

January 12, 2018

INDIANA UTILITY
REGULATORY COMMISSION

January 12, 2018

Board of Directors
Eastern Bartholomew Water Corporation
2413 W. 700 N.
P.O. Box 487
Taylorsville, IN 47280-0487

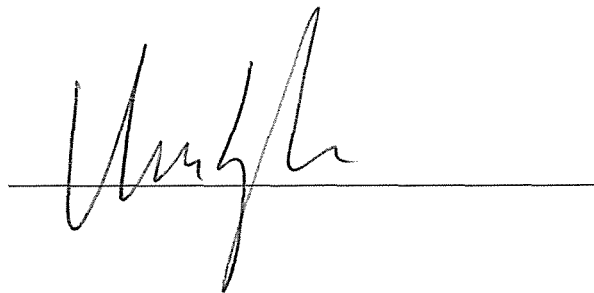
In connection with the true-up report as required in this Cause No. 44903, we have, at your request, prepared this special purpose report for submission to the Indiana Utility Regulatory Commission.

This report including the following schedules has been prepared for the purpose of providing the true-up information resulting from the sale of the Secured Notes, Series 2017 to the Indiana Utility Regulatory Commission and should not be used for any other purpose.

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In the preparation of these schedules, assumptions were made as noted regarding certain future events. As is the case with such assumptions regarding future events and transactions, some or all may not occur as expected, and the resulting differences could be material. We have not examined the underlying assumptions nor have we audited or reviewed the historical data. Consequently, we express no opinion thereon, nor do we have a responsibility to prepare subsequent reports.



EASTERN BARTHOLOMEW WATER CORPORATION

TWO PHASE TRUE-UP FILING RATIONALE

Pursuant to the Settlement Agreement filed in Cause No. 44903, which was approved by the Indiana Utility Regulatory Commission on November 21, 2017, a true-up report shall be filed by the Eastern Bartholomew Water Corporation ("EBW") within thirty (30) days of closing on the Secured Notes, Series 2017 ("2017 Notes"). The closing took place on December 14, 2017. The 2017 Notes were sold to the Indiana State Revolving Loan Fund Program, which is a drawdown loan and the interest paid during construction will be calculated based on the drawdowns.

The Phase I rates and initial true-up report assume the interest due during construction is based on the full amount of the loan drawn at closing to ensure there are adequate funds to pay the interest payments. The amount of principal drawn and interest paid will depend on the timing of actual construction draws which are not fully known by the time the initial true-up report is due and the actual amount of interest paid during the first year will be less than fully drawndown amount. Therefore, a subsequent and final true-up report will be filed by November 15, 2018 in order for the final rates to be in place when the full debt service transfers need to start on January 1, 2019 which will incorporate the known construction draws at that time and estimates of the remaining draws. The amount of reduction in interest due based on the actual drawdowns will be applied to the debt service reserve fund by reducing the amount of each remaining monthly transfer for the Phase II rates. The Phase II rates and final true-up report will incorporate the full average annual debt service on the loan post construction and will also reflect the reduction in interest paid in Phase I based on the principal drawdowns applied to the debt service reserve fund.

(Subject to the attached letter of Umbaugh dated January 12, 2018)

EASTERN BARTHOLOMEW WATER CORPORATION

SCHEDULE OF PROJECT COSTS AND FUNDING

(Per Bids Received and Consulting Engineer)

<u>PROJECT COSTS</u>	Per IURC Order (11/21/17)	Bond Sale Adjustment	Debt Service True-Up (12/14/17)
Construction Costs and Contingencies:			
New water treatment plant	\$4,982,500	\$34,358 (1)	\$5,016,858
Water storage tank	747,000	(7,900) (1)	739,100
Maintenance building	300,000	(300,000) (1)	-
Construction contingencies	498,250	88,857	587,107
Total Construction Costs and Contingencies	6,527,750	(184,685)	6,343,065
Non-Construction Costs:			
Engineering services - survey, design and bidding	465,435	25,235	490,670
Engineering services - construction observation	180,000	-	180,000
Interest on interim loan	-	25,134 (2)	25,134
Allowance for legal, accounting & financial advisory, administrative, general project contingencies and rounding	238,815	134,316	373,131
Total Non-Construction Costs	884,250	184,685	1,068,935
Total Project Costs	\$7,412,000	\$0	\$7,412,000
<u>PROJECT FUNDING</u>			
Secured Notes, Series 2017	\$7,412,000		\$7,412,000

(1) Based on the results of the construction bids received. The maintenance building bids came in too high and were removed from the project budget. The Corporation plans to re-bid and move forward with the maintenance building if there is enough funds left in the contingencies once the project is completed.

(2) Accrued interest through December 14, 2017 on interim loan with First Financial Bank paid by SRF.

(Subject to the attached letter of Umbaugh dated January 12, 2018)

EASTERN BARTHOLOMEW WATER CORPORATION

True-Up

**SCHEDULE OF AMORTIZATION OF \$7,412,000 PRINCIPAL AMOUNT OF
SECURED NOTES, SERIES 2017**

Principal payable semiannually January 1st and July 1st, beginning July 1, 2019.
Interest payable semiannually on January 1st and July 1st, beginning July 1, 2018.
Notes dated December 14, 2017.
Interest rate as indicated.

Payment Date	Principal Balance (In \$1,000's)	Interest Rate (%)	Debt Service			Bond Year Total
			Principal (In \$1,000s)	Interest (-----In Dollars-----)	Total	
07/01/18	\$7,412			\$81,120.22 (1)	\$81,120.22	
01/01/19	7,412			74,120.00 (1)	74,120.00	\$155,240.22
07/01/19	7,412	2.00	\$152	74,120.00 (1)	226,120.00	
01/01/20	7,260	2.00	153	72,600.00	225,600.00	451,720.00
07/01/20	7,107	2.00	155	71,070.00	226,070.00	
01/01/21	6,952	2.00	156	69,520.00	225,520.00	451,590.00
07/01/21	6,796	2.00	158	67,960.00	225,960.00	
01/01/22	6,638	2.00	159	66,380.00	225,380.00	451,340.00
07/01/22	6,479	2.00	161	64,790.00	225,790.00	
01/01/23	6,318	2.00	163	63,180.00	226,180.00	451,970.00
07/01/23	6,155	2.00	164	61,550.00	225,550.00	
01/01/24	5,991	2.00	166	59,910.00	225,910.00	451,460.00
07/01/24	5,825	2.00	167	58,250.00	225,250.00	
01/01/25	5,658	2.00	169	56,580.00	225,580.00	450,830.00
07/01/25	5,489	2.00	171	54,890.00	225,890.00	
01/01/26	5,318	2.00	173	53,180.00	226,180.00	452,070.00
07/01/26	5,145	2.00	174	51,450.00	225,450.00	
01/01/27	4,971	2.00	176	49,710.00	225,710.00	451,160.00
07/01/27	4,795	2.00	178	47,950.00	225,950.00	
01/01/28	4,617	2.00	180	46,170.00	226,170.00	452,120.00
07/01/28	4,437	2.00	181	44,370.00	225,370.00	
01/01/29	4,256	2.00	183	42,560.00	225,560.00	450,930.00
07/01/29	4,073	2.00	185	40,730.00	225,730.00	
01/01/30	3,888	2.00	187	38,880.00	225,880.00	451,610.00
07/01/30	3,701	2.00	189	37,010.00	226,010.00	
01/01/31	3,512	2.00	191	35,120.00	226,120.00	452,130.00 (2)
07/01/31	3,321	2.00	193	33,210.00	226,210.00	
01/01/32	3,128	2.00	194	31,280.00	225,280.00	451,490.00
07/01/32	2,934	2.00	196	29,340.00	225,340.00	
01/01/33	2,738	2.00	198	27,380.00	225,380.00	450,720.00
07/01/33	2,540	2.00	200	25,400.00	225,400.00	
01/01/34	2,340	2.00	202	23,400.00	225,400.00	450,800.00
07/01/34	2,138	2.00	204	21,380.00	225,380.00	
01/01/35	1,934	2.00	206	19,340.00	225,340.00	450,720.00
07/01/35	1,728	2.00	208	17,280.00	225,280.00	
01/01/36	1,520	2.00	211	15,200.00	226,200.00	451,480.00
07/01/36	1,309	2.00	213	13,090.00	226,090.00	
01/01/37	1,096	2.00	215	10,960.00	225,960.00	452,050.00
07/01/37	881	2.00	217	8,810.00	225,810.00	
01/01/38	664	2.00	219	6,640.00	225,640.00	451,450.00
07/01/38	445	2.00	221	4,450.00	225,450.00	
01/01/39	224	2.00	224	2,240.00	226,240.00	451,690.00
Totals			<u>\$7,412</u>	<u>\$1,772,570.22</u>	<u>\$9,184,570.22</u>	<u>\$9,184,570.22</u>

(1) Interest repayments are subject to the actual principal amounts drawdown.

(2) Maximum principal and interest payment.

(Subject to the attached letter of Umbaugh dated January 12, 2018)

EASTERN BARTHOLOMEW WATER CORPORATION

IURC Order

**SCHEDULE OF AMORTIZATION OF \$7,412,000 PRINCIPAL AMOUNT OF
SECURED NOTES, SERIES 2017**

Principal payable semiannually January 1st and July 1st, beginning July 1, 2019.

Interest payable semiannually on January 1st and July 1st, beginning July 1, 2018.

Assumes notes dated December 1, 2017.

Assumed interest rate as indicated.

Payment Date	Principal Balance (In \$1,000's)	Assumed Interest Rate (%)	Debt Service			Bond Year Total
			Principal (In \$1,000's)	Interest (-----In Dollars-----)	Total	
07/01/18	\$7,412			\$138,789.70 (1)	\$138,789.70	
01/01/19	7,412			118,962.60 (1)	118,962.60	\$257,752.30
07/01/19	7,412	3.21	\$133	118,962.60 (1)	251,962.60	
01/01/20	7,279	3.21	136	116,827.95	252,827.95	504,790.55
07/01/20	7,143	3.21	138	114,645.15	252,645.15	
01/01/21	7,005	3.21	140	112,430.25	252,430.25	505,075.40
07/01/21	6,865	3.21	142	110,183.25	252,183.25	
01/01/22	6,723	3.21	145	107,904.15	252,904.15	505,087.40
07/01/22	6,578	3.21	147	105,576.90	252,576.90	
01/01/23	6,431	3.21	149	103,217.55	252,217.55	504,794.45
07/01/23	6,282	3.21	152	100,826.10	252,826.10	
01/01/24	6,130	3.21	154	98,386.50	252,386.50	505,212.60
07/01/24	5,976	3.21	157	95,914.80	252,914.80	
01/01/25	5,819	3.21	159	93,394.95	252,394.95	505,309.75
07/01/25	5,660	3.21	162	90,843.00	252,843.00	
01/01/26	5,498	3.21	164	88,242.90	252,242.90	505,085.90
07/01/26	5,334	3.21	167	85,610.70	252,610.70	
01/01/27	5,167	3.21	170	82,930.35	252,930.35	505,541.05
07/01/27	4,997	3.21	172	80,201.85	252,201.85	
01/01/28	4,825	3.21	175	77,441.25	252,441.25	504,643.10
07/01/28	4,650	3.21	178	74,632.50	252,632.50	
01/01/29	4,472	3.21	181	71,775.60	252,775.60	505,408.10
07/01/29	4,291	3.21	184	68,870.55	252,870.55	
01/01/30	4,107	3.21	187	65,917.35	252,917.35	505,787.90 (2)
07/01/30	3,920	3.21	189	62,916.00	251,916.00	
01/01/31	3,731	3.21	193	59,882.55	252,882.55	504,798.55
07/01/31	3,538	3.21	196	56,784.90	252,784.90	
01/01/32	3,342	3.21	199	53,639.10	252,639.10	505,424.00
07/01/32	3,143	3.21	202	50,445.15	252,445.15	
01/01/33	2,941	3.21	205	47,203.05	252,203.05	504,648.20
07/01/33	2,736	3.21	209	43,912.80	252,912.80	
01/01/34	2,527	3.21	212	40,558.35	252,558.35	505,471.15
07/01/34	2,315	3.21	215	37,155.75	252,155.75	
01/01/35	2,100	3.21	219	33,705.00	252,705.00	504,860.75
07/01/35	1,881	3.21	222	30,190.05	252,190.05	
01/01/36	1,659	3.21	226	26,626.95	252,626.95	504,817.00
07/01/36	1,433	3.21	229	22,999.65	251,999.65	
01/01/37	1,204	3.21	233	19,324.20	252,324.20	504,323.85
07/01/37	971	3.21	237	15,584.55	252,584.55	
01/01/38	734	3.21	241	11,780.70	252,780.70	505,365.25
07/01/38	493	3.21	245	7,912.65	252,912.65	
01/01/39	248	3.21	248	3,980.40	251,980.40	504,893.05
Totals			<u>\$7,412</u>	<u>\$2,947,090.30</u>	<u>\$10,359,090.30</u>	<u>\$10,359,090.30</u>

(1) Interest repayments are subject to the actual principal amounts drawdown.

(2) Maximum principal and interest payment.

(Subject to the attached letter of Umbaugh dated January 12, 2018)

EASTERN BARTHOLOMEW WATER CORPORATION

PRO FORMA ANNUAL REVENUE REQUIREMENTS AND ANNUAL REVENUES
(Phase I)

<u>Annual Revenue Requirements</u>	<u>Per IURC Order (11/21/17)</u>	<u>Bond Sale Adjustment</u>	<u>Ref.</u>	<u>Debt Service True-Up (12/14/17)</u>
Cash operating expenses	\$1,081,866			\$1,081,866
Working capital	27,228			27,228
Debt service:				
2009 RD Loan	208,320			208,320
2017 Notes	237,925	(\$89,685)	(1)	148,240
Debt service reserve:				
2009 RD Loan	20,832			20,832
2017 Notes	101,158	(10,726)	(2)	90,432
Replacements and improvements	355,250			355,250
Total Revenue Requirements	2,032,579	(100,411)		1,932,168
Less interest income	(447)			(447)
Less Town of Hope revenues (resale)	(163,561)	9,640	(3)	(153,921)
Less rental income	(33,340)			(33,340)
Less reconnection fees	(6,661)			(6,661)
Less miscellaneous	(31,300)			(31,300)
Less usage fee revenues	(6,093)			(6,093)
Less Elizabethtown billing fees	(1,655)			(1,655)
Less construction revenue, net	(1,064)			(1,064)
Net Revenue Requirements	<u>\$1,788,458</u>	<u>(\$90,771)</u>		<u>\$1,697,687</u>
<u>Annual Revenues</u>				
Water sales	<u>\$1,590,960</u>	<u>\$ -</u>		<u>\$1,590,960</u>
Additional Revenues Required	<u>\$197,498</u>	<u>(\$90,771)</u>		<u>\$106,727</u>
Percentage Increase Required	<u>12.41%</u>			<u>6.71%</u>
Average Monthly Residential Bill (Presently \$22.83 assuming 5,000 gallons per month)	<u>\$25.67</u>			<u>\$24.36</u>

(1) See pages 4 and 5, decrease in interest only bond year ended January 1, 2019 due to the negotiated sale of the Notes to SRF.

(2) See pages 4 and 5, decrease in maximum principal and interest payment on the Secured Notes, Series 2017. Annual amount is based on the transfer schedule included in the Indiana State Revolving Loan Fund closing documents.

(3) See page 7.

(Subject to the attached letter of Umbaugh dated January 12, 2018)

EASTERN BARTHOLOMEW WATER CORPORATION

**ALLOCATION OF PRO FORMA ANNUAL REVENUE REQUIREMENTS
TO THE TOWN OF HOPE AND CALCULATION OF PROPOSED WHOLESALE RATE**
(Phase I)

	Per IURC Order (11/21/17)	Bond Sale Adjustment	Ref.	Debt Service True-Up (12/14/17)
Operation and maintenance expense	\$94,234			\$94,234
Working capital	-			-
Debt service:				
2009 RD Loan	20,832			20,832
2017 Notes	22,841	(\$8,610)	(1)	14,231
Debt service reserve:				
2009 RD Loan	2,083			2,083
2017 Notes	9,711	(1,030)	(2)	8,681
Replacements and improvements (allocated share)	13,860			13,860
Totals	<u>\$163,561</u>	<u>(\$9,640)</u>		<u>\$153,921</u>
<u>Calculated Wholesale Water Rate - 5-YR CIP</u>				
Allocated costs	\$163,561			\$153,921
Divided by test year billed flow (1,000's of gallons)	<u>76,633</u>			<u>76,633</u>
Rate per 1,000 gallons	<u>\$2.13</u>			<u>\$2.01</u>

- (1) See pages 4 and 5, decrease in interest only bond year ended January 1, 2019 due to the negotiated sale of the Notes to SRF allocable to the Town of Hope.
- (2) See pages 4 and 5, decrease in maximum principal and interest payment on the Secured Notes, Series 2017. Annual amount is based on the transfer schedule included in the Indiana State Revolving Loan Fund closing documents.

(Subject to the attached letter of Umbaugh dated January 12, 2018)

EASTERN BARTHOLOMEW WATER CORPORATION

SCHEDULE OF PRIOR, PRESENT AND REVISED RATES AND CHARGES

<u>Monthly Consumption</u>			<u>Prior (1)</u>	<u>Present Phase I (2)</u>	<u>Revised Phase I (3)</u>
First	3,000	gallons	\$4.67	\$5.25	\$4.98
Next	2,000	gallons	4.41	4.96	4.71
Next	5,000	gallons	4.01	4.51	4.28
Next	5,000	gallons	3.62	4.07	3.86
Next	20,000	gallons	3.22	3.62	3.44
Next	40,000	gallons	2.82	3.17	3.01
Next	75,000	gallons	2.23	2.51	2.38
Over	150,000	gallons	1.64	1.84	1.75

<u>Minimum Charge (per month)</u>		<u>Minimum Gallons Allowed</u>			
5/8 - 3/4	inch meter	3,000	\$14.01	\$15.75	\$14.94
1	inch meter	7,000	30.85	34.69	32.92
1 1/2	inch meter	15,000	60.98	68.57	65.06
2	inch meter	35,000	125.38	140.97	133.86
3	inch meter	75,000	238.18	267.77	254.26
4	inch meter	150,000	405.43	456.02	432.76
5	inch meter	300,000	651.43	732.02	695.26
6	inch meter	450,000	897.43	1,008.02	957.76

Fire Protection (per annum)

Hydrant rental, each	\$198.25	N/A	N/A
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Connection Charges (per connection)

5/8 - 3/4 inch meters	\$300.00	\$300.00	\$300.00
Larger meters, minimum*	400.00	400.00	400.00

*The charge for the installation of meters larger than 3/4 inch shall be the actual cost of connection including labor and materials, but not less than \$400.00.

(1) Prior rates approved by IURC on September 24, 2008 pursuant to Cause No. 43392 and effective July 21, 2014.

(2) Present rates and charges approved by the IURC pursuant to Cause No. 44903 on November 21, 2017 and represents a 12.41% across-the-board increase in prior rates and charges and became effective on November 29, 2017.

(3) Phase I rates and charges represent a 6.71% across-the-board increase in prior rates and charges effective upon commission approval.

(Continued on next page)

(Subject to the attached letter of Umbaugh dated January 12, 2018)

EASTERN BARTHOLOMEW WATER CORPORATION

(Cont'd)

SCHEDULE OF PRIOR, PRESENT AND REVISED RATES AND CHARGES

	<u>Prior (1)</u>	<u>Present Phase I</u>	<u>Revised Phase I</u>
Membership Fee	\$100.00	\$100.00	\$100.00
<u>Wholesale Contract</u>			
Hope Municipal Water Utility Monthly capacity charge: (40 year duration)	\$1,960.00	N/A	N/A
Volume Charge per 1,000 gals.	\$1.36	\$2.13	\$2.01 (2)
<u>Miscellaneous Charges</u>			
Bad check charge	\$20.00	\$20.00	\$20.00
Reconnect fees:			
-collection fee	\$15.00	\$15.00	\$15.00
-regular hours	30.00	30.00	30.00
-after hours	120.00	120.00	120.00
Trip fees:			
-regular hours	\$20.00	\$20.00	\$20.00
-after hours	40.00	40.00	40.00
Postage charge - delinquent accounts			
At any time a delinquent billing for water services is required to be mailed, an additional charge will be made for the current cost for postage.			
<u>Forfeited Discounts (Penalties)</u>			
1st \$3.00	10%	10%	10%
Excess over \$3.00	3%	3%	3%

(1) Prior rates approved by IURC on September 24, 2008 pursuant to Cause No. 43392 and effective July 21, 2014.

(2) Proposed Town of Hope's volumetric rate as calculated on page 7.

(Subject to the attached letter of Umbaugh dated January 12, 2018)