26,390,428	25,091,940	27,035,721
Long-Term Debt				
Electric Utility revenue Bonds of 2003 (1)	7,170,000	7,660,000	8,130,000	8,585,000
Electric Utility Refunding Revenue Bonds of 2007	0	0	0	920,000
Taxable Electric Utility Revenue Bonds of 2008, Series A	0	0	0	445,000
Electric utility Refunding Revenue Bonds of 2008, Series B	0	1,010,000	3,330,000	4,190,000
Capital Lease Payables - Truck	299,371			
Capital Lease Payable - ROAM Streetlighting	0	119,633	224,397	0
Capital Lease payable - Automatic Meter Readers	5,436,597	6,351,710	7,231,052	8,076,021
Total Long Term Debt	12,905,968	15,141,343	18,915,449	22,216,021
Current and Accrued Liabilities				
Accounts payable	8,668,381	8,526,524	8,250,915	8,653,190
Customer Meter Deposits	937,973	902,852	886,353	852,958
Accrued Expenses	489,753	672,695	659,244	588,720
Capital Lease Payable - Current	1,034,746	994,997	967,670	743,680
Capital Lease Payable - Current	700,000	0	0	0
Total Current and Accrued liabilities	11,830,853	11,097,068	10,764,182	10,838,548
Contributions in Aid of Construction	8,887,707	8,257,411	8,257,411	8,044,552
Total Liabilities and Other Credits	$61,422,340	$60,886,250	$63,028,982	$68,134,842

(1) Refunded March 1, 2013 with the Electric Utility Refunding Revenue Bonds, Series 2013 in the amount of $6,460,000.

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Comparative Income Statement for the
Twelve Months Ended March 31, 2009, 2010, 2011, and 2012

Description:	Per Filing Twelve Months Ended December 31, 2012	Per Filing Twelve Months Ended December 31, 2011	Per Filing Twelve Months Ended December 31, 2010	Per Filing Twelve Months Ended December 31, 2009
Operating Revenues				
Residential and Domestic Sales	$ 32,456,450	$ 31,448,952	$ 31,476,660	$ 31,783,540
Commercial Sales	28,632,616	28,164,528	27,241,783	28,129,769
industrial Sales	13,594,596	12,350,163	10,974,293	10,027,084
Public Street and Highway Lighting	639,428	590,041	631,214	661,699
Forfeited Discounts	305,906	305,369	331,319	370,286
Miscellaneous Revenue	133,969	93,604	164,626	71,444
Total Operating Revenue	75,762,965	72,952,657	70,819,895	71,043,822
Operating Expenses:	75%			
Operation and Maintenance Expenses:				
Purchased Power	57,199,797	54,936,415	52,164,356	53,132,240
Transmission expense	125	7,043	18,224	7,455
Distribution Expense	5,506,438	5,713,939	7,135,572	6,364,298
Customer Accounts and Collection Expense	293,836	674,911	1,767,776	1,192,870
Administrative and General Expense	4,752,705	4,501,453	4,567,443	4,689,453
Total Operation and maintenance Expense	67,752,901	65,833,761	65,653,371	65,386,316
Depreciation Expense	2,817,593	2,451,664	2,811,715	2,812,782
Amortization Expense	11,624	174,642	179,077	176,563
Taxes Other Than Income Taxes				
FICA Tax	427,890	463,656	431,676	431,738
Unemployment Tax	27,912	28,758	28,331	25,284
Utility Receipts Tax	1,090,064	1,257,101	989,102	975,518
Contribution in Lieu of Taxes	1,281,586	1,281,556	858,558	725,118
Total Operating Expenses	2,827,452	3,031,071	2,307,667	2,157,658
Net Operating Income	2,353,395	1,461,519	(131,935)	510,503
Interest Income				
Rental Income	178,821	180,064	160,948	165,273
Fiber Optic revenue	167,330	154,590	159,396	151,744
Interest Income	1,592	11,374	(1,145)	20,812
Sale of Scrap	72,650	20,589	123,386	34,009
Miscellaneous income	3,108	7,203	3,119	1,387
Total Other Income	423,501	373,820	445,704	373,225
Other Expenses				
Extraordinary Losses (1)	554,299	-	-	-
Interest on Long Term Debt	659,500	832,615	987,874	1,130,372
Total Other Expenses	1,213,799	832,615	987,874	1,130,372
Net Income	$ 1,563,097	$ 1,002,724	$ (674,105)	$ (246,644)

(1) Write-off of prior years delinquent accounts in excess of the reserve of uncollectible accounts.

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Pro-forma Net Operating Income Statement

Description:	Year Ended 31-Dec-12	Adjustments	Sch Ref	Pro-forma Present Rates	Adjustments	Sch Ref	Pro-Forma Proposed Rates
Operating Revenues							$ -
Residential and Domestic Sales	$ 32,456,450	$ (213,585)	5-1	$ 32,242,865			
Commercial Sales	28,632,616	2,433,636	5-2	31,066,252			
Industrial Sales	13,594,596	(2,019,797)	5-3	11,574,799			
Public Street and Highway Lighting	639,428	(40,196)	5-4	599,232			
Security Lighting Sales		614,871	5-5	614,871			
Forfeited Discounts	305,906			305,906			
Miscellaneous Revenues	133,969			133,969			
Total Operating Revenues	75,762,965	774,929		76,537,894	(24,083)	4	76,513,811
Operations and Maintenance Expense	67,752,901			68,315,518			68,315,518
		(77,780)	6-1				
		(32,595)	6-2				
		17,454	6-3				
		655,538	6-4				
Depreciation Expense	2,817,593	92,172	6-5	2,909,765			2,909,765
Amortization Expense	11,624			11,624			11,624
Taxes	2,827,452	30,516	6-6	2,702,249	(337)		2,701,912
		(26,937)	6-7				
		(128,783)	6-8				
Total Operating Expenses	73,409,570	529,585		73,939,155	(337)		73,938,818
Net Operating Income	$ 2,353,395	$ 245,344		$ 2,598,739	$ (23,746)		$ 2,574,993

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Revenue Adjustments

(1)

To adjust "Residential and Domestic Sales" to account for changes in classification and to account for expected adjustments to billing output.

Pro-forma Residential and Domestic Sales	$	32,242,865
Less: Test Year Revenues		(32,456,450)
Adjustment Increase (Decrease)	$	(213,585)

(2)

To adjust "Commercial Sales" to account for changes in classification and to account for expected adjustments to billing output.

Pro-forma Commercial Sales	$	31,066,252
Less: Test Year Revenues		(28,632,616)
Adjustment Increase (Decrease)	$	2,433,636

(3)

To adjust "Industrial Sales" to account for changes in classification and to account for expected adjustments to billing output.

Pro-forma Industrial Sales	$	11,574,799
Less: Test Year Revenues		(13,594,596)
Adjustment Increase (Decrease)	$	(2,019,797)

(4)

To adjust "Public Street and Highway Lighting" to account for changes in classification and to account for expected adjustments to billing output.

Pro-forma Public Street Lighting and Highway Lighting	$	599,232
Less: Test Year Costs		(639,428)
Adjustment Increase (Decrease)	$	(40,196)

(5)

To adjust "Security Lighting Sales" to account for changes in classification and to account for expected adjustments to billing output.

Pro-forma Security Lighting Sales	$	614,871
Less: Test Year Revenues		0
Adjustment Increase (Decrease)	$	614,871

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Expense Adjustments

(1)

To adjust "Operations and maintenance Expenses" for the estimated change in Salaries and Wages.

Description:		
Test Year payroll	$ 6,070,020	
Less: Construction Allocation	(775,641)	
Net payroll Expense in Test Year	5,294,379	
Add: Net Changes in Salaries and Wages	(77,780)	
Pro-Forma Salaries and Wages		$ 5,216,599
Less: Test Year Expense		(5,294,379)
Adjustment - Increase (Decrease)		($77,780)

(2)

To adjust "Operations and Maintenance Expense" for the calculated annual PERF expense.

Description:		
Pro-Forma Salaries and Wages and Construction Allocation	$ 5,992,240	
Times: PERF Contribution Rate	10.00%	
Pro-Forma PERF Expense		$ 599,224
Less: Test Year Expense		(631,819)
Adjustment - Increase (Decrease)		($32,595)

(3)

To adjust "Operations and Maintenance Expense" to exclude the Fiber Optic expenses and credits applied in 2012.

Adjustment - Increase (Decrease)		$17,454

(4)

To adjust "Operations and Maintenance Expense" for the average annual amount of Uncollectible Account expense.

Description:		
2009 Uncollectible Account Expense	$ 871,308	
2010 Uncollectible Account Expense	700,440	
2011 Uncollectible Account Expense	698,871	
Total Uncollectible Account Expense	2,270,619	
Annualize - 3 years	3	
Pro-forma Average Annual Uncollectible Account Expense		$ 756,873
Less: Test Year Expense		(101,335)
Adjustment - Increase (Decrease) Adjustment Increase (Decrease)		$655,538

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Expense Adjustments

(5)

To adjust Depreciation Expense for the annual amount.

Description:		
Construction Work In Progress at 12/31/2012	$1,289,988	
2014 Planned Capital Improvements	2,889,500	
Estimated Additions to Depreciable Utility Plant In Service	4,179,488	
Times: Depreciation Rate	3.00%	
Estimated 2013 Additions to Depreciation Expense	125,385	
Add: Annual Depreciation Amount 2012 (Schedule A-1)	2,817,593	
Less: Test year Fiber Optics Depreciation	(33,213)	
Pro-Forma Depreciation Expense		$2,909,765
Less: Test Year Expense		(2,817,593)
Adjustment - Increase (Decrease)		$92,172

(6)

To adjust "Taxes Other Than Income Taxes" for the change in FICA expense due to the estimated change to salaries and wages.

Description:		
Pro-Forma Salaries and Wages and Construction Allocation	$5,992,240	
Times: FICA Contribution Rate	7.65%	
Pro-Forma FICA Expense		$458,406
Less: Test Year Expense		(427,890)
Adjustment - Increase (Decrease)		$30,516

(7)

To adjust "Taxes Other Than Income Taxes" to recalculate the Utility Receipts Tax for the test year.

Description:		
Adjusted Operating Revenue	$76,537,894	
Less: Public Street and Highway Lighting	(599,232)	
Less: Exemption	(1,000)	
Taxable Revenues	75,937,662	
Times: Utility Receipts Tax Rate	1.40%	
Pro-Forma Present Rates utility receipts tax		$1,063,127
Less: Test Year Expense		(1,090,064)
Adjustment - Increase (Decrease)		($26,937)

(7)

To adjust "Taxes Other Than Income Taxes' for the pro forma contribution in lieu of property taxes.

Description:		
Net Utility Plant In Service as of December 31, 2012	$48,945,081	
Add: Construction Work In Progress	1,289,988	
Add: 2014 Planned Capital Improvements	2,889,500	
Net Utility Plant In Service	53,124,569	
Times: Gross Corporate Tax Rate (per $100 Assessed Valuation)	2.17%	
Pro-Forma Contribution in Lieu of Property Taxes		$1,152,803
Less: Test Year Expense		(1,281,586)
Adjustment - Increase (Decrease)		($128,783)

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Debt Service Requirements Summary

Year	2006 Electric Only	2006 Shared Portion	ROAM Streetlighting	Utility Truck 1	Utility Truck I	2013 Bonds	Proposed 2014 Bonds	Total Lease and Bonds Payments
2013	853,065	310,222	122,702	38,006	33,130	664,510	111,125	2,132,760
2014	853,065	310,222		38,006	33,131	666,314	110,345	2,011,083
2015	853,065	310,222		38,006	33,130	664,436	109,445	2,008,304
2016	853,065	310,222		38,006	33,130	667,338	108,425	2,010,186
2017	853,065	310,222			33,066	664,906	112,255	1,973,514
2018		310,222				667,252	110,792	1,088,266
2019		310,222				664,264	109,168	1,083,654
2020		310,222				666,056	112,348	1,088,626
2021		310,222				667,514	110,248	1,087,984
2022		310,222				668,638	108,008	1,086,868
2023						664,430	110,628	775,058
2024							107,965	107,965
2025							110,190	110,190
2026							112,110	112,110
2027							108,752	108,752
2028							110,352	110,352
2029							111,708	111,708
2030							112,812	112,812
2031							108,662	108,662
2032							109,462	109,462
Totals	$4,265,326	$3,102,220	$122,702	$152,024	$165,587	$7,325,658	$2,204,800	$17,338,317

Estimated Average Lease Payments:		
Total Lease and Bond payments for 2014 - 2016		$6,152,148
Less:	Roam Streetlighting	122,702
Subtotal		6,029,446
Divide by 3		3
Three (3) year Average		$2,009,815

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Debt Service Requirements

Automatic Meter Readers (AMR) 2006 Lease Capital Lease
Payable to the City of Anderson (Electric Utility Only)

Date	Principal	Rate	Interest	Period Total	Fiscal Total
7/1/2013	349,974	3.996%	76,559	426,533	
1/1/2014	356,966	3.996%	69,566	426,532	853,065
7/1/2014	364,099	3.996%	62,434	426,533	
1/1/2015	371,373	3.996%	55,159	426,532	853,065
7/1/2015	378,793	3.996%	47,739	426,532	
1/1/2016	386,362	3.996%	40,171	426,533	853,065
7/1/2016	394,081	3.996%	32,452	426,533	
1/1/2017	401,955	3.996%	24,578	426,533	853,065
7/1/2017	409,986	3.996%	16,547	426,533	
1/1/2018	418,177	3.996%	8,355	426,532	853,065
Totals	$3,831,766		$433,560	$4,265,326	$4,265,326

Automatic Meter Readers (AMR) 2006 Lease Capital Lease
Payable to the City of Anderson (Shared Utility Portion)

Date	Principal	Rate	Interest	Lease Payment	Electric Utility Percentage	Period Total	Fiscal Total
7/1/2013	520,048	4.130%	262,947	782,995	19.810%	155,111	
1/1/2014	530,798	4.130%	252,197	782,995	19.810%	155,111	310,222
7/1/2014	541,770	4.130%	241,225	782,995	19.810%	155,111	
1/1/2015	552,969	4.130%	230,026	782,995	19.810%	155,111	310,222
7/1/2015	564,399	4.130%	218,595	782,994	19.810%	155,111	
1/1/2016	576,066	4.130%	206,929	782,995	19.810%	155,111	310,222
7/1/2016	587,974	4.130%	195,021	782,995	19.810%	155,111	
1/1/2017	600,128	4.130%	182,867	782,995	19.810%	155,111	310,222
7/1/2017	612,533	4.130%	170,462	782,995	19.810%	155,111	
1/1/2018	625,195	4.130%	157,800	782,995	19.810%	155,111	310,222
7/1/2018	638,118	4.130%	144,877	782,995	19.810%	155,111	
1/1/2019	651,309	4.130%	131,686	782,995	19.810%	155,111	310,222
7/1/2019	664,772	4.130%	118,223	782,995	19.810%	155,111	
1/1/2020	678,513	4.130%	104,481	782,994	19.810%	155,111	310,222
7/1/2020	692,539	4.130%	90,456	782,995	19.810%	155,111	
1/1/2021	706,854	4.130%	76,140	782,994	19.810%	155,111	310,222
7/1/2021	721,466	4.130%	61,529	782,995	19.810%	155,111	
1/1/2022	736,379	4.130%	46,616	782,995	19.810%	155,111	310,222
7/1/2022	751,601	4.130%	31,394	782,995	19.810%	155,111	
1/1/2023	767,137	4.130%	15,857	782,994	19.810%	155,111	310,222
Totals	$12,720,568		$2,939,328	$15,659,896		$3,102,220	$3,102,220

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Debt Service Requirements

ROAM Streetlighting Lease (Lease Payment Schedule)

Date	Principal	Interest	Period Total	Fiscal Total
7/1/2013	59,311	2,040	61,351	
1/1/2014	60,322	1,029	61,351	122,702
Totals	$119,633	$3,069	$122,702	$122,702

Electric Utility Truck 1 (Lease Payment Schedule)

Date	Principal	Interest	Period Total	Fiscal Total
7/2/2013	16,960	2,043	19,003	
1/2/2014	17,173	1,830	19,003	38,006
7/2/2014	17,449	1,554	19,003	
1/2/2015	17,677	1,326	19,003	38,006
7/2/2015	17,952	1,051	19,003	
1/2/2016	18,196	807	19,003	38,006
7/2/2016	18,467	536	19,003	
1/2/2017	18,731	272	19,003	38,006
Totals	$142,605	$9,419	$152,024	$152,024

Electric Utility Truck 2 (Lease Payment Schedule)

Date	Principal	Interest	Period Total	Fiscal Total
7/1/2013	14,989	1,577	16,565	
1/1/2014	15,116	1,449	16,565	33,130
7/1/2014	15,291	1,274	16,565	
1/1/2015	15,427	1,139	16,566	33,131
7/1/2015	15,600	965	16,565	
1/1/2016	15,744	821	16,565	33,130
7/1/2016	15,912	653	16,565	
1/1/2017	16,067	498	16,565	33,130
7/1/2017	16,237	328	16,565	
10/22/2017	16,398	103	16,501	33,066
Totals	$156,781	$8,807	$165,587	$165,587

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Debt Service Requirements

Electric Utility Revenue Refunding Bonds of 2013 (Amortization Schedule)

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
7/1/2013			47,804	47,804	
1/1/2014	545,000	2.220%	71,706	616,706	664,510
7/1/2014			65,657	65,657	
1/1/2015	535,000	3.600%	65,657	600,657	666,314
7/1/2015			59,718	59,718	
1/1/2016	545,000	2.220%	59,718	604,718	664,436
7/1/2016			53,669	53,669	
1/1/2017	560,000	2.220%	53,669	613,669	667,338
7/1/2017			47,453	47,453	
1/1/2018	570,000	2.220%	47,453	617,453	664,906
7/1/2018			41,126	41,126	
1/1/2019	585,000	2.220%	41,126	626,126	667,252
7/1/2019			34,632	34,632	
1/1/2020	595,000	2.220%	34,632	629,632	664,264
7/1/2020			28,028	28,028	
1/1/2021	610,000	2.220%	28,028	638,028	666,056
7/1/2021			21,257	21,257	
1/1/2022	625,000	2.220%	21,257	646,257	667,514
7/1/2022			14,319	14,319	
1/1/2023	640,000	2.220%	14,319	654,319	668,638
7/1/2023			7,215	7,215	
1/1/2024	650,000	2.220%	7,215	657,215	664,430
Totals	$6,460,000		$865,658	$7,325,658	$7,325,658

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Debt Service Requirements

Proposed Electric Revenue Bonds of 2014 Estimated Amortization Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
7/1/2014			25,562	25,562	
1/1/2015	60,000	1.300%	25,563	85,563	111,125
7/1/2015			25,172	25,172	
1/1/2016	60,000	1.500%	25,173	85,173	110,345
7/1/2016			24,722	24,722	
1/1/2017	60,000	1.700%	24,723	84,723	109,445
7/1/2017			24,212	24,212	
1/1/2018	60,000	1.950%	24,213	84,213	108,425
7/1/2018			23,627	23,627	
1/1/2019	65,000	2.250%	23,628	88,628	112,255
7/1/2019			22,896	22,896	
1/1/2020	65,000	2.500%	22,896	87,896	110,792
7/1/2020			22,084	22,084	
1/1/2021	65,000	2.800%	22,084	87,084	109,168
7/1/2021			21,174	21,174	
1/1/2022	70,000	3.000%	21,174	91,174	112,348
7/1/2022			20,124	20,124	
1/1/2023	70,000	3.200%	20,124	90,124	110,248
7/1/2023			19,004	19,004	
1/1/2024	70,000	3.400%	19,004	89,004	108,008
7/1/2024			17,814	17,814	
1/1/2025	75,000	3.550%	17,814	92,814	110,628
7/1/2025			16,482	16,482	
1/1/2026	75,000	3.700%	16,483	91,483	107,965
7/1/2026			15,095	15,095	
1/1/2027	80,000	3.850%	15,095	95,095	110,190
7/1/2027			13,555	13,555	
1/1/2028	85,000	3.950%	13,555	98,555	112,110
7/1/2028			11,876	11,876	
1/1/2029	85,000	4.000%	11,876	96,876	108,752
7/1/2029			10,176	10,176	
1/1/2030	90,000	4.050%	10,176	100,176	110,352
7/1/2030			8,354	8,354	
1/1/2031	95,000	4.100%	8,354	103,354	111,708
7/1/2031			6,406	6,406	
1/1/2032	100,000	4.150%	6,406	106,406	112,812
7/1/2032			4,331	4,331	
1/1/2033	100,000	4.200%	4,331	104,331	108,662
7/1/2033			2,231	2,231	
1/1/2034	105,000	4.250%	2,231	107,231	109,462
Totals	$1,535,000		$669,800	$2,204,800	$2,204,800