

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF INDIANA-AMERICAN)
WATER COMPANY, INC. FOR (1))
AUTHORITY TO INCREASE ITS RATES)
AND CHARGES FOR WATER UTILITY)
SERVICE, (2) REVIEW OF ITS RATES AND)
CHARGES FOR WASTEWATER UTILITY) CAUSE NO 45142
SERVICE, (3) APPROVAL OF NEW)
SCHEDULES OF RATES AND CHARGES)
APPLICABLE TO WATER AND)
WASTEWATER UTILITY SERVICE, AND)
(4) AUTHORITY TO IMPLEMENT A LOW)
INCOME PILOT PROGRAM)

IURC
INTERVENOR'S *Whiteland / Schererville*
EXHIBIT NO. 2
DATE 4-11-19 REPORTER AT

THE TOWNS OF SCHERERVILLE AND WHITELAND
SUBMISSION OF CROSS-ANSWERING TESTIMONY

Intervenors the Towns of Schererville and Whiteland, Indiana, hereby submit the Cross-
Answering Testimony of Chris Ekrut with Attachments CDE-CA1 and CDE-CA2.

The undersigned is authorized to file this pleading on behalf of counsel for Whiteland.

Respectfully submitted,



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CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing has been served upon the following counsel of record by electronic mail this 22nd day of January, 2019:

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CAUSE NO. 45142

VERIFIED CROSS-ANSWERING TESTIMONY AND EXHIBITS

OF

CHRIS EKRUT

SPONSORING ATTACHMENTS CDE-CA1 AND CDE-CA2

ON BEHALF OF JOINT INTERVENORS,

THE TOWN OF SCHERERVILLE

AND THE TOWN OF WHITELAND

A. INTRODUCTION AND PURPOSE

1. Q. PLEASE STATE YOUR NAME AND THE PURPOSE OF YOUR CROSS-ANSWERING TESTIMONY.

A. My name is Chris Ekrut, and I previously submitted Direct Testimony on behalf of the Joint Intervenor, the Town of Schererville and the Town of Whiteland, in this Cause. The purpose of my cross-answering testimony is to respond to the testimony submitted by other intervenors in this Cause related to cost of service and other issues.

B. OVERVIEW OF COST OF SERVICE ARGUMENTS

2. Q. HAVE YOU REVIEWED THE TESTIMONY REGARDING COST OF SERVICE FILED BY OTHER INTERVENORS WITHIN THIS PROCEEDING?

A. Yes. Specifically, I have reviewed the testimonies of Mr. Seelye on behalf of Crown Point; Ms. York on behalf of Indiana-American Water Company, Inc. Industrial Group (Industrial Group); and Mr. Mierzwa on behalf of the Indiana Office of Utility Consumer Counselor (OUCC).

3. Q. PLEASE SUMMARIZE YOUR UNDERSTANDING OF THE COST OF SERVICE TESTIMONY AS FILED BY THE ABOVE INTERVENORS.

A. Mr. Mierzwa and Ms. York generally endorse the use of the base-extra capacity method as employed by the Company within its filed Cost of Service Study (COSS). Mierzwa Direct, p. 6, ll. 20-22; York Direct, p. 4, ll. 7-10. However, similar to what I outlined in my direct testimony, both Mr. Mierzwa and Ms. York

1 recommend changes in the key assumptions utilized by Ms. Heppenstall in the
2 Company's original COSS and changes to the application of factors within the COSS.
3 Mr. Seelye is more outspoken in his criticism of the Company's COSS and
4 recommends mathematical changes as well as changes to the key assumptions
5 employed with the COSS, Seelye Direct, pp. 14-21, many of which I also agree with
6 as outlined below.

7 **4. Q. HOW DO THE COSS RESULTS VARY BETWEEN THE VARIOUS**
8 **INTERVENING WITNESSES?**

9 A. Table 1 below outlines the percentage of total costs each witness recommends
10 be allocated to the respective classes. I have made this comparison based on
11 percentages as the total cost of service numbers do vary slightly between the various
12 parties and, specific to the testimony of Mr. Seelye, his cost of service results as
13 presented in Exhibit WSS-8 are predicated on a total cost of service of \$222,269,869
14 compared to the Company's total cost of service figure of \$255,449,213. For
15 purposes of presentation in Table 1, I have also added Mr. Seelye's recommended
16 two SFR sub-classes together and maintained the single SFR class as originally
17 proposed by IAWC.
18

Table 1
% of Costs by Class

	<u>Heppenstall</u>	<u>Ekrut</u>	<u>York</u>	<u>Mierzwa</u>	<u>Seelye</u>
	<u>IAWC</u>	<u>Schererville</u> <u>Whiteland</u>	<u>Industrial</u> <u>Group</u>	<u>OUCC</u>	<u>Crown Point</u>
Residential	50.06%	51.01%	51.16%	48.13%	51.62%
Commercial	21.73%	21.69%	22.44%	22.17%	22.18%
Industrial	8.28%	9.58%	7.03%	8.83%	7.06%
OPA	4.36%	4.46%	4.52%	4.49%	4.40%
SFR	7.10%	5.51%	6.39%	7.73%	5.94%
Private	1.23%	1.08%	1.23%	1.22%	1.28%
Public	<u>7.23%</u>	<u>6.67%</u>	<u>7.23%</u>	<u>7.43%</u>	<u>7.53%</u>
Total	100.00%	100.00%	100.00%	100.00%	100.00%

5. Q. WHAT ARE THE PRIMARY DRIVERS OF THE DIFFERENCES IN THE TABLE ABOVE?

A. The primary driver of the differences between the various parties are the assumptions underlying the cost of service factors which are developed within IAWC's Capacity Factor Study, as well as the proposed application of these factors to certain accounts. Many of these specific issues are the same issues I addressed in my original direct testimony.

C. CAPACITY FACTORS

6. Q. WHY IS THERE DISAGREEMENT BETWEEN THE PARTIES ON THE CAPACITY FACTOR STUDY?

A. As noted by Ms. York, the Commission ordered the Company to perform a Capacity Factor Study in Cause No. 44450, York, p. 11, ll. 19-22. The assumptions within the Study are the center of the disagreement. First, the various witnesses disagree on the historical operating data used to establish the assumed peak day

1 demand of each class. Second, the parties disagree on the development of IAWC's
2 proposed hourly capacity factors.

3 **7. Q. PLEASE EXPLAIN YOUR UNDERSTANDING OF THE VARIOUS**
4 **PARTIES POSITIONS AS THEY RELATE TO THE UNDERLYING**
5 **HISTORICAL OPERATING DATA USED BY IAWC WITHIN THE**
6 **CAPACITY FACTOR STUDY TO ESTABLISH PEAK DAY DEMAND?**

7 A. Ms. York, Mr. Seelye, and I each noted that 2012 is used as the historical
8 period for establishing capacity factors for the Industrial, OPA, and SFR classes,
9 while Residential and Commercial capacity factors are based on data from 2016.
10 2012 was a time of abnormal weather conditions, and water restrictions were also in
11 place during this period, distorting system demands. York, p. 12, ll. 4-9. Using 2012
12 as the underlying basis within the cost of service is inappropriate and unduly skews
13 the cost assigned to the Industrial, OPA, and SFR Classes.

14 **8. Q. WHAT IS THE APPROPRIATE TIME PERIOD TO USE SPECIFIC**
15 **TO THE UNDERLYING OPERATIONAL DATA?**

16 A. Ms. York recommends the use of 2016 for the Industrial, OPA, and SFR
17 Classes to align with the Residential and Commercial classes. York, p. 14, l. 3. Mr.
18 Seelye recommends a three-year average as this aligns with IAWC's analysis in
19 determining average sales volumes. Seelye, pp. 31-32. In my direct testimony, I
20 recommend the use of a five-year average applied to all classes. It is my opinion that
21 the five-year average most appropriately aligns customer behavior under the same
22 conditions, as championed by Ms. York but utilizes a broad enough set of

1 assumptions such that particular conditions of a single year do not unduly distort or
2 skew the final cost of service allocation.

3 Additionally, I would note that the Commission has endorsed a five-year
4 period in previous cases. *See, e.g., Ind.-Amer. Water Co.*, Cause No. 44022, 2012 Ind.
5 LEXIS 178, *330 (IURC June 6, 2012).

6 **9. Q. BEYOND ADJUSTING FOR THE HISTORICAL DATA, DO ANY**
7 **WITNESSES RECOMMEND ADDITIONAL ADJUSTMENTS TO ARRIVE**
8 **AT THE MAX DAY CAPACITY FACTOR?**

9 A. Yes. Ms. Heppenstall applied a weekly adjustment factor of 1.0 to the SFR
10 class to account for daily fluctuation of usage over a month. Mr. Mierzwa disagrees
11 with this and believes a factor of 1.17 should be applied to the SFR class. Mierzwa, p.
12 11, ll. 4-23.

13 **10. Q. WHAT IS YOUR RESPONSE TO MR. MIERZWA'S TESTIMONY?**

14 A. I disagree with Mr. Mierzwa and recommend that the Company's original
15 adjustment factor of 1.0 be maintained for the SFR class for two reasons. First, the
16 variability in SFR average usage in the max month cited by Mr. Mierzwa as support
17 for his recommended adjustment is, in part, merely a function of the variation in the
18 billing days used within the calculation. Mr. Mierzwa claims that the SFR class
19 experiences the greatest variability in demand in average day usage during the
20 maximum month when compared with the annual average day usage of other classes.
21 Mierzwa, p. 11, ll. 18-21. While a cursory review of the data corroborates Mr.
22 Mierzwa's assertion, a closer look at the data reveals that the average day in the max
23 month is a function of the max month billing days. The SFR class has some of the

1 lowest Max Month Billing Days, which results in a higher average day within the
2 max month. As such, this drives a higher result when comparing average day over the
3 year with the average day in the maximum month.

4 For example, in examining Attachment CEH-II, Schedule 2, the Residential
5 class is shown to have Max Month billing days that range from a high of 38.23 to a
6 low of 30.16, with the Max Month billing days never being lower than 30 days.
7 However, for SFR customers, the Max Monthly billing days range from a high of
8 33.25 to a low of 27.05. This difference in billing days magnifies the impact of a
9 higher usage day during the period, thus directly contributing to the variability cited
10 by Mr. Mierzwa.

11 **11. Q. CAN YOU PROVIDE A SIMPLIFIED EXAMPLE OF HOW THE**
12 **VARIANCE IN THE MAX MONTH BILLING DAYS MAGNIFIES THE**
13 **IMPACT OF HIGHER USAGE?**

14 A. Yes. Please see the hypothetical scenario in Table 2 below. This presents two
15 hypothetical customers with the exact same daily usage but differentiates between the
16 period of maximum use. Customer A's billing days within the period of maximum
17 use are presumed to be only 5 days, while Customer B's billing days within the
18 period of maximum use are presumed to be 8 days. Despite the fact that the customers
19 had the exact same daily use over all 8 days, the billing days within the maximum use
20 period combined with the lower usage in the last 3 days of the period, reduce the
21 average day usage during the billing period, which ultimately leads to a lower ratio
22 for Customer B. This, in turn, would drive more excess capacity costs to Customer A,
23 despite there being no difference in the actual daily usage pattern of the customers.

The differences are all simply driven by the timing of the days included within the period being considered. While this is an overly simplified example, it does demonstrate how the number of days assumed in the calculation can drive an abnormal result.

Table 2
Example of Impact of Max Period Billing Days

	<u>Customer A</u>	<u>Customer B</u>
Day 1	5,000	5,000
Day 2	5,500	5,500
Day 3	6,000	6,000
Day 4	5,500	5,500
Day 5	5,000	5,000
Day 6	4,500	4,500
Day 7	3,000	3,000
Day 8	5,000	5,000
Total	39,500	39,500
Total Billing Days	8	8
Average Day	4,938	4,938
Max Period of Use	27,000	39,500
Billing Days during Period	5	8
Average Day During Max Period	5,400	4,938
Average Day in Max Period / Average Day	1.1	1.0

12. Q. WHAT IS THE SECOND REASON YOU DISAGREE WITH MR. MIERZWA'S TESTIMONY CONCERNING THE WEEKLY ADJUSTMENT FACTOR SPECIFIC TO SFR CUSTOMERS?

A. Mr. Mierzwa emphasizes that the recommended 1.17 factor is "less than the average of the weekly adjusted factors identified in the AWWA Manual" Mierzw, p. 11, ll. 14-16. The factors "identified" in the M1 Manual are for purposes of a textbook example, and are not predicated on empirical facts. The M1 Manual does not endorse or state that those factors are "the" factors to use. It is providing

1 examples to illustrate the techniques that should be followed. This is the same error
2 made by Ms. Heppenstall within the completion of the IAWC COSS that I discussed
3 in my direct testimony.

4 **13. Q. PLEASE EXPLAIN YOUR UNDERSTANDING OF THE VARIOUS**
5 **PARTIES POSITIONS AS THEY RELATE TO THE DEVELOPMENT OF**
6 **THE HOURLY CAPACITY FACTORS?**

7 A. Ms. York, Mr. Seelye, and I each note that Ms. Heppenstall's adjustment
8 factors used to arrive at the hourly capacity factors are all predicated on a textbook
9 example provided within the M1 Manual. York, pp. 18-19; Seelye, p. 28, ll. 9-13.
10 While Ms. York believes no correction can be made at this time, and recommends the
11 factors be addressed in the next case, Mr. Seelye recommends a weighted hourly
12 capacity factor derived from the factors applied to the other customer classes. York,
13 p. 20, ll. 12-21; Seelye, pp. 28-29. On the other hand, Mr. Mierzwa keeps Ms.
14 Heppenstall's assumptions, but flows his higher max day demand through to the max
15 hour calculation. Mierzwa, p. 13, ll. 1-7.

16 **14. Q. HOW DO YOU RESPOND TO THE VARIOUS POSITIONS OF THE**
17 **PARTIES?**

18 A. I disagree with Ms. York and believe that waiting until the next case to
19 resolve this issue would only result in significant problems. Specifically, if the final
20 COSS in this proceeding is predicated on inappropriate hourly capacity factors, and
21 said factors are corrected to be more accurate in the next proceeding, then significant
22 shifts could occur within the COSS between the cases. In other words, costs assigned
23 to the classes could swing significantly, and the Commission could be faced with the

1 difficult position of trying to determine how to deal with this course correction. Now
2 is the appropriate time to address this issue, not the future.

3 I agree with Mr. Mierzwa, who states: “IAWC does not track and record
4 actual maximum hourly demands.” Mierza, p. 13, ll. 8-9. This is the inherent problem
5 noted within my direct testimony—empirical data is not available to accurately
6 allocate costs on a maximum hourly demand basis. I disagree with Mr. Mierzwa
7 where he adjusts the max day factor and flows this through to his recommended max
8 hour factor using the 1.66, despite his testimony that there is no empirical data to
9 support this. Mr. Mierzwa’s use of the 1.66 max hour to max day factor suffers from
10 the same problems that plague Ms. Heppenstall’s COSS. The 1.66 factor within the
11 M1 manual is not “the number” to use—it is clearly noted as an assumption specific
12 to a textbook example. It is not predicted on empirical data because, as noted above
13 by Mr. Mierzwa, empirical data does not exist.

14 With regards to Mr. Seelye’s position that a weighted average hourly capacity
15 factor of 1.78 be utilized, I agree with this position only if the Commission
16 determines that an allocation of cost based on a max hourly factor must be made. My
17 position in this case is that no costs be allocated based on a max hourly demand as the
18 data simply does not exist to make an accurate allocation. Further, the use of
19 assumptions, including Mr. Seely’s weighted average hourly capacity factor, are all
20 predicated on textbook examples in the M1 and have no basis in fact. In other words,
21 any allocation at the max hourly level is a “guess” and could be wildly inaccurate.
22 However, if the Commission determines that a “guess” is the only option, then I

1 believe Mr. Seelye's "guess" to be more appropriate as it better reflects the types of
2 customers served by the SFR class.

3 **D. APPLICATION OF ALLOCATION FACTORS**

4 **15. Q. YOU PREVIOUSLY TESTIFIED THAT THE INTERVENING**
5 **WITNESSES ALSO RECOMMENDED CHANGES TO THE COMPANY'S**
6 **APPLICATION OF ALLOCATION FACTORS TO CERTAIN ACCOUNTS.**
7 **WHICH ACCOUNTS ARE ADDRESSED WITHIN THE INTERVENING**
8 **WITNESSES TESTIMONY?**

9 A. The intervening witnesses address the following accounts:

- 10 • O&M
- 11 ○ Source of Supply - Labor Expense
- 12 ○ Source of Supply – Purchased Power
- 13 ○ Water Treatment – Labor Expense
- 14 ○ Water Treatment – Purchased Power
- 15 ○ Uncollectible Accounts
- 16 ○ Administrative and General Expense – Management Fees
- 17 • Depreciation and Rate Base
- 18 ○ Laboratory Equipment
- 19 • Revenue Offsets
- 20 ○ Other Customer Fees and Charges

1 **16. Q. PLEASE EXPLAIN YOUR UNDERSTANDING OF THE SUGGESTED**
2 **CHANGES TO THE ALLOCATION OF SOURCE OF SUPPLY – LABOR**
3 **EXPENSE?**

4 A. Mr. Mierzwa recommends that Source of Supply – Labor Expense be
5 allocated based on average day demands (Factor 1) as opposed to average day and
6 peak day demands (Factor 2). Mierzwa, p. 3, ll. 20-23.

7 **17. Q. DO YOU AGREE WITH MR. MIERZWA’S RECOMMENDATION?**

8 A. Yes. Supply sources tend to be associated with average day demands and are,
9 in my opinion, appropriately considered a base cost. As such, I concur with Mr.
10 Mierzwa’s recommendation. However, the allocation based on average day demand
11 should be amended as reflected within my direct testimony to account for the proper
12 recognition of water loss and to remove the unsupported adjustment to SFR volumes

13 **18. Q. PLEASE EXPLAIN YOUR UNDERSTANDING OF THE SUGGESTED**
14 **CHANGES TO THE ALLOCATION OF SOURCE OF SUPPLY –**
15 **PURCHASED POWER EXPENSE?**

16 A. Both Ms. York and Mr. Seelye recommend that source of supply – purchased
17 power expense be allocated using Factor 2 which employs both average day and peak
18 day demands. York, p. 4, ll. 18-20; Seelye, p. 16, ll. 13-22.

19 **19. Q. DO YOU AGREE WITH THEIR RECOMMENDATION?**

20 A. Yes, I agree with Ms. York and Mr. Seelye. As evidenced by the electricity
21 bills provided in response to OUCC Data Request Number 37, some of the utility’s
22 electricity is charged via a demand charge, which is impacted by the peak day
23 demands on the utility. For example, see the bills provided by South Central Indiana

1 REMC, Kosciusko REMC, and Jackson County REMC. Attachment CDE-CA1. In
2 these instances, the utility is billed for metered demand (kW), which is driven by peak
3 day demands. As such, Factor 2 is more appropriately applied in this instance than
4 Factor 1.

5 **20. Q. PLEASE EXPLAIN YOUR UNDERSTANDING OF THE SUGGESTED**
6 **CHANGES TO THE ALLOCATION OF WATER TREATMENT – LABOR**
7 **EXPENSE?**

8 A. Mr. Mierzwa recommends that Water Treatment – Labor Expense be
9 allocated based on average day demands (Factor 1) as opposed to average day and
10 peak day demands (Factor 2). Mierzwa, p. 3, ll. 20-23.

11 **21. Q. DO YOU AGREE WITH MR. MIERZWA’S RECOMMENDATION?**

12 A. No. While Mr. Mierzwa is correct that labor is a fixed expense and does not
13 vary with actual use, the labor expense in question is associated with an asset that is
14 designed to meet average and peak day demands. As such, it is appropriately
15 allocated using Factor 2 as requested by IAWC.

16 **22. Q. PLEASE EXPLAIN YOUR UNDERSTANDING OF THE SUGGESTED**
17 **CHANGES TO THE ALLOCATION OF WATER TREATMENT –**
18 **PURCHASED POWER EXPENSE?**

19 A. Both Ms. York and Mr. Seelye recommend that water treatment – purchased
20 power expense be allocated using Factor 2 which employs both average day and peak
21 day demands. York, p. 4, ll. 18-20; Seelye, p. 16, ll. 13-22.

1 **23. Q. DO YOU AGREE WITH THEIR RECOMMENDATION?**

2 A. Yes. As indicated by Mr. Seelye, the electric tariffs under which Indiana-
3 American purchases electric power contain both fixed and variable charges and said
4 fixed charges are reflective of kW demand and variable charges are reflective of kWh
5 energy usage. Seelye, p. 16, ll. 16-17. Peak day usage at the water treatment plant has
6 a direct relationship with power demand and the allocation of costs should reflect this
7 relationship.

8 **24. Q. PLEASE EXPLAIN YOUR UNDERSTANDING OF THE SUGGESTED**
9 **CHANGES TO THE ALLOCATION OF UNCOLLECTIBLE ACCOUNT**
10 **EXPENSE?**

11 A. Mr. Mierzwa recommends that uncollectible expense be allocated more
12 broadly across all functional categories. Mierzwa, p. 3, ll. 11-15. Mr. Seelye
13 recommends that in assigning uncollectible expenses to customers, they should not be
14 allocated to the SFR class, as well as the industrial and other public authority classes.
15 Seelye, p. 31, ll. 11-13.

16 **25. Q. WHAT IS YOUR OPINION OF THESE RECOMMENDATIONS?**

17 A. I agree with Mr. Mierzwa, and I agree with Mr. Seelye. Mr. Mierzwa is
18 correct in that revenue recovery is based off of all functional categories. As such,
19 using a composite of the cost of service to functionalize these expenses aligns with
20 cost causation.

21 In assigning the functionalized uncollectible expense to customer classes, Mr.
22 Seelye is also correct in that no uncollectible expense should be allocated to the SFR
23 class. The contracts between IAWC and the Towns of Schererville and Whiteland

1 contain payment provisions that require payment within a certain time period, include
2 late payment penalties, and require the reimbursement of all expenses associated with
3 delinquency in payment. As such, uncollectible expenses are addressed via contract
4 with these SFR customers and should not be allocated to the SFR class within the
5 COSS as they do not contribute to the incurrence of such expense.

6 **26. Q. PLEASE EXPLAIN YOUR UNDERSTANDING OF THE SUGGESTED**
7 **CHANGES TO THE ALLOCATION OF ADMINISTRATIVE AND**
8 **GENERAL EXPENSE – MANAGEMENT FEES?**

9 A. Mr. Mierzwa recommends that management fees which are an administrative
10 and general expense be allocated more broadly than an operations and maintenance
11 factor as such fees relate to all aspects of utility operations, inclusive of facility
12 expansion and replacement. Mierzwa, p. 15, ll. 21-24. He proposes to change this
13 factor from Factor 14 to Factor 19 with the IAWC COSS.

14 **27. Q. DO YOU AGREE WITH THIS RECOMMENDATION?**

15 A. Yes, but I would suggest a further amendment to Factor 19 in this case prior to
16 its application to the account. Specifically, I would remove the expenses associated
17 with purchased water, power, chemicals, and waste disposal. Taken together, these
18 are significant expense items which are reflective of third-party provided services
19 which are typically provided under contract and require limited management.
20 Removing them from the allocation factor will ensure they do not unduly skew the
21 allocation.

1 28. **Q. PLEASE EXPLAIN YOUR UNDERSTANDING OF THE SUGGESTED**
2 **CHANGES TO THE ALLOCATION OF DEPRECIATION EXPENSE AND**
3 **RATE BASE ASSOCIATED WITH LABORATORY EQUIPMENT?**

4 A. Mr. Mierzwa recommends that the investment and expense associated with
5 laboratory equipment be allocated on average day demands (Factor 1) as opposed to
6 both average and peak day demands (Factor 2). Mierzwa, p. 14, ll. 13-16. His
7 testimony is predicated on the time-dependent nature of testing which can occur
8 daily, weekly, or monthly.

9 29. **Q. DO YOU AGREE WITH MR. MIERZWA?**

10 A. No. While I do agree that testing is generally time dependent, Mr. Mierzwa
11 has presented no evidence on what testing is performed by IAWC and the frequency
12 of such testing. Nor has he provided evidence that such testing is not required more
13 frequently at peak time periods. Given this lack of evidence, I recommend
14 maintaining IAWC's requested allocation method.

15 30. **Q. PLEASE EXPLAIN YOUR UNDERSTANDING OF THE SUGGESTED**
16 **CHANGES TO THE ALLOCATION OF OFF-SETTING REVENUES**
17 **CLASSIFIED AS OTHER CUSTOMER FEES AND CHARGES?**

18 A. Mr. Mierzwa recommends that customer fee and charges revenues be
19 allocated based on the pro-forma estimate of late payment charges, developed in
20 Schedule JDM-5, as opposed to meter equivalents Mierzwa, p. 15, ll. 9-12.

21 31. **Q. DO YOU AGREE WITH MR. MIERZWA?**

22 A. I disagree with Mr. Mierzwa that all off-setting customer fee and charges
23 revenue should be allocated solely based on late payment charges. While this does

1 appear to represent over one-third of off-setting revenues, other off-setting revenues
2 such as rent, NSF check charges, reconnection fees and after-hours charges are
3 incurred by the Company for different purposes and may not fully align with how late
4 payment charge revenues are earned. Given this, I believe this allocation factor to be
5 an over-reach on the part of Mr. Mierzwa and recommend that no change be made.

6 **32. Q. IN ADDITION TO CHANGING THE APPLICATION OF THE**
7 **COMPANY'S ALLOCATION FACTORS, DO ANY OF THE INTERVENING**
8 **WITNESSES PROPOSE ADDITIONAL AMENDMENTS TO THE**
9 **DEVELOPMENT OF THE ALLOCATION FACTORS?**

10 A. Yes. Mr. Seelye notes the following errors and recommends appropriate
11 corrections:

- 12 1. There is a mathematical error in the development of Allocation Factor 14
13 which double-counts the removal of some expense. Seelye, p 14, ll. 15-22.
- 14 2. The functionalization of transmission and distribution related labor expense is
15 based on one factor (factor 10) but is then allocated to customer classes
16 utilizing a different factor (factor 11). Seelye, p 15, ll. 7-14.
- 17 3. In developing Factor 14, Mr. Seelye notes that the Company removed
18 purchased power expense but did not remove purchased water expense. He
19 argues that the nature of these expenses is similar and both should be
20 removed. Seelye, p 17, ll. 1-7.

21 In addition to the above, Mr. Seelye recommends that all rounding adjustments be
22 removed from the COSS. Seelye, pp. 20-21).

1 **33. Q. DO YOU AGREE WITH MR. SEELYE?**

2 A. In general, yes, I agree with his corrections. Specific to the rounding
3 adjustments, I found it necessary to remove all rounding within the amended COSS
4 schedules that I prepared in order for them to function properly, so I agree with Mr.
5 Seelye on this point as well.

6 **E. CHANGES TO THE SFR CLASS**

7 **34. Q. WITHIN YOUR DIRECT TESTIMONY, YOU ARE OF THE OPINION**
8 **THAT MS. HEPPENSTALL DID NOT ADEQUATELY FUNCTIONALIZE**
9 **COSTS BETWEEN TRANSMISSION AND DISTRIBUTION SERVICE**
10 **PRIOR TO ALLOCATING THESE COSTS TO THE CUSTOMER CLASSES.**
11 **DO ANY OF THE OTHER INTERVENING WITNESSES AGREE WITH**
12 **YOUR OPINION?**

13 A. As I understand Mr. Seelye's testimony, he generally agrees that the Company
14 has not properly differentiated between customers taking at the transmission versus
15 distribution service levels. Seelye, p 18, 9-10. To correct this issue, I proposed that
16 the SFR class as outlined by the Company only be assigned transmission costs, and a
17 very limited portion of distribution related costs as the bulk of SFR volumes are
18 delivered at the transmission service level. On the other hand, Mr. Seelye
19 recommends that the SFR class be divided into two sub-classes, with one SFR rate
20 specific to transmission level customers and one SFR rate specific to distribution
21 level customers.

1 **35. Q. DO YOU AGREE WITH MR. SEELYE'S RECOMMENDATION?**

2 A. I disagree with Mr. Seelye's recommendation. Since at least Cause No. 44022
3 in 2012, all SFR customers have been contained within a single customer class. SFR
4 customers have come to expect this and have generally aligned themselves together,
5 as evidenced by my testimony on behalf of two SFR customers. Coming in at this
6 time and segregating SFR customers into two sub-classes could result in significant
7 rate shock for distribution level SFR customers.

8 For example, please see Table 3 below, which is based on the data presented
9 by Mr. Seelye in Exhibit WSS-8 and demonstrates the effective rate impact of Mr.
10 Seeley's recommendations. Under Mr. Seelye's proposal, he is championing an
11 almost 6% effective rate decrease for Transmission level SFR customers at the
12 expense of a 42% increase for Distribution level SFR customers. I believe this would
13 result in an unreasonable increase for the Distribution level SFR customers were this
14 issue to be corrected all at once in the instant case.

15 Currently SFR customers pay an approximate effective rate of \$2.67 per 1,000
16 gallons, and IAWC is proposing to increase that effective rate to \$3.32 per 1,000
17 gallons, an increase of approximately 24.5%, an increase which Mr. Seelye refers to
18 as exorbitant. Seelye, p 2, ll. 21-22. Were rates to increase for distribution level SFR
19 customers from the current \$2.67 to Mr. Seeley's recommended effective rate of
20 \$4.69 per 1,000 gallons, the total percentage increase would be over 75%. Clearly,
21 sub-dividing the customer class as proposed by Mr. Seelye would only serve to make
22 the final rate increase even more exorbitant for the Distribution level SFR customers.

23

1
2

Table 3
Impact of Crown Point SFR Class Subdivision

	Seelye Revenue Requirement	Volumes	Effective Rate	Effective Rate Increase / (Decrease) over Combined
SFR-Transmission	\$ 11,042,101	3,545,245	\$ 3.11	(5.76%)
SFR - Distribution	2,152,404	458,805	4.69	42.12%
SFR – Combined Class	\$ 13,194,505	4,004,050	3.30	

1 36. **Q. IN YOUR OPINION, WHAT IS THE APPROPRIATE COURSE OF**
2 **ACTION TO BE TAKEN BY THE COMMISSION?**

3 A. Given that the Company has proposed a single SFR class, I recommend that
4 the single class be maintained at this time, but that my recommended adjustments to
5 the COSS to remove distribution related expense from assignment to the SFR class
6 also be made to reflect that the vast majority of consumption for the class is taken at
7 the transmission level.

8 37. **Q. DOES MR. SEELYE PROPOSE ADDITIONAL CHANGES SPECIFIC**
9 **TO THE SFR CLASS?**

10 A. Yes. He recommends that a lower rate be developed specific to SFR
11 customers in the Northwest District to reflect the subsidization of capital investment
12 across the entire IAWC system by the Northwest District. Seelye, p. 12, ll. 7-22. He
13 also recommends that the Commission require the Company to offer an optional
14 “transportation service rider” and “interruptible service rider” for SFR customers.
15 Seelye, pp. 40-46.

16 38. **Q. WHAT IS YOUR OPINION OF MR. SEELEY’S PROPOSAL TO**
17 **CHARGE A LOWER SFR RATE TO CUSTOMERS IN THE NORTHWEST**
18 **DISTRICT?**

19 A. I disagree with Mr. Seeley’s ultimate recommendation. To ensure that rates
20 are just and reasonable for customers, they should reflect the cost to provide service
21 to that customer. To do otherwise is to institute subsidization between customer
22 groups. However, it has also been recognized that subsidization between customer
23 groupings may be within the public interest via the spreading of the cost of large

1 capital expenses over larger groups of customers so as to provide more affordable
2 service or to mitigate rate shock. As noted by IAWC Witness Rea, this type of pricing
3 benefits all customers in the long-run. Rea, p. 15, ll. 12-20.

4 While the Company maintains two (2) area rates for other customer classes,
5 all SFR customers are charged under a single state-wide rate. Given the
6 Commission's historical approval of state-wide system-rates specific to SFR
7 customers, I have concerns that un-doing this system at this time could result in
8 unintended consequences and impacts between customers. To unwind this system
9 will result in rate increases for some and rate decreases for others, just as is evidenced
10 by Mr. Seelye's proposed division of the SFR class.

11 Further, while Mr. Seelye's recommendation is limited to the SFR class, to
12 follow his arguments through to conclusion would require application to retail
13 customers as well, which would result in further development of and a movement
14 towards area specific rates. This would effectively require the IAWC service area to
15 be completely segregated into at least two areas, and individual area COSS performed
16 and rates set, requiring more time and resulting in even greater rate case expense.
17 Again, as noted by IAWC Witness Rea, one of the key advantages of consolidated
18 pricing is lower administrative and regulatory costs. Rea, pp. 15-16.

19 If the Commission agrees with Mr. Seelye, then the more appropriate course
20 of action is to require the Company to file its next case on an area or regional basis,
21 but such a filing should also demonstrate the impact to customers of unwinding the
22 previous consolidation of customers. While I have not quantified the numbers myself,

1 common sense would tell us such an action will result in significant swings in charges
2 between customer groups that likely would not align with the public interest.

3 **39. Q. IN YOUR OPINION, WHAT IS THE LONG-TERM CONSEQUENCE**
4 **WERE THE COMMISSION TO REQUIRE THE COMPANY TO MOVE**
5 **FURTHER TO AREA SPECIFIC RATES?**

6 A. Were the Commission to require the Company to develop and file area
7 specific tariffs, there will be immediate winners and losers as subsidies are corrected.
8 Not only that, but in the long-term, it is possible that those that paid the historic
9 subsidy to other areas would not have the opportunity for that subsidy to be returned.
10 For example, if Area A has historically subsidized Area B via the application of a
11 consolidated rate, and then the Commission segregates these areas and adopts area
12 specific rates, the customers in Area A will never see the subsidy returned from Area
13 B. This would result in higher costs, in aggregate, for Area A customers which is not
14 equitable.

15 While the Commission is tasked with developing just and reasonable rates, it
16 must also consider what such unwinding of a consolidated cost of service might do,
17 both in the near and long term.

18 **F. ALLOCATION OF DSIC REVENUE REQUIREMENT**

19 **40. Q. PLEASE SUMMARIZE YOUR UNDERSTANDING OF THE**
20 **VARIOUS POSITIONS OF THE INTERVENING WITNESSES SPECIFIC TO**
21 **THE ALLOCATION OF DSIC RELATED COSTS WITHIN THIS**
22 **PROCEEDING?**

1 A. Ms. York agrees with the Company's method of allocating DSIC related
2 revenue requirements via the base-extra capacity allocation method and then
3 recovering these allocated revenue requirements via the fixed monthly charge. York,
4 pp. 21-22. Ultimately, Ms. York concludes that this treatment is consistent with
5 Indiana Code 8-1-31-8. While not specifically discussing the DSIC revenue
6 requirement, Mr. Mierzwa does indicate that, in his opinion, the monthly customer
7 charge specific to Residential customers should not be increased, which ultimately
8 leads me to conclude that he disagrees with the Company's proposal to recover
9 allocated DSIC revenue requirements via the monthly fixed charge. Mierzwa, p 30, ll.
10 1-2. Finally, while Mr. Seelye agrees with the recovery of DSIC related costs as a
11 fixed charge, he disagrees with the Company's proposed allocation of DSIC related
12 cost via its inclusion in the COSS. In his opinion, Indiana Code defines such costs as
13 customer-related, and they should be classified solely as customer-related within the
14 COSS. Seelye, p. 4, ll. 26-37.

15 **41. Q. WHAT IS YOUR RESPONSE TO THE ARGUMENTS SUMMARIZED**
16 **ABOVE?**

17 A. I disagree with Mr. Mierzwa's position that the recovery of DSIC related costs
18 not be included within the fixed customer charge. DSIC related costs are already
19 recovered as a fixed charge consistent with the Settlement in Cause No. 44450 (Cause
20 No. 44450, Final Order, Paragraph 8(E), Page 15.) This treatment is also consistent
21 with Indiana Code 8-1-31-8(a), which states: "the adjustment shall be calculated as a
22 fixed monthly charge based upon meter size." The statute clearly intends for these
23 monies to be recovered in the fixed monthly charge. As these amounts have

1 historically been recovered as a fixed monthly charge, it follows that this treatment
2 should continue on a going-forward basis. Failure to do so could result in confusing
3 price signals to customers as some customer's monthly bill will go down while others
4 would go up, simply associated with the recovery of DSIC related costs. In my
5 opinion, the recovering of DSIC related costs should be consistent with the
6 requirements of the Code.

7 Specific to the allocation of DSIC related costs, I agree with Ms. York that it
8 appears that the DSIC related costs should be included in rate base and flow through
9 the cost allocation process in accordance with the COSS treatment of each plant
10 account. I am not an attorney, but in my expert opinion as a rate analyst, it could be
11 interpreted that this treatment is contemplated in Indiana Code 8-1-31-15, which
12 states:

13 An eligible utility for which the commission has approved a petition under
14 section 8 or 10 of this chapter shall file revised rate schedules resetting the
15 adjustment amount if new basic rates and charges become effective for the
16 eligible utility following a commission order authorizing a general increase in
17 rates and charges that includes in the utility's rate base eligible infrastructure
18 improvements reflected in the adjustment amount. (emphasis added).
19

20 The statute indicates that the DSIC related costs will be included within rate base, and
21 thus would be subject to the cost allocation methodology as it is applied to each plant
22 account and rate base item.

23 However, Mr. Seelye is also correct in that DSIC related costs have been
24 treated as a "customer-related" expense, having been allocated and recovered as a
25 fixed charge based on meter equivalents. While the Company is still proposing to
26 recover these dollars via the fixed charge, the inclusion of DSIC related costs in rate

1 base and flowing them through the cost allocation process does shift the allocation of
2 these costs. This may be an unintended consequence of the construct of the Code, but
3 an important element for the Commission to consider. If the Commission determines
4 that the allocation of DSIC related costs should be consistent with how such costs
5 have historically been recovered, then Mr. Seelye is correct and the DSIC related
6 costs should not flow through the COSS.

7 **G. COSS AND RATE RECOMMENDATION**

8 **42. Q. BASED ON THE RECOMMENDATIONS IN YOUR DIRECT AND**
9 **CROSS-ANSWERING TESTIMONY, WHAT OVERALL COST OF SERVICE**
10 **ARE YOU RECOMMENDING THE COMMISSION ADOPT WITHIN THIS**
11 **PROCEEDING?**

12 A. Table 4 below reflects my recommended cost of service based on my direct
13 and cross-answering testimony. However, numerous witnesses have recommended a
14 variety of adjustments in this proceeding, including reductions in Vectren South's
15 overall revenue requirement, which I have not fully analyzed or addressed in
16 testimony. To the extent the Commission finds such adjustments appropriate, then the
17 impact of the adjustments must also flow through the amended cost of service
18 methodology prior to producing a final allocated cost of service in this proceeding.
19

Table 4
Recommended Changes to Overall Revenue Requirements / COSS

Class	COSS (11/19)	COSS (Ekrut)	Variance	
			\$	%
Residential	\$ 127,879,258	\$ 126,446,644	(\$ 1,432,613)	(1.12%)
Commercial	55,513,462	53,362,681	(2,150,782)	(3.87%)
Industrial	21,146,693	23,501,793	2,355,100	11.14%
OPA	11,144,775	10,978,717	(166,058)	(1.49%)
SFR	18,146,090	13,298,286	(4,847,803)	(26.72%)
Private Fire	3,142,432	2,675,460	(466,973)	(14.86%)
Public Fire	18,476,503	16,493,728	(1,982,775)	(10.73%)
Total	\$ 255,449,213	\$ 246,757,309	(\$8,691,903)	(3.40%)

43. Q. HOW DOES YOUR RECOMMENDED COSS SPECIFIC TO SFR CUSTOMERS COMPARE TO THE COMPANY'S REQUESTED REVENUE INCREASE IN THIS PROCEEDING?

A. As noted in Table 5 below, IAWC requested an overall revenue increase of 24.5% specific to SFR customers. However, had IAWC relied fully on its COSS in setting rates for SFR customers, a revenue increase of 69.9% would have been required to fully align SFR revenues with the IAWC determined COSS.

After adjusting for all of my recommendations, my COSS results in roughly the same recommended 24.5% revenue increase for SFR customers as originally requested by IAWC. However, while IAWC's COSS would require substantially greater rate increases to fully align SFR revenues with IAWC's COSS, my calculations show that the increase proposed by IAWC fully aligns the SFR class with its COSS as of this proceeding, and results in no excess revenue or subsidization by other classes.

Table 5

Comparison of SFR Current Revenues, IAWC COSS, and Ekrut COSS

SFR Revenues under Current Rates	\$ 10,683,581
IAWC Proposed Revenues	13,301,524
Total Increase (\$)	\$ 2,617,943
Total Increase (%)	24.5%
IAWC Proposed SFR COSS	\$ 18,146,090
IAWC COSS above Current Revenues (\$)	\$ 7,462,509
IAWC COSS above Current Revenues (%)	69.9%
Ekrut Proposed SFR COSS	\$ 13,298,286
Ekrut COSS above Current Revenues (\$)	\$ 2,614,705
Ekrut COSS above Current Revenues (%)	24.5%

44. Q. WHAT RATES ARE NEEDED TO SUPPORT THE SFR COSS?

A. Table 6 below presents a comparison of the Company's requested rates at Step 2 with the rates needed to support my calculated COSS. As illustrated in the Table, there is only a small differential in my calculated rates based on COSS and the Company's requested rates.

Table 6
IAWC Requested Step 2 Rates versus Ekrut COSS SFR Rates

	IAWC Step 2 SFR Rates	Ekrut Calculated Step 2 SFR Rates (Based on COSS)	\$ Decrease
Fixed Customer Charge:			
5/8 inch	\$27.55	\$ 27.40	(\$ 0.15)
3/4 inch	38.93	38.71	(0.22)
1 inch	49.55	49.27	(0.28)
1 1/2 inch	78.88	78.42	(0.46)
2 inch	145.37	144.53	(0.84)
3 inch	226.45	225.15	(1.30)
4 inch	350.12	348.09	(2.03)
6 inch	628.92	625.21	(3.71)
8 inch	966.25	960.50	(5.75)
10 inch	1,521.63	1,512.52	(9.11)
12 inch	2,427.32	2,412.68	(14.64)
Variable Consumption Charges: (per 1,000 gallons)			
1 st Block	\$ 3.3844	\$ 3.3605	(\$0.0239)
2 nd Block	3.1048	3.0828	(0.0220)

**45. Q. ARE YOU RECOMMENDING THAT THE RATES YOU'VE
CALCULATED IN TABLE 6 ABOVE BE ADOPTED IN THIS
PROCEEDING?**

A. No, these rates are simply to illustrate the rate levels which fully align with my calculated COSS as of today. However, as I testified earlier, there are numerous other adjustments that have been recommended which may further reduce the COSS.

Additionally, even if those adjustments did not result in any decrease to my calculated COSS for SFR customers, IAWC recognized and continued the subsidization of specific Customer Classes within its filed COSS. As noted in Heppenstall's COSS, the Company's requested rates for Residential customers continue to subsidize service to the Commercial, Industrial, OPA, and SFR classes. Given IAWC's support for this type of subsidization, I have calculated rates specific

1 to the SFR class which move the class closer to its COSS, but maintains the
2 Company's proposed subsidy.

3 **46. Q. IS MAINTAINING THIS TYPE OF SUBSIDY WITHIN THE**
4 **COMMISSION'S JURISDICTION?**

5 A. Yes. The Commission is required to set just and reasonable rates. Were the
6 Commission to require that rates be set based solely on COSS, and were the IAWC
7 COSS to be adopted in totality, SFR customers would see an increase of just under
8 70%. Clearly, such a result would be unreasonable. Continuing subsidization of one
9 class by another, while continuing to move towards COSS-based rates, can still result
10 in reasonable rates for all customers.

11 **47. Q. PLEASE ELABORATE ON HOW YOU ARRIVED AT YOUR**
12 **RECOMMENDED SFR RATE REVENUES?**

13 A. As illustrated in Attachment CDE-CA2, I have calculated the overall increase
14 in revenues needed based on my recommended revenue requirements. I then allocated
15 this increase across customer classes based on their respective percentage of the total
16 recalculated COSS. This results in a recommended \$1,614,720 in additional revenues
17 from SFR customers, a 15.11% increase over current revenues.

18 **48. Q. WHAT RATES ARE NEEDED TO SUPPORT YOUR**
19 **RECOMMENDED INCREASE OF 15.11% SPECIFIC TO SFR**
20 **CUSTOMERS?**

21 A. Table 7 below presents a comparison of the Company's requested rates at Step
22 2 with the rates needed to support my calculated revenue increase.

1
2


Table 7
IAWC Requested Step 2 Rates versus Ekrut Recommended SFR Rates

	IAWC Step 2 SFR Rates	Ekrut Calculated Step 2 SFR Rates (Recommended)	\$ Decrease
Fixed Customer Charge:			
5/8 inch	\$27.55	\$ 25.90	(\$1.65)
3/4 inch	38.93	36.58	(2.35)
1 inch	49.55	46.53	(3.02)
1 1/2 inch	78.88	73.99	(4.89)
2 inch	145.37	136.36	(9.01)
3 inch	226.45	212.59	(13.86)
4 inch	350.12	328.46	(21.66)
6 inch	628.92	589.24	(39.68)
8 inch	966.25	904.82	(61.43)
10 inch	1,521.63	1,424.28	(97.35)
12 inch	2,427.32	2,270.79	(156.53)
Variable Consumption Charges: (per 1,000 gallons)			
1 st Block	\$ 3.3844	\$ 3.1285	(\$0.26)
2 nd Block	3.1048	2.8700	(0.23)

3 49. Q. DOES THIS CONCLUDE YOUR CROSS-ANSWERING
4 TESTIMONY?
5 A. Yes, it does.

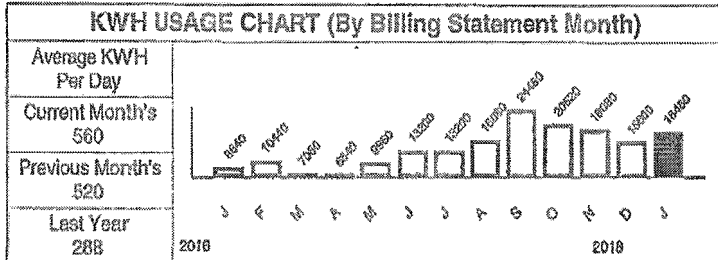
VERIFICATION

I affirm under the penalties of perjury that the foregoing testimony is true to the best of my knowledge, information, and belief as of the date here filed.


Chris Ekrut



Statement ID	8407986
Account Number	143700100
Statement Date	01/05/2018
Current Charges	\$1,788.89
Due Date	01/28/2018
Total Amount Due	\$1,788.89
Amount After the 28th	\$1,878.33



Commercial & Industrial Service Service Address: MANN RD Mooresville IN 46158

Account Number	Meter Number	Service Period From	To	Number Of Days	Meter Readings Prev	Pres	Usage
143700100	36037081	11/25/2017	12/28/2017	33	1490	1644	18480 Kwh
					.8305	.8241	.8241 Power Factor
					.3274	.3157	44.5928 Kw - Demand

Prior Billing Amount \$1,645.82

Current Charges / Adjustments Amount

Payment -- Thank You -1,645.82

Purchased Power - 18480 KWH @ 0.05059 934.90

Purchased Pwr - Metered Dmd 37.88 KW @ 9.84 372.78

Purchased Pwr - Pwr Fctr Adj 6.71 KW @ 9.84 66.01

SCI Dist Cost - Metered Dmd 37.88 KW @ 6.61 250.41

SCI Dist Cost - Pwr Fctr Adj 6.71 KW @ 6.61 44.35

Basic Service Charge 65.00

Hoosier Energy Adjustment - 18480 KWH @ 0.003 55.44

TOTAL CURRENT CHARGES 1,788.89

Metered Demand (KW): 37.884 + Power Factor Adjustment:
6.7088 = Demand Used. Excess kVARh Charge: Actual kVARh: -
Allowable kVARh: = Excess kVARh.

Return this portion with your check in the enclosed envelope

7045



Statement ID	8407986
Account Number	143700100
Current Charges Due by 01/28/2018	\$1,788.89
Current Charges Due After 01/28/2018	\$1,878.33
Amount Enclosed	

AMERICAN WATER MS #1000764 25 91
%ECOVA INC. MS4437
PO BOX 2440
SPOKANE WA 99210-2440

Make Checks Payable to South Central Indiana REMC and Mail to:

SOUTH CENTRAL INDIANA REMC
PO BOX 3100
MARTINSVILLE IN 46151-3193

**Kosciusko REMC**

A Touchstone Energy® Cooperative

Pay your bill online at: www.kremc.comContact our office at: (574) 267-6331
(800) 790-7362**Service Information**

Account Number 37073001
 Account Name INDIANA AMERICAN WATER
 Service Address 2510 SILVEUS CROSSING
 Location Number 1213004500
 Rate 02 - LP - Large Power
 Cycle 177
 Bill Type Regular Bill
 Billing Period - 30 Days From 11/26/17 To 12/26/17

Meter Information

Meter Number 118008485
 Multiplier 92
 Reading on 11/26/17 20049
 Reading on 12/26/17 20324
 Total Energy Usage (kWh) 25300

Demand Information

Reading 0.761
 Billed kW 78.292

Power Factor Information

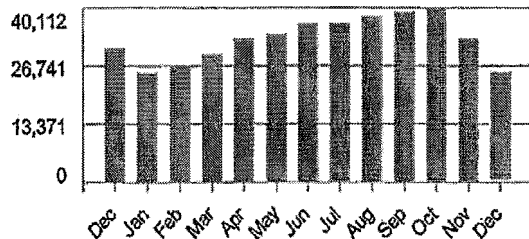
Power Factor 80.4%
 Power Factor Penalty 86.94
 Included in Demand Charge

Billing Detail

Energy Charge 1,781.88
 Tracker 25300 kWh x -0.0014 -36.31
 Demand Charge 822.07
 Service Charge 96.00

Total Current Charges \$2,663.64**Account Summary**

Bill Date 01/01/18
 Previous Amount Due \$3,189.10
 Payment Received on 12/12/17 \$3,189.10
 Balance \$0.00
 Current Charges Due By 01/17/18 \$2,663.64
 Total Due \$2,663.64

Your Electricity Use Over the Last 13 Months

Comparisons	Days Service	Total kWh	Avg kWh/Day	Cost Per Day	Avg Temp
Current Period	30	25300	843	88.79	31.0
Previous Period	31	33028	1065	102.87	37.7
Same Period Last Yr.	30	31096	1037	101.43	27.6

PLEASE DETACH AND RETURN THIS PORTION WITH PAYMENT

IN09880R

**Kosciusko REMC**

A Touchstone Energy® Cooperative

370 S 250 E
 Warsaw, IN 46582
 (574) 267-6331 or (800) 790-7362
 Address Service Requested

Cashier's Receipt

Account Number	Due Date	Due Now
37073001	01/17/18	\$2,663.64
Cycle	Bill Date	After Due Date Pay
177	01/01/18	\$2,746.87
Service Address	2510 SILVEUS CROSSING	

Enter Amount Paid _____

*****SINGLP



INDIANA AMERICAN WATER
 ECOVA, INC MS 4437
 PO BOX 2440

228

1

KOSCIUSKO REMC
 PO BOX 4838
 WARSAW IN 46581-4838

0029785012

**Jackson County REMC**

P.O. Box K

Brownstown, IN 47220-0311

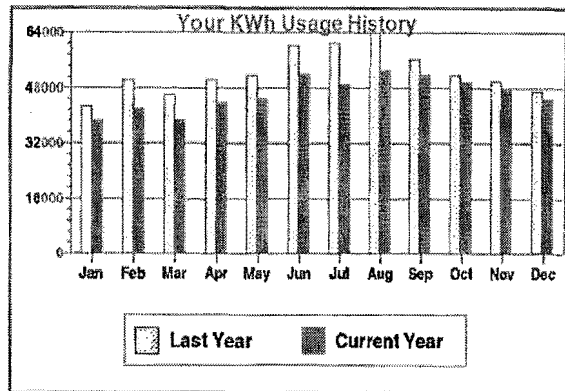
A Touchstone Energy Cooperative

Office Hours: Monday - Friday 7:30 AM - 4:30 PM**Phone: (812) 358-4458 Toll Free: (800) 288-4458****Pay by Phone (888) 999-8816****Pay Online: www.jacksonremc.com**

13020 1 MB 0.420 4 13020
 INDIANA AMERICAN WATER CO C-38 P-47
 %ECOVE INC -MS 4437 SITE #1000700
 PO BOX 2440
 SPOKANE WA 99210-2440

Billing Date 12/26/2017

Account 29785012



Rate		Cycle	Service Address			Service Description		
G +		01	7600 N COUNTY RD 700 E			INAWC-SEYMOUR WELL FIELD		
From	To	Number of Days	Meter Number	Meter Readings		Multiplier	kWh Usage	Security Lights
11/17	12/17	30	61057	47947	48395	100	44,800	0
Current Charges Detail					Account Summary			
Basic Service Charge			\$	55.00	Previous Balance		\$	4,418.93
Energy Charge (40,080 kWh @ 0.087900 per kWh)				3,523.03	Payment Received			-4,418.93
Energy Charge (4,720 kWh @ 0.056600 per kWh)				267.15	Balance Forward		\$	0.00
Power Cost Adj (44,800 kWh @ 0.007575 per kWh)				339.36	Current Charges			4,544.11
KW Charge (133.60 kW @ 2.50 per kW)				334.00	Current Balance		\$	4,544.11
KVAR Charge (73.06 kVar @ 0.35 per kVar)				25.57				
Current Charges			\$	4,544.11				
A late charge will be added if payment is not in the office by the due date, seventeen days after the bill is first mailed. Register any questions about this bill prior to the due date.					Amount Due By 01/17		\$	4,544.11
					Amount Due After 01/17/2018		\$	4,680.64

-----DETACH AND RETURN THIS PORTION WITH PAYMENT-----

**Jackson County REMC**

P.O. Box K

Brownstown, IN 47220-0311

A Touchstone Energy Cooperative

Amount Due By 01/17	\$ 4,544.11
Amount Due After 01/17/2018	\$ 4,680.64

Our records indicate your telephone number is: (866) 322-4547
 Please provide us with the correct number if the above is not correct.



INDIANA AMERICAN WATER CO

Account No. 29785012

JACKSON COUNTY REMC
 PO BOX K
 BROWNSTOWN IN 47220-0311

01



EKRUT PROPOSED REVENUE RECOVERY BY CLASS								
ITEM	COST OF SERVICE	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	PUBLIC	Sales For Resale	FIRE PROTECTION	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	PRIVATE	PUBLIC
							(8)	(9)
Revenues under Current Rates	\$ 216,795,255	\$ 114,442,634	\$ 44,753,923	\$ 14,441,487	\$ 7,964,354	\$ 10,683,581	\$ 4,444,788	\$ 20,064,488
IAWC Proposed Revenues	\$ 255,447,981	\$ 133,316,835	\$ 53,015,894	\$ 17,980,993	\$ 9,585,009	\$ 13,301,524	\$ 4,889,421	\$ 23,358,305
Proposed % Increase	17.83%	16.49%	18.46%	24.51%	20.35%	24.50%	10.00%	16.42%
Ekrut COS	\$ 246,757,309	\$ 126,446,644	\$ 53,362,681	\$ 23,501,793	\$ 10,978,717	\$ 13,298,286	\$ 2,675,460	\$ 16,493,728
Required Increase (%)	13.82%							
Required Increase (\$)	\$ 29,962,054							
% of Total Ekrut COS		51.24%	21.63%	9.52%	4.45%	5.39%	1.08%	6.68%
Allocation of Increase	\$ 29,962,054	\$ 15,353,552	\$ 6,479,466	\$ 2,853,662	\$ 1,333,071	\$ 1,614,720	\$ 324,863	\$ 2,002,721
Proposed Revenues	\$ 246,757,309	\$ 129,796,186	\$ 51,233,389	\$ 17,295,149	\$ 9,297,425	\$ 12,298,301	\$ 4,769,651	\$ 22,067,209
Proposed % Increase		13.42%	14.48%	19.76%	16.74%	15.11%	7.31%	9.98%
Excess Revenue / (Subsidy)	\$ -	\$ 3,349,542	\$ (2,129,292)	\$ (6,206,644)	\$ (1,681,292)	\$ (999,985)	\$ 2,094,191	\$ 5,573,480