

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

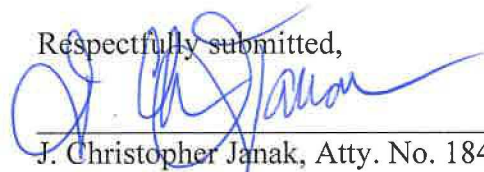
IN THE MATTER OF THE PETITION OF
EDWARDSVILLE WATER AUTHORITY
FOR APPROVAL OF A CHANGE TO ITS
RATES AND CHARGES

CAUSE NO. 45997

SUBMISSION OF JOINT STIPULATION AND SETTLEMENT AGREEMENT

Petitioner, the Edwardsville Water Authority (“Edwardsville”), by counsel, hereby submits the attached Joint Stipulation and Settlement Agreement in the above-referenced Cause.

Respectfully submitted,



J. Christopher Janak, Atty. No. 18499-49

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*Counsel for Petitioner, Edwardsville Water
Authority*

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served via electronic mail this 26th day of April, 2024, upon the following:

Indiana Office of Utility Consumer Counselor
infomgt@oucc.in.gov



J. Christopher Janak

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BEFORE THE
INDIANA UTILITY REGULATORY COMMISSION

**IN THE MATTER OF THE PETITION OF
EDWARDSVILLE WATER AUTHORITY
FOR APPROVAL TO ADJUST ITS RATES
AND CHARGES**

CAUSE NO. 45997

JOINT STIPULATION AND SETTLEMENT AGREEMENT

This Joint Stipulation and Settlement Agreement (“Settlement Agreement”) is entered into this ____ day of April, 2024, by and between the Edwardsville Water Authority (“Edwardsville”) and the Indiana Office of Utility Consumer Counselor (“OUCC”), who stipulate and agree for purposes of settling all matters in this Cause that the terms and conditions set forth below represent a fair and reasonable resolution of all issues in this Cause, subject to their incorporation in a final order (“Order”) from the Indiana Utility Regulatory Commission (“Commission”) without modification or the addition of further conditions that may be unacceptable to any of the parties. If the Commission does not approve the Settlement Agreement in its entirety and incorporate the conclusions herein in its Order, the entire Settlement Agreement shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by the Settling Parties (as defined below).

Terms and Conditions of Settlement Agreement

1. **Requested Relief.** On December 21, 2023, Edwardsville initiated this Cause by filing a Petition with the Commission requesting authority for approval to adjust its rates and charges.
2. **Prefiled Evidence of Parties.** In support of its Petition, Edwardsville filed the Prefiled Testimony and Exhibits of Lori A. Young, P.E., and Scott A. Miller, C.P.A., on December 21, 2023. On April 4, 2024, the OUCC filed its Notice of Intent Not to File Testimony

and Notice of Settlement. On April 26, 2024, Edwardsville filed the Settlement Testimony of Mr. Miller and the OUCC pre-filed the Settlement Testimony and Exhibits of Carla Sullivan.

3. **Settlement.** Through analysis, discussion, and negotiation, as aided by their respective technical staff and experts, Edwardsville and the OUCC (“Settling Parties”) agree on the terms and conditions as described herein that resolve all issues between them in this Cause. Attached to the Settlement Agreement as Exhibit A are the accounting schedules (“Schedules”) that reflect the agreed upon revenue requirement and resulting final rates and charges.

4. **Revenue Requirement and Rates.** The Settling Parties agree that Edwardsville should be authorized to increase its rates and charges for water service to reflect ongoing net revenue requirements in the amount of \$3,115,205 inclusive of gross-up, resulting in an annual increase of \$393,377 inclusive of gross-up or 14.45% over Edwardsville’s current revenues at existing rates.

5. **Filter Media Maintenance and Replacement Costs.** The agreed revenue requirement includes a periodic maintenance expense revenue requirement of \$35,336 per year to address the cost of periodically replacing filter media. Edwardsville agrees it shall retain \$35,336 per year and restrict the use of such funds to maintaining and replacing filter media as needed.

6. **Operation and Maintenance Adjustments.** After review and examination, Edwardsville has agreed to the OUCC’s proposed adjustments for: (i) post-test year growth; (ii) salaries and wages; (iii) pension expense; (iv) debt service expense; (v) system delivery expense; (vi) developer reimbursements; (vii) regulatory expense; (viii) bad debt expense; and (ix) a variety of miscellaneous expenses, including telecommunication, non-allowable, and non-recurring expenses.

7. **Filing of Tariff.** The Settling Parties agree that Edwardsville may expeditiously file a new tariff after issuance of a Commission Order in this Cause approving an adjustment to Edwardsville's rates.

8. **Edwardsville's Next Rate Case.** As part of discovery, Edwardsville represented to the OUCC that Edwardsville anticipates seeking Commission approval to incur long-term debt to fund certain capital improvements and potentially adjust its rates and charges in the next four (4) years. Edwardsville anticipates it will file a new rate case by March 1, 2028, and have an order from the Commission by January 1, 2029.

9. **Rate Case Expense.** Petitioner's Rate Case expense revenue requirement is based on an amortization of four years. Once Edwardsville's rate case expense has been fully amortized, Edwardsville shall either revise its rates at the end of four years to remove the expense or thereafter set \$37,500 aside to be used for reasonable rate case expense in its next rate case. The OUCC agrees that should the life of Edwardsville's rates be less than four years any unamortized rate case expense may be recorded in the subsequent rate order.

10. **Debt Service Expense.** The Settling Parties have agreed to adjustment to Edwardsville's revenue requirement for debt service based on Edwardsville's average annual debt service expense for years 2025-2029 in the amount of \$659,000 per year. If Edwardsville does not secure a new rate order by January 1, 2029, the difference in the amount of debt service approved in this case (i.e \$659,000) and the actual amount of debt service in 2029 (i.e \$480,328) will be retained and used as an offset against future debt service expense and a future borrowing.

11. **Retention of Debt Service Reserve.** The debt service revenue requirement as set forth above is based on an estimated average of annual debt service expense during the expected life of rates and was calculated without assuming that already accumulated debt service reserve

would be applied to pay off existing debt scheduled to expire during the anticipated life of these agreed rates. In exchange for that calculation, Edwardsville has agreed that, in lieu of applying its debt service reserve to meet the final payments of its existing debt, Edwardsville shall retain the debt service reserve balance to fund its debt service reserve requirements in its next borrowing, the authority for which it anticipates requesting as part of (or before) its next rate case.

12. **Admissibility and Sufficiency of Evidence.** The Settling Parties hereby stipulate that the prefiled testimony and exhibits of Edwardsville and OUCC should be admitted into the record without objection or cross examination by any party. The Settling Parties agree that such evidence constitutes substantial evidence sufficient to support the Settlement Agreement and provides an adequate evidentiary basis upon which the Commission can make all findings of fact and conclusions of law necessary for the approval of this Settlement Agreement as filed.

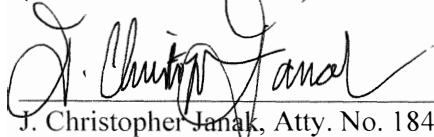
13. **Non-Precedential Effect of Settlement.** The Settling Parties agree that the facts in this Cause are unique and all issues presented are fact specific. Therefore, the Settlement Agreement shall not constitute nor be cited as precedent by any person or deemed an admission by any party in any other proceeding except as necessary to enforce its terms before the Commission or any court of competent jurisdiction. This Settlement Agreement is solely the result of compromise in the settlement process, except as provided herein, is without prejudice to and shall not constitute a waiver of any position that any party may take with respect to any issue in any future regulatory or non-regulatory proceeding.

14. **Authority to Execute.** The undersigned have represented and agreed that they are fully authorized to execute the Settlement Agreement on behalf of the designated parties, who will hereafter be bound thereby.

15. **Approval of Settlement Agreement in its Entirety.** As a condition of this settlement, the Settling Parties specifically agree that if the Commission does not approve this Joint Stipulation and Settlement Agreement in its entirety and incorporate it into the Final Order as provided above, the entire Settlement Agreement shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by the Settling Parties. The Settling Parties further agree that if the Commission does not issue a Final Order in the form that reflects the Agreement described herein, Edwardsville shall have a reasonable period of time to prepare and file rebuttal testimony and exhibits and this matter should proceed to be heard by the Commission as if no settlement had been reached unless otherwise agreed to by the Settling Parties in a writing that is filed with the Commission.


16. **Proposed Order.** The Settling Parties agree to work together in preparing a mutually acceptable proposed order that the Settling Parties agree to file with the Commission on or before May 10, 2024.

**EDWARDSVILLE WATER AUTHORITY
("EDWARDSVILLE")**



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**INDIANA OFFICE OF THE UTILITY CONSUMER
COUNSELOR ("OUCC")**



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CAUSE NUMBER 45997
Settlement Schedules

Edwardsville Water Authority
CAUSE NUMBER 45997

**Comparison of Petitioner's, OUCC's, and Settlement's
Revenue Requirements**

| | <u>Per Petitioner</u> | <u>Per Settlement</u> | <u>Sch Ref</u> | <u>Settlement More (Less)</u> |
|--|---------------------------|---------------------------|--------------------|-----------------------------------|
| Operating Expenses | \$ 1,968,346 | \$ 1,956,443 | 4 | \$ (11,903) |
| Payroll Taxes | 57,465 | 59,045 | 4 | 1,580 |
| Depreciation | 527,828 | 527,828 | 7 | - |
| Working Capital | - | - | 8 | - |
| Debt Service | 719,145 | 659,000 | 9 | (60,145) |
| Debt Service Reserve | - | - | 10 | - |
| Total Revenue Requirements | 3,272,784 | 3,202,316 | | (70,468) |
| Less: Interest Income | (35,391) | (35,391) | PET | - |
| Other Operating Income | (30,950) | (17,557) | 4 | 13,393 |
| Town of Elizabeth | (34,740) | (34,740) | | - |
| Net Revenue Requirements | 3,171,703 | 3,114,628 | | (57,075) |
| Less: Revenues at current rates subject to increas | (2,702,316) | (2,705,985) | 4 | (3,669) |
| Late Fees | - | (15,843) | 4 | (15,843) |
| Net Revenue Increase Required | 469,387 | 392,800 | | (76,587) |
| Add: Additional IURC Fees | - | 577 | | 577 |
| Recommended Increase | <u>\$ 469,387</u> | <u>\$ 393,377</u> | | <u>\$ (76,010)</u> |
| Recommended Percentage Increase | <u>17.37%</u> | <u>14.45%</u> | | <u>-2.92%</u> |

| <u>Current Rate for 5,000 Gallons</u> | <u>Proposed</u> | | <u>Settlement More (Less)</u> |
|---------------------------------------|-------------------|-------------------|-----------------------------------|
| | <u>Petitioner</u> | <u>Settlement</u> | |
| Current Rate = \$45.89 | \$ 53.86 | \$ 52.52 | \$ (1.34) |

Edwardsville Water Authority
CAUSE NUMBER 45997

Reconciliation of Net Operating Income Statement Adjustments
Pro-forma Present Rates

| | <u>Per Petitioner</u> | <u>Per Settlement</u> | <u>Settlement More (Less)</u> |
|--------------------------------|---------------------------|---------------------------|-----------------------------------|
| Operating Revenues | | | |
| Water Sales | \$ 13,923 | \$ 13,923 | \$ - |
| Post-Test Year Growth | - | 6,120 | 6,120 |
| Total Operating Revenues | 13,923 | 20,043 | 6,120 |
| O&M Expense | | | |
| Salaries and Wages - Employees | 65,115 | 85,778 | 20,663 |
| Pension | 6,759 | 7,809 | 1,050 |
| Group Health | 6,165 | 6,165 | - |
| System Delivery Expense | - | 1,930 | 1,930 |
| Materials and Supplies | 65,084 | 65,084 | - |
| Repairs | 257,984 | 257,984 | - |
| Contractual Services | | | |
| Legal | (34,804) | (34,804) | - |
| Developer Reimbursement | - | (30,807) | (30,807) |
| Regulatory Commission Expense | - | 29 | 29 |
| Rate Case Expense | 37,500 | 37,500 | - |
| Bad Debt Expense | - | 31 | 31 |
| Miscellaneous Expense | - | - | - |
| Computer Expenses | - | (455) | (455) |
| Telecommunication Expense | - | 72 | 72 |
| Non-Allowable Expenses | - | (3,846) | (3,846) |
| Non-Recurring Expenses | - | (570) | (570) |
| Total O&M Expense | 403,803 | 391,900 | (11,903) |
| Other Operating Expenses | | | |
| Depreciation Expense | 108,845 | 108,845 | - |
| Payroll Taxes | 3,208 | 4,788 | 1,580 |
| Total Other Operating Expense | 112,053 | 113,633 | 1,580 |
| Total Operating Expenses | 515,856 | 505,533 | (10,323) |
| Net Operating Income | <u>\$ (501,933)</u> | <u>\$ (485,490)</u> | <u>\$ 16,443</u> |

Edwardsville Water Authority
CAUSE NUMBER 45997

COMPARATIVE BALANCE SHEET

As of:

| <u>ASSETS</u> | <u>June 30 2023</u> | <u>Dec 31, 2022</u> | <u>Dec 31, 2021</u> |
|---------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Utility Plant: | | | |
| Utility Plant in Service | \$ 21,440,757 | \$ 21,311,269 | \$ 20,652,585 |
| Construction Work in Progress | 1,131,373 | | |
| Less: Accumulated Depreciation | (8,694,462) | (8,485,575) | (8,077,512) |
| Net Utility Plant in Service | <u>13,877,668</u> | <u>12,825,694</u> | <u>12,575,073</u> |
| Current Assets: | | | |
| Cash and Cash Equivalents | 2,650,732 | 2,530,441 | 2,545,536 |
| Restricted Cash | 4,004,728 | 5,808,293 | |
| Restricted Cash - Debt Service | 705,679 | 501,680 | |
| Customer Accounts Receivable | 206,782 | 236,009 | 247,708 |
| Cash Bond Escrow | | | 1,068,142 |
| Materials and Supplies | 166,423 | 183,851 | 207,764 |
| Prepayments | 21,032 | 34,519 | 36,423 |
| Total Current Assets | <u>7,755,376</u> | <u>9,294,793</u> | <u>4,105,573</u> |
| Deferred Debits | | | |
| Unamortized Debt Discount and Expense | 11,963 | 14,355 | 19,140 |
| Total Deferred Debits | <u>11,963</u> | <u>14,355</u> | <u>19,140</u> |
| Total Assets | <u><u>\$ 21,645,007</u></u> | <u><u>\$ 22,134,842</u></u> | <u><u>\$ 16,699,786</u></u> |

Edwardsville Water Authority
CAUSE NUMBER 45997

COMPARATIVE BALANCE SHEET

As of:

| <u>LIABILITIES</u> | <u>June 30 2023</u> | <u>Dec 31, 2022</u> | <u>Dec 31, 2021</u> |
|---|--------------------------------|--------------------------------|--------------------------------|
| Equity | | | |
| Retained Earnings | \$ 6,544,775 | \$ 5,828,476 | \$ 5,358,476 |
| Paid in Capital | 1,068,142 | 1,068,142 | 1,068,142 |
| Total Equity | <u>7,612,917</u> | <u>6,896,618</u> | <u>6,426,618</u> |
| Contributions in Aid of Construction | | | |
| Contributions in Aid of Construction, net | 5,134,062 | 6,074,070 | 5,387,700 |
| Accumulated Amortization of CIAC | | | |
| Net Contributions-in-aid of Construction | <u>5,134,062</u> | <u>6,074,070</u> | <u>5,387,700</u> |
| Long-term Debt | | | |
| Bonds Payable | 7,850,284 | 7,073,114 | 2,882,732 |
| Other Long-Term Debt | - | 1,461,209 | 1,489,907 |
| Total Long-term Debt | <u>7,850,284</u> | <u>8,534,323</u> | <u>4,372,639</u> |
| Current Liabilities | | | |
| Accounts Payable | 24,504 | 90,271 | 29,202 |
| Customer Deposits | 430,538 | 425,100 | 418,628 |
| Current Portion of Long-term Debt | 513,270 | | |
| Accrued Interest Payable | 82,193 | 88,353 | 36,608 |
| Miscellaneous Current & Accrued Liabilities | (2,767) | 26,107 | 28,391 |
| Total Current Liabilities | <u>1,047,738</u> | <u>629,831</u> | <u>512,829</u> |
| Total Liabilities | <u><u>\$ 21,645,001</u></u> | <u><u>\$ 22,134,842</u></u> | <u><u>\$ 16,699,786</u></u> |

Edwardsville Water Authority
CAUSE NUMBER 45997

COMPARATIVE INCOME STATEMENT
Twelve Months Ended:

| | <u>June 30, 2023</u> | <u>Dec 31, 2022</u> | <u>Dec 31, 2021</u> |
|--------------------------------|----------------------|---------------------|---------------------|
| Operating Revenue | | | |
| Residential | \$ 2,141,214 | \$ 2,319,178 | \$ 2,317,431 |
| Commercial | 43,657 | 41,445 | 48,351 |
| Public Authority | 49,356 | 43,153 | 40,211 |
| Sales for Resale | 480,714 | 262,384 | 267,993 |
| Private Fire Protection | 5,741 | 5,741 | 5,741 |
| Late Payment Fees | 15,843 | 13,033 | 10,173 |
| Other Water Revenues | 2,450 | | |
| Miscellaneous Service Revenues | 15,107 | 1,965 | 7,849 |
| Total Operating Revenues | 2,754,082 | 2,686,899 | 2,697,749 |
| Operating Expenses | | | |
| Salaries and Wages - Employees | 686,057 | 730,306 | 664,159 |
| Salaries and Wages - Officers | 24,550 | 24,175 | 20,925 |
| Pension | 30,783 | 29,324 | 29,537 |
| HSA Savings | 6,720 | | |
| Group Health | 129,215 | 147,378 | 170,296 |
| Purchased Water | 10,834 | 9,887 | 8,760 |
| Purchased Power | 246,289 | 230,693 | 189,270 |
| Chemicals | 47,508 | 43,886 | 36,877 |
| Materials and Supplies | (8,591) | 29,306 | 28,735 |
| Repairs | 57,905 | | |
| Contractual Services | | | |
| Engineer | 3,500 | 20,705 | 2,000 |
| Accounting | 20,705 | 6,150 | 35,726 |
| Legal | 47,468 | 25,756 | 61,840 |
| Auditing | 10,500 | 10,250 | |
| Professional Services-Surveyor | 3,100 | 3,151 | |
| Contracted Svcs - Labor Admin | 4,975 | | |
| Contract Services - Labor | 2,491 | | |
| Developer Reimbursement | 30,807 | 19,551 | 22,603 |
| Rental of Equipment | 1,789 | 2,589 | |
| Transportation Expense | 44,453 | 51,642 | 39,029 |

Edwardsville Water Authority
CAUSE NUMBER 45997

COMPARATIVE INCOME STATEMENT
Twelve Months Ended:

| | <u>June 30, 2023</u> | <u>Dec 31, 2022</u> | <u>Dec 31, 2021</u> |
|-------------------------------|----------------------|---------------------|---------------------|
| Insurance | | | |
| Vehicle | 7,705 | 8,159 | 8,699 |
| General Liability | 28,557 | 25,466 | 10,386 |
| Workers' Compensation | 4,714 | 4,296 | 5,083 |
| Regulatory Commission Expense | 2,053 | 2,163 | 2,193 |
| Bad Debt Expense | 1,492 | 111 | 2,367 |
| Miscellaneous Expense | 118,964 | 165,891 | 176,789 |
| Total O&M Expense | <u>1,564,543</u> | <u>1,590,835</u> | <u>1,515,274</u> |
| Other Operating Expenses | | | |
| Depreciation Expense | 414,198 | 408,063 | 399,225 |
| Amortization Expense | 4,785 | | |
| Payroll Taxes | 54,257 | 57,729 | 50,915 |
| Total Other Operating Expense | <u>473,240</u> | <u>465,792</u> | <u>450,140</u> |
| Total Operating Expenses | <u>2,037,783</u> | <u>2,056,627</u> | <u>1,965,414</u> |
| Net Operating Income | <u>\$ 716,299</u> | <u>\$ 630,272</u> | <u>\$ 732,335</u> |
| Other Income (Expense) | | | |
| Interest Income | 179,953 | 63,650 | 2,568 |
| Interest Expense | (273,381) | 219,137 | 130,716 |
| Amortization of Debt Discount | | 4,785 | 4,785 |
| Total Other Income (Expense) | <u>(93,428)</u> | <u>287,572</u> | <u>138,069</u> |
| Net Income | <u>\$ 622,871</u> | <u>\$ 917,844</u> | <u>\$ 870,404</u> |

Edwardsville Water Authority
CAUSE NUMBER 45997

Pro Forma Net Operating Income Statement

| | Test Year Ended 6/30/2023 | Adjustments | Sch Ref | Pro Forma Present Rates | Adjustments | Sch Ref | Pro Forma Proposed Rates |
|--------------------------------|--|---------------------|--------------------|--|--------------------|--------------------|---|
| Operating Revenues | | | | | | | |
| Water Sales | \$ 2,714,941 | \$ 13,923 | 5-1 | \$ 2,734,984 | \$ 390,297 | | \$ 3,125,281 |
| Post-Test Year Growth | | 6,120 | 5-2 | | - | | |
| Private Fire Protection | 5,741 | | | 5,741 | 819 | | 6,560 |
| Late Payment Fees | 15,843 | | | 15,843 | 2,261 | | 18,104 |
| Other Water Revenues | 2,450 | | | 2,450 | | | 2,450 |
| Miscellaneous Service Revenues | 15,107 | | | 15,107 | | | 15,107 |
| Total Operating Revenues | <u>2,754,082</u> | <u>20,043</u> | | <u>2,774,125</u> | <u>393,377</u> | 1 | <u>3,167,502</u> |
| O&M Expense | | | | | | | |
| Salaries and Wages - Employees | 686,057 | 85,778 | 6-1 | 771,835 | | | 771,835 |
| Salaries and Wages - Officers | 24,550 | | | 24,550 | | | 24,550 |
| Pension | 30,783 | 7,809 | 6-2 | 38,592 | | | 38,592 |
| HSA Savings | 6,720 | | | 6,720 | | | 6,720 |
| Group Health | 129,215 | 6,165 | 6-4 | 135,380 | | | 135,380 |
| Purchased Water | 10,834 | | | 10,834 | | | 10,834 |
| Purchased Power | 246,289 | | | 246,289 | | | 246,289 |
| Chemicals | 47,508 | | | 47,508 | | | 47,508 |
| System Delivery Expense | - | 1,930 | 6-5 | 1,930 | | | 1,930 |
| Materials and Supplies | (8,591) | 65,084 | 6-6 | 56,493 | | | 56,493 |
| Repairs | 57,905 | 257,984 | 6-7 | 315,889 | | | 315,889 |
| Contractual Services | | | | | | | |
| Engineer | 3,500 | | | 3,500 | | | 3,500 |
| Accounting | 20,705 | | | 20,705 | | | 20,705 |
| Legal | 47,468 | (34,804) | 6-8 | 12,664 | | | 12,664 |
| Other Contractual Services | 21,066 | | | 21,066 | | | 21,066 |
| Developer Reimbursement | 30,807 | (30,807) | 6-9 | - | | | - |
| Rental of Equipment | 1,789 | | | 1,789 | | | 1,789 |
| Transportation Expense | 44,453 | | | 44,453 | | | 44,453 |
| Insurance | | | | | | | |
| Vehicle | 7,705 | | | 7,705 | | | 7,705 |
| General Liability | 28,557 | | | 28,557 | | | 28,557 |
| Workers' Compensation | 4,714 | | | 4,714 | | | 4,714 |
| Regulatory Commission Expense | 2,053 | 29 | 6-10 | 2,082 | 577 | | 2,659 |
| Rate Case Expense | - | 37,500 | 6-11 | 37,500 | | | 37,500 |
| Bad Debt Expense | 1,492 | 31 | 6-12 | 1,523 | | | 1,523 |
| Miscellaneous Expense | 118,964 | | | 118,964 | | | 118,964 |
| Computer Expenses | | (455) | 6-13 | (455) | | | (455) |
| Telecommunication Expense | | 72 | 6-14 | 72 | | | 72 |
| Non-Allowable Expenses | | (3,846) | 6-15 | (3,846) | | | (3,846) |
| Non-Recurring Expenses | | (570) | 6-16 | (570) | | | (570) |
| Total O&M Expense | <u>1,564,543</u> | <u>391,900</u> | | <u>1,956,443</u> | <u>577</u> | | <u>1,957,020</u> |
| Other Operating Expenses | | | | | | | |
| Depreciation Expense | 414,198 | 108,845 | 7 | 523,043 | | | 523,043 |
| Amortization Expense | 4,785 | | | 4,785 | | | 4,785 |
| Payroll Taxes | 54,257 | 4,788 | 6-3 | 59,045 | | | 59,045 |
| Total Other Operating Expense | <u>473,240</u> | <u>113,633</u> | | <u>586,873</u> | <u>-</u> | | <u>586,873</u> |
| Total Operating Expenses | <u>2,037,783</u> | <u>505,533</u> | | <u>2,543,316</u> | <u>577</u> | | <u>2,543,893</u> |
| Net Operating Income | <u>\$ 716,299</u> | <u>\$ (485,490)</u> | | <u>\$ 230,809</u> | <u>\$ 392,800</u> | | <u>\$ 623,609</u> |

Edwardsville Water Authority
CAUSE NUMBER 45997

OUCG Revenue Adjustments

(1)

Test Year Normalization

To capture revenue from post-test year growth.

| <u>Billing Cycle</u> | <u>Existing Customers Billed Residential</u> | <u>Increase (Decrease) in Users Residential</u> | <u>Times Additional Bills</u> | <u>Additional Monthly Bills</u> |
|--|--|---|-------------------------------|---------------------------------|
| Jul-22 | 4,503 | | | |
| Aug-22 | 4,543 | 40 | 1 | 40 |
| Sep-22 | 4,531 | (12) | 2 | (24) |
| Oct-22 | 4,545 | 14 | 3 | 42 |
| Nov-22 | 4,553 | 8 | 4 | 32 |
| Dec-22 | 4,555 | 2 | 5 | 10 |
| Jan-23 | 4,563 | 8 | 6 | 48 |
| Feb-23 | 4,569 | 6 | 7 | 42 |
| Mar-23 | 4,573 | 4 | 8 | 32 |
| Apr-23 | 4,577 | 4 | 9 | 36 |
| May-23 | 4,581 | 4 | 10 | 40 |
| Jun-23 | <u>4,587</u> | 6 | 11 | <u>66</u> |
| Total Billings | 54,680 | | | |
| Increase In Number of Billings | | | | 364 |
| Times residential bill for 4,000 gallons | | | | <u>\$ 38.25</u> |
| | | Adjustment Increase (Decrease) | | <u><u>\$ 13,923</u></u> |

(2)

Post-Test Year Growth

To capture revenue from post-test year growth.

| | | | | |
|----------------------------|----------|---------------------------------------|-----------------|------------------------|
| No. of Bills at Feb - 2024 | 4,652 | | | |
| Number of Months | <u>8</u> | | | |
| Total Number of Billings | | 37,216 | | |
| Actual Number of Billings | | <u>37,056</u> | | |
| Additional Bills | | | 160 | |
| Bill for 4,000 gallons | | | <u>\$ 38.25</u> | |
| | | Adjustment Increase (Decrease) | | <u><u>\$ 6,120</u></u> |

Edwardsville Water Authority
CAUSE NUMBER 45997

OUCC Expense Adjustments

(1)

Salary and Wages

To increase salary and wages to current expense level.

| <u>Emp No.</u> | <u>Rate</u> | <u>Employment Note</u> | <u>Annual Salary</u> | |
|---------------------------------------|-------------|------------------------|----------------------|--------------------------------|
| 1 | \$20.31 | | \$ 42,245 | |
| 2 | 41.85 | | 87,050 | |
| 3 | 23.28 | | 48,422 | |
| 4 | 28.61 | | 59,509 | |
| 5 | 24.58 | | 51,126 | |
| 6 | 21.22 | | 44,138 | |
| 7 | 31.25 | | 65,000 | |
| 8 | 18.00 | Temp Employee | | |
| 9 | 34.67 | | 72,120 | |
| 10 | 21.42 | Hired 4/24/2023 | 44,554 | |
| 11 | 27.80 | | 57,824 | |
| 12 | 26.46 | | 55,037 | |
| 13 | 21.63 | | 44,990 | |
| 14 | 26.45 | Retired 1/05/2024 | - | |
| 15 | 27.64 | Hired 9/05/2023 | 57,500 | |
| Regular Salary | | | \$ 729,515 | |
| Overtime Salary | | | 33,558 | |
| Other Pay | | | 8,762 | |
| Pro forma Salary and Wages | | | | \$ 771,835 |
| Less: Test Year Salary Expense | | | | <u>686,057</u> |
| Adjustment Increase (Decrease) | | | | <u><u>\$ 85,778</u></u> |

(2)

Pension Expense

To increase pension expense stemming from the increase in salary and wages.

| | | |
|---------------------------------------|------------|-------------------------------|
| Pro forma Salary Expense | \$ 771,835 | |
| Pension Contribution | 5% | |
| Pro forma Pension Expense | | \$ 38,592 |
| Less: Test Year Pension Expense | | <u>30,783</u> |
| Adjustment Increase (Decrease) | | <u><u>\$ 7,809</u></u> |

Edwardsville Water Authority
CAUSE NUMBER 45997

OUCG Expense Adjustments

(3)

Payroll Tax Expense

To increase payroll expense stemming from the increase in salary and wages.

| | | |
|---------------------------------------|--------------|------------------------|
| Pro forma Salary Expense | \$ 771,835 | |
| Payroll Tax Percentage | <u>7.65%</u> | |
| Pro forma Payroll Tax | | \$ 59,045 |
| Less: Test Year Payroll Tax Expense | | <u>54,257</u> |
| Adjustment Increase (Decrease) | | <u>\$ 4,788</u> |

(4)

Employee Insurance and HAS

To adjust test year employee insurance and HSA to reflect the most recent premium renewal information provided by utility management.

| | | |
|---|-----------|------------------------|
| Year to date monthly premium cost (six months) | \$ 71,050 | |
| Times 2 | <u>2</u> | |
| Pro forma 2023 total employee insurance and HSA expense | | \$ 142,100 |
| Less test year insurance and HSA expense | | <u>(135,935)</u> |
| Adjustment Increase (Decrease) | | <u>\$ 6,165</u> |

Edwardsville Water Authority
CAUSE NUMBER 45997

OUCC Expense Adjustments

(5)

System Delivery Expense

To increase purchased water, purchased power, and chemical expenses related to customer growth.

| | | | |
|---------------------------------------|------------|--------------------|-------------------------------|
| PURCHASE WATER | \$ 10,834 | | |
| Purchased Power - REMC | 246,289 | | |
| Chemicals - Chlorine | 47,508 | | |
| System Delivery Expenses | | \$ 304,631 | |
| Test Year Consumption | | <u>367,703,900</u> | |
| System Delivery Cost per Gallon | | 0.000828 | |
| Additional Gallons Consumed* | | <u>2,096,000</u> | |
| | | | \$ 1,736 |
| Postage | \$ 0.37 | | |
| Increase No. of Bills | <u>524</u> | | |
| | | | <u>194</u> |
| Adjustment Increase (Decrease) | | | <u><u>\$ 1,930</u></u> |

| | |
|----------------------------------|------------------|
| *Additional Gallons Consumed | |
| Additional Bills - Normalization | 364 |
| Additional Bills - Growth | <u>160</u> |
| Total Increase No. of Bills | 524 |
| Average Consumption per Bill | <u>4,000</u> |
| Additional Gallons Consumed | <u>2,096,000</u> |

(6)

Materials and Supplies

To adjust materials and supplies (Act. No. 620-001) to normalize for an entry made in December of 2022 to reclassify items to capital assets and the assumed 2023 adjustment based on activity through June 30, 2023.

| | | |
|---|--------------|--------------------------------|
| Materials and Supplies - December 2022 adjustment | \$ 65,231 | |
| Materials and Supplies - Assumed 2023 adjustment | <u>(147)</u> | |
| Adjustment Increase (Decrease) | | <u><u>\$ 65,084</u></u> |

Edwardsville Water Authority
CAUSE NUMBER 45997

OUCC Expense Adjustments

(7)

Periodic Maintenance Expense

To adjust the test year expenses for pro forma well, treatment plant, tanks, pump and distribution system periodic maintenance.

| | Description | Frequency | Annual |
|--|---------------------------------|-----------|--------------------------|
| Wells: | | | |
| Well Cleaning | \$30,000 per well, 4 wells | 8 years | \$ 15,000 |
| Well services/ flow test | \$4,950 every year | yearly | 4,950 |
| Well Painting | \$8,000 per well, 4 wells | 10 years | 3,200 |
| Well starter maintenance | \$4,500 per well, 4 wells | 10 years | 1,800 |
| Treatment Plant: | | | |
| Filter Media testing: 4 filters | \$5,000 | 2 years | 2,500 |
| Filter Media maintenance: 4 filters | \$88,339 per filter | 10 years | 35,336 |
| Backwash waste tank clean out | \$5,764 | 3 years | 1,921 |
| Pump services | \$4,950 | yearly | 4,950 |
| Meter testing at the plant | \$2,000 | yearly | 2,000 |
| Chlorine and chemical services | \$6,393 | yearly | 6,393 |
| Building Maintenance/generator | \$1,512 | yearly | 1,512 |
| Chemical feed equipment maintenance | \$1,715 2 pumps | 2 years | 1,715 |
| Lab testing equipment maintenance | \$1,570 | yearly | 1,570 |
| SCADA Maintenance - Plant | \$1,950 | yearly | 1,950 |
| Tanks: | | | |
| Suez Contracted Tanks | \$203,039 | yearly | 203,039 |
| SCADA maintenance - Tanks | \$2,600 each tank site, 6 tanks | 5 years | 3,120 |
| Pumps and Distribution | | | |
| SCADA Maintenance | \$1,300 | yearly | 1,300 |
| Hickman Hill/EBS VFD maintenance | 2-20hp & 1-40hp \$11,500 | 15 years | 767 |
| Hickman Hill/well generator maintenance | \$1,693.00 | yearly | 1,693 |
| Transfer Pump Maintenance | \$14,230, 2- Transfer Pumps | 15 years | 1,897 |
| High Service Pump Maintenance | \$9,475, 4-high service pumps | 15 years | 2,527 |
| 200 hp motor (wells) | \$29,332, 4-wells | 15 years | 7,822 |
| Building Maintenance | | | <u>5,433</u> |
| Sub-total | | | 312,394 |
| Less test year periodic maintenance expense | | | <u>(54,410)</u> |
| Adjustment Increase (Decrease) | | | <u><u>\$ 257,984</u></u> |

Edwardsville Water Authority
CAUSE NUMBER 45997

OUCC Expense Adjustments

(8)

Non-recurring Charges

To adjust the test year to exclude non-recurring charges.

| | | |
|---------|---|---------------------------|
| ##### | 577BTMA16611/30DAYFILINGNON-RECURRINGCHARGES | \$ (6,410.00) |
| 8/31/22 | 138832075/LLEGAL(AUG2022)-30DAYDAY | (2,529.25) |
| 9/30/22 | 138834080/LLEGAL(SEPT2022)-WATERAUTHORITYAUTHORITY | (2,439.50) |
| ##### | 138837034/LLEGAL(OCT2022)-WATERAUTHORITY/RATEAUTHORITY/RATE | (476.00) |
| 1/1/23 | 138849087/LLEGAL(MARCH2023)-ARROWOODRESEARCHRESEARCH | (1,177.00) |
| 1/31/23 | 138843454/LLEGAL(JANUARY2023)-MEMBERVOTING/IURCVOTING/IURC | (2,799.00) |
| 3/31/23 | 138INV849087/LLEGAL(MARCH2023)-ARROWOODARROWOOD | (1,177.00) |
| 3/31/23 | 138849086/LLEGAL(MARCH2023)-IURC/AUDIT/ARROW/ANNUALMTGMTG | (9,083.20) |
| 5/31/23 | 138854875/LLEGAL#2(MAY2023)-RAMSEY/RATERAMSEY/RATE | (1,841.50) |
| 6/30/23 | 138856089/LLEGAL(JULY2023)-RATECASE/WATERCASE/WATER | (5,207.00) |
| 6/30/23 | 138856088/LLEGAL(JUNE2023)-WATERAUTHORITYAUTHORITY | (1,664.50) |
| | Adjustment Increase (Decrease) | \$ <u>(34,804)</u> |

(9)

Developer Reimbursements

To remove main extension refunds from expenses.

| | |
|---------------------------------------|---------------------------|
| Developer Reimbursements | \$ 30,807 |
| Adjustment Increase (Decrease) | \$ <u>(30,807)</u> |

(10)

Regulatory Expense

To increase IURC Fee stemming from customer grow.

| | | |
|---------------------------------------|--------------|---------------------|
| Normalization increase | 13,923 | |
| Growth increase | <u>6,120</u> | |
| Total Revenue Adjustments | | 20,043 |
| Multiply by IURC fee | | <u>0.1467603%</u> |
| Adjustment Increase (Decrease) | | \$ <u>29</u> |

Edwardsville Water Authority
CAUSE NUMBER 45997

OUCC Expense Adjustments

(11)

Rate Case Expense

To adjust the test year to provide an annual allowance for current rate case fees.

| | | | |
|---------------------------------------|----|---------------|-------------------------|
| Estimated Rate Case Fees | | | |
| Legal Fees | \$ | 75,000 | |
| Financial and Rate Fees | | <u>75,000</u> | |
| | | | \$ 150,000 |
| | | | <u>4</u> |
| Adjustment Increase (Decrease) | | | <u>\$ 37,500</u> |

(12)

Bad Debt Expense

To increase bad debt expense stemming from customer grow.

| | | | |
|---------------------------------------|----|-----------------|---------------------|
| Test Year Revenue | \$ | 2,754,082 | |
| Normalization Adjustment | | 13,923 | |
| Growth Adjustment | | <u>6,120</u> | |
| Present Rate Revenue | \$ | 2,774,125 | |
| Bad Debt Expense Ratio | | <u>0.05490%</u> | |
| Present Rate Bad Debt Expense | | | \$ 1,522.99 |
| Less: Test Year Bad Debt Expense | | | <u>(1,492.00)</u> |
| Adjustment Increase (Decrease) | | | <u>\$ 31</u> |

(13)

Computer Expenses

To remove non-recurring computer expenses.

| | | | |
|---------------------------------------|----|----------|------------------------|
| Normalize GSUITE EMAIL Expense | \$ | 72.58 | |
| | | <u>2</u> | |
| | | | \$ 145.16 |
| Less: Non-recurring SERVER INSTALL | | | <u>(600.00)</u> |
| Adjustment Increase (Decrease) | | | <u>\$ (455)</u> |

Edwardsville Water Authority
CAUSE NUMBER 45997

OUCG Expense Adjustments

(14)

Telecommunication Expense

To normalize telecommunication expense.

| | |
|-----------------------------------|-------------|
| Normalize METRO ANSWERING SERVICE | \$ (170.00) |
| Normalize BEACON HOSTING | 241.85 |

| | |
|---------------------------------------|--------------|
| Adjustment Increase (Decrease) | \$ 72 |
|---------------------------------------|--------------|

(15)

Non-allowable Expenses

To remove non-allowable expenses.

| | |
|--------------------------|-----------|
| XMAS PARTY DEPOSIT | \$ 200.00 |
| TABLECLOTHS (XMAS PARTY) | 99.90 |
| XMAS GIFTS FOR BOARD | 119.95 |
| XMAS PARTY | 1,452.50 |
| GIFT CARD FOR XMAS PARTY | 361.90 |

\$ 2,234

| | |
|-----------------------------------|--------|
| SUBS FOR BOARD MEETING | 110.41 |
| PIZZA FOR AUGUST BOARD MEETING | 82.94 |
| SUBS FOR BOARD MEETING | 105.19 |
| PIZZA & CHICKEN FOR BOARD MEETING | 121.79 |
| SUBS FOR BOARD MEETING | 100.86 |
| CHICKEN FOR BOARD MEETING | 82.39 |
| FOOD FOR FEB BOARD MEETING | 123.42 |
| SUBS FOR APRIL BOARD MEETING | 83.81 |
| PIZZA FOR MAY BOARD MEETING | 110.57 |
| SUBS FOR BOARD MEETING | 87.34 |

1,009

| | |
|-------------------------------------|--------|
| LUNCHEON (BJ LILLPOP) - LAST DAY | 169.48 |
| MANAGERS' LUNCH | 252.73 |
| LUNCH FOR FIELD CREW (LEAK - PLANT) | 181.23 |

603

| | |
|---------------------------------------|-------------------|
| Adjustment Increase (Decrease) | \$ (3,846) |
|---------------------------------------|-------------------|

Edwardsville Water Authority
CAUSE NUMBER 45997

OUCG Expense Adjustments

(16)

Non-recurring Expense

To re-move non-recurring expense.

PLUMBER REIMB

\$ 570.00

Adjustment Increase (Decrease)

\$ (570)

Edwardsville Water Authority
CAUSE NUMBER 45997

Depreciation

| | <u>Per Petitioner</u> | <u>Per Settlement</u> | <u>Settlement More (Less)</u> |
|---|---------------------------|---------------------------|-----------------------------------|
| Capital assets as of June 30, 2023 | \$21,440,757 | \$21,440,757 | \$ - |
| Plus construction work in progress as of June 30, 2023 | 1,131,373 | 1,131,373 | - |
| Plus construction cash on hand as of June 30, 2023 | 3,609,716 | 3,609,716 | - |
| Plus developer installed lines not included in capital assets at June 30, 2023 | 763,295 | 763,295 | - |
| Less historical capitalized periodic maintenance* | <u>(553,735)</u> | <u>(553,735)</u> | <u>-</u> |
| Sub-total | \$26,391,406 | \$26,391,406 | |
| Times composite 2% depreciation rate | <u>2%</u> | <u>2%</u> | |
| | \$527,828 | \$527,828 | \$ - |
| Test year depreciation | 418,983 | 418,983 | - |
| Depreciation Adjustment | \$108,845 | \$108,845 | \$ - |

Edwardsville Water Authority
CAUSE NUMBER 45997

Working Capital

Working Capital is not required.

Edwardsville Water Authority
CAUSE NUMBER 45997

Debt Service

To reflect the average amount of debt service required over a four year period.

| | <u>2025</u> <u>Year 1</u> | <u>2026</u> <u>Year 2</u> | <u>2027</u> <u>Year 3</u> | <u>2028</u> <u>Year 4</u> | <u>Total</u> |
|---------------------|------------------------------|------------------------------|------------------------------|------------------------------|---------------------------------|
| Annual Payments | \$718,487 | \$719,145 | \$716,530 | \$481,021 | \$ 2,635,183 |
| | | | | | <u>4</u> |
| Annual Debt Service | | | | | \$ 658,796 |
| Rounding Factor | | | | | <u>204</u> |
| | | | Annual Debt Service | | <u><u>\$ 659,000</u></u> |

Edwardsville Water Authority
CAUSE NUMBER 45997

Debt Service Reserve

Debt Service Reserve is not required.

Edwardsville Water Authority
CAUSE NUMBER 45997

Current and Proposed Rates and Charges

| | <u>Current</u> | <u>Per Petitioner</u> | <u>Per Settlement</u> | <u>Settlement More (Less)</u> |
|-----------------------------------|----------------|---------------------------|---------------------------|-----------------------------------|
| <u>Metered Consumption</u> | | | | |
| First 15,000 Gallons | \$ 7.63 | \$ 8.96 | \$ 8.73 | \$ (0.23) |
| Next 110,000 Gallons | 7.57 | 8.88 | 8.66 | (0.22) |
| Over 125,000 Gallons | 6.97 | 8.18 | 7.98 | (0.20) |
| <u>Meter Size</u> | | | | |
| 5/8" & 3/4" | 7.74 | 9.08 | 8.86 | (0.22) |
| 1" | 17.00 | 19.95 | 19.46 | (0.49) |
| 1 1/2" | 32.44 | 38.07 | 37.13 | (0.94) |
| 2" | 50.96 | 59.81 | 58.33 | (1.48) |
| 3" | 94.19 | 110.55 | 107.80 | (2.75) |
| 4" | 155.94 | 183.03 | 178.48 | (4.55) |
| 6" | 310.31 | 364.21 | 355.16 | (9.05) |
| 8" | 495.56 | 581.64 | 567.18 | (14.46) |