

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF BROWN)
COUNTY WATER UTILITY, INC., OF)
MORGANTOWN, INDIANA, FOR (1) THE)
AUTHORITY TO INCREASE ITS RATES AND)
CHARGES FOR WATER SERVICE, (2) FOR)
APPROVAL OF A COST OF SERVICE STUDY AND)
RATE DESIGN, AND (3) FOR APPROVAL OF A)
NEW SCHEDULE OF RATES AND) CHARGES FOR)
WATER SERVICE)

CAUSE NO. 45210

PHASE II SETTLEMENT TESTIMONY

OF

MARGARET A. STULL – PUBLIC’S EXHIBIT NO. 2

ON BEHALF OF THE

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

November 12, 2019

Respectfully submitted,



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

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing *Office of Utility Consumer Counselor Phase II Settlement Testimony of Margaret A. Stull* has been served upon the following counsel of record in the captioned proceeding by electronic service on November 12, 2019.

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**PHASE II SETTLEMENT TESTIMONY OF
OUCC WITNESS MARGARET STULL
CAUSE NO. 45210
BROWN COUNTY WATER UTILITY, INC.**

I. INTRODUCTION

1 **Q: Please state your name and business address.**

2 A: My name is Margaret A. Stull, and my business address is 115 W. Washington St.,
3 Suite 1500 South, Indianapolis, Indiana, 46204.

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

5 A: I am employed by the Indiana Office of Utility Consumer Counselor ("OUCC") as
6 a Chief Technical Advisor in the Water/Wastewater Division. My qualifications are
7 set forth in Appendix "A" attached to this testimony.

8 **Q: What is the purpose of your testimony?**

9 A: I express that the public interest will be served if the Indiana Utility Regulatory
10 Commission ("Commission") approves the Phase 2 Stipulation and Settlement
11 Agreement ("Phase 2 Settlement") reached between Brown County Water Utility
12 ("Petitioner" or "Brown County Water"), the Town of Nashville, Indiana
13 ("Nashville"), and the OUCC (collectively called the "Settling Parties").

14 **Q: Please describe the Settlement reached on rate design by the Settling Parties**

15 A: The Settling Parties agreed to the rate design as set forth in Petitioner's Exhibit 3,
16 Attachment 4-B (page 15), but with modifications that result in a gradual
17 implementation of cost based rates to some customer classes. The customer class
18 rate increases agreed to by the Settling Parties to implement the revenue
19 requirement as approved in Phase 1 of this Cause are as follows:

Residential	-1.25%
Small Commercial	35.56%
Wholesale	34.00%

1 **Q: Did the Settling Parties agree to any terms requiring notice of future rate case**
2 **filings?**

3 A: Yes. Brown County Water agreed it will provide notice to Nashville of future
4 general rate case filings within 30-days of its decision to do so. If Brown County
5 Water's rate request will involve a cost of service or rate design other than across-
6 the-board, Brown County Water will make its rate consultant available to meet with
7 Nashville's rate consultant upon request. Finally, if Brown County Water decides
8 to request emergency rate relief, Brown County Water will notify Nashville as soon
9 as possible of its need for emergency rate relief.

10 **Q: Please describe the Settlement reached on service to the disputed territory by**
11 **the Settling Parties.**

12 A: Nashville and Brown County Water agreed Brown County Water will provide
13 water service to the disputed service territory with the following terms and
14 conditions:

15 1) Brown County Water will meter all water sold to current and future
16 customers within the Area. Nashville will be entitled to review and
17 separately read any such meter.

18 2) Nashville will deliver the water to be used to supply service to any current
19 and future customers in the Area but will not bill Brown County Water for
20 this water or the delivery of this water.

21 3) Brown County Water will not bill Nashville for any water delivered by
22 Nashville to Brown County Water's meter (or meters) servicing the Area
23 and sold to any current or future customers in the Area.

24 4) Brown County Water will share all water service revenue received in the
25 Area equally with Nashville after deducting the cost of water sold.

1 5) Brown County Water will maintain and repair that portion of pipe which
2 extends from the main tap (Nashville's main on Old State Road 46) to
3 Brown County Water's meter (or meters) serving the Area. Nashville and
4 Brown County Water will share equally in the costs and expenses to
5 maintain and repair this pipe.

6 **Q: Who will provide fire suppression service to the Area?**

7 A: According to the Federal Settlement, Brown County Water and Nashville agreed
8 that Nashville will provide fire suppression service to current and future customers
9 in the Area.

10 **Q: Does the Settlement address the Nashville Regulatory Ordinance approved by**
11 **the Commission on February 7, 2018?**

12 A: Yes. The Settlement Agreement notes the Regulatory Ordinance is not intended to
13 “curtail the service of other utilities that have pipes in the ground with sufficient
14 capacity to serve those properties...” Because Brown County Water had a pipe
15 immediately adjacent to the Area at the time the Regulatory Ordinance was
16 approved and Brown County Water had sufficient capacity to serve current and
17 future customers in the Area, the agreement reached is consistent with the terms of
18 Nashville's Regulatory Ordinance.

19 **Q: Do you believe that the Settlement Agreement is a reasonably resolves the**
20 **remaining issues in this case?**

21 A: Yes. The Settlement represents a reasonable compromise that the Settling Parties
22 support as fair, reasonable, and beneficial to both the Utility and its customers. I
23 believe that the Settlement should be considered to be in the public interest because
24 the rate design agreed to moves customers closer to cost based rates while avoiding
25 rate shock. While residential customers are still subsidizing other customer classes,
26 this subsidy is reduced in this case and residential customers do see a slight decrease

1 in their rates and charges. Moreover, the specific agreements particularly between
2 Nashville and Brown County Water allow for certainty and avoid costly litigation.
3 We ask the Commission to find the Settlement Agreement to be in the public
4 interest.

5 **Q: Does this conclude your testimony?**

6 **A: Yes.**

APPENDIX A - QUALIFICATIONS

1 **Q: Please describe your educational background and experience.**

2 A: I graduated from the University of Houston at Clear Lake City in August 1982 with
3 a Bachelor of Science degree in accounting. From 1982 to 1985, I held the position
4 of Gas Pipeline Accountant at Seagull Energy in Houston, Texas. From 1985 to
5 2001, I worked for Enron in various positions of increasing responsibility and
6 authority. I began in gas pipeline accounting, was promoted to a position in
7 financial reporting and planning, for both the gas pipeline group and the
8 international group, and finally was promoted to a position providing accounting
9 support for infrastructure projects in Central and South America. In 2002, I moved
10 to Indiana, where I held non-utility accounting positions in Indianapolis. In August
11 2003, I accepted my current position with the OUCC. In 2011, I was promoted to
12 Senior Utility Analyst. Since joining the OUCC I have attended the National
13 Association of Regulatory Utility Commissioners ("NARUC") Eastern Utility Rate
14 School in Clearwater Beach, Florida, and the Institute of Public Utilities' Advanced
15 Regulatory Studies Program in East Lansing, Michigan. I have also attended several
16 American Water Works Association and Indiana Rural Water Association
17 conferences. I have also attended several NARUC Sub-Committee on Accounting
18 and Finance Spring and Fall conferences. I have participated in the National
19 Association of State Utility Consumer Advocates ("NASUCA") Water Committee
20 and the NASUCA Tax and Accounting Committee. In March 2016 I was appointed
21 chair of the NASUCA Tax and Accounting Committee.

1 **Q: Have you held any professional licenses?**

2 A: Yes. I passed the CPA exam in 1984 and was licensed as a CPA in the State of
3 Texas until I moved to Indiana in 2002.

4 **Q: Have you previously testified before the Indiana Utility Regulatory**
5 **Commission?**

6 A: Yes. I have testified before the Commission as an accounting witness in various
7 causes involving water, wastewater, electric, and gas utilities.

AFFIRMATION

I affirm the representations I made in the foregoing testimony are true to the best of my knowledge, information, and belief.

A handwritten signature in black ink that reads "Margaret A. Stull". The signature is written in a cursive style and is positioned above a horizontal line.

By: Margaret A. Stull
Cause No. 45210
Indiana Office of
Utility Consumer Counselor

11/12/2019

Date: