

STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE RATE) Cause No. 45955
INCREASE PETITION OF MARYSVILLE-)
OTISCO-NABB WATER CORPORATION)

PREFILED DIRECT TESTIMONY
OF
JEROME HENTRUP

ON BEHALF OF
MARYSVILLE-OTISCO-NABB WATER CORPORATION

Respectfully Submitted By:

/s/ Darren A. Craig

Darren A. Craig- #25534-49 (dcraig@fbtlaw.com)

Beau F. Zoeller- #30928-22 (bfzoeller@fbtlaw.com)

Cameron S. Trachtman- #36387-49 (ctrachtman@fbtlaw.com)

Matthew K. Duncan- #34570-49 (mduncan@fbtlaw.com)

Frost Brown Todd LLP

111 Monument Circle, Suite 4500

Indianapolis, IN 46204

Telephone: (317) 237-3800

Counsel for Petitioner Marysville-Otisco-Nabb Water Corporation

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been electronically served upon the following via e-mail, the agreed method of service for this proceeding, on October 2, 2023:

Indiana Office of the Utility Consumer Counselor
115 West Washington Street, Suite 1500 South
Indianapolis, IN 46204

/s/ Darren A. Craig _____

Darren A. Craig

STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION

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1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

- a. My name is Jerome Hentrup. My business address is Nutrien Ag Solutions, 71 S. Hwy. 3, Lexington, Indiana 47138.

2. BY WHOM ARE YOU EMPLOYED AND IN WHAT POSITION?

- a. I am a Salesman and Crop Consultant for Nutrien Ag Solutions, which serves as the retail business of Nutrien, the world's largest provider of crop inputs and services. I currently serve as Secretary of the Marysville-Otisco-Nabb Water Corporation Board of Directors (the "Board") and have served as a Director on the Board since August 2020.

3. WHAT ARE YOUR DUTIES AND RESPONSIBILITIES AS BOARD SECRETARY?

- a. I am responsible for being the custodian of records for the Marysville-Otisco-Nabb Water Corporation (the "Corporation"), recording minutes of all Board meetings, and approving the monthly bills,

4. ARE YOU FAMILIAR WITH THE BOOKS, RECORDS, AND OPERATIONS OF THE CORPORATION?

- a. Yes, I am.

5. BRIEFLY DESCRIBE THE CORPORATION.

- a. The Corporation is a not-for-profit water utility that serves approximately 2,506 customers in the unincorporated communities of Marysville, Otisco, and Nabb, which are located in Clark County and Scott County, Indiana. The Corporation's existing water service area generally coincides with the corporate limits of the three (3) above-referenced communities. The water provided to customers is

primarily sourced from the existing Stucker Fork Conservancy District and conveyed through a 12-inch transmission main. In emergency conditions, water can be purchased from Indiana-American Water Company through a booster station connected by a six-inch water main with asbestos cement (AC) pipe. The Corporation owns and operates two (2) elevated storage tanks and corresponding distribution system. The total length of pipe within the entire system is approximately 709,600 linear feet. The oldest water mains within the distribution system are assumed to have been installed in the late 1960s. The average operating pressure of the distribution system is approximately 75 psi. The Corporation was originally established in 1965.

6. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?

- a. No, I have not.

7. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

- a. My testimony provides background and evidence in support of the Indiana Utility Regulatory Commission (“Commission”) granting the relief set forth in the Corporation’s Petition with the Commission (“Petition”), which seeks approval of a new schedule of reasonable and just rates and charges that will provide the Corporation with adequate revenues, and authority to issue debt to fund necessary capital improvements and certain operation and maintenance expenses.

8. HAS THE BOARD OF THE CORPORATION AUTHORIZED A PROPOSED INCREASE IN RATES AND THE ISSUANCE OF INDEBTEDNESS?

- a. Yes. A certified copy of the Corporation’s Rate Resolution is attached as Petitioner’s Exhibit 1 and is included as part of my testimony in this cause. The

Corporation's proposed Financing Resolution is currently under review by the Indiana Finance Authority State Revolving Fund and will be submitted after adoption by the Board. The Rate Resolution received Board approval on September 27, 2023.

9. IN YOUR OPINION, ARE THE CURRENT RATES AND CHARGES SUFFICIENT TO MEET THE CORPORATION'S REVENUE REQUIREMENTS?

- a. No, not in my opinion.

10. ON WHAT DO YOU BASE YOUR OPINION?

- a. My opinion is based upon my general experience, observations, obvious condition and the functionality of the Corporation's waterworks system as a whole. Furthering my beliefs and opinions, specialized consultants such as Sherman, Barber, & Mullikin, CPAs, and Commonwealth Engineers, Inc. have performed detailed studies regarding financing and engineering of the Corporation's waterworks utility.

11. WHAT FACTORS DID THE CORPORATION CONSIDER IN DETERMINING THAT THE UTILITY'S RATES AND CHARGES FOR WATER SERVICE NEEDED TO BE INCREASED?

- a. The Corporation has employed the services of Commonwealth Engineers, Inc. to conduct an engineering study thoroughly analyzing the current condition of the Corporation's waterworks system and the required remedies for improvement. We then engaged Sherman, Barber, & Mullikin, CPAs to prepare a rate study

analyzing the Corporation's current revenue requirements to provide the Board with the recommended level of revised rates and charges necessary to fund the general operations, maintenance, and the capital improvement projects outlined in the engineering study.

12. WAS THE RATE STUDY COMPLETED AND ACTED UPON BY THE CORPORATION AND THE BOARD?

- a. Yes. The revised rates and charges were approved by the Board at its meeting held on September 27, 2023. The Rate Resolution also provided that the Corporation would seek the Commission's approval to increase the Corporation's rates and charges, to issue debt to fund necessary capital improvements, and pay for certain operation and maintenance expenses pending an increase in rates.

13. PLEASE EXPLAIN THE PROJECTS FOR WHICH THE CORPORATION IS ASKING FOR AUTHORITY TO ISSUE SECURED NOTES.

- a. The Corporation is seeking to issue Secured Notes or other obligations of indebtedness for the purposes of installing: (i) a new 300,000 gallon elevated water storage tank along State Road 160 near the intersection of Hansberry Road on a parcel of land currently owned by the Corporation and a gravel drive and security fencing around the perimeter of such storage tank; (ii) improvements to the booster station that transports water from Charlestown, Indiana, including the replacement of the existing booster station pump, a variable frequency drive to control the flow, a Mission Cellular System to remotely monitor the booster station, and an emergency generator; and (iii) approximately 26,600 linear feet of 8-inch water main loop near Charlestown, Indiana that connects the existing two

(2)-inch master meter on Charlestown-Memphis Road to the intersection of Opossum Road and State Road 160.

14. HAVE THE CORPORATION'S CUSTOMERS BEEN NOTIFIED OF THE CORPORATION'S REQUEST FOR RATE RELIEF AS REQUIRED BY 170 IAC 6-1-18(C)?

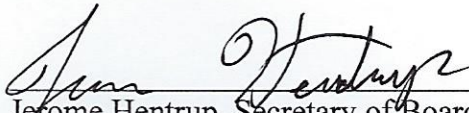
- a. A notice advising the Corporation's customers of the filing of the Verified Petition initiating this Cause will be mailed to customers within 45 days of the filing of the Verified Petition. A copy of the customer notice is attached as Petitioner's Exhibit 2.

15. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

- a. Yes it does, at this time.

VERIFICATION

I hereby affirm, under the penalties of perjury, that the foregoing statements are true and correct to the best of my knowledge and belief.



Jerome Hentrup, Secretary of Board of Directors
Marysville-Otisco-Nabb Water Corporation

0155045.0776811 4866-8945-1906v3

Respectfully Submitted By:

/s/ Darren A. Craig

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Frost Brown Todd LLP

111 Monument Circle, Suite 4500

Indianapolis, IN 46204

Telephone: (317) 237-3800

Counsel for Petitioner Marysville-Otisco-Nabb Water Corporation

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been electronically served upon the following via e-mail, the agreed method of service for this proceeding, on September 29, 2023:

Indiana Office of the Utility Consumer Counselor

115 West Washington Street, Suite 1500 South

Indianapolis, IN 46204

/s/ Darren A. Craig

Darren A. Craig

EXHIBIT 1

Corporation Rate Resolution

(attach)

MARYSVILLE-OTISCO-NABB WATER CORPORATION

RESOLUTION AUTHORIZING MARYSVILLE-OTISCO-NABB WATER CORPORATION TO FILE PETITION WITH INDIANA UTILITY REGULATORY COMMISSION FOR INCREASE TO RATES AND CHARGES AND OTHER MATTERS RELATED THERETO

WHEREAS, the Marysville-Otisco-Nabb Water Corporation (the “Corporation”) recently caused a financial study of its waterworks utility to be prepared by Sherman, Barber, & Mullikin, CPAs (the “Rate Study”);

WHEREAS, the Rate Study indicates that the current rates and charges for the Corporation’s waterworks utility will be insufficient to meet the reasonable financial requirements of and fund the necessary capital improvements of the Corporation’s waterworks utility;

WHEREAS, the rates proposed in the Rate Study are nondiscriminatory, just, and equitable; and

WHEREAS, the Board of Directors of the Corporation (“Board”) finds it necessary for the Corporation to file a petition with the Indiana Utility Regulatory Commission (“IURC”) to increase the current rates and charges of its waterworks utility and to authorize the Corporation to incur indebtedness in connection with financing certain capital improvements.

NOW, THEREFORE, BE IT RESOLVED by Marysville-Otisco-Nabb Water Corporation through its Utility Board as follows:

1. The Board hereby authorizes Frost Brown Todd LLP to file a petition with the IURC on behalf of the Corporation for the purposes of increasing the current rates and charges of the Corporation’s waterworks utility and to incur indebtedness to finance certain capital improvements of the Corporation.
2. The Board hereby authorizes any officer or staff member of the Corporation to approve and sign any and all documents deemed necessary to complete such filing with the IURC.
3. The Board hereby authorizes any officer or staff member of the Corporation, Sherman, Barber, & Mullikin, CPAs, and Commonwealth Engineers, Inc. to prepare and present any written and/or oral testimony in support of the Corporation filing such petition with the IURC.

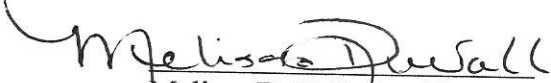
[Signature Page to Follow]

Adopted this 27th day of September, 2023.


Marysville-Otisco-Nabb Water Corporation
Utility Board

YEAS:

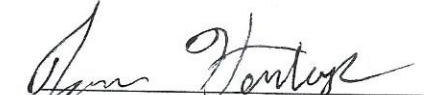
NAYS:


Melissa DuVall, President


Melissa DuVall, President


Dale Hodson, Vice President

Dale Hodson, Vice President


Jerome Hentrup, Secretary

Jerome Hentrup, Secretary


Dale Robinson, Treasurer

Dale Robinson, Treasurer

Michael Perry, Asst. Secretary

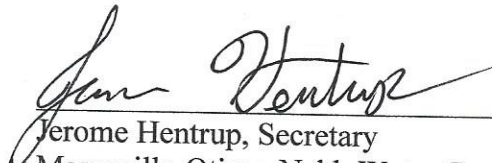
Michael Perry, Asst. Secretary

ATTEST:


Dana Miller, Office Manager

STATE OF INDIANA)
) SS:
COUNTY OF CLARK)

I hereby certify that the foregoing constitutes a true and complete copy of a Resolution adopted by the Board of Directors of Marysville-Otisco-Nabb Water Corporation at a special meeting held on September 27, 2023.



Jerome Hentrup, Secretary
Marysville-Otisco-Nabb Water Corporation

0155045.0776811 4861-1126-1313v2

EXHIBIT 2

Form of Notice to Corporation Customers

(attach)

**TO THE CUSTOMERS OF
MARYSVILLE-OTISCO-NABB WATER CORPORATION**

In Re: Proposed Water Rate Increase and Proposed Issuance of Long-Term Debt

Dear Water Customer:

The purpose of this letter is to notify you that Marysville-Otisco-Nabb Water Corporation (“MON Water”) did on September 29, 2023, file a Petition with the Indiana Utility Regulatory Commission (“Commission”) under Cause No. _____, for authority to: increase its water rates and charges and issue long-term debt.

The effects of this Petition, if granted, will:

Approve an overall increase of 63.90% of the current water rates and charges. For a residential customer consuming no more than 2,500 gallons per month, the proposed increase is \$11.52, from the current charge of \$18.03 to \$29.55.

Approve MON Water’s issuance of long-term debt. The borrowed funds will allow MON Water to update the infrastructure throughout its system.

The Commission will hold a public hearing on MON Water’s requests. The Indiana Office of the Utility Consumer Counselor (“OUCC”) will represent the interests of MON Water’s customers at the hearing. If you have any comments or questions, you may contact:

Marysville-Otisco-Nabb Water Corporation: 812-256-6378
OUCC: 1-888-441-2494
Commission: 1-800-851-4268

MARYSVILLE-OTISCO-NABB WATER CORPORATION