

**ORIGINAL**

| Commissioner | Yes | No | Not Participating |
|--------------|-----|----|-------------------|
| Huston       |     |    | √                 |
| Bennett      | √   |    |                   |
| Freeman      | √   |    |                   |
| Veleta       | √   |    |                   |
| Ziegner      | √   |    |                   |

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**

**PETITION OF THE CITY OF ELKHART, )  
INDIANA, FOR AUTHORITY TO )  
INCREASE ITS RATES AND CHARGES ) CAUSE NO. 46010  
FOR WATER SERVICE, AND FOR )  
APPROVAL OF NEW SCHEDULE OF ) APPROVED: FEB 27 2025  
RATES AND CHARGES APPLICABLE )  
THERE TO )**

**ORDER OF THE COMMISSION**

**Presiding Officers:  
Sarah E. Freeman, Commissioner  
Greg S. Loyd, Administrative Law Judge**

On February 5, 2024, the City of Elkhart, Indiana (“City” or “Petitioner” or “Elkhart”) filed with the Indiana Utility Regulatory Commission (“Commission”) its Petition for approval of a new schedule of rates and charges for utility service rendered by Petitioner’s water utility (“Utility”). On July 2, 2024, Petitioner pre-filed the testimony and attachments of the following witnesses: Tory Irwin, Elkhart’s City Engineer and Director of Public Works, and Andre J. Riley, Consultant to Petitioner and Principal of Baker Tilly Municipal Advisors (“BTMA”). On July 8, 2024, Petitioner filed its Amended Petition.

The Commission conducted a public field hearing in this Cause on October 1, 2024, at 6:00 p.m. at the City of Elkhart’s Council Chambers, 229 S. Second Street, Elkhart, Indiana.

On October 7, 2024, the Indiana Office of Utility Consumer Counselor (“OUCC”) filed its Notice of Settlement in Principle and Notice of Intent Not to File Contesting Testimony. On November 4, 2024, Petitioner filed the parties’ Joint Stipulation and Settlement Agreement (“Settlement Agreement”), Petitioner’s Water Master Plan Update, and settlement schedules. Also on November 4, 2024, the OUCC filed the settlement testimony of Jason T. Compton, a Utility Analyst in the OUCC’s Water and Wastewater Division.

The Commission held an evidentiary hearing in this Cause on November 19, 2024, at 10:00 a.m. in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. Petitioner and the OUCC appeared and participated in the hearing, during which Petitioner’s and the OUCC’s exhibits and testimony were admitted into the record without objection. Mr. Compton provided direct testimony and answered questions from the Commission.

Based on the applicable law and evidence presented, the Commission now finds:

**1. Notice and Commission Jurisdiction.** Notice of the hearing in this Cause was given and published as required by law. Petitioner owns and operates a “municipally owned utility” as that term is defined in Ind. Code § 8-1-2-1(h). Under Ind. Code § 8-1.5-3-8(f), Petitioner is required to obtain Commission approval of its water utility rates and charges, and under Ind. Code § 8-1.5-2-19, Petitioner is required to obtain Commission approval for the issuance of bonds, notes, or other obligations that are payable more than 12 months after execution. Therefore, the Commission has jurisdiction over Petitioner and the subject matter of this proceeding.

**2. Petitioner’s Characteristics.** Petitioner owns and operates a water utility that serves approximately 19,100 customers, including 15,186 residential customers and 3,914 non-residential customers. The Utility provided 3.22 billion gallons of water to its customers in 2023.

**3. Existing Rates, Test Year.** Petitioner’s existing rates and charges were established in the Order issued by the Commission on July 11, 2007, in Cause No. 43191. The test year for determining Petitioner’s current revenues and expenses incurred in providing service to the public is the 12-months ended October 31, 2023, adjusted for changes that are representative of current operations and sufficiently fixed, known, and measurable for ratemaking purposes.

**4. Requested Relief.** Petitioner’s case-in-chief requested approval of a three-phase revenue increase of 33.78% in the first phase, 3.89% in the second phase, and 2.67% in the third phase, for a compounded total 43.54% increase over the three phases. Petitioner further requested approval to issue waterworks revenue bonds up to the amount of \$12.815 million.

**5. Petitioner’s Case-in-Chief.**

**A. Tory Irwin.**

**i. Assets.** Mr. Irwin provided the history of the Utility as well as its assets. The Utility currently has 28 production wells and four interceptor wells spread across three wellfields. The interceptor wells supply the Utility’s three air strippers, which were put into production in 1978 with the Environmental Protection Agency’s (“EPA’s”) designation of a Superfund site located at the City’s North Main Wellfield.

The Utility has five towers, with the oldest tower being operational since 1940, and the newest being built in 2010. The other three towers were built in 1966. In addition, the Utility owns three, two-million-gallon ground storage tanks that have been in use since the 1950s and 1960s.

The Utility has 364 miles of mains with the oldest still in use since the late 1800s. Besides maintaining the mains, the Utility maintains 2,728 hydrants, 3,845 system valves (excluding the hydrant valves) and 19,269 water service lines.

Additionally, the Utility owns and maintains 29 vehicles ranging in age from 2013 to 2020 model years and four pieces of heavy equipment machinery; and the Utility shares 50/50 ownership and maintenance with the Wastewater Utility for the Public Works and Utilities administration building, as well as the maintenance, the operations, and the network buildings.

ii. **Employment at the Utility.** Mr. Irwin stated the Utility had 47 employees as of 2023, of whom 27 are members of the Teamsters Union and 7 are salary exempt with the balance of employees as hourly non-exempt.

iii. **The Need for the Rate Increase.** Mr. Irwin stated that there is a dire need to increase rates due to a number of factors. First, since the last Commission-approved increase in 2007, the rate of pay to employees has dramatically increased; and employee wages and benefits have increased by a margin not previously anticipated. Maintenance costs have gone up and, despite continuous preventative maintenance, the Utility's aging assets need increasingly expensive repairs or replacement. Furthermore, every year the Utility budgets for certain capital improvement projects, and every year the Utility fails to meet its goals due to increased costs and lack of available funds.

iv. **Lead Service Line.** Mr. Irwin discussed the state of the Utility's lead service line replacement ("LSLR") program. The Utility has been following a plan whereby it has budgeted for the past three years for 3% of the total lead service lines to be replaced. With the EPA accelerating their mandate on LSLR, Mr. Irwin has expressed concern that this annual amount will not meet the Utility's need. Moreover, the recent per- and polyfluoroalkyl substances ("PFAS") rulemaking has mandated the Utility to provide testing with regard to PFAS in its groundwater supply.

Mr. Irwin supplied attachments to substantiate his testimony.

B. **Andre Riley.** Mr. Riley testified on behalf of Petitioner concerning Petitioner's rates and financing. He based his analysis on unaudited accounting and business records of the Petitioner, the officers and employees of the Petitioner, and other sources which he analyzed in the course of his investigation, as documented in his July 2, 2024, Special Purpose Rate Study Report (the "Report"), which was admitted as Petitioner's Exhibit No. 2, Attachment AJR-1.

Mr. Riley indicated that the results of the calculations in the Report demonstrate that, without the rate relief requested in this Cause, Petitioner would generate an operating revenue of approximately \$6.6 million in a pro forma 12-month period. The total of the operation and maintenance expense, payment in lieu of taxes ("PILOT"), replacement and improvements, and total debt service on the Proposed Bond is \$10.35 million annually. He further indicated that as a result, the adjusted net operating revenue is not sufficient to meet the operation and maintenance expense, PILOT, and other required financial obligations.

Mr. Riley explained that the Elkhart Common Council approved an overall increase of approximately 43% in the current rates and charges for all customers in order to fully fund the Utility's estimated future revenue requirements. He said that after much discussion, a series of meetings, and a public hearing, Elkhart requested to implement the 43% rate increase in three phases. The first phase ("Phase I") is an increase of approximately 34%, to be effective upon approval; the second phase ("Phase II") is an increase of approximately 4%, to be effective twelve months after the first phase; and the final phase ("Phase III") is an increase of approximately 3%,

to be effective twelve months after Phase II. He indicated the increase would be across-the-board and will impact metered charges and fire protection charges.

Attachment ALJR-1 to Petitioner's Exhibit 2 establishes that Petitioner's Phase I pro forma net revenue requirement total is \$9,243,896 for Phase I. Mr. Riley stated that this Phase I revenue requirement necessitates an approximate 34% increase in operating revenues. This attachment also establishes that Petitioner's Phase II pro forma revenue requirement total is \$9,603,591 and a Phase III pro forma revenue requirement total of \$9,859,730. He explained that the Phase II and Phase III revenue requirement necessitates approximately a 4% and 3% incremental increase, respectively, in operating revenues above the Phase I increase in order for Petitioner to fully fund its Phase II and Phase III revenue requirements. Phase I is to be effective upon approval, and Phase II is to be effective 12 months after the first phase and Phase III is to be effective 12 months after Phase II. He testified that the total compounded rate increase for all three phases is approximately 43%.

Mr. Riley provided attachments to corroborate his testimony.

**6. OUC Direct Evidence.** On October 17, 2024, the OUC filed a notice that the parties had reached a settlement in principle and notified the Commission that the OUC did not intend to file testimony responding to Petitioner's case but would be filing testimony in support of the settlement reached by the parties.

**7. Settlement Agreement and Settlement Testimony.**

**A. The Settlement Agreement.** The Settlement Agreement filed with the Commission, a copy of which is attached to this Order and is incorporated by reference, provided the terms and conditions upon which the parties agreed with respect to the issues presented by Petitioner in its case-in-chief. Among other points, the parties were able to agree to specifics concerning Petitioner's rates and charges and the issuance of water utility revenue bonds to cover its capital improvement plan as well as bonds to assist in LSLR and PFAS testing and mitigation.

The parties stipulated and agreed that Petitioner should increase its rates and charges to generate an additional \$2,228,177 in Phase I revenues (32.25% increase), an additional \$300,347 in Phase II revenues (3.29% increase), and an additional \$278,905 in Phase III revenues (2.96% increase). The timing of the rate increases in Phases II and III will be based on the timing of bond issuances. The parties also agreed to an allocation of the rate increase among the customer classes as set forth in the Settlement Agreement.

The parties stipulated and agreed that Petitioner should be granted authority to issue bonds in a principal amount not to exceed \$29.665 million consisting of the \$12.815 million principal amount for which Elkhart requested authority in its case-in-chief and \$16.85 million to be used only for subsidized LSLR and/or PFAS remediation projects. The parties agreed that unused borrowing authority would expire December 31, 2030.

**B. OUC Settlement Testimony.** The OUC offered the testimony of OUC analyst Jason Compton, who described the terms of the Settlement Agreement and recommended the Commission find it is in the public interest and approve it. Mr. Compton sponsored twelve schedules addressing the rate increase under the Settlement Agreement.

Mr. Compton pointed out Elkhart proposed an overall across-the-board increase of 43.54% to generate \$2,949,903 of additional annual revenue over three phases. Mr. Compton explained Elkhart based its proposed rate request on a twelve-month historical test year ending October 31, 2023 and the main drivers of Elkhart's requested rate increase are an increase in operating expenses and an increased need for cash and debt-funded capital improvements including LSLR, replacing water mains in conjunction with wastewater projects for combined sewer overflow ("CSO"), and other planned asset management. Mr. Compton explained Elkhart and the OUC agreed upon an overall across-the-board rate increase of 40.63% to generate \$2,807,429 of additional revenues over three phases, a difference of 2.91%. Mr. Compton stated the Settlement Agreement deviated from Elkhart's proposal set forth in its case-in-chief by including (1) an increase to other water revenues, (2) a decrease in rate case expense, (3) a decrease in Public Employees' Retirement Fund ("PERF") disbursement expense, (4) removal of a non-recurring expense, (5) a decrease in PILOT, (6) a reduction in debt service and debt service reserve; and (7) an increase in debt authority to be used for subsidized loans for LSLR and mediating PFAS.

Mr. Compton explained that the Settlement Agreement acknowledges the extraordinary amount of investment required by Elkhart to address LSLR and PFAS and attempts to provide a means for Elkhart to gradually incorporate this investment cost over time to mitigate future rate increases and promote continued affordability of service. Mr. Compton testified this is accomplished by Petitioner reallocating LSLR monies embedded in its Extensions and Replacements ("E&R") revenue requirement to pay debt service on funds borrowed to accomplish LSLR and PFAS projects, providing Elkhart with the opportunity to draw substantially more funds to mitigate the pressing issues of LSLR and PFAS with a minimized effect on its rates.

Mr. Compton explained Elkhart originally proposed three revenue adjustments: (1) an increase to miscellaneous revenues of \$58, (2) a decrease to other water revenues of \$62,927, and (3) an overall decrease to interest income of \$21,858. Mr. Compton noted the Settlement Agreement accepted Elkhart's adjustments to miscellaneous revenues and interest income but modified the decrease to other water revenues from a decrease of \$62,927 to a decrease of \$37,387 after eliminating 2020 (COVID period data) from the average used to estimate going forward water revenue. Mr. Compton noted Petitioner originally proposed several operating expense adjustments that would increase test year expenditures of \$6,316,972 by \$201,680, resulting in a pro forma operating expense of \$6,528,652.<sup>1</sup> Elkhart's adjustments include increases to (1) salaries and wages, (2) employee benefits, (3) chemicals, (4) materials and supplies, (5) rate case expense, and (6) other contractual costs. Elkhart's adjustments also include decreases for (1) non-recurring charges, (2) removal of utility receipts tax payments, and (3) sick incentive disbursements. Mr. Compton noted the Settlement Agreement accepts all of Elkhart's original proposals except rate case expense and PERF disbursements but incorporates an additional adjustment to remove \$16,500 as non-recurring expenditures.

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<sup>1</sup> Total operating expense excludes depreciation expense and PILOT.

Mr. Compton testified the Settlement Agreement also provided that the rate case expense should be trued up to the actual amount incurred, but not to exceed \$175,000 (the maximum allowed by the City's contract with BTMA, and amortized over the life of the rates of five years). Mr. Compton noted that the BTMA contract with Elkhart includes a provision that if the case is settled with limited discovery, the fees are anticipated to be less. Mr. Compton added that the OUCC was able to complete most of its discovery during the site visit thanks to the cooperation of Elkhart's personnel, resulting in the OUCC issuing fewer sets of discovery requiring formal responses. He added that, with a settlement being reached and with the anticipation it is in the public's interest, Elkhart will not need to incur costs from BTMA to review testimony and prepare rebuttal or attend a day-long hearing.

Mr. Compton explained Elkhart's proposed revenue requirement applied a PERF disbursement rate of 14.5% to eligible salaries and wages, but Petitioner and the OUCC stipulated to a rate of 14.2%, which is Elkhart's actual disbursement rate based on the 11.2% rate set by the State of Indiana and a 3% mandatory contribution rate provided by Elkhart. Mr. Compton noted that through Settlement Agreement, Petitioner and the OUCC stipulated to the removal of an additional non-recurring expense of \$16,500 ascribed to vehicle damage to the south booster station. As a result of these modifications, the OUCC and Elkhart agreed to an increase of \$176,432 to test year expenditures of \$6,326,972 for a pro forma total operating expense of \$6,503,404 (excluding depreciation expense and PILOT).

Mr. Compton explained Elkhart proposed to include in its revenue requirement \$605,104 of PILOT expense, which it calculated by subtracting an estimated value of assets located outside its municipal boundaries from its total net assessed value ("NAV") of utility plant as of October 31, 2023. Mr. Compton explained the value subtracted was based on a percentage of customers located outside municipal boundaries to calculate the NAV subject to PILOT. Elkhart then applied to the Department of Local Government Finance factor of 1.8886 per \$100 of NAV subject to PILOT to calculate its PILOT allowance. Mr. Compton explained that the Settlement Agreement did not incorporate that calculation but instead stipulated to include \$550,000 in the revenue requirement for PILOT removing the value of a wellfield, a booster station, and a water tower, all of which are located outside the municipal boundaries.

Mr. Compton explained that Elkhart did not seek depreciation expense but rather presented an E&R capital plan addressing \$27,552,500 of capital projects to be constructed over the next seven years of which \$9,400,000 will be debt funded reducing the total cash funded capital projects over the next seven years to \$18,152,500. Thus, Elkhart proposed to include \$2,593,200 of cash funded E&R in its annual revenue requirement. Mr. Compton testified that the OUCC accepted Elkhart's proposed E&R revenue requirement subject to the financing terms established by the Settlement Agreement.

Mr. Compton described the agreed financing terms. Mr. Compton testified that Elkhart requested \$12.815 million total borrowing authority, which the OUCC considered to be acceptable. He noted the OUCC also accepted Elkhart's proposal for the debt service revenue requirement, which will be based on \$9.855 million in total borrowing (\$8.355 million of borrowing and \$1.5 million in forecasted grants for LSLR). Mr. Compton testified rates may be adjusted to incorporate actual costs, interest rates, term and structure once the bonds are secured and this information is

certain. He noted such funds may be used to complete the projects identified in Elkhart's case-in-chief, as well as additional projects identified in this settlement that is supplemental to Elkhart's case-in-chief testimony. Mr. Compton noted Elkhart plans to complete as many of these projects as possible, but if circumstances change Elkhart has the flexibility to finance projects that are not currently under consideration, allowing Elkhart flexibility to pursue the most critical capital projects.

Mr. Compton also noted the parties agreed Phases II and III are to be implemented with the issuance of debt rather than by a fixed date as Elkhart had proposed. Mr. Compton explained that implementing the estimated costs prior to the issuance of the debt ensures that Elkhart has sufficient revenues to pay for the Bonds at the time of issuance resulting in costs being more precisely aligned with revenues, minimizing any concern about any over collection or under collection of revenues based on timing of the bond issuances. He noted Phase II is to be implemented no more than 30 days before the anticipated closing date of the first issuance of bonds, currently called the Series 2026 bonds. He added that Phase III is linked in the same way to the timing of the issuance of what is currently called the Series 2027 bonds.

Mr. Compton noted the precise interest rates, borrowing amount and annual debt service will not be known until Petitioner's debt has been issued. Therefore, Petitioner's rates should be true-up to reflect the actual cost of the debt. In this Cause, Phase II and Phase III are initiated by the issuing of debt. He explained that the provision that all costs of that issuance will be supported at the time of the true-up ensures the borrowings will be used for actual costs and for capital projects and that rates will be adjusted to reflect actual debt service costs. Mr. Compton testified new rates should be implemented no sooner than 30 days prior to the closing of the debt, initiated by Petitioner notifying the Commission of the impending closing on the debt, in the amount contemplated in the settlement schedules.

Mr. Compton asserted that the OUCC should have no less than 21 days after service of the true-up to challenge Petitioner's proposed true-up. Petitioner should similarly have 21 days to file a response to the OUCC. Thereafter, the Commission should resolve any issue raised through a process it deems appropriate. Any true-up report should state the time frames for objections or responses.

Mr. Compton testified the Settlement Agreement also affords Elkhart an additional \$16.85 million in subsidized borrowing authority to be used exclusively for borrowing for LSLR and PFAS projects. He explained this helps ratepayers by allowing Elkhart access to subsidized funding for addressing LSLR and PFAS, which is significantly less costly in the long-term than waiting until after the life of these rates to substantively address these concerns. Mr. Compton noted the current policy of the State Revolving Fund is to limit LSLR subsidized borrowing to no more than \$5 million a year, and this amount of borrowing potentially allows for a significantly greater amount of grants and subsidies to address these upcoming costs than if this borrowing was delayed until after the life of these rates, as well as potentially limiting the amount of projects required in a single year by spreading out the projects over a longer period, which should alleviate the significant pressure on managerial and engineering resources. Mr. Compton added that it would be substantively paid for over the life of these rates by shifting \$1 million of LSLR projects intended to be cash funded to pay for these borrowing costs. Mr. Compton clarified that from

Elkhart's viewpoint, all these borrowings are optional, so if circumstances change, there is no obligation on Elkhart to pursue all or a portion of the additional borrowing authority. By granting Elkhart the ability to decide, at its discretion, whether to use the funds in whole or in part, and to use them on either LSLR or potential PFAS mitigation efforts, maximum flexibility is maintained while ensuring long-term ratepayer savings due to the subsidized nature of any additional borrowings. Mr. Compton stated that no true up will be necessary for this additional borrowing because the funds that would be used for the debt service and debt service reserve are embedded in Elkhart's E&R revenue requirement.

Mr. Compton said the Settlement Agreement reflects compromise and resolves the disputed issues in this proceeding avoiding expenditure of the time and resources of the parties maintaining contested issues. He added that it promotes certainty of what is being included in the revenue requirement. Mr. Compton recommended the Commission find the Settlement Agreement is in the public interest and approve the agreement in its entirety.

**8. Docket Entry Questions and Responses.** On November 13, 2024, the Presiding Officers issued a docket entry requesting additional information from Petitioner. Petitioner prefiled its responses on November 21, 2024, and December 3, 2024, all of which were collectively admitted as Petitioner's Exhibit 3. Through this exhibit, Petitioner (1) explained that it intended to begin the process of issuing its \$16.85 million debt in 2025, after new rates go into effect; (2) provided details about Petitioner's intended amount of debt service and debt service reserve for its proposed \$16.85 million loan; and (3) stated it did not intend to eliminate any of the extensions and replacements listed in what was later admitted as Public's Exhibit 1-S, Schedule 7 to fund its \$16.85 million debt service and debt-service reserve.

**9. Additional Evidence Received at Hearing.** Mr. Compton testified at the evidentiary hearing. He explained that under the Settlement Agreement, Elkhart has complete discretion to determine whether and to what amount to issue debt. He said one goal of the Settlement Agreement is that it will provide the utility a means to start making meaningful investments regarding its LSLR and PFAS issues to maximum available subsidized funding and minimize the impact upon ratepayers. Additionally, he clarified that Phase II is anticipated to be 29 months and Phase III is anticipated to be 24.5 months.

**10. Commission Discussion and Findings.** Settlements presented to the Commission are not ordinary contracts between private parties. *U.S. Gypsum, Inc. v. Ind. Gas Co.*, 735 N.E.2d 790, 803 (Ind. 2000). When the Commission approves a settlement, that settlement "loses its status as a strictly private contract and takes on a public interest gloss." *Id.* (quoting *Citizens Action Coal. of Ind., Inc. v. PSI Energy, Inc.*, 664 N.E.2d 401, 406 (Ind. Ct. App. 1996)). Thus, the Commission "may not accept a settlement merely because the private parties are satisfied; rather [the Commission] must consider whether the public interest will be served by accepting the settlement." *Citizens Action Coal.*, 664 N.E.2d at 406.

In addition, any Commission decision, ruling, or order, including the approval of a settlement, must be supported by specific findings of fact and sufficient evidence. *U.S. Gypsum*, 735 N.E.2d at 795 (citing *Citizens Action Coal. of Ind. v. Pub. Serv. Co. of Ind., Inc.*, 582 N.E.2d 330, 331 (Ind. 1991)). The Commission's procedural rules require that settlements be supported by



probative evidence. 170 IAC 1-1.1-17(d). Before the Commission can approve the Settlement Agreement, the Commission must determine whether the evidence in this Cause sufficiently supports the conclusion that the Settlement Agreement is reasonable, just, and consistent with the purpose of Ind. Code ch. 8-1-2 and that it serves the public interest. Here, the parties have presented substantial evidence from which we can assess the reasonableness of the terms of the Settlement Agreement.

For the following reasons, we find the Settlement Agreement to be reasonable and in the public interest. The evidence in this Cause details many stressors confronting Petitioner, including the age of its system (including parts that date to the 1880s) and its increasing need for maintenance, the overall increase in maintenance costs, a need to increase system redundancy, an increase in compensation levels, a need to address LSLRs and PFAS, and the need to address other projects identified in the CIP. According to Petitioner Exhibit 1, Attachment TI-11, Petitioner's current rates are the lowest in Indiana. These rates, which have not increased since 2007, are less than half the state average. The evidence establishes and the Commission finds that Petitioner's operating revenue at present rates is inadequate.

The parties agreed to a three-phase, 40.63% total increase in revenues. We find that such a phased-in approach balances the Utility's needs for increased revenue and gradualism to help mitigate the impact such an increase will have on ratepayers, who haven't incurred a rate increase since 2007. We find the parties' agreed revenue increase and implementation through three phases as discussed above to be reasonable. In particular, we find that implementing the rate increases prior to the issuance of the debt ensures the Utility has sufficient revenues to pay for the bonds at the time of issuance. We further find the proposed rates will be \$9,299,360 for Phase I, \$9,599,707 for Phase II, and \$9,878,612 for Phase III. Petitioner's net revenue requirements are illustrated below:

| <b>Settlement Revenue Requirements</b>              |                      |                     |                     |
|---|----------------------|---------------------|---------------------|
|   | <b>Phase I</b>       | <b>Phase II</b>     | <b>Phase III</b>    |
| Operating Expenses                                  | \$ 6,503,404         | \$ 6,503,404        | \$ 6,503,404        |
| Taxes other than Income                             | -                    | -                   | -                   |
| Extensions and Replacements                         | 2,593,200            | 2,593,200           | 2,593,200           |
| Payment in Lieu of Taxes                            | 550,000              | 550,000             | 550,000             |
| Working Capital                                     | -                    | -                   | -                   |
| Debt Service  | -                    | 239,918             | 482,511             |
| Debt Service Reserve                                | -                    | 64,748              | 101,287             |
| <b>Total Revenue Requirements</b>                   | <b>9,646,604</b>     | <b>9,951,270</b>    | <b>10,230,402</b>   |
| Less Revenue Requirement Offsets:                   |                      |                     |                     |
| Interest Income                                     | (53,079)             | (57,398)            | (57,625)            |
| Other Income  | -                    | -                   | -                   |
| Miscellaneous Revenues                              | (294,165)            | (294,165)           | (294,165)           |
| <b>Net Revenue Requirement</b>                      | <b>9,299,360</b>     | <b>9,599,707</b>    | <b>9,878,612</b>    |
| Less: Revenues at current rates subject to increase | (6,909,827)          | (9,138,004)         | (9,438,351)         |
| Other revenues not subject to increase              | (161,356)            | (161,356)           | (161,356)           |
| <b>Net Revenue Increase Required</b>                | <b>2,228,177</b>     | <b>300,347</b>      | <b>278,905</b>      |
| Additional Utility Receipts Taxes                   | -                    | -                   | -                   |
| Additional Bad Debt Expense                         | -                    | -                   | -                   |
| <b>Recommended Increase</b>                         | <b>\$ 2,228,177</b>  | <b>\$ 300,347</b>   | <b>\$ 278,905</b>   |
| <b>Recommended Percentage Increase</b>              | <b><u>32.25%</u></b> | <b><u>3.29%</u></b> | <b><u>2.96%</u></b> |

**Settlement Revenue Requirements**

|   | <u>Phase I</u>       | <u>Phase II</u>     | <u>Phase III</u>    |
|---|----------------------|---------------------|---------------------|
| Operating Expenses                                  | \$ 6,503,404         | \$ 6,503,404        | \$ 6,503,404        |
| Taxes other than Income                             | -                    | -                   | -                   |
| Extensions and Replacements                         | 2,593,200            | 2,593,200           | 2,593,200           |
| Payment in Lieu of Taxes                            | 550,000              | 550,000             | 550,000             |
| Working Capital                                     | -                    | -                   | -                   |
| Debt Service  | -                    | 239,918             | 482,511             |
| Debt Service Reserve                                | -                    | 64,748              | 101,287             |
| <b>Total Revenue Requirements</b>                   | <b>9,646,604</b>     | <b>9,951,270</b>    | <b>10,230,402</b>   |
| Less Revenue Requirement Offsets:                   |                      |                     |                     |
| Interest Income                                     | (53,079)             | (57,398)            | (57,625)            |
| Other Income  | -                    | -                   | -                   |
| Miscellaneous Revenues                              | (294,165)            | (294,165)           | (294,165)           |
| <b>Net Revenue Requirement</b>                      | <b>9,299,360</b>     | <b>9,599,707</b>    | <b>9,878,612</b>    |
| Less: Revenues at current rates subject to increase | (6,909,827)          | (9,138,004)         | (9,438,351)         |
| Other revenues not subject to increase              | (161,356)            | (161,356)           | (161,356)           |
| <b>Net Revenue Increase Required</b>                | <b>2,228,177</b>     | <b>300,347</b>      | <b>278,905</b>      |
| Additional Utility Receipts Taxes                   | -                    | -                   | -                   |
| Additional Bad Debt Expense                         | -                    | -                   | -                   |
| <b>Recommended Increase</b>                         | <b>\$ 2,228,177</b>  | <b>\$ 300,347</b>   | <b>\$ 278,905</b>   |
| <b>Recommended Percentage Increase</b>              | <b><u>32.25%</u></b> | <b><u>3.29%</u></b> | <b><u>2.96%</u></b> |

Based on the evidence presented, the Commission finds that Petitioner’s proposed capital improvement plan is reasonably necessary for the continued provision of safe and reliable water service by Petitioner and is supported by the evidence.

The evidence also establishes the importance of Petitioner having the authority to incur debt to meet its maintenance needs, to provide for capital improvements, to undertake steps to address lead pipe and PFAS issues, to fund a debt service reserve, and provide an allowance for PILOT.

The Commission also finds that the proposed bond issuances in a principal amount not to exceed \$29.665 million consisting of the up to \$12.815 million principal amount for which Elkhart requested authority in its case-in-chief is reasonable and is approved. We further find it reasonable and supported by the evidence that Elkhart has the authority and discretion to borrow up to an additional \$16.85 million, which funds shall be used only for subsidized LSLR and/or PFAS remediation projects. The foregoing are approved subject to the conditions and limitations agreed to by the parties and approved in this Order.

Under Ind. Code § 8-1.5-2-19(b), when a municipality issues debt, it must show that the rates and charges will provide sufficient funds for the operation, maintenance, and depreciation of the utility, and to pay the principal and interest of the proposed bond issue, together with a surplus or margin of at least 10% in excess. Based on the schedule referenced above, the Commission finds Elkhart satisfies this standard. The Commission therefore certifies that Petitioner’s authorized rates and charges provide sufficient funds for the utility’s operation, maintenance, and

depreciation, and to pay the principal and interest of the proposed bond issue, together with a surplus or margin of at least 10% in excess.

The Commission, having reviewed the evidence, determines that it is sufficient to support the Settlement Agreement. The Settlement Agreement addresses the issues described above and reasonably resolves them. Specifically, the Settlement Agreement provides Petitioner with sufficient operating revenues to undertake its capital improvements and to provide adequate service pursuant to Ind. Code § 8-1.5-3-8. The Commission finds that the Settlement Agreement is reasonable, just, and in the public interest. Therefore, the Settlement Agreement is approved.

**11. True Up of Rates for Actual Financing Costs.** As discussed previously, the actual cost of debt service will not be known precisely until sometime after Petitioner issues its proposed bonds. With regard to the \$12.815 million bond issuance, within 30 days of closing on the proposed bonds, Petitioner shall file a true-up report with the Commission and serve a copy thereof on the OUCC. The true-up report shall include a revised tariff and calculate the rate impact in the same manner as the schedules attached to the Joint Exhibit 1. The true-up report shall provide the following information: the terms of the new loan, including an amortization schedule, the amount of debt service reserve, and all issuance costs (e.g., fee for bond counsel, municipal advisor, and all other fees), and also calculate the rate impact in the same manner as the schedules set forth in Attachment 2 to the Settlement Agreement. Petitioner's rates should be adjusted to match its actual cost of debt service. The additional bond issuances of up to \$16.85 million, if used, will not be subject to true-up.

The OUCC or any interested intervenor shall have 21 days after service of Petitioner's true-up report to file an objection with the Commission. The agreement provides Petitioner 21 days to file a response to any such objection. If both parties state in writing that the increase or decrease indicated by the true-up report need not occur because the increase or decrease would be immaterial, the true up need not be implemented.

**12. Effect of Settlement Agreement.** The Settlement Agreement shall not be used as precedent in any other proceeding or for any other purpose, except to the extent necessary to implement or enforce its terms. With regard to future citation of the Settlement Agreement, we find that the Settlement Agreement and our approval of it should be treated in a manner consistent with our finding in *Richmond Power & Light*, Cause No. 40434 (March 19, 1997).

**13. Effect on Rates.** A residential customer using 4,000 gallons per month will experience an increase from \$12.36 to \$16.35 in Phase I and an increase to \$17.38 for Phase II.

**IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:**

1. The Settlement Agreement, a copy of which is attached to this Order, is approved.
2. Petitioner is authorized to increase its rates and charges pursuant to the allocations agreed to by the parties and found reasonable as provided in Finding Paragraph No. 10.

3. Petitioner is authorized to increase its rates and charges for water utility in three phases: immediately, in Phase I by 32.25% over adjusted test year revenues in order to increase annual operating revenues by \$2,228,177 so as to produce total annual operating revenues of \$9,299,360; and after closing on the first bond issuance described above, in Phase II by 3.29% over Phase I revenue requirements so as to increase annual operating revenues by \$300,347 produce total annual operating revenues of \$9,599,707, in Phase III by 2.96% over Phase II revenue requirements so as to increase annual operating revenues by \$278,905 to produce total annual operating revenues of \$9,878,612, consistent with the Settlement Agreement.

4. Petitioner shall file new schedules of rates and charges, along with its revised tariff under this Cause, consistent with the Settlement Agreement and the rates and charges approved above. Petitioner's new schedules of rates and charges shall be effective upon approval by the Commission's Water/Wastewater Division. Consistent with Settlement Agreement Section I.A.16.1, new basic rates approved by the Commission will be implemented for service rendered on or after the date the Commission approves Petitioner's new tariff.

5. Petitioner is authorized, during the period from the effective date of this Order through December 31, 2030, to carry out and consummate the issuance of waterworks revenue bonds up to an aggregate principal amount of \$29.665 million on terms described above, including entering into and executing appropriate transaction documents and evidences of indebtedness to effectuate the issuance of the indebtedness, and use the resulting net proceeds consistent with the terms of this Order and the Settlement Agreement.

6. In accordance with Ind. Code § 8-1-2-85, Petitioner shall pay a fee equal to \$0.25 for each \$100 of water utility revenue bonds issued, to the Secretary of the Commission, within 30 days of the receipt of the financing proceeds authorized in this order.

7. Petitioner shall file the true up reports as provided in Finding Paragraph No. 11.

8. This Order is the sole evidence of our approvals and shall constitute certificates of authority granted to Petitioner as provided in Ind. Code § 8-1-2-80.

9. In accordance with Ind. Code § 8-1-2-70, Petitioner shall pay the following itemized charges within 20 days from the date of this order into the Commission public utility fund account described in Ind. Code § 8-1-6-2, through the Secretary of the Commission, as well as any additional costs that were incurred in connection with this Cause:

|                            |                  |
|----------------------------|------------------|
| Commission Charges:        | \$ 5,399.81      |
| OUCG Charges:              | \$ 18,213.76     |
| Legal Advertising Charges: | <u>\$ 152.88</u> |
| Total:                     | \$ 23,766.45     |

10. This Order shall become effective on and after the date of its approval.

**BENNETT, FREEMAN, VELETA, AND ZIEGNER CONCUR; HUSTON ABSENT:**

**APPROVED: FEB 27 2025**

**I hereby certify that the above is a true  
and correct copy of the Order as approved.**

\_\_\_\_\_ on behalf of  
**Dana Kosco**  
**Secretary of the Commission**

STATE OF INDIANA  
INDIANA UTILITY REGULATORY COMMISSION

PETITION OF THE CITY OF ELKHART, )  
INDIANA, FOR AUTHORITY TO ISSUE )  
BONDS, NOTES, OR OTHER OBLIGATIONS )  
FOR AUTHORITY TO INCREASE ITS )  
RATES AND CHARGES FOR WATER )  
SERVICE, AND FOR APPROVAL OF )  
NEW SCHEDULES OF RATES AND )  
CHARGES )

CAUSE NO. 46010

IURC  
JOINT

EXHIBIT No. 1

7-19-24

DATE

REPORTER

JOINT STIPULATION AND SETTLEMENT AGREEMENT

On February 5, 2024, the City of Elkhart, Indiana (“Petitioner” or “Elkhart”) filed with the Indiana Utility Regulatory Commission (the “Commission”) its Petition initiating this Cause. Elkhart filed its case-in-chief on July 2, 2024 and its Amended Petition on July 8, 2024. On February 9, 2024, the Indiana Office of the Utility Consumer Counselor (“OUCC”) filed its appearance and designation of attorney.

The OUCC engineering representative met with Elkhart’s Water Utility staff, held a question-and-answer session and made site visits to the wellfields. The OUCC accounting representatives met with Elkhart’s Water Utility staff and were given access to all requested documents. Elkhart timely responded to both informal and formal discovery requests. After extensive review of the documents submitted in Elkhart’s case-in-chief, as well as the discovery responses, the parties engaged in multiple settlement conferences. On October 7, 2024, the OUCC filed *Public’s Notice of Settlement in Principle and Notice of Intent Not to File Contesting Testimony*.

Elkhart and the OUCC, (collectively, the “Parties”, and individually, a “Party”) have after arms-length settlement negotiations reached an agreement with respect to all of the issues before

OFFICIAL  
EXHIBITS

the Commission in this Cause. The Parties therefore stipulate and agree for purposes of resolving all of the issues in this Cause, to the terms and conditions set forth in this Joint Stipulation and Settlement Agreement.

**1. Borrowing Authority.**

- A. Approval of Debt; Authorization to Issue Bonds. Subject to the provisions of this agreement, the Parties stipulate and agree that the Commission should authorize Elkhart to issue water utility revenue bonds (the “Bonds”) in a principal amount not to exceed \$29.665 million consisting of the \$12.815 million principal amount for which Elkhart requested authority in its case-in-chief and \$16.85 million to be used only for subsidized lead service line replacements and/or PFAS remediation projects.
- B. Borrowing Embedded in Initial Rates. The Parties agree initial rates shall align with Petitioner’s proposed debt service and debt service reserve revenue requirements derived from Petitioner’s estimated interest rates, terms, structure (interest-only and wrapping) for the proposed debt service and debt service reserve expense based on borrowings of \$8.355 million, plus a \$1.5 million grant for replacing lead service lines.
- C. Borrowing Authority & Capital Projects. The Parties agree that in order to complete the capital projects identified in Petitioner’s case and cover any cost overruns on those projects, Petitioner should receive \$12.815 million of debt authority, subject to true up. If funds are available, Petitioner will use such funds to address projects identified in Attachment 1. However, Petitioner retains the discretion to use such funds to meet unanticipated and unforeseen events that may arise, making an unidentified project necessary to complete in order to continue the provision of safe drinking water.
- D. Additional Borrowing Authority for PFAS and Lead Line Replacement. The Parties agree that the exact cost of any required PFAS remediation and lead service line replacement is unknown at this time. The Parties agree that in addition to the borrowing authority of \$12.815 million, Petitioner shall have additional borrowing authority of \$16.85 million for a total debt authorization of

\$29.665 million. The Parties agree the additional \$16.85 million of borrowing authority may only be used for subsidized lead service line replacement projects or PFAS projects. The parties acknowledge Petitioner's E&R revenue requirement includes \$142,857 for cash funded lead service line replacement projects. The parties agree these monies can and should be converted to make debt service payments to secure lead service line replacements through borrowings. Debt service and any debt service reserve expense on the additional borrowing shall be met with such funds reallocated from Petitioner's E&R revenue requirement. Accordingly, the Parties agree Petitioner will not be required or authorized to true-up rates on bond issuances pursuant to the additional borrowing authority of \$16.85 million. The Parties agree that unused financing authority shall expire on December 31, 2030.

E. True-Up. Within thirty (30) days of closing on the Bonds, Elkhart shall file a report with the Commission and serve a copy on the OUCC, explaining the terms of the new loan, including an amortization schedule, the amount of debt service reserve, and all issuance costs (e.g., fee for bond counsel, municipal advisor, and all other fees). The report should include a revised tariff and also calculate the rate impact in the same manner as the schedules set forth in Attachment 2 hereto ("Agreed Schedules"). Elkhart's rates should be adjusted to match its actual cost of debt service. Any true-up report should state the time frames for objections or responses.

i. The Parties agree that the OUCC and any interested intervenor has twenty-one (21) days after service of the true-up report within which to file an objection with the Commission. The Parties agree that Petitioner shall have twenty-one (21) days within which to file a response to the objection Party or Parties. Thereafter, the Commission should resolve any issue raised through a process it deems appropriate.

ii. If both parties state in writing that the increase or decrease indicated by the report need not occur because the increase or decrease would be immaterial, the true-up need not be implemented.



## 2. Stipulated Revenues.

- A. Operating Revenues. The Parties stipulate and agree that Elkhart's adjusted test year operating revenue at present rates is \$7,071,183, which is the test year Operating Revenues amount of \$7,108,570 minus an adjustment of \$37,387 to use a three-year average (not including Covid) as depicted on Schedule 4 to the Agreed Schedules.
- B. Revenue Requirement. The Parties stipulate and agree that Elkhart's current rates and charges are inadequate and that, subject to the True-Up provision set forth in Paragraph 1.C. above, Elkhart's rates and charges should be increased as follows:
- i. Phase I: Elkhart's rates and charges should be immediately increased upon the issuance of a Commission Order pursuant to the allocations set forth in Section 3 below by 32.25% so as to produce \$2,228,177 in additional annual operating revenue.
  - ii. Phase II: Effective no sooner than thirty days before the scheduled closing on the Series 2026 debt, Elkhart's Phase I rates and charges should be increased pursuant to the allocations set forth in Section 3 below by 3.29% so as to produce \$300,347 in additional annual operating revenue.
  - iii. Phase III: Effective no sooner than thirty days before the scheduled closing on the Series 2027 debt, Elkhart's Phase I rates and charges should be increased pursuant to the allocations set forth in Section 3 below by 2.96% so as to produce \$278,905 in additional annual operating revenue.
- C. Pro Forma Authorized Revenues. After adjustments (including the issuance of the Bonds), subject to the True-Up provision set forth in Paragraph 1C above, the Parties stipulate and agree that Elkhart's pro forma operating revenues will be \$9,299,360 for Phase I, and \$9,599,707 for Phase II, and \$9,878,612 for Phase III, as shown in Schedule 3 of the Agreed Schedules. The Parties further stipulate and agree that Elkhart's revenue requirements for the rate increase is

depicted on Schedule 3 to the Agreed Schedules. The Parties stipulate and agree that the revenue increases provided herein are just and reasonable and should be approved.

D. Financial Schedules. The Parties stipulate for settlement purposes to the Agreed Schedules, including all adjustments identified therein.

3. **Agreed Tariff**. The Parties agree that the proposed tariff setting forth Phase I and anticipated Phase II and Phase III rates, attached as Attachment 2, Schedule 12 Tariffs, hereto sets forth rates that are reasonable, just and non-discriminatory and that such proposed tariff should be approved.
4. **Submission of Evidence**. The Parties stipulate to the admission into evidence in this Cause of the testimony previously filed by the Petitioner, and any testimony in support of this Settlement offered by the Parties. Further, each Party waives cross-examination of the other's witnesses with respect to such testimony. The Parties shall not offer any further testimony or evidence in this proceeding, other than this Settlement and the above-identified testimony and exhibits. If the Commission should request additional evidence to support the Settlement, the Parties shall cooperate to provide such requested additional evidence.
5. **Settlement Fair and Reasonable; Proposed Final Order**. The Parties stipulate and agree that the terms of this Settlement represent a fair, reasonable, and just resolution of all the issues in this Cause, provided they are approved by the Commission in their entirety without material change, except as provided in Paragraph 7, hereof. The Parties agree to cooperate on the preparation and submission to the Commission of a proposed order that reflects the terms of this Settlement and the settlement testimony submitted pursuant to Section 5 hereof.
6. **Sufficiency of Evidence**. The Parties stipulate and agree that the evidentiary material identified immediately above constitutes a sufficient evidentiary basis for the issuance of a final order by the Commission adopting the terms of this Settlement, and granting the relief as requested herein by Elkhart and agreed to by the Parties.
7. **Commission Alteration of Agreement**. The concurrence of the Parties with the terms of this Settlement is expressly predicated upon the Commission's approval of this

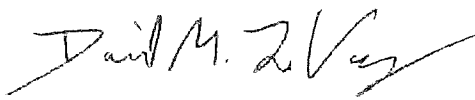
Settlement. If the Commission alters this Settlement in any material way, unless that alteration is unanimously and explicitly consented to by the Parties, this Settlement shall be deemed withdrawn.


8. **Authorization.** The undersigned represent that they are fully authorized to execute this Settlement on behalf of their respective clients or parties, who will be bound thereby.
9. **Non-Precedential Nature of Settlement.** The Parties stipulate and agree that this Settlement shall not be cited as precedent against any Party in any subsequent proceeding or deemed an admission by any Party in any other proceeding, except as necessary to enforce the terms of this Settlement or the final order to be issued in this Cause before the Commission or any court of competent jurisdiction on these particular issues and in this particular matter. This Settlement is solely the result of compromise in the settlement process and, as provided herein, is without prejudice to and shall not constitute a waiver of any position that any Party may take with respect to any or all of the items resolved herein in any future regulatory or other proceeding, and, failing approval by the Commission, shall not be admissible in any subsequent proceeding.
10. **Counterparts.** This Settlement may be executed in one or more counterparts (or upon separate signature pages bound together into one or more counterparts), all of which taken together shall constitute one agreement.

IN WITNESS WHEREOF, the parties have executed this Settlements on the dates set forth below.

INDIANA OFFICE OF UTILITY CONSUMER  
COUNSELOR

THE CITY OF ELKHART, INDIANA

By:   
Daniel M. Le Vay  
Senior Deputy Consumer Counselor  
Indiana Office of Utility Consumer Counselor  
115 W. Washington Street, Suite 1500 South  
Indianapolis, IN 46204  
Email: [dlevay@ouccc.in.gov](mailto:dlevay@ouccc.in.gov)  
[infomgt@ouccc.in.gov](mailto:infomgt@ouccc.in.gov)

By:   
Margaret M. Marnocha, Counsel of Record  
**PUBLIC WORKS & UTILITIES**  
City of Elkhart, Indiana  
1201 S. Nappanee St.  
Elkhart, IN 46516  
Email: [Maggie.Marnocha@ccoci.org](mailto:Maggie.Marnocha@ccoci.org)

Dated: October 31, 2024


Dated: 11/4/24, 2024

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that the *Joint Stipulation and Settlement Agreement* was electronically served on the following parties of record on the date filed.

Margaret M. Marnocha, Assistant City Attorney  
**PUBLIC WORKS & UTILITIES**  
City of Elkhart, Indiana  
1201 S. Nappanee St.  
Elkhart, IN 46516  
Email: [Maggie.Marnocha@coei.org](mailto:Maggie.Marnocha@coei.org)

Daniel M. Le Vay  
Senior Deputy Consumer Counselor  
**Indiana Office of Utility Consumer Counselor**  
115 W. Washington Street, Suite 1500 South  
Indianapolis, IN 46204  
Email: [dlevay@oucc.in.gov](mailto:dlevay@oucc.in.gov)  
[infomgt@oucc.in.gov](mailto:infomgt@oucc.in.gov)

  
\_\_\_\_\_  
Margaret M. Marnocha

|  |  |  |  |  |  |
|--|--|--|--|--|--|
| <b>CAUSE NUMBER 46010</b>  |  |  |  |  |  |
| <b>Agreed Settlement</b>   |  |  |  |  |  |
|  |  |  |  |  |  |
| <b>Schedules and Workpapers (Excel Version)</b>  |  |  |  |  |  |
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| <div style="border: 1px solid black; padding: 5px; width: fit-content;"> <p style="text-align: center; margin: 0;">FILED<br/>November 6, 2024<br/>INDIANA UTILITY<br/>REGULATORY COMMISSION</p> </div> |  |  |  |  |  |
|  |  |  |  |  |  |

**Elkhart Municipal Water Utility**  
**CAUSE NUMBER 46010**

**Comparison of Petitioner's Revenue Requirements  
and Settlement Agreement**

|    |   | Overall           |                         |            |                    |
|----|---|-------------------|-------------------------|------------|--------------------|
|    |   | Per<br>Petitioner | Settlement<br>Agreement | Sch<br>Ref | More (Less)        |
| 1  | Operating Expenses                                  | \$ 6,528,652      | \$ 6,503,404            | 4          | \$ (25,248)        |
| 2  | Taxes other than Income                             | -                 | -                       | 4          | -                  |
| 3  | Extensions and Replacements                         | 2,593,200         | 2,593,200               | 7          | -                  |
| 4  | Payment in Lieu of Taxes                            | 605,104           | 550,000                 | 8          | (55,104)           |
| 5  | Working Capital                                     | -                 | -                       | 9          | -                  |
| 6  | Debt Service  | 516,983           | 482,511                 | 10         | (34,472)           |
| 7  | Debt Service Reserve                                | 103,397           | 101,287                 | 11         | (2,110)            |
| 8  | Total Revenue Requirements                          | 10,347,336        | 10,230,402              |            | (116,934)          |
| 9  | Less Revenue Requirement Offsets:                   |                   |                         |            |                    |
| 10 | Interest Income                                     | (57,625)          | (57,625)                | 3          | -                  |
| 12 | Miscellaneous Revenues                              | (294,165)         | (294,165)               |            |                    |
| 13 | Net Revenue Requirement                             | 9,995,546         | 9,878,612               |            | (116,934)          |
| 14 | Less: Revenues at current rates subject to increase | (6,909,827)       | (6,909,827)             | 4          |                    |
| 15 | Other revenues not subject to increase              | (135,816)         | (161,356)               | 4          | (25,540)           |
| 16 | Net Revenue Increase Required                       | 2,949,903         | 2,807,429               |            | (142,474)          |
| 17 | Additional Utility Receipts Taxes                   | -                 | -                       |            | -                  |
| 18 | Additional Bad Debt Expense                         | -                 | -                       |            |                    |
| 19 | Recommended Increase                                | \$ 2,949,903      | \$ 2,807,429            |            | \$ (142,474)       |
| 20 | Recommended Percentage Increase                     | 43.54%            | 40.63%                  |            | -2.91%             |
| 21 |   | <b>Proposed</b>   |                         |            |                    |
| 22 | <b>Current Rate for 4,000 Gallons</b>               | <b>Petitioner</b> | <b>Agreed</b>           |            | <b>More (Less)</b> |
| 23 | Current Rate = \$12.814                             | \$ 18.39          | \$ 18.02                |            | \$ (0.37)          |

**Elkhart Municipal Water Utility**  
**CAUSE NUMBER 46010**

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

|    |                          | <b>Per<br/>Petitioner</b> | <b>Settlement<br/>Agreement</b> | <b>More (Less)</b> |
|----|--------------------------|---------------------------|---------------------------------|--------------------|
| 1  | Operating Revenues       |                           |                                 |                    |
| 2  | Other Revenues           | (62,927)                  | (37,387)                        | 25,540             |
| 3  |                          | -                         | -                               | -                  |
| 4  |                          | -                         | -                               | -                  |
| 5  |                          | -                         | -                               | -                  |
| 6  | Total Operating Revenues | (62,927)                  | (37,387)                        | 25,540             |
| 7  | O&M Expense              |                           |                                 |                    |
| 8  | Salaries and Wages       | 79,386                    | 79,386                          | -                  |
| 9  | FICA                     | 17,520                    | 17,520                          | -                  |
| 10 | PERF                     | 28,086                    | 19,338                          | (8,748)            |
| 11 | Sick Incentive           | (4,876)                   | (4,876)                         | -                  |
| 12 | Health Insurance         | 23,882                    | 23,882                          | -                  |
| 13 | Chemicals                | 13,334                    | 13,334                          | -                  |
| 14 | Main Breaks              | 80,313                    | 80,313                          | -                  |
|    | Meter Replacements       | 28,978                    | 28,978                          | -                  |
|    | Capital/Non-Recurring    | (120,005)                 | (136,505)                       | (16,500)           |
|    | IURC Rate Case           | 35,000                    | 35,000                          | -                  |
|    | Well Cleaning            | 39,775                    | 39,775                          | -                  |
|    | Utility Receipts Tax     | (19,713)                  | (19,713)                        | -                  |
| 15 | Depreciation Expense     | -                         | -                               | -                  |
| 16 | Amortization Expense     | -                         | -                               | -                  |
| 17 | Taxes Other than Income  | -                         | -                               | -                  |
| 18 | Total Operating Expenses | 201,680                   | 176,432                         | (25,248)           |
| 19 | Net Operating Income     | \$ (264,607)              | \$ (213,819)                    | \$ 50,788          |

**Elkhart Municipal Water Utility**  
**CAUSE NUMBER 46010**

**Comparison of Petitioner's Revenue Requirements  
and Settlement Agreement**

|  | Phase I           |                         |            |              | Phase II          |                         |            |              | Phase III         |                         |            |              |
|--|-------------------|-------------------------|------------|--------------|-------------------|-------------------------|------------|--------------|-------------------|-------------------------|------------|--------------|
|  | Per<br>Petitioner | Settlement<br>Agreement | Sch<br>Ref | More (Less)  | Per<br>Petitioner | Settlement<br>Agreement | Sch<br>Ref | More (Less)  | Per<br>Petitioner | Settlement<br>Agreement | Sch<br>Ref | More (Less)  |
| 1 Operating Expenses                                   | \$ 6,528,652      | \$ 6,503,404            | 4          | \$ (25,248)  | \$ 6,528,652      | \$6,503,404             | 4          | \$ (25,248)  | \$6,528,652       | \$ 6,503,404            | 4          | \$ (25,248)  |
| 2 Taxes other than Income                              | -                 | -                       | 4          | -            | -                 | -                       | 4          | -            | -                 | -                       | 4          | -            |
| 3 Extensions and Replacements                          | 2,593,200         | 2,593,200               | 7          | -            | 2,593,200         | 2,593,200               | 7          | -            | 2,593,200         | 2,593,200               | 7          | -            |
| 4 Payment in Lieu of Taxes                             | 605,104           | 550,000                 | 8          | (55,104)     | 605,104           | 550,000                 | 8          | (55,104)     | 605,104           | 550,000                 | 8          | (55,104)     |
| 5 Working Capital                                      | -                 | -                       | 9          | -            | -                 | -                       | 9          | -            | -                 | -                       | 9          | -            |
| 6 Debt Service   | -                 | -                       | 10         | -            | 316,530           | 239,918                 | 10         | (76,612)     | 516,983           | 482,511                 | 10         | (34,472)     |
| 7 Debt Service Reserve                                 | -                 | -                       | 11         | -            | 47,484            | 64,748                  | 11         | 17,264       | 103,397           | 101,287                 | 11         | (2,110)      |
| 8 Total Revenue Requirements                           | 9,726,956         | 9,646,604               |            | (80,352)     | 10,090,970        | 9,951,270               |            | (139,700)    | 10,347,336        | 10,230,402              |            | (116,934)    |
| 9 Less Revenue Requirement Offsets:                    |                   |                         |            |              |                   |                         |            |              |                   |                         |            |              |
| 10 Interest Income                                     | (53,079)          | (53,079)                | Pet        | -            | (57,398)          | (57,398)                | Pet        | -            | (57,625)          | (57,625)                | Pet        | -            |
| 11 Other Income  | -                 | -                       |            | -            | -                 | -                       | Pet        | -            | -                 | -                       |            | -            |
| 12 Miscellaneous Revenues                              | (294,165)         | (294,165)               |            | -            | (294,165)         | (294,165)               |            | -            | (294,165)         | (294,165)               |            | -            |
| 13 Net Revenue Requirement                             | 9,379,712         | 9,299,360               |            | (80,352)     | 9,739,407         | 9,599,707               |            | (139,700)    | 9,995,546         | 9,878,612               |            | (116,934)    |
| 14 Less: Revenues at current rates subject to increase | (6,909,827)       | (6,909,827)             | 4          | -            | (9,243,896)       | (9,138,004)             | 4          | -            | (9,603,591)       | (9,438,351)             | 4          | -            |
| 15 Other revenues not subject to increase              | (135,816)         | (161,356)               | 4          | (25,540)     | (135,816)         | (161,356)               | 4          | (25,540)     | (135,816)         | (161,356)               | 4          | (25,540)     |
| 16 Net Revenue Increase Required                       | 2,334,069         | 2,228,177               |            | (105,892)    | 359,695           | 300,347                 |            | (165,240)    | 256,139           | 278,905                 |            | (142,474)    |
| 17 Additional Utility Receipts Taxes                   | -                 | -                       |            | -            | -                 | -                       |            | -            | -                 | -                       |            | -            |
| 18 Additional Bad Debt Expense                         | -                 | -                       |            | -            | -                 | -                       |            | -            | -                 | -                       |            | -            |
| 19 Recommended Increase                                | \$ 2,334,069      | \$ 2,228,177            |            | \$ (105,892) | \$ 359,695        | \$ 300,347              |            | \$ (165,240) | \$ 256,139        | \$ 278,905              |            | \$ (142,474) |
| 20 Recommended Percentage Increase                     | 33.78%            | 32.25%                  |            | -1.53%       | 3.89%             | 3.29%                   |            | -0.60%       | 2.67%             | 2.96%                   |            | 0.29%        |



**Elkhart Municipal Water Utility****CAUSE NUMBER 46010****COMPARATIVE BALANCE SHEET**

As of October 31,

|    | <u>ASSETS</u>                         | 2023                 | 2022                 | 2021                 |
|----|---------------------------------------|----------------------|----------------------|----------------------|
| 1  | Utility Plant:                        |                      |                      |                      |
| 2  | Utility Plant in Service              | \$ 64,626,727        | \$ 64,133,935        | \$ 62,985,866        |
| 3  | Construction Work in Progress         | 2,882,369            | 2,529,993            | 2,124,799            |
| 4  | Less: Accumulated Depreciation        | (26,121,472)         | (24,847,371)         | (23,583,126)         |
| 5  | Net Utility Plant in Service          | 41,387,624           | 41,816,557           | 41,527,539           |
| 6  | Restricted Assets:                    |                      |                      |                      |
| 7  | Debt Service Fund                     |                      |                      |                      |
| 8  | Debt Service Reserve                  |                      |                      |                      |
| 9  | Depreciation Reserve                  | 1,604,999            | 2,053,831            | 2,151,011            |
| 10 | Meter Deposit Fund                    | 251,468              | 232,675              | 207,788              |
| 11 | Water Main Extension Fund             | 683,112              | 969,253              | 732,346              |
| 12 | Tank Maintenance Fund                 | 1,135,925            | 1,135,925            | 1,135,925            |
| 13 | Maintenance Reserve                   | 2,722,631            | 1,896,116            | 2,134,856            |
| 14 | Total Restricted Assets               | 6,398,135            | 6,287,800            | 6,361,926            |
| 15 | Current Assets:                       |                      |                      |                      |
| 16 | Cash and Cash Equivalents             |                      |                      |                      |
| 17 | Temporary Cash Investments            |                      |                      |                      |
| 18 | Customer Deposits                     |                      |                      |                      |
| 19 | Customer Accounts Receivable          | 1,053,563            | 1,053,563            | 1,061,582            |
| 20 | Provision for Uncollectible Accounts  |                      |                      |                      |
| 21 | Customer Accounts Receivable - Other  |                      |                      |                      |
| 22 | Materials and Supplies                | 488,887              | 488,887              | 289,948              |
| 23 | Prepayments                           |                      |                      |                      |
| 24 | Accrued Interest Receivable           |                      |                      |                      |
| 25 | Other Current Assets                  |                      |                      |                      |
| 26 | Total Current Assets                  | 1,542,450            | 1,542,450            | 1,351,530            |
| 27 | Deferred Debits                       |                      |                      |                      |
| 28 | Deferred Regulatory Asset             |                      |                      |                      |
| 29 | Unamortized Debt Discount and Expense |                      |                      |                      |
| 30 | Other Deferred Debits                 |                      |                      |                      |
| 31 | Total Deferred Debits                 | -                    | -                    | -                    |
| 32 | <b>Total Assets</b>                   | <b>\$ 49,328,209</b> | <b>\$ 49,646,807</b> | <b>\$ 49,240,995</b> |

**Elkhart Municipal Water Utility****CAUSE NUMBER 46010****COMPARATIVE BALANCE SHEET****As of October 31, 2023**

| <b><u>LIABILITIES</u></b> |   | <b>2023</b>          | <b>2022</b>          | <b>2021</b>          |
|---------------------------|---|----------------------|----------------------|----------------------|
| 1                         | Equity                                    |                      |                      |                      |
| 2                         | Retained Earnings                         | \$ 48,669,748        | \$ 49,026,752        | \$ 48,649,231        |
| 3                         | Paid in Capital                           |                      |                      |                      |
| 4                         | Total Equity                              | 48,669,748           | 49,026,752           | 48,649,231           |
| 5                         | Contributions in Aid of Construction      |                      |                      |                      |
| 6                         | Contributions in Aid of Construction, net | 305,238              | 312,021              | 318,804              |
| 7                         | Accumulated Amortization of CIAC          | (305,238)            | (312,021)            | (318,804)            |
| 8                         | Net Contributions-in-aid of Construction  | -                    | -                    | -                    |
| 9                         | Long-term Debt                            |                      |                      |                      |
| 10                        | Bonds Payable - Series A                  |                      |                      |                      |
| 11                        | Bonds Payable - Series B                  |                      |                      |                      |
| 12                        | Notes Payable                             |                      |                      |                      |
| 13                        | Lease Payable                             |                      |                      |                      |
| 14                        | Total Long-term Debt                      | -                    | -                    | -                    |
| 15                        | Current Liabilities                       |                      |                      |                      |
| 16                        | Accounts Payable                          | 39,711               | 39,711               | 39,711               |
| 17                        | Customer Deposits                         | 251,468              | 232,675              | 209,787              |
| 18                        | Current Portion of Long-term Debt         |                      |                      |                      |
| 19                        | Accrued Interest Payable                  |                      |                      |                      |
| 20                        | Accrued Wages Payable                     |                      |                      |                      |
| 21                        | Accrued Taxes Payable                     | (25,901)             | (29,541)             | (34,945)             |
| 22                        | Other Current Liabilities                 | 393,183              | 377,210              | 377,210              |
| 23                        | Total Current Liabilities                 | 658,461              | 620,055              | 591,763              |
| 24                        | Deferred Credits:                         |                      |                      |                      |
| 25                        | Unamortized Premium on Debt               |                      |                      |                      |
| 26                        | Advances for Construction                 |                      |                      |                      |
| 27                        | Other Deferred Credits                    |                      |                      |                      |
| 28                        | Total Deferred Credits                    | -                    | -                    | -                    |
| 29                        | <b>Total Liabilities</b>                  | <b>\$ 49,328,209</b> | <b>\$ 49,646,807</b> | <b>\$ 49,240,995</b> |

**Elkhart Municipal Water Utility**  
**CAUSE NUMBER 46010**

**COMPARATIVE INCOME STATEMENT**  
**Twelve Months Ended October 31,**

|    |                                  | 2023      | 2022      | 2021      |
|----|----------------------------------|-----------|-----------|-----------|
| 1  | Operating Revenues               |           |           |           |
| 2  | Water Sales                      |           |           |           |
| 3  | Unmetered                        | -         | 20,653    | 22,451    |
| 4  | Residential                      | 2,750,806 | 2,711,465 | 2,594,860 |
| 5  | Commercial                       | 1,388,546 | 1,462,610 | 1,435,989 |
| 6  | Industrial                       | 606,630   | 671,611   | 673,481   |
| 7  | Public Authority                 | 156,799   | 172,145   | 162,007   |
| 8  | Multi-Family                     | 676,434   | 732,398   | 678,396   |
| 9  | Irrigation                       | 19,893    | 20,673    | 479,256   |
| 10 | Fire Protection                  |           |           |           |
| 11 | Public                           | 715,241   | 708,031   | 709,389   |
| 12 | Private                          | 499,662   | 493,702   | 522,515   |
| 13 | Late Payment Fees                | 95,816    | 61,121    | 67,208    |
|    | Miscellaneous Service Revenues   | 294,107   | 273,322   | 360,485   |
| 14 | Other Water Revenues             | 198,743   | 116,224   | 169,101   |
| 15 | Total Operating Revenues         | 7,402,677 | 7,443,955 | 7,875,138 |
| 16 | Operating Expenses               |           |           |           |
| 17 | Salaries and Wages               | 2,846,179 | 2,500,116 | 2,364,380 |
| 18 | Employee Benefits                | 1,088,109 | 902,282   | 865,296   |
| 19 | Purchased Water                  | -         | -         | -         |
| 20 | Purchased Power                  | 418,117   | 432,228   | 363,927   |
| 21 | Chemicals                        | 285,466   | 183,315   | 118,302   |
| 22 | Materials and Supplies           | 438,657   | 368,333   | 493,492   |
| 23 | Contractual Services             |           |           |           |
| 24 | Accounting                       | 45,856    | 9,366     | 5,172     |
| 25 | Engineering                      | -         | -         | -         |
| 26 | Legal                            | -         | -         | -         |
| 27 | Management Fees                  | -         | -         | -         |
| 28 | Testing                          | -         | -         | 14,772    |
| 29 | Other                            | 597,826   | 454,969   | 707,817   |
| 30 | Rental of Building/Real Property | -         | -         | -         |
| 31 | Rental of Equipment              | 1,040     | 1,040     | 184       |
| 32 | Transportation Expense           | -         | -         | -         |
| 33 | Insurance                        |           |           |           |
| 34 | Vehicle                          | -         | -         | -         |
| 35 | General Liability                | 163,000   | 163,000   | 163,000   |
| 36 | Workers' Compensation            | -         | -         | -         |
| 37 | Other                            | -         | -         | -         |
| 38 | Advertising Expense              | -         | -         | 8,269     |
| 39 | Regulatory Expense               | 14,823    | 14,823    | 14,875    |
| 40 | Bad Debt Expense                 | -         | -         | -         |
| 41 | Miscellaneous Expense            | 408,186   | 387,725   | 179,780   |
| 42 | Total O&M Expense                | 6,307,259 | 5,417,197 | 5,299,266 |

**Elkhart Municipal Water Utility****CAUSE NUMBER 46010****COMPARATIVE INCOME STATEMENT****Twelve Months Ended October 31, 2023**

|    |                               | 2023         | 2022       | 2021       |
|----|-------------------------------|--------------|------------|------------|
| 43 | Depreciation Expense          | 1,274,101    | 1,264,245  | 1,241,286  |
| 44 | Amortization Expense          | -            | -          | -          |
| 45 | Taxes Other than Income       | -            | -          | -          |
| 46 | Payroll Taxes                 | -            | -          | -          |
| 47 | Utility Receipts Tax          | 19,713       | 25,097     | 108,000    |
|    | PILT                          | -            | 419,000    | 419,000    |
| 48 | Other Taxes and Licenses      | -            | -          | -          |
| 49 | Total Operating Expenses      | 7,601,073    | 7,125,539  | 7,067,552  |
| 50 | Net Operating Income          | (198,396)    | 318,416    | 807,586    |
| 51 | Other Income: (Expenses):     |              |            |            |
| 52 | Interest Income               | 79,483       | 34,932     | 5,591      |
| 53 | Gain (Loss) on Sale of Assets | -            | -          | -          |
| 54 | Revenues from Jobbing         | -            | -          | -          |
| 55 | Non-Utility Income            | -            | -          | -          |
| 56 | Non-Utility Expenses          | -            | -          | -          |
| 57 | Total Other Income (Expenses) | 79,483       | 34,932     | 5,591      |
| 58 | Interest Expense              |              |            |            |
| 59 | Interest Expense              | -            | -          | -          |
| 60 | Amortization of Debt Discount | -            | -          | -          |
| 61 | amortization of Debt Premium  | -            | -          | -          |
| 62 | Total Other Income (Expense)  | -            | -          | -          |
| 63 | Net Income                    | \$ (118,913) | \$ 353,348 | \$ 813,177 |

**Elkhart Municipal Water Utility  
CAUSE NUMBER 46010**

*Pro Forma* Net Operating Income Statement

|    | Phase I                          |             |             |           |             |           | Phase II    |     |             |             |              | Phase III   |           |              |             |              |
|----|----------------------------------|-------------|-------------|-----------|-------------|-----------|-------------|-----|-------------|-------------|--------------|-------------|-----------|--------------|-------------|--------------|
|    | Test Year                        |             | Sch         | Pro Forma |             | Pro Forma |             | Sch | Pro Forma   |             | Pro Forma    |             | Sch       | Pro Forma    |             | Pro Forma    |
|    | Ended                            | Adjustments | Ref         | Present   | Adjustments | Phase I   | Adjustments | Ref | Phase I     | Adjustments | Phase II     | Adjustments | Ref       | Phase II     | Adjustments | Phase III    |
|    | 31-Oct-23                        |             |             | Rates     |             | Rates     |             |     | Rates       |             | Rates        |             |           | Rates        |             | Rates        |
| 1  | Operating Revenues               |             |             |           |             |           |             |     |             |             |              |             |           |              |             |              |
| 2  | Water Sales                      |             |             |           |             |           |             |     |             |             |              |             |           |              |             |              |
| 3  | Residential                      | \$2,750,806 |             |           | \$2,750,806 | 887,039   | \$3,637,845 |     | \$3,637,845 | 122,704     | \$ 3,760,549 |             |           | \$ 3,760,549 | 113,945     | \$ 3,874,494 |
| 4  | Commercial                       | 1,388,546   |             |           | 1,388,546   | 447,757   | 1,836,303   |     | 1,836,303   | 59,308      | 1,895,611    |             |           | 1,895,611    | 55,074      | 1,950,685    |
| 5  | Industrial                       | 606,630     |             |           | 606,630     | 195,617   | 802,247     |     | 802,247     | 25,911      | 828,158      |             |           | 828,158      | 24,061      | 852,219      |
| 6  | Public Authority                 | 156,799     |             |           | 156,799     | 50,562    | 207,361     |     | 207,361     | 6,697       | 214,058      |             |           | 214,058      | 6,219       | 220,277      |
| 7  | Multi-Family                     | 676,434     |             |           | 676,434     | 218,126   | 894,560     |     | 894,560     | 28,892      | 923,452      |             |           | 923,452      | 26,830      | 950,282      |
| 8  | Irrigation                       | 19,893      |             |           | 19,893      | 6,415     | 26,308      |     | 26,308      | 850         | 27,158       |             |           | 27,158       | 789         | 27,947       |
| 9  | Fire Protection                  |             |             |           |             |           |             |     |             |             |              |             |           |              |             |              |
| 10 | Public                           | 715,241     |             |           | 715,241     | 230,640   | 945,881     |     | 945,881     | 30,550      | 976,431      |             |           | 976,431      | 28,369      | 1,004,800    |
| 11 | Private                          | 499,662     |             |           | 499,662     | 161,124   | 660,786     |     | 660,786     | 21,342      | 682,128      |             |           | 682,128      | 19,818      | 701,946      |
| 12 | Late Payment Fees                | 95,816      |             |           | 95,816      | 30,897    | 126,713     |     | 126,713     | 4,093       | 130,806      |             |           | 130,806      | 3,800       | 134,606      |
| 13 | Other Water Revenues             | 198,743     | (37,387)    | 5-1       | 161,356     |           | 161,356     |     | 161,356     |             | 161,356      |             |           | 161,356      |             | 161,356      |
| 14 | Total Operating Revenues         | 7,108,570   | (37,387)    |           | 7,071,183   | 2,228,177 | 9,299,360   | -   | 9,299,360   | 300,347     | 9,599,707    | -           |           | 9,599,707    | 278,905     | 9,878,612    |
| 15 | O&M Expense                      |             |             |           |             |           |             |     |             |             |              |             |           |              |             |              |
| 16 | Salaries and Wages               | 2,846,179   | 96,906      | Pet       | 2,943,085   |           | 2,943,085   | 6-1 | 2,943,085   |             | 2,943,085    | 6-1         | 2,943,085 |              | 2,943,085   |              |
| 17 | Employee Benefits                | 1,088,109   |             | 6-1       | 1,126,453   |           | 1,126,453   |     | 1,126,453   |             | 1,126,453    |             | 6-1       | 1,126,453    | 1,126,453   |              |
| 18 | PERF Disbursement                |             | 19,338      | 6-2       |             |           |             |     |             |             |              |             |           |              |             |              |
| 19 | Sick Incentive                   |             | (4,876)     | Pet       |             |           |             |     |             |             |              |             |           |              |             |              |
| 20 | Health Insurance                 |             | 23,882      | Pet       |             |           |             |     |             |             |              |             |           |              |             |              |
| 21 | Purchased Water                  | -           |             |           | -           |           | -           |     | -           |             | -            |             |           | -            | -           |              |
| 22 | Purchased Power                  | 418,117     |             |           | 418,117     |           | 418,117     |     | 418,117     |             | 418,117      |             |           | 418,117      | 418,117     |              |
| 23 | Chemicals                        | 285,466     | 13,334      | Pet       | 298,800     |           | 298,800     |     | 298,800     |             | 298,800      |             |           | 298,800      | 298,800     |              |
| 24 | Materials and Supplies           | 438,657     | (10,714)    | Pet       | 427,943     |           | 427,943     |     | 427,943     |             | 427,943      |             |           | 427,943      | 427,943     |              |
| 25 | Contractual Services             |             |             |           |             |           |             |     |             |             |              |             |           |              |             |              |
| 26 | Accounting                       | 45,856      |             |           | 45,856      |           | 45,856      |     | 45,856      |             | 45,856       |             |           | 45,856       | 45,856      |              |
| 27 | Engineering                      | -           |             |           | -           |           | -           |     | -           |             | -            |             |           | -            | -           |              |
| 28 | Legal                            | -           |             |           | -           |           | -           |     | -           |             | -            |             |           | -            | -           |              |
| 29 | Management Fees                  | -           |             |           | -           |           | -           |     | -           |             | -            |             |           | -            | -           |              |
| 30 | Testing                          | -           |             |           | -           |           | -           |     | -           |             | -            |             |           | -            | -           |              |
| 31 | Other                            | 597,826     |             |           | 621,101     |           | 621,101     |     | 621,101     |             | 621,101      |             |           | 621,101      | 621,101     |              |
| 32 | Non-Recurring Charge             |             | (16,500)    | 6-3       |             |           |             |     |             |             |              |             |           |              |             |              |
| 33 | Well Cleaning                    |             | 39,775      | Pet       |             |           |             |     |             |             |              |             |           |              |             |              |
| 34 | Rental of Building/Real Property | -           |             |           | -           |           | -           |     | -           |             | -            |             |           | -            | -           |              |
| 35 | Rental of Equipment              | 1,040       |             |           | 1,040       |           | 1,040       |     | 1,040       |             | 1,040        |             |           | 1,040        | 1,040       |              |
| 36 | Transportation Expense           | -           |             |           | -           |           | -           |     | -           |             | -            |             |           | -            | -           |              |
| 37 | Insurance                        |             |             |           |             |           |             |     |             |             |              |             |           |              |             |              |
| 38 | Vehicle                          | -           |             |           | -           |           | -           |     | -           |             | -            |             |           | -            | -           |              |
| 39 | General Liability                | 163,000     |             |           | 163,000     |           | 163,000     |     | 163,000     |             | 163,000      |             |           | 163,000      | 163,000     |              |
| 40 | Workers' Compensation            | -           |             |           | -           |           | -           |     | -           |             | -            |             |           | -            | -           |              |
| 41 | Other                            | -           |             |           | -           |           | -           |     | -           |             | -            |             |           | -            | -           |              |
| 42 | Advertising Expense              | -           |             |           | -           |           | -           |     | -           |             | -            |             |           | -            | -           |              |
| 43 | Regulatory Expense               | 14,823      | 35,000      | Pet       | 49,823      |           | 49,823      |     | 49,823      |             | 49,823       |             |           | 49,823       | 49,823      |              |
| 44 | Bad Debt Expense                 | -           |             |           | -           |           | -           |     | -           |             | -            |             |           | -            | -           |              |
| 45 | Miscellaneous Expense            | 408,186     |             |           | 408,186     |           | 408,186     |     | 408,186     |             | 408,186      |             |           | 408,186      | 408,186     |              |
| 46 | Depreciation Expense             | 1,274,101   | (1,274,101) | 7         | -           |           | -           | 7   | -           |             | -            | 7           | -         | -            | -           |              |
| 47 | Amortization Expense             | -           |             |           | -           |           | -           |     | -           |             | -            |             |           | -            | -           |              |
| 48 | Taxes Other than Income          |             |             |           |             |           |             |     |             |             |              |             |           |              |             |              |

|    |                          |              |            |     |           |             |             |      |             |            |              |      |              |            |              |
|----|--------------------------|--------------|------------|-----|-----------|-------------|-------------|------|-------------|------------|--------------|------|--------------|------------|--------------|
| 49 | Payroll Taxes            | -            | -          | -   | -         | -           | -           | -    | -           | -          | -            | -    | -            | -          |              |
| 50 | Utility Receipts Tax     | 19,713       | (19,713)   | Pet | -         | -           | -           | -    | -           | -          | -            | -    | -            | -          |              |
| 51 | PILT                     | -            | 550,000    | 8   | 550,000   | -           | 550,000     | -    | 550,000     | -          | 550,000      | -    | 550,000      | 550,000    |              |
| 52 | Total Operating Expenses | 7,601,073    | (547,669)  |     | 7,053,404 | -           | 7,053,404   | -    | 7,053,404   | -          | 7,053,404    | -    | 7,053,404    | 7,053,404  |              |
| 53 | Net Operating Income     | \$ (492,503) | \$ 510,282 |     | \$ 17,779 | \$2,228,177 | \$2,245,956 | \$ - | \$2,245,956 | \$ 300,347 | \$ 2,546,303 | \$ - | \$ 2,546,303 | \$ 278,905 | \$ 2,825,208 |

**Elkhart Municipal Water Utility  
CAUSE NUMBER 46010**

**OUCR Revenue Adjustments**

(1)

**Other Revenue**

To normalize other revenue using a 3-year average (excluding COVID year 2020)

| <u><b>Year</b></u> | <u><b>Other Revenues</b></u>  |                                       |  |  |  |          |
|--------------------|-------------------------------|---------------------------------------|--|--|--|----------|
| 2021               | \$ 169,101                    |                                       |  |  |  |          |
| 2022               | 116,224                       |                                       |  |  |  |          |
| Test Year          | 198,743                       |                                       |  |  |  |          |
|                    |                               |                                       |  |  |  |          |
|                    | Normalized Other Revenue      | 161,356                               |  |  |  |          |
|                    | Less: Test Year Other Revenue | 198,743                               |  |  |  |          |
|                    |                               |                                       |  |  |  |          |
|                    |                               | <b>Adjustment Increase (Decrease)</b> |  |  |  | (37,387) |
|                    |                               |                                       |  |  |  |          |
|                    |                               |                                       |  |  |  |          |
|                    |                               |                                       |  |  |  |          |
|                    |                               |                                       |  |  |  |          |
|                    |                               |                                       |  |  |  |          |

**Elkhart Municipal Water Utility**

**CAUSE NUMBER 46010**

**Agreed Expense Adjustments**

(1)

**Rate Case Expense**

To adjust rate case expense to actuals

Estimated Actual Rate Case Expense

\$175,000

Estimated Life of Rates

5

Adjustment Increase (Decrease)

\$ 35,000

(2)

**PERF Disbursements**

To adjust test year PERF disbursements to reflect updated salaries & wages

Adjusted Test Year Eligible Salaries & Wages

\$ 2,915,965

Times: PERF Rate

14.2%

PERF Contribution

\$ 414,067

Less: Test Year PERF Disbursements

\$ 394,729

Adjustment Increase (Decrease)

\$ 19,338

(3)

**Non-Recurring Charges**

To remove a non-recurring charge associated with vehicle damage to south booster station

O&M Line Item

Account

Reason

Amount

Other Contractual Services

6101-5-734-6360000

Non-recurring  
vehicle damage to  
booster station

\$ 16,500

Adjustment Increase (Decrease)

\$(16,500)





**Elkhart Municipal Water Utility**

**CAUSE NUMBER 46010**

**Payment in Lieu of Property Taxes**

|    |   |               |              |  | <b>Ref</b> |
|----|---|---------------|--------------|--|------------|
| 1  | Utility Plant in Service as of 10/31/23                   | \$ 64,626,727 |              |  | Pet        |
| 2  | Less: UPIS Outside Municipal Boundaries                   | 9,572,239     |              |  | DR 1-7     |
| 3  | Less: Net Assessed Mains Outside City                     | 4,083,125     |              |  | G27        |
| 4  | Gross Utility Plant in Service Subject to PILOT           |               | 50,971,363   |  |            |
| 5  | Accumulated Depreciaton as of 10/31/23                    | (26,121,472)  |              |  | Pet        |
| 6  | Less: UPIS Outside Municipal Boundaries                   | (4,260,452)   |              |  | DR 1-7     |
| 7  | Adjusted Accumulated Depreciation Subject to PILOT        |               | (21,861,020) |  |            |
| 8  | Mains in Service as of 10/31/23                           | 40,088,322    |              |  | Pet        |
| 9  | Main Depr % of Acc. Depr as of 12/31/23                   | 60.37%        |              |  | 2023 IURC  |
| 10 | Main Depreciation as of 10/31/23                          | (15,769,533)  |              |  |            |
| 11 | Net Assessed Mains  | 24,318,789    |              |  |            |
| 12 | Times: % of Main Outside Municipal Boundaries             | 16.79%        |              |  | Pet        |
| 13 | Net Assessed Main Outside Municipal Boundaries            | 4,083,125     |              |  |            |
| 14 | Estimated Net Assessed Valuation as of 10/31/23           |               | 29,110,343   |  |            |
| 15 | Divide: \$100   |               | 291,103.43   |  |            |
| 16 | Times: Petitioner 2023 Tax Rate per \$100                 |               | 1.8886       |  |            |
| 17 | <b><i>Pro Forma</i> Payment in Lieu of Property Taxes</b> |               |              |  |            |

Schedule 8

Page 1 of 1

\$ 550,000

**Elkhart Municipal Water Utility**

**CAUSE NUMBER 46010**

**Working Capital**

**Schedule intentionally left blank**

**Petitioner did not request working capital.**

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**Elkhart Municipal Water Utility**

**CAUSE NUMBER 46010**

Debt Service

**Schedule intentionally left blank**

**Debt Service is as recommended by  
OUCC Witness Shawn Dellinger and part  
of this Settlement Agreement**

**Elkhart Municipal Water Utility**

**CAUSE NUMBER 46010**

**Debt Service Reserve**

**Schedule intentionally left blank**

**Debt Service Reserve is as recommended  
by OUCC Witness Shawn Dellinger**

Elkhart Municipal Water Utility  
 CAUSE NUMBER 46010

Current and Proposed Rates and Charges

|  | Current  | Phase I             |              |                 | Phase II            |              |                 | Phase III           |              |                 | Overall                 |                  |                 |
|--|----------|---------------------|--------------|-----------------|---------------------|--------------|-----------------|---------------------|--------------|-----------------|-------------------------|------------------|-----------------|
|  |          | Petitioner Proposed | OUC Proposed | OUC More (Less) | Petitioner Proposed | OUC Proposed | OUC More (Less) | Petitioner Proposed | OUC Proposed | OUC More (Less) | Petitioner Increase (%) | OUC Increase (%) | OUC More (Less) |
| <b>Monthly Metered Rates (per 1,000 gallons)</b>   |          |                     |              |                 |                     |              |                 |                     |              |                 |                         |                  |                 |
| First 29,900 gallons                               | \$ 1.95  | \$ 2.61             | \$ 2.58      | \$(0.03)        | \$ 2.72             | \$ 2.66      | \$(0.05)        | \$ 2.80             | \$ 2.74      | \$(0.06)        | 43.54%                  | 40.63%           | -2.91%          |
| Next 533,500 gallons                               | 1.503    | \$ 2.01             | 1.99         | (0.03)          | \$ 2.09             | 2.05         | (0.04)          | \$ 2.16             | 2.11         | (0.04)          | 43.54%                  | 40.63%           | -2.91%          |
| Next 508,600 gallons                               | 1.200    | \$ 1.61             | 1.59         | (0.02)          | \$ 1.67             | 1.64         | (0.03)          | \$ 1.72             | 1.69         | (0.03)          | 43.54%                  | 40.63%           | -2.91%          |
| Over 1,092,000 gallons                             | 1.015    | \$ 1.36             | 1.34         | (0.02)          | \$ 1.41             | 1.39         | (0.03)          | \$ 1.46             | 1.43         | (0.03)          | 43.54%                  | 40.63%           | -2.91%          |
| <b>Monthly Metered Rates (per 100 cubic feet)</b>  |          |                     |              |                 |                     |              |                 |                     |              |                 |                         |                  |                 |
| First 4,000 cubic feet                             | \$ 1.46  | \$ 1.96             | \$ 1.93      | \$(0.03)        | \$ 2.03             | \$ 1.99      | \$(0.04)        | \$ 2.10             | \$ 2.05      | \$(0.04)        | 43.54%                  | 40.63%           | -2.91%          |
| Next 74,000 cubic feet                             | 1.120    | 1.50                | 1.48         | (0.02)          | \$ 1.56             | 1.53         | (0.03)          | \$ 1.61             | 1.58         | (0.03)          | 43.54%                  | 40.63%           | -2.91%          |
| Next 68,000 cubic feet                             | 0.900    | 1.21                | 1.19         | (0.02)          | \$ 1.25             | 1.23         | (0.02)          | \$ 1.29             | 1.27         | (0.03)          | 43.54%                  | 40.63%           | -2.91%          |
| Over 146,000 cubic feet                            | 0.760    | 1.02                | 1.01         | (0.01)          | \$ 1.06             | 1.04         | (0.02)          | \$ 1.09             | 1.07         | (0.02)          | 43.54%                  | 40.63%           | -2.91%          |
| <b>Service Charge (per month)</b>                  |          |                     |              |                 |                     |              |                 |                     |              |                 |                         |                  |                 |
| 5/8 inch meter                                     | \$ 2.25  | \$ 3.02             | \$ 2.98      | \$(0.04)        | \$ 3.14             | \$ 3.07      | \$(0.06)        | \$ 3.23             | \$ 3.16      | \$(0.07)        | 43.54%                  | 40.63%           | -2.91%          |
| 3/4 inch meter                                     | 2.47     | 3.31                | 3.27         | (0.04)          | \$ 3.44             | 3.37         | (0.07)          | \$ 3.55             | 3.47         | (0.07)          | 43.54%                  | 40.63%           | -2.91%          |
| 1 inch meter                                       | 3.03     | 4.06                | 4.01         | (0.05)          | \$ 4.22             | 4.14         | (0.08)          | \$ 4.35             | 4.26         | (0.09)          | 43.54%                  | 40.63%           | -2.91%          |
| 1 1/2 inch meter                                   | 4.61     | 6.18                | 6.10         | (0.08)          | \$ 6.42             | 6.30         | (0.13)          | \$ 6.62             | 6.48         | (0.13)          | 43.54%                  | 40.63%           | -2.91%          |
| 2 inch meter                                       | 6.81     | 9.13                | 9.01         | (0.12)          | \$ 9.49             | 9.30         | (0.19)          | \$ 9.78             | 9.58         | (0.20)          | 43.54%                  | 40.63%           | -2.91%          |
| 3 inch meter                                       | 13.11    | 17.57               | 17.34        | (0.23)          | \$ 18.27            | 17.91        | (0.36)          | \$ 18.82            | 18.44        | (0.38)          | 43.54%                  | 40.63%           | -2.91%          |
| 4 inch meter                                       | 21.96    | 29.43               | 29.04        | (0.39)          | \$ 30.60            | 30.00        | (0.61)          | \$ 31.52            | 30.88        | (0.64)          | 43.54%                  | 40.63%           | -2.91%          |
| 6 inch meter                                       | 47.19    | 63.23               | 62.41        | (0.83)          | \$ 65.76            | 64.46        | (1.31)          | \$ 67.74            | 66.36        | (1.37)          | 43.54%                  | 40.63%           | -2.91%          |
| 8 inch meter                                       | 82.51    | 110.36              | 109.12       | (1.45)          | \$ 114.99           | 112.70       | (2.28)          | \$ 118.44           | 116.03       | (2.40)          | 43.54%                  | 40.63%           | -2.91%          |
| <b>Minimum Charge (per month)</b>                  |          |                     |              |                 |                     |              |                 |                     |              |                 |                         |                  |                 |
| 5/8 inch meter                                     | \$ 8.09  | 10.84               | \$ 10.70     | \$(0.14)        | \$ 11.27            | \$ 11.05     | \$(0.22)        | \$ 11.61            | \$ 11.38     | \$(0.24)        | 43.54%                  | 40.63%           | -2.91%          |
| 3/4 inch meter                                     | 11.23    | 15.05               | 14.85        | (0.20)          | \$ 15.65            | 15.34        | (0.31)          | \$ 16.12            | 15.79        | (0.33)          | 43.54%                  | 40.63%           | -2.91%          |
| 1 inch meter                                       | 17.63    | 23.62               | 23.32        | (0.31)          | \$ 24.57            | 24.08        | (0.49)          | \$ 25.31            | 24.79        | (0.51)          | 43.54%                  | 40.63%           | -2.91%          |
| 1 1/2 inch meter                                   | 33.81    | 45.31               | 44.71        | (0.59)          | \$ 47.12            | 46.18        | (0.94)          | \$ 48.53            | 47.55        | (0.98)          | 43.54%                  | 40.63%           | -2.91%          |
| 2 inch meter                                       | 53.53    | 71.73               | 70.79        | (0.94)          | \$ 74.60            | 73.12        | (1.48)          | \$ 76.84            | 75.28        | (1.56)          | 43.54%                  | 40.63%           | -2.91%          |
| 3 inch meter                                       | 93.91    | 125.84              | 124.19       | (1.65)          | \$ 130.87           | 128.27       | (2.60)          | \$ 134.80           | 132.07       | (2.73)          | 43.54%                  | 40.63%           | -2.91%          |
| 4 inch meter                                       | 147.56   | 197.73              | 195.14       | (2.59)          | \$ 205.64           | 201.56       | (4.08)          | \$ 211.81           | 207.51       | (4.30)          | 43.54%                  | 40.63%           | -2.91%          |
| 6 inch meter                                       | 284.79   | 381.62              | 376.62       | (4.99)          | \$ 396.88           | 389.00       | (7.88)          | \$ 408.79           | 400.50       | (8.29)          | 43.54%                  | 40.63%           | -2.91%          |
| 8 inch meter                                       | 454.51   | 609.04              | 601.07       | (7.97)          | \$ 633.41           | 620.83       | (12.58)         | \$ 652.41           | 639.18       | (13.23)         | 43.54%                  | 40.63%           | -2.91%          |
| <b>Fire Protection (per month)</b>                 |          |                     |              |                 |                     |              |                 |                     |              |                 |                         |                  |                 |
| Private Fire Hydrants (per hydrant)                | \$ 28.12 | \$ 37.68            | \$ 37.19     | \$(0.49)        | \$ 39.19            | \$ 38.41     | \$(0.78)        | \$ 40.36            | \$ 39.55     | \$(0.82)        | 43.54%                  | 40.63%           | -2.91%          |
| <b>Municipal and Public Fire Hydrants</b>          |          |                     |              |                 |                     |              |                 |                     |              |                 |                         |                  |                 |
| 5/8 inch meter                                     | \$ 2.76  | \$ 3.70             | \$ 3.65      | \$(0.05)        | \$ 3.85             | \$ 3.77      | \$(0.08)        | \$ 3.96             | \$ 3.88      | \$(0.08)        | 43.54%                  | 40.63%           | -2.91%          |
| 3/4 inch meter                                     | 3.03     | 4.06                | 4.01         | (0.05)          | \$ 4.22             | 4.14         | (0.08)          | \$ 4.35             | 4.26         | (0.09)          | 43.54%                  | 40.63%           | -2.91%          |
| 1 inch meter                                       | 3.86     | 5.17                | 5.10         | (0.07)          | \$ 5.38             | 5.27         | (0.11)          | \$ 5.54             | 5.43         | (0.11)          | 43.54%                  | 40.63%           | -2.91%          |
| 1 1/4 inch meter                                   | 4.41     | 5.91                | 5.83         | (0.08)          | \$ 6.15             | 6.02         | (0.12)          | \$ 6.33             | 6.20         | (0.13)          | 43.54%                  | 40.63%           | -2.91%          |
| 1 1/2 inch meter                                   | 4.97     | 6.66                | 6.57         | (0.09)          | \$ 6.93             | 6.79         | (0.14)          | \$ 7.13             | 6.99         | (0.14)          | 43.54%                  | 40.63%           | -2.91%          |
| 2 inch meter                                       | 8.00     | 10.72               | 10.58        | (0.14)          | \$ 11.15            | 10.93        | (0.22)          | \$ 11.48            | 11.25        | (0.23)          | 43.54%                  | 40.63%           | -2.91%          |
| 3 inch meter                                       | 30.33    | 40.64               | 40.11        | (0.53)          | \$ 42.27            | 41.43        | (0.84)          | \$ 43.54            | 42.65        | (0.88)          | 43.54%                  | 40.63%           | -2.91%          |
| 4 inch meter                                       | 38.62    | 51.75               | 51.07        | (0.68)          | \$ 53.82            | 52.75        | (1.07)          | \$ 55.44            | 54.31        | (1.12)          | 43.54%                  | 40.63%           | -2.91%          |
| 6 inch meter                                       | 57.92    | 77.61               | 76.60        | (1.02)          | \$ 80.72            | 79.11        | (1.60)          | \$ 83.14            | 81.45        | (1.69)          | 43.54%                  | 40.63%           | -2.91%          |
| 8 inch meter                                       | 79.98    | 107.17              | 105.77       | (1.40)          | \$ 111.46           | 109.25       | (2.21)          | \$ 114.80           | 112.48       | (2.33)          | 43.54%                  | 40.63%           | -2.91%          |
| <b>Private Fire Protection Service (sprinkler)</b> |          |                     |              |                 |                     |              |                 |                     |              |                 |                         |                  |                 |
| 2 inch connection                                  | \$ 3.10  | \$ 4.15             | \$ 4.10      | \$(0.05)        | \$ 4.32             | \$ 4.23      | \$(0.09)        | \$ 4.45             | \$ 4.36      | \$(0.09)        | 43.54%                  | 40.63%           | -2.91%          |
| 4 inch connection                                  | 12.64    | 16.94               | 16.72        | (0.22)          | \$ 17.62            | 17.27        | (0.35)          | \$ 18.14            | 17.78        | (0.37)          | 43.54%                  | 40.63%           | -2.91%          |
| 6 inch connection                                  | 28.12    | 37.68               | 37.19        | (0.49)          | \$ 39.19            | 38.41        | (0.78)          | \$ 40.36            | 39.55        | (0.82)          | 43.54%                  | 40.63%           | -2.91%          |
| 8 inch connection                                  | 50.06    | 67.08               | 66.20        | (0.88)          | \$ 69.76            | 68.38        | (1.39)          | \$ 71.86            | 70.40        | (1.46)          | 43.54%                  | 40.63%           | -2.91%          |
| 10 inch connection                                 | 78.19    | 104.77              | 103.40       | (1.37)          | \$ 108.97           | 106.80       | (2.16)          | \$ 112.23           | 109.96       | (2.28)          | 43.54%                  | 40.63%           | -2.91%          |
| 12 inch connection                                 | 112.49   | 150.74              | 148.76       | (1.97)          | \$ 156.77           | 153.65       | (3.11)          | \$ 161.47           | 158.19       | (3.27)          | 43.54%                  | 40.63%           | -2.91%          |

Water Master Plan Update (2021-2030) FINAL

Table 6-1. Review of 2011 Water Master Plan Recommend Capital Improvements

| Priority                                       | Project Number | Project  | Purpose   | Status  |
|--|----------------|--|---|---|
| <b>WATER MAIN IMPROVEMENTS</b>                 |                |  |   |   |
| 1  | 1              | 24-inch water main along Nappanee between W. Lusher Ave. and Old US 33 | Extend transmission from Northwest Well Field to Mishawaka Rd     | Completed (2011)  |
| 1  | 2              | 24-inch water main along Pennsylvania & Okema                          | Extend transmission from Northwest Well Field to Mishawaka Rd     | Completed (2014)  |
| 1  | 3              | 24-inch river crossing at Okema and Edgewater                          | Extend transmission from Northwest Well Field to Mishawaka Rd     | Completed (2014)  |
| 1  | 4              | 24-inch water main along Rainbow Bend & Dorsey                         | Extend transmission from Northwest Well Field to Mishawaka Rd     | Completed (2014)  |
| 1  | 5              | 24-inch water main along CR 13 between CR 45 and W. Hively             | Close loop, improve water quality                                 | Not completed; future need identified previously for redundancy and water quality but not critical  |
| 2  | 6              | 12-inch water main along CR 10 between Pebblestone Ln. and CR 17       | Close loop, improve water quality                                 | Partially completed from Pebblestone Ln. to CR 15 (2014); future need identified previously for redundancy and water quality but not critical |
| 2  | 7              | 16-inch water main along Mishawaka Rd between Old US 33 and CR 3       | Close loop, improve water quality                                 | Partially completed (450 LF of 10,600 LF; 2017); future need identified previously for redundancy and water quality but not critical          |
| <b>WATER SUPPLY AND TREATMENT IMPROVEMENTS</b> |                |  |   |   |
| 1  | 8              | Northwest Well Field Land Acquisition                                  | Property cost for expanding supply wells from 7.0 MGD to 10.0 MGD | City purchased land   |
| 2  | 9              | Northwest Well Field Expansion   | Increase firm capacity from 4.5 MGD to 7.0 MGD                    | Reduced to 750,000 gpd based on new projected demand  |
| 2  | 10             | Northwest Well Field 2.5 MGD Treatment Expansion                       | Increase treatment capacity from 5.0 MGD to 7.5 MGD               | Removed from CIP; capacity not required   |



Water Master Plan Update (2021-2030) FINAL

Table 6-2. Review of 2020-2025 CIP Including Asset Management Recommendations

| Year            | Type    | Location | Purpose   | Status                 |
|-----------------|---------|----------|---|------------------------|
| <b>2020 CIP</b> |         |          |   |                        |
| 2020            | Replace | NMS      | Generator Replacement                           | Substantially complete |
| 2020            | Replace | Various  | SCADA RTU Project                               | Ongoing                |
| <b>2021 CIP</b> |         |          |   |                        |
| 2021            | Rehab   | NMS      | High Service Pump Building                      | Not complete           |
| 2021            | Rehab   | WST      | Benham Tower Repaint                            | Complete               |
| 2021            | Inspect | WTPs     | Inspection Project Structural                   | Not complete           |
| 2021            | Replace | NMS      | North Main Detention Gates                      | Not complete           |
| 2021            | Replace | NMS      | North Main Failed Air Stripper Valves and Hoist | Planned 2022           |
| 2021            | Replace | NWF      | Northwest Detention Pump and Instruments        | Planned 2023           |
| 2021            | Replace | NWF      | Northwest Well 5 Pump Replacement               | Inspection in progress |
| 2021            | Replace | NWF      | Northwest Aerator Replacement                   | Planned 2023           |
| 2021            | Replace | SWF      | South Chlorine Replacement                      | Ongoing                |
| 2021            | Replace | WM       | Water Main: Lexington – Riverside to West       | Not complete           |
| 2021            | Replace | SL       | 3% of System Lead Service Replacements          | Complete               |
| 2021            | New     | WM       | Water Main Extension Program                    | Complete               |
| 2021            | Replace | SL       | Water Meter Replacement Final Year              | Complete               |
| <b>2022 CIP</b> |         |          |   |                        |
| 2022            | Rehab   | WST      | Riverview Tower Repaint                         | Complete (exterior)    |
| 2022            | Replace | NWF      | Northwest Filter and Media Replacement          | Not complete           |

Water Master Plan Update (2021-2030) FINAL

| Year            | Type    | Location | Purpose   | Status                             |
|-----------------|---------|----------|---|------------------------------------|
| 2022            | Replace | WM       | Water Main: Jackson – Waterfall (midblock) to 3 <sup>rd</sup>         | Not complete; part of LTCP project |
| 2022            | New     | WM       | Water Main Extension Program  | Ongoing                            |
| 2022            | Replace | SL       | 3% of System Lead Service Replacements                                | Ongoing                            |
| <b>2023 CIP</b> |         |          |   |                                    |
| 2023            | Replace | WM       | Water Main: Lexington – 5 <sup>th</sup> to Bridge                     | Not complete                       |
| 2023            | Replace | WM       | Water Main: Indiana – Benham to 6 <sup>th</sup>                       | Not complete                       |
| 2023            | Replace | WM       | Water Main: Indiana – Oakland to Thomas                               | Not complete                       |
| 2023            | Replace | WM       | Water Main: North Main – Jackson to Bridge                            | Not complete                       |
| 2023            | New     | WM       | CR 13 24" Loop  | Not complete                       |
| 2023            | New     | WM       | LaSalle, McKinley Extension & Loop                                    | Not complete                       |
| 2023            | New     | WM       | Water Main Extension Program  | Not complete                       |
| 2023            | Replace | SL       | 3% of System Lead Service Replacements                                | Not complete                       |
| <b>2024 CIP</b> |         |          |   |                                    |
| 2024            | Rehab   | WST      | Bower Tower Repaint   | Not complete                       |
| 2024            | Replace | SWF      | South Filter and Media Replacement                                    | Not complete                       |
| 2024            | Replace | WM       | Water Main: Marine to Jackson Connection; Johnson – Orchard to Marine | Not complete                       |
| 2024            | New     | WM       | Liberty/Riverside Extension & Loop                                    | Not complete                       |
| 2024            | New     | WM       | Water Main Extension Program  | Not complete                       |
| 2024            | Replace | SL       | 3% of System Lead Service Replacements                                | Not complete                       |

Water Master Plan Update (2021-2030) FINAL

| Year            | Type    | Location | Purpose  | Status       |
|-----------------|---------|----------|--|--------------|
| <b>2025 CIP</b> |         |          |  |              |
| 2025            | Replace | NMS      | North Main Fluoride                                  | Not complete |
| 2025            | Rehab   | NMS      | North Main Groundwell Concrete Rehab                 | Not complete |
| 2025            | Replace | NMS      | North Main Phosphate                                 | Not complete |
| 2025            | Replace | NMS      | North Main Well A Pump                               | Not complete |
| 2025            | Replace | NWF      | Northwest Chlorination                               | Not complete |
| 2025            | Replace | NWF      | Northwest Fluoride                                   | Not complete |
| 2025            | Rehab   | NWF      | Northwest Groundwell Building 1 Rehab                | Not complete |
| 2025            | Replace | WST      | Riverview Replacement                                | Not complete |
| 2025            | Replace | SWF      | South Aerator Replacement                            | Not complete |
| 2025            | Replace | SWF      | South Fluoride                                       | Not complete |
| 2025            | Replace | WM       | Water Main: S. Main – Hively to Schaffer (Bypass)    | Not complete |
| 2025            | New     | WM       | Water Main Extension Program                         | Not complete |
| 2025            | New     | WM       | 2 <sup>nd</sup> St Loop – Tyler to Harrison          | Not complete |
| 2025            | New     | WM       | Fieldhouse Loop – 6 <sup>th</sup> to 7 <sup>th</sup> | Not complete |
| 2025            | Replace | SL       | 3% of System Lead Service Replacements               | Not complete |

Table 6-3. Recommended Capital Improvement Projects

| Priority                       | Need                      | Project   | Description  | Quantity | Units | Unit Cost   | Subtotal    | Construction Cost <sup>1</sup> |
|--------------------------------|---------------------------|---|--|----------|-------|-------------|-------------|--------------------------------|
| <b>WATER MAIN IMPROVEMENTS</b> |                           |   |  |          |       |             |             |                                |
| Low                            | Redundancy, Water Quality | 24-inch water main along CR 13 between CR 45 and W. Hively                          | Identified in 2011 WMP previously for redundancy (close loop) and water quality but not critical | 7,700    | LF    | \$4,330,000 | \$4,330,000 | \$4,330,000                    |
| Low                            | Redundancy, Water Quality | 12-inch water main along CR 10 from CR 1 to CR 3                                    | New, planned improvement to close loops for improved water quality and resiliency                | 8,900    | LF    | \$2,610,000 | \$2,610,000 | \$2,610,000                    |
| Low                            | Water Quality             | 12-inch water main along N John W Weaver Parkway between two ends of Aeroplex Drive | New, planned improvement to close loops for improved water quality                               | 3,035    | LF    | \$880,000   | \$880,000   | \$880,000                      |
| Low                            | Redundancy, Water Quality | 12-inch water main along CR 10 between CR 15 and CR 17                              | Identified in 2011 WMP previously for redundancy (close loop) and water quality but not critical | 4,300    | LF    | \$1,260,000 | \$1,260,000 | \$1,260,000                    |
| Low                            | Redundancy, Water Quality | 16-inch water main along Mishawaka Rd between Old US 33 and CR 3                    | Identified in 2011 WMP previously for redundancy (close loop) and water quality but not critical | 11,000   | LF    | \$3,790,000 | \$3,790,000 | \$3,790,000                    |
| Low                            | Redundancy                | 6-inch water main along E. Beardsley Avenue   | New, improves connectivity and redundancy  | 300      | LF    | \$70,000    | \$70,000    | \$70,000                       |
| High                           | Regulatory                | LCRR Compliance Assessment  | New, assess City's LCRR compliance needs   | 1        | LS    | \$25-50,000 | \$25-50,000 | \$25-50,000                    |

Water Master Plan Update (2021-2030) FINAL

| Priority                                       | Need        | Project   | Description  | Quantity | Units | Unit Cost       | Subtotal        | Construction Cost <sup>1</sup> |
|--|-------------|---|--|----------|-------|-----------------|-----------------|--------------------------------|
| High   | Regulatory  | LCRR Inventory and LSLR Plan                        | New, complete and submit initial LSL inventory and LSLR plan by or before October 16, 2024 | 1        | LS    | \$100-150,000   | \$100-150,000   | \$100-150,000                  |
| Annual   | Reliability | Annual Water Main Replacement Program               | Continue, risk-based water main replacement per City's asset management program            | 1        | LS    | \$1,000,000     | \$1,000,000     | \$1,000,000                    |
| Annual   | Growth      | Annual Water Main Extension Program                 | Continue, set aside for water main extension requests as needed                            | 1        | LS    | \$500-1,000,000 | \$500-1,000,000 | \$500-1,000,000                |
| Annual   | Reliability | Annual Water Meter Replacement/Repair               | New, set aside for water meter replacement/repair  | 1        | LS    | \$150-500,000   | \$150-500,000   | \$150-500,000                  |
| Annual   | Reliability | Annual Motor Equipment Service                      | New, set aside for motor equipment service   | 1        | LS    | \$50-150,000    | \$50-150,000    | \$50-150,000                   |
| Annual   | Regulatory  | Annual Lead Service Line Replacement Program        | Continue, LSLR program per City's LSLR plan  | 1        | LS    | \$750,000       | \$750,000       | \$750,000                      |
| <b>WATER SUPPLY AND TREATMENT IMPROVEMENTS</b> |             |   |  |          |       |                 |                 |                                |
| High   | Regulatory  | LCRR Desktop Corrosion Control Study                | New, confirm corrosion control needs based on LCRR requirements                            | 1        | LS    | \$25-50,000     | \$25-50,000     | \$25-50,000                    |
| High   | Regulatory  | LCRR Corrosion Control Treatment Demonstration Test | New, <i>potential</i> need pending desktop corrosion control study                         | 1        | LS    | \$50-500,000    | \$50-500,000    | \$50-500,000                   |
| Low  | Growth      | New Well, 750,000 gpd at Northwest Well Field       | New, required to achieve projected demand by 2028  | 1        | LS    | \$750,000       | \$750,000       | \$750,000                      |

Water Master Plan Update (2021-2030) FINAL

| Priority | Need        | Project  | Description   | Quantity | Units | Unit Cost   | Subtotal    | Construction Cost <sup>1</sup> |
|----------|-------------|--|---|----------|-------|-------------|-------------|--------------------------------|
| High     | Reliability | Northwest Well Field Filter, Media and Ancillary Equipment Replacement | Continue, risk-based repair and replacement   | 1        | LS    | \$5,200,000 | \$5,200,000 | \$5,200,000                    |
| High     | Reliability | South Well Field Filter, Media and Ancillary Equipment Replacement     | Continue, risk-based repair and replacement   | 1        | LS    | \$2,600,000 | \$2,600,000 | \$2,600,000                    |
| Medium   | O&M, Safety | North Main Street Well Field Chemical Facilities Improvements          | New and risk-based replacement - chlorine sensors, polyphosphate containment; fluoride chemical tanks and pumps, polyphosphate chemical tanks and pumps; chlorine detector, scale and HVAC; analyzers, chlorinators; chlorine hoist   | 1        | LS    | \$250,000   | \$250,000   | \$250,000                      |
| Medium   | O&M, Safety | Northwest Well Field Chemical Facilities Improvements                  | New and risk-based replacement - chlorine ventilation; chlorine flow meter, analyzer, chlorinators, controller, pump, pressure sensors, detector; fluoride control panel, chemical tanks and pumps risk-based replacement; polyphosphate chemical tanks and pumps, mixer, detector, level sensor; polyphosphate chemical tank; polyphosphate chemical tank, hoist | 1        | LS    | \$300,000   | \$300,000   | \$300,000                      |

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| Priority | Need                    | Project   | Description  | Quantity | Units | Unit Cost   | Subtotal    | Construction Cost <sup>1</sup> |
|----------|-------------------------|---|--|----------|-------|-------------|-------------|--------------------------------|
| Medium   | O&M, Safety             | South Well Field Chemical Facilities Improvements   | New and risk-based replacement - chlorine ventilation, fluoride containment, fluoride ventilation, polyphosphate containment; chlorinator, detector, analyzer, centrifugal pump risk-based replacement; and again in later years replacing same; fluoride chemical tanks and pumps; polyphosphate chemical pump; polyphosphate chemical pump | 1        | LS    | \$200,000   | \$200,000   | \$200,000                      |
| Medium   | Process Improvement     | Northwest Well Field Backwash Basin to Sewer        | New, backwash basin  | 1        | LS    | \$250,000   | \$250,000   | \$250,000                      |
| Medium   | Reliability, Automation | SCADA Network Upgrades                              | New, SCADA upgrades  | 1        | LS    | \$200,000   | \$200,000   | \$200,000                      |
| Medium   | Capacity and Growth     | South Booster Station Expansion                     | New, replace two pumps with larger pumps and re-evaluate VFD trigger points for more capacity  | 2        | LS    | \$1,500,000 | \$1,500,000 | \$1,500,000                    |
| Annual   | Reliability             | Annual Water Supply & Treatment Replacement Program | Continue, risk-based water supply and treatment replacement per City's asset management program  | 1        | LS    | \$1,000,000 | \$1,000,000 | \$1,000,000                    |

<sup>1</sup>Estimates are consistent with AACE Class 5 conceptual estimates, which are typically accurate to -30% to +50%. Costs are presented in 2022 dollars, and do not include engineering fees or other project costs consistent with the Asset Management costing methodology as preferred by the City.