

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

APPLICATION OF AMERICAN SUBURBAN)
UTILITIES, INC., FOR AUTHORITY TO) CAUSE NO. 45649-U
INCREASE RATES AND CHARGES)
THROUGH THE SMALL UTILITY)
PROCEDURE PURSUANT TO IND. CODE)
§ 8-1-2-61.5 AND 170 IAC 14-1-1 ET SEQ.)

APPLICANT'S RESPONSE TO DOCKET ENTRY REQUEST DATED 7-1-22

Applicant, American Suburban Utilities, Inc. ("ASU"), by counsel, hereby responds to the Commission's Docket Entry Request dated July 1, 2022 as follows:

QUESTIONS FOR ASU:

Request No. 1: Page 2 of ASU's attachment KS-R1, Schedule 3, includes \$39,737 as Interest and Dividend Income and \$116,814 as Nonutility Income under Other Income and Deductions. Please provide a detailed explanation why ASU excluded these amounts from its pro forma present rate Net Operating calculation.

Response: Inspection fees, in the amount of \$39,737, were a one-time revenue and are not expected to be received in the future. Other income, in the amount of \$3,750, is unreliable and an immaterial amount. In addition, should connection charges, currently in the amount of \$113,064, diminish drastically or entirely, O&M would continue, unchanged. ASU does not track expenses directly associated with connection charges. The employee that deals with connection charges would be employed regardless of connection charges.

Request No. 2: Do Officers and Directors participate the ASU's 401(k) plan? If yes, please provide a detailed explanation regarding the benefits ASU provides, including, but not limited to, the percentage of match provided and the expense incurred, if any, during the test year.

Response: Scott Lods, as a director, participates in ASU's 401(k) plan. ASU matches up to 6%. Expense is identified in ASU's response to Request No. 3 below.

Request No. 3: Shown on OUCC's workpaper labeled "General Ledger Mapping" is an amount for \$120,880.68. Please identify each pension and 401(k) program included in this expense by amount for each of the following employee classification: 1.) Other, 2.) Officers and Director.

Response: ASU has a 401(k) plan with an employer match and a maximum contribution based on a percentage of Mr. Lods' contributions. All of ASU's employer contributions are subject to the federal 401(k) contribution limits. \$35,881 is the test year pension match expense amount which is the employer match of employee contributions up to 6%. This is prior to taking it to the maximum allowed by law at the end of the year. \$85,000 was the year-end accrual max estimate

of pension expense that was intended to result in maximizing the employer contribution to employee 401K plans. ASU's third party vendor, Creative Benefits, then calculated the actual maximum in the beginning of the following year. Pension expense for officers was \$32,871.29 and for all others was \$57,728.47, totaling the actual amount expensed for accrued max of \$90,559.76.

Request No. 4: Please identify the specific positions included under the "2.81 paid employees" proposed and why these new positions are now required?

Response: ASU is not asking for the 2.81 paid additional employees. ASU was comparing our proposed staff levels to the EPA recommended staff levels.

Request No. 5: Please identify the specific positions included under the "8.49 working employees" proposed and which specific programs those employees will support.

Response: In reviewing your question, ASU found an error. We testified "8.49 working employees" when it should be "3.9 working employees." Again, ASU is not asking for this additional staff. We were simply doing the conversion of "paid employees" to "working employees" based on EPA recommendations. ASU apologizes for the confusion and plans to file a correction to Mr. Mix's testimony.

Request No. 6: On page 9 of Mr. Skomp's testimony he reflects a capital contribution of \$243,127 and no dividend paid to Mr. Lods in 2020. However, the general ledger detail reflected on OUCC Attachment SD-13 reflects a dividend paid of \$378,947.37. Please reconcile what appears to be a discrepancy.

Response: The presentation on Page 1 of OUCC Attachment SD-13 can be misleading. Page 1 of OUCC Attachment SD-13 is the Office of Utility Consumer Counselor's ("OUCC") "recap" or "summary" of the general ledger detail shown on Page 2 of OUCC Attachment SD-13. Page 1 has been prepared by the OUCC while Page 2 is from the general ledger of American Suburban Utilities, Inc. ("Utility").

The amount that the OUCC has shown as "Dividends Paid" on Page 1 is not an amount that was "paid" during the Calendar Year 2020. The amount of \$378,947.37 is the amount of a general ledger account with the title "Dividends Paid" that was recorded in the Utility's general ledger in 2015. In Calendar Year 2020, the Utility researched the origin of this "Dividends Paid" balance sheet account and discovered that it should be closed and netted into the Additional Paid-In Capital balance sheet account where other contributions and withdraws are recorded. As can be seen on Page 2 of OUCC Attachment SD-13, there is both a debit and a credit entry for \$378,947.37 in the general ledger detail. These entries are to close the "Dividends Paid" account (which came into existence in 2015) and record it in the Additional Paid-In Capital Account. By highlighting the account title "Dividends Paid" on Page 1 of OUCC Attachment SD-13, it makes it appear that an actual dividend was paid during the Calendar Year 2020. This is/was not the case. It is simply the closing of a balance sheet account entitled "Dividends Paid" that had been on the Utility's books with the same amount since 2015.

As shown on the last line of Page 2 of OUCC Attachment SD-13, the Utility's general ledger indicates that the net effect of all Utility transactions was that capital contributions into the Utility increased by \$243,127.35 during 2020. This agrees with the Mr. Skomp's testimony. Page 1 of OUCC Attachment SD-13 comes to the same conclusion, in total, but the grouping of amounts with the corresponding descriptions can be misleading.

QUESTIONS FOR OUCC:

Request No. 2: On Page 20, lines 13 – 14, Ms. Shafer states “ASU adjusted out the plus 10%, which was paid to the affiliate, in the application.” Please reference where the adjustment is in the application and provide supporting workpapers associated with this statement.

Response¹: \$29,390 of Jet Vac expense is included in the application. The 10% (\$2,939) identified as outlined above should have been adjusted out but this adjustment was not made as stated, in error.

Respectfully submitted,



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¹ ASU is providing a response to this questions per the Administrative Law Judge's instruction in a clarifying email sent to the parties.

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 13th day of July, 2022:

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