

FILED
February 16, 2024
INDIANA UTILITY
REGULATORY COMMISSION

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

IURC
PETITIONER'S
EXHIBIT NO. 7-30-24
DATE AT REPORTER

ON BEHALF OF
MARYSVILLE-OTISCO-NABB WATER CORPORATION

1 **1. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2 a. The purpose of my testimony is to respond to the pre-filed testimony of the
3 Indiana Office of Utility Consumer Counselor (“OUCC”) witnesses Thomas W.
4 Malan and Shawn Dellinger with regard to their findings related to Marysville-
5 Otisco-Nabb Water Corporation (“MON”)’s financing for its rate increase
6 proposed in MON’s rate increase petition (the “Petition”).

7 **2. WHAT DID YOU DO TO FORM THE OPINIONS IN YOUR TESTIMONY?**

8 a. I reviewed the pre-filed testimony of Thomas W. Malan and Shawn Dellinger and
9 compared that testimony to the Petition and the data and calculations supporting
10 the Petition. I also re-reviewed my independent accountant’s report to confirm
11 calculations.

12 **3. DO YOU AGREE WITH THE PROPOSED CHANGES AND CORRECTIONS TO**
13 **YOUR ORIGINAL TESTIMONY AND INDEPENDENT ACCOUNTANT’S**
14 **REPORT MADE BY MR. MALAN AND MR. DELLINGER ON BEHALF OF**
15 **OUCC?**

16 a. I agree with many, but not all, of the proposed changes and corrections. Many
17 corrections or changes are nominal such that they do not have any material impact
18 on MON’ s Petition. My opinions on all changes and proposed corrections are
19 below.

20 **4. DO YOU AGREE WITH OUCC’S RECLASSIFICATION OF LATE FEES AS**
21 **OTHER REVENUE?**

- a. Yes, I agree that late fees are a percentage of water revenue and would likely increase as rates increase. Reclassification of late fees appears to have no impact on the recommended increase in revenues.

5. DO YOU AGREE WITH OUCC'S EXCLUSION OF \$177,763 IN ITS RESPONSE TO MON'S PRO FORMA OPERATING EXPENSE?

- a. Yes.

6. DO YOU AGREE WITH OUCC'S CHARACTERIZATION OF CERTAIN EXPENSES AS CAPITAL EXPENDITURES TO BE INCLUDED IN THE E&R REQUIREMENT AS OPPOSED TO CONTRACTUAL SERVICES- REPAIRS AND MAINTENANCE EXPENSES?

- a. Yes, because there is no disagreement about the propriety of the expenses but only their classification.

7. DO YOU AGREE WITH OUCC'S DECREASE IN PRO FORMA OPERATING EXPENSE FROM \$906,203 TO \$850,267?

- a. In large part, yes. Most of the \$55,936 decrease in operating expenses is the recharacterization of repairs and maintenance expenses. The OUCC states that the decrease in operating expenses is offset by an increase in E&R expenditures of \$50,145. The remaining difference of \$5,791 consists of costs OUCC acknowledges should be recovered through tap fees, as a capital expense.

8. DO YOU AGREE WITH THE OUCC'S DECREASE TO SALARY AND WAGE EXPENSE IN THE AMOUNT OF \$1,571 BY WAY OF TAP FEE LABOR COST RECOVERY?

- 44 a. Yes, I agree with this decrease and the calculation of the amount of decrease. The
45 Petition originally did not contemplate recovery of costs through tap fees.

46 **9. DO YOU AGREE WITH THE OUCC'S REMOVAL OF THE TRANSPORTATION**
47 **EXPENSE IN THE AMOUNT OF \$582 DUE TO A MILEAGE EXPENSE**
48 **ADJUSTMENT IN CONJUNCTION WITH THE TAP FEE LABOR**
49 **ADJUSTMENT?**

- 50 a. Yes.

51 **10. DO YOU ACCEPT OUCC'S RECHARACTERIZATION OF THE BOOSTER**
52 **PUMP (AMORTIZED) FROM CONTRACTUAL SERVICES- REPAIRS AND**
53 **MAINTENANCE TO CAPITAL E&R REVENUE REQUIREMENT AND THE**
54 **CORRESPONDING DECREASED PROPOSED TANK MAINTENANCE**
55 **EXPENSE FROM \$31,485 TO \$29,818?**

- 56 a. Yes, this recharacterization has no impact on the overall revenue requirement.

57 **11. DO YOU AGREE WITH THE OUCC'S REDUCTION TO OPERATING**
58 **EXPENSES IN THE AMOUNT OF \$3,367 TO REMOVE FROM MON'S PRO**
59 **FORMA THE COSTS ASSOCIATED WITH THE CHARLESTOWN- MEMPHIS**
60 **ROAD INSTALLATION 4-INCH MAIN PROJECT, WHICH IS COMPRISED OF**
61 **\$1,813 OF CONTRACTUAL SERVICES FROM RICHARD HENDERSON, INC.,**
62 **AND \$1,554 IN MATERIALS AND SUPPLIES?**

- 63 a. This expenditure does not have a significant impact on the revenue requirement or
64 the requested percentage increase in rates. MON considered this expenditure a
65 repair because the work was performed to replace a small section of a water main
66 and was not new construction. Accordingly, capitalization of this expense is a

matter of judgment. Nevertheless, because the decrease is nominal, MON is willing to accept the OUCC's recommendation to reduce the costs associated with this water main.

12. DO YOU AGREE WITH THE OUCC'S INCLUSION OF TANK MAINTENANCE COSTS IN THE AMOUNT OF \$48,479 AS A CAPITAL COST WITHIN THE E&R REVENUE REQUIREMENT?

- a. Yes, because there is no disagreement about the propriety of the expenses but only their classification.

13. DO YOU AGREE WITH THE OUCC'S RECOMMENDATION TO DEPOSIT ALL FUNDS COLLECTED IN ASSOCIATION WITH NEW TANK MAINTENANCE INTO A RESTRICTED ACCOUNT FOR TANK PAINTING?

- a. I disagree with this recommendation. Creating a restricted account for one item is unnecessary because MON pledges to use all revenues to satisfy each of the revenue requirements. The administrative burden to maintain and report on funding one expense outweigh the perceived benefit. In essence, all of MON's resources are restricted so as to satisfy the revenue requirements.

14. DO YOU AGREE WITH THE OUCC'S RECOMMENDATION TO ADJUST THE E & R REVENUE REQUIREMENT BY \$50,145 FOR A TOTAL REQUIREMENT OF \$172,567, WITH SUCH INCREASE OFFSET BY A REDUCTION TO CONTRACTUAL SERVICES EXPENSES INCLUDING BOOSTER PUMPS AND TANK IMPROVEMENTS?

- a. Yes, this recommendation has no impact on the applicable revenue requirement.

89 **15. DO YOU SHARE THE CONCERNS OF THE OUCC WITH REGARD TO**
90 **AFFORDABILITY FOR MON'S CUSTOMERS?**

- 91 a. No. The recommended increase was based on historical data, and was adjusted for
92 fixed, known, or measurable changes during the forecast period.

93 **16. DO YOU AGREE WITH OUCC'S RECOMMENDATION TO ORDER A**
94 **BLANKET RATE INCREASE OF 29.14% TO GENERATE AN INCREASE OF**
95 **\$271,323 ANNUALLY IN OPERATING REVENUE?**

- 96 a. No. Although both the percentage and revenue increase proposed by OUCC are
97 consistent with the tables put forth in the testimony of Thomas W. Malan, the
98 repayment period of 35 years as proposed by the OUCC is not appropriate for an
99 above-ground project financed by an SRF loan. In using an annual debt service of
100 \$230,000 and an annual debt service reserve requirement of \$46,000, the overall
101 increase in rates should be 37.53%, generating additional revenue of \$349,437.

102 **17. DO YOU AGREE WITH MON'S PROPOSAL TO INCREASE THE**
103 **APPLICABLE INTEREST RATE FROM 4% TO 4.73%?**

- 104 a. Yes, for the most part. The interest rate used in the study was the best-known rate
105 for such indebtedness when the case was filed. I agree the final interest rate for
106 the borrowing will likely be higher than the 4% estimate. Typically, adjustments
107 of this type are addressed in a true-up filing once funding is secured.

108 **18. DO YOU AGREE WITH THE REMOVAL OF CERTAIN NON-CONSTRUCTION**
109 **COSTS INCLUDED IN THE BORROWING AND AS A REVENUE**
110 **REQUIREMENT?**

- 111 a. Yes. There are certain non-construction costs related to USDA-RD financing in
112 the Petition that should have been removed if MON obtains SRF financing.

113 **19. DO YOU AGREE WITH THE EXCLUSION OF REGULATORY ASSISTANCE,**
114 **ADMINISTRATIVE (GENERAL), LOCAL ATTORNEY, AND RATE**
115 **CONSULTANT COSTS TOTALING \$100,000 AS NON-CONSTRUCTION COSTS**
116 **AND THE RECHARACTERIZATION OF THOSE COSTS AS RATE CASE**
117 **EXPENSES?**

- 118 a. For the most part, yes. I agree those expenses are related to the rate case. The
119 primary reason for the rate case is the need for the project and financing of the
120 project. Those items are typically allowable expenses to be paid from SRF funds.
121 Allowing those expenses to be included in non-construction costs and financed by
122 the issuance of bonds or other obligations would reduce the impact on the
123 consumer. Otherwise, the \$100,000 would be amortized over the expected life of
124 the rates, which is commonly five (5) years.

125 **20. DO YOU AGREE WITH THE EXCLUSION OF BOND BANK FEES (INTERIM**
126 **CONSTRUCTION FINANCING), BOND COUNSEL FEES, INTEREST DURING**
127 **CONSTRUCTION (2%), BAN FEES, AND INTEREST DURING DESIGN COSTS**
128 **TOTALING \$139,000 AS NON-CONSTRUCTION COSTS AND**
129 **RECHARACTERIZATION OF THOSE COSTS AS FINANCING COSTS?**

- 130 a. I agree that if MON obtains SRF financing, these costs would not be incurred for
131 the project.

132 **21. DO YOU AGREE WITH THE REMOVAL OF COSTS ASSOCIATED WITH RD**
133 **FINANCING AND NOT WITH SRF FINANCING, AND DO YOU ACCEPT**
134 **OUCC'S REASONING FOR THE REMOVAL OF SUCH COSTS?**

- 135 a. Yes. The costs listed in Table SD-4, contained within Mr. Dellinger's testimony,
136 would not be incurred if the project is funded by an SRF loan.

137 **22. DO YOU AGREE WITH OUCC'S ESTIMATED ANNUAL DEBT SERVICE**
138 **PAYMENT OF \$161,856, ROUNDED TO \$165,000, SUBJECT TO A TRUE-UP?**

- 139 a. The OUCC has proposed a loan term of 35 years. SRF will typically issue notes
140 for 35-year terms only if the asset to be constructed is underground. Because the
141 tank is above ground, a 20-year term would be more appropriate. Using the same
142 assumptions as in the rate study (semi-annual payments with interest-only for one
143 year during the construction period), I estimate annual debt service requirements
144 to be approximately \$230,000. I agree that a true-up would be necessary once
145 funding is secured.

146 **23. DO YOU AGREE WITH THE OUCC'S PROPOSED DEBT SERVICE RESERVE**
147 **REVENUE REQUIREMENT OF \$33,000?**

- 148 a. The debt service reserve revenue requirement depends on the debt issued. If the
149 debt is reduced, so would the debt service requirement. Assuming a 20-year
150 payment term, it is my opinion that the annual debt service reserve requirement
151 would be closer to \$46,000 for SRF financing. Note that the proposed funding in
152 the Independent Accountant's Compilation Report includes both the tank and the
153 water main projects. The debt service reserve of \$33,000 includes only the tank
154 project.

VERIFICATION

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

Tracy Wyne CPA, CFE

Tracy Wyne, CPA, CFE

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been electronically served upon the following via e-mail, the agreed method of service for this proceeding, on February ¹⁶, 2024:

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/s/ Darren A. Craig
Darren A. Craig

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Cause Number: 45955

Petitioner Name: MARYSVILLE-OTISCO-NABB WATER CORPORATION

Document Name: REBUTTAL WORKPAPERS OF TRACY WYNE

FILED
February 23, 2024
INDIANA UTILITY
REGULATORY COMMISSION

MARYSVILLE-OTISCO-NABB WATER CORPORATION

Historical and Forecasted Statements of Income at Current Rates

	Year Ended 12/31/2022		Adjustments	Year Ending 12/31/2023
Sales Revenue				
Water Sales	\$ 911,659	(2)	12,272	\$ 923,931
Late Payment Fees	7,109			7,109
Service Fees	10,878		-	10,878
Reconnect Fees	2,350		-	2,350
Total Sales Revenue	931,996		12,272	944,268
Operating Expenses				
Purchased Water	413,604	(3)	7,157	420,761
Fuel for Pumping	3,758			3,758
Salaries, Wages, and Payroll Taxes	243,572	(5)	7,068	250,640
Contract Services:				
Accounting	24,747	(1)	(5,490)	19,257
Repairs and Maintenance	36,625	(6)	48,479	116,589
		(7)	31,485	
OUCR Recommendations - O&M	-		(4,219)	(4,219)
OUCR Recommendations - E&R	-		(50,145)	(50,145)
Other	7,603			7,603
Dues and Fees	4,866	(8)	301	5,167
Depreciation	177,763			177,763
Transportation	10,824			10,824
Supplies	19,099	(1)	(1,791)	17,308
Repairs	16,862			16,862
Insurance	13,037	(4)	(2,023)	11,014
Office Utilities and Telephone Expense	12,422			12,422
Water Sampling	3,400			3,400
Directors' Compensation	7,000			7,000
Bad Debt Recovery	(186)	(1)	186	-
Miscellaneous	2,028		-	2,028
Total Operating Expenses	997,024		31,008	1,028,032
Net Operating Income	(65,028)		(18,736)	(83,764)
Other Income (Expense)				
Interest Earned	970		-	970
Non-Operating Income	4,672		-	4,672
Total Other Income (Expense)	5,642		-	5,642
Net Income (Loss)	\$ (59,386)		\$ (18,736)	\$ (78,122)

MARYSVILLE-OTISCO-NABB WATER CORPORATION

Forecasted Statements of Income at Current and Required Rates

	Year Ending 12/31/2023		Adjustments	Year Ending 12/31/2023
Sales Revenue				
Water Sales	\$ 923,931	(9)	\$ 584,602	\$ 1,508,533
Late Payment Fees	7,109		-	7,109
Service Fees	10,878		-	10,878
Reconnect Fees	2,350		-	2,350
Total Sales Revenue	944,268		584,602	1,528,870
Operating Expenses				
Purchased Water	420,761		-	420,761
Fuel for Pumping	3,758		-	3,758
Salaries, Wages, and Payroll Taxes	250,640		-	250,640
Contract Services:				
Accounting	19,257		-	19,257
Repairs and Maintenance	116,589		-	116,589
Other	7,603		-	7,603
OUCR Recommendations - O&M	(4,219)		-	(4,219)
OUCR Recommendations - E&R	(50,145)		-	(50,145)
Dues and Fees	5,167		-	5,167
Depreciation	177,763		-	177,763
Transportation	10,824		-	10,824
Supplies	17,308		-	17,308
Repairs	16,862		-	16,862
Insurance	11,014		-	11,014
Office Utilities and Telephone Expense	12,422		-	12,422
Water Sampling	3,400		-	3,400
Directors' Compensation	7,000		-	7,000
Bad Debt Recovery	-		-	-
Miscellaneous	2,028		-	2,028
Total Operating Expenses	1,028,032		-	1,028,032
Net Operating Income	(83,764)		584,602	500,838
Other Income (Expense)				
Interest Earned	970		-	970
Non-Operating Income	4,672		-	4,672
Total Other Income (Expense)	5,642		-	5,642
Net Income (Loss)	\$ (78,122)		\$ 584,602	\$ 506,480

MARYSVILLE-OTISCO-NABB WATER CORPORATION

Forecasted Schedule of Cash Flows and Revenue Requirements and Required Increase in Rates and Charges

	Forecasted at Current for <u>12/31/2023</u>	Forecasted at Required for <u>12/31/2023</u>
Net Income (Loss)	\$ (78,122)	\$ 506,480
Add back: Depreciation and Amortization	<u>177,763</u>	<u>177,763</u>
Forecasted Annual Cash Provided by Operations	99,641	684,243
Forecasted Annual Cash Requirements Other Than Operations:		
Extensions and Replacements	172,567	172,567
Average Annual Debt Service - Proposed	425,520	425,520
Debt Service Reserve - Proposed	<u>85,300</u>	<u>85,300</u>
Total Forecasted Annual Cash Requirements Other Than Operations	<u>683,387</u>	<u>683,387</u>
Forecasted Annual Cash Flow (Deficit)	(583,746)	<u>\$ 856</u>
Additional IURC fee at 0.1467603%	<u>(857)</u>	
Total Forecasted Annual Cash Flow (Deficit)	(584,602)	
Forecasted Rate Sensitive Revenue at Current Rates	<u>931,040</u>	
Required Increase in Rates	<u>62.79%</u>	

MARYSVILLE-OTISCO-NABB WATER CORPORATION

Adjustment 1

The following items of income and expense for the year ended December 31, 2022, are considered non-recurring and have been eliminated in this forecast.

Preliminary Rate Consultation	<u>\$ 5,490</u>
Computer Repairs and Equipment	<u>\$ 1,791</u>
Bad Debt Recovery	<u>\$ 186</u>
OUCC Recommendations:	
Contractual Services - Capitalize item previously considered a repair	<u>\$ (1,813)</u>
Material and Supplies - capitalize item previously considered a repair	<u>\$ (1,554)</u>
Mileage Recovered through Tap Fees	<u>\$ (582)</u>
Miscellaneous	<u>\$ (270)</u>

MARYSVILLE-OTISCO-NABB WATER CORPORATION

Adjustment 2

During the test year, 30 customers were added. Revenue for the test year has been normalized based on current average monthly billings experienced during the year ended December 31, 2022, as reported in the Utility's annual report to the IURC.

	Monthly Customer Growth	Unbilled Months	Total Months Unbilled	Average Monthly Bill	Revenue
January	1	-	-	34.86	\$ -
February	3	1	3	34.86	105
March	3	2	6	34.86	209
April	5	3	15	34.86	523
May	4	4	16	34.86	558
June	2	5	10	34.86	349
July	4	6	24	34.86	837
August	-	7	-	34.86	-
September	2	8	16	34.86	558
October	-	9	-	34.86	-
November	2	10	20	34.86	697
December	4	11	44	34.86	1,534
Total normalized income for customers added during the year ended December 31, 2022					<u>\$ 5,370</u>

In addition, annual customer growth is expected to be 31 customers, the average customer growth for the previous three calendar years as reported in the IURC Annual Reports. Forecasted monthly water revenue is based on the average monthly billing experienced during the year ended December 31, 2022, as reported in the Utility's annual report to the IURC, and has been computed assuming the customers will be added evenly over the forecast period.

	Monthly Customer Growth	Months Billed	Increase Months Billed	Average Monthly Bill	Revenue
January	2	12	24	34.86	\$ 837
February	3	11	33	34.86	1,150
March	2	10	20	34.86	697
April	3	9	27	34.86	941
May	2	8	16	34.86	558
June	3	7	21	34.86	732
July	3	6	18	34.86	627
August	3	5	15	34.86	523
September	2	4	8	34.86	279
October	3	3	9	34.86	314
November	2	2	4	34.86	139
December	3	1	3	34.86	105
Forecasted increase in water revenue from customer growth					<u>\$ 6,902</u>

Total forecasted increase in water revenues for the year ending December 31, 2023 \$ 12,272

MARYSVILLE-OTISCO-NABB WATER CORPORATION

Adjustment 3

Purchased water will increase due to the normalization and forecasted adjustment in water revenue and increases in other charges from one of its suppliers. It has been assumed that the Corporation's water loss will remain the same as experienced during the test year.

Forecasted additional customer billings (See Adjustment 2)	352
Average monthly usage - test year (1,000 gal.)	<u>5,000</u>
Forecasted increase in gallons billed (1,000 gal.)	1,760
Divide by water loss factor (100 -24.44%) - test year	<u>0.7556</u>
Forecasted increase in gallons pumped (1,000 gal.)	2,329
Purchased water contract cost per 1,000 gallons	<u>2.548</u>
Forecasted increase in purchased water expense	<u>\$ 5,935</u>
Distribution System Improvement Charges (DSIC)	
Supplier Charge Effective May 4, 2023 per 2" Connection	\$ 63.82
Number of Connections	2
Months	<u>12</u>
Forecasted Annual DSIC	1,532
DSIC for the year ended December 31, 2022	<u>515</u>
DSIC increase	<u>\$ 1,017</u>
System Enhancement Improvements (SEI)	
Supplier Charge Effective March 8, 2023 per 2" Connection	\$ 8.54
Number of Connections	2
Months	<u>12</u>
Forecasted Annual SEI	<u>\$ 205</u>
Total Forecasted Increase in Purchased Water	<u>\$ 7,157</u>

MARYSVILLE-OTISCO-NABB WATER CORPORATION

Adjustment 4

Insurance expense is expected to decrease slightly from the test year based on current coverage and premium amounts.

Casualty Insurance Package	\$ 6,121
Commercial Automobile	2,197
Workers' Compensation	1,811
Executive Protection	<u>885</u>
Annual Insurance Costs	11,014
Insurance Expense year ended December 31, 2022	<u>13,037</u>
Decrease in Insurance Expense	<u>\$ (2,023)</u>

MARYSVILLE-OTISCO-NABB WATER CORPORATION

Adjustment 5

Salaries have been forecasted according to a board approved wages for the calendar year 2023. The calculated increase in wages also serves as the basis for calculated increases in payroll taxes.

	Test Year Hours	Test Year OT Hours	2023 Wage Rate	Regular Wage	Overtime Wage	Stipend in Lieu of Ins.	Total
Superintendent	2,080	-	\$ 37.81	\$ 78,645	n/a	\$ 4,548	\$ 83,193
Field Staff	1,922	17.5	18.49	35,538	485	4,548	40,571
Office #1	2,021	24.0	29.41	59,438	1,059	4,548	65,045
Office #2	1,967	12.0	20.62	40,560	371	4,548	45,479
Salaries and Wages for the year ending December 31, 2023							234,288
FICA and Medicare tax (7.65%) for the year ending December 31, 2023							<u>17,923</u>
Total Salaries, Wages, and Payroll Taxes for the year ending December 31, 2023							252,211
Total Salaries, Wages, and Payroll Taxes for the year ended December 31, 2022							<u>243,572</u>
Increase in Salaries, Wages, and Payroll Taxes							8,639
Wages Recovered through Tap Fees (Malan testimony)							<u>(1,571)</u>
Updated Increase in Salaries, Wages, and Payroll Taxes							<u>\$ 7,068</u>

MARYSVILLE-OTISCO-NABB WATER CORPORATION

Adjustment 6

Maintenance is needed on the existing tanks to install compliant access ladders, handrails, and other safety devices as well as interior and exterior cleaning, and installation of a mixing system in each tank.

	Capacity (Gallons)	Estimated Maintenance Costs	Life (Years)	Annual Cost
Otisco - Elevated	250,000	\$ 231,720	10	\$ 23,172
Marysville - Elevated	75,000	253,065	10	<u>25,307</u>
Annual Requirement for Tank Maintenance				48,479
Tank Maintenance Expense for the Year Ended December 31, 2022				<u>-</u>
Additional Tank Maintenance Requirement				<u>\$ 48,479</u>

MARYSVILLE-OTISCO-NABB WATER CORPORATION

Adjustment 7

Construction of a new elevated storage tank is expected to increase annual operational costs. See Table 4-20 in the Preliminary Engineering Report. Tank Maintenance in Adjustment 6 does not include a cost for interior or exterior coatings.

Estimated electrical and other operational expenses	\$ 6,318
Estimated annual cost of booster pump replacement (15-year amortization)	1,667
Estimated annual cost of interior coatings (10-year amortization)	12,750
Estimated annual cost of exterior coatings (10-year amortization)	<u>10,750</u>
Total additional annual operational costs	<u>\$ 31,485</u>

MARYSVILLE-OTISCO-NABB WATER CORPORATION

Adjustment 8

IURC fees have been adjusted to reflect normalization and forecasted adjustments in water revenue.

Forecasted Operating Revenues for the year ending December 31, 2023, at current rates	\$ 923,931
Current IURC rate	<u>0.001467603</u>
Indicated IURC Fee at current rates	1,356
IURC fee for the year ended December 31, 2022	<u>1,055</u>
Increase at current rates	<u>\$ 301</u>

MARYSVILLE-OTISCO-NABB WATER CORPORATION

Adjustment 9

Rate sensitive revenue has been adjusted based on the required increase in rates.

Forecasted Rate Sensitive Revenue	\$ 931,040
Required Increase in Rates	<u>62.79%</u>
Increase in Rate Sensitive Revenue	<u>\$ 584,602</u>

MARYSVILLE-OTISCO-NABB WATER CORPORATION

Extensions and Replacement (E&R) Plan

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Service Vehicles	\$ -	\$ 65,663	\$ -	\$ -	\$ -
Valve Replacement	25,624	25,624	25,624	25,624	25,624
Meter Replacement	76,320	76,320	76,320	76,320	76,320
GIS Software	-	-	6,000	6,000	6,000
Security Cameras	-	13,525	-	-	-
Parking Lot Improvements	5,200	-	-	-	-
	<u>\$ 107,144</u>	<u>\$ 181,132</u>	<u>\$ 107,944</u>	<u>\$ 107,944</u>	<u>\$ 107,944</u>
Average Annual Extensions and Replacements					122,422
Reclassify from Operations to E&R (OUCC)					50,145
Updated Annual Extensions and Replacements					<u>\$ 172,567</u>

MARYSVILLE-OTISCO-NABB WATER CORPORATION

Schedule of Estimated Project Costs and Source of Funds

Construction Costs:

300,000-Gal. Elevated Storage Tank	\$ 2,803,300
8" Water Main Loop at Charlestown	3,675,900
Contingency (10%)	648,000
BABA (10%)	648,000
Total Construction Costs	<u>7,775,200</u>

Non-Construction Costs:

Preliminary Engineering Report	50,000
Design	695,000
System Modeling Updates	20,000
Bidding/Negotiating	37,000
Construction Inspection	300,000
Construction Engineering	125,000
Post-Construction	5,000
Erosion Control Plan	10,000
Soil Borings	50,000
Field Investigation and Survey	75,000
Legal/Financial Services (Engineering)	15,000
Start-up Assistance	5,000
Regulatory Assistance	20,000
Administrative (General)	10,000
Local Attorney	15,000
American Iron and Steel Compliance/BABA Compliance	15,000
Rate Consultant	60,000
Bond Bank Fee (Interim Construction Financing)	25,000
Bond Council	60,000
Interest During Construction (2%)	32,000
BAN Fee	20,000
Interest During Design	56,000
Archaeological	10,000
Total Non-Construction Costs	<u>1,710,000</u>
Total Project Costs	<u>\$ 9,485,200</u>

Source of Funds:

SRF Loan	\$ 7,980,000
Local Match	5,200
ARP Grant	<u>1,500,000</u>
Total Funding	<u>\$ 9,485,200</u>

MARYSVILLE-OTISCO-NABB WATER CORPORATION
Amortization Schedule - State Revolving Fund Loan

Date of Loan:

Terms:

Interest Rate

Monthly

4.000%

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Principal Balance</u>	<u>Annual Debt Service</u>
7/1/2024				\$ 7,980,000	
1/1/2025	53,000	4.000%	159,600	7,927,000	
7/1/2025	54,000	4.000%	158,540	7,873,000	425,140
1/1/2026	55,000	4.000%	157,460	7,818,000	
7/1/2026	56,000	4.000%	156,360	7,762,000	424,820
1/1/2027	58,000	4.000%	155,240	7,704,000	
7/1/2027	59,000	4.000%	154,080	7,645,000	426,320
1/1/2028	60,000	4.000%	152,900	7,585,000	
7/1/2028	61,000	4.000%	151,700	7,524,000	425,600
1/1/2029	62,000	4.000%	150,480	7,462,000	
7/1/2029	64,000	4.000%	149,240	7,398,000	425,720
1/1/2030	65,000	4.000%	147,960	7,333,000	
7/1/2030	66,000	4.000%	146,660	7,267,000	425,620
1/1/2031	67,000	4.000%	145,340	7,200,000	
7/1/2031	69,000	4.000%	144,000	7,131,000	425,340
1/1/2032	70,000	4.000%	142,620	7,061,000	
7/1/2032	72,000	4.000%	141,220	6,989,000	425,840
1/1/2033	73,000	4.000%	139,780	6,916,000	
7/1/2033	75,000	4.000%	138,320	6,841,000	426,100
1/1/2034	76,000	4.000%	136,820	6,765,000	
7/1/2034	78,000	4.000%	135,300	6,687,000	426,120
1/1/2035	79,000	4.000%	133,740	6,608,000	
7/1/2035	81,000	4.000%	132,160	6,527,000	425,900
1/1/2036	82,000	4.000%	130,540	6,445,000	
7/1/2036	84,000	4.000%	128,900	6,361,000	425,440
1/1/2037	86,000	4.000%	127,220	6,275,000	
7/1/2037	87,000	4.000%	125,500	6,188,000	425,720
1/1/2038	89,000	4.000%	123,760	6,099,000	
7/1/2038	91,000	4.000%	121,980	6,008,000	425,740
1/1/2039	93,000	4.000%	120,160	5,915,000	
7/1/2039	94,000	4.000%	118,300	5,821,000	425,460
1/1/2040	96,000	4.000%	116,420	5,725,000	
7/1/2040	98,000	4.000%	114,500	5,627,000	424,920
1/1/2041	100,000	4.000%	112,540	5,527,000	
7/1/2041	102,000	4.000%	110,540	5,425,000	425,080
1/1/2042	104,000	4.000%	108,500	5,321,000	

7/1/2042	106,000	4.000%	106,420	5,215,000	424,920
1/1/2043	109,000	4.000%	104,300	5,106,000	
7/1/2043	111,000	4.000%	102,120	4,995,000	426,420
1/1/2044	113,000	4.000%	99,900	4,882,000	
7/1/2044	115,000	4.000%	97,640	4,767,000	425,540
1/1/2045	117,000	4.000%	95,340	4,650,000	
7/1/2045	120,000	4.000%	93,000	4,530,000	425,340
1/1/2046	122,000	4.000%	90,600	4,408,000	
7/1/2046	125,000	4.000%	88,160	4,283,000	425,760
1/1/2047	127,000	4.000%	85,660	4,156,000	
7/1/2047	130,000	4.000%	83,120	4,026,000	425,780
1/1/2048	132,000	4.000%	80,520	3,894,000	
7/1/2048	135,000	4.000%	77,880	3,759,000	425,400
1/1/2049	138,000	4.000%	75,180	3,621,000	
7/1/2049	140,000	4.000%	72,420	3,481,000	425,600
1/1/2050	143,000	4.000%	69,620	3,338,000	
7/1/2050	146,000	4.000%	66,760	3,192,000	425,380
1/1/2051	149,000	4.000%	63,840	3,043,000	
7/1/2051	152,000	4.000%	60,860	2,891,000	425,700
1/1/2052	155,000	4.000%	57,820	2,736,000	
7/1/2052	158,000	4.000%	54,720	2,578,000	425,540
1/1/2053	161,000	4.000%	51,560	2,417,000	
7/1/2053	165,000	4.000%	48,340	2,252,000	425,900
1/1/2054	168,000	4.000%	45,040	2,084,000	
7/1/2054	171,000	4.000%	41,680	1,913,000	425,720
1/1/2055	175,000	4.000%	38,260	1,738,000	
7/1/2055	178,000	4.000%	34,760	1,560,000	426,020
1/1/2056	182,000	4.000%	31,200	1,378,000	
7/1/2056	185,000	4.000%	27,560	1,193,000	425,760
1/1/2057	189,000	4.000%	23,860	1,004,000	
7/1/2057	193,000	4.000%	20,080	811,000	425,940
1/1/2058	197,000	4.000%	16,220	614,000	
7/1/2058	201,000	4.000%	12,280	413,000	426,500
1/1/2059	205,000	4.000%	8,260	208,000	
7/1/2059	<u>208,000</u>	4.000%	<u>4,160</u>	-	<u>425,420</u>
	<u>\$ 7,980,000</u>		<u>\$ 6,917,520</u>		<u>\$ 14,897,520</u>

Maximum Annual Debt Service \$ 426,500

5-Yr Average Annual Debt Service \$ 425,520

MARYSVILLE-OTISCO-NABB WATER CORPORATION

Calculation of Annual Debt Service Reserve

Maximum Annual Debt Service - Proposed SRF	\$ 426,500
Divided by number of years to fund	<u>5</u>
Required Annual Debt Service Reserve - SRF	<u>\$ 85,300</u>

MARYSVILLE-OTISCO-NABB WATER CORPORATION

Calculation of Forecasted Debt Coverage at Current and Required Rates

	Forecasted at Current Rates Year Ending <u>12/31/2023</u>	Forecasted at Required Rates Year Ending <u>12/31/2023</u>
Net Income (Loss)	\$ (78,122)	\$ 506,480
Add back:		
Depreciation	<u>177,763</u>	<u>177,763</u>
Net Income for Debt Coverage	<u>\$ 99,641</u>	<u>\$ 684,243</u>
Forecasted Maximum Annual Debt Service		
State Revolving Fund Loan - Proposed	<u>426,500</u>	<u>426,500</u>
Coverage percentage	<u>23.36%</u>	<u>160.43%</u>

MARYSVILLE-OTISCO-NABB WATER CORPORATION

Schedule of Current and Required User Rates

(A) Basic Rate

For use of and service rendered by the waterworks system based upon the use by said waterworks system:

	<u>Charge per 1,000</u> <u>Present Rate</u>
First 2,500 gallons	\$ 7.21
Next 3,500 gallons	\$ 6.73
Next 4,000 gallons	\$ 5.78
Next 10,000 gallons	\$ 5.43
Over 20,000 gallons	\$ 5.07

(B) Minimum Monthly Charge

Each user shall pay a minimum rate in accordance with the following applical installed:

<u>Meter Size</u>	<u>Allowance</u>	<u>Minimum p</u> <u>Present Rate</u>
5/8 inch meter	2,500 gallons	\$ 18.03
3/4 inch meter	3,750 gallons	\$ 26.44
1 inch meter	6,250 gallons	\$ 43.03
1 1/2 inch meter	12,500 gallons	\$ 78.28
2 inch meter	20,000 gallons	\$ 119.00
3 inch meter	37,500 gallons	\$ 207.73
4 inch meter	62,500 gallons	\$ 334.48
5 inch meter	125,000 gallons	\$ 651.35

of water supplied

000 Gallons

	<u>Proposed Rate</u>
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\$	11.74
\$	10.96
\$	9.41
\$	8.84
\$	8.25

ble size of meter

er Month

	<u>Proposed Rate</u>
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\$	29.35
\$	43.05
\$	70.06
\$	127.45
\$	193.75
\$	338.13
\$	544.38
\$	1,060.00