

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF INDIANA-AMERICAN)
WATER COMPANY, INC. FOR (1))
AUTHORITY TO INCREASE ITS RATES)
AND CHARGES FOR WATER UTILITY)
SERVICE, (2) REVIEW OF ITS RATES)
AND CHARGES FOR WASTEWATER)
UTILITY SERVICE, (3) APPROVAL OF)
NEW SCHEDULES OF RATES AND)
CHARGES APPLICABLE TO WATER)
AND WASTEWATER UTILITY)
SERVICE, AND (4) AUTHORITY TO)
IMPLEMENT A LOW INCOME PILOT)
PROGRAM.

CAUSE NO. 45142

PETITIONER'S SUBMISSION OF REVISIONS TO
SETTLEMENT TESTIMONY

Petitioner, Indiana-American Water Company, Inc. ("Indiana American") hereby submits the following revisions to its prefiled testimony and attachments in this Cause: revised pages 20, 41, and 45 to the Settlement Testimony of Gregory D. Shimansky filed March 18, 2019. Petitioner is attaching redline and clean versions of the revised pages to the testimony of Mr. Shimansky.

Respectfully submitted,

s/Lauren M. Box

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CERTIFICATE OF SERVICE

The undersigned attorney hereby certifies that a copy of the foregoing has been served upon the following via electronic mail this 21st day of March, 2019 to:

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s/Lauren M. Box
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1 the original cost of utility plant in service as of April 30, 2020. Step 2 rates will become
2 effective upon the later of the date of the Company certifies its end of test year net plant in
3 service or May 1, 2020.

4 **Q. Have the parties agreed on a process for the OUCC and intervening parties to**
5 **challenge Indiana American's end of test year certification?**

6 A. Yes. As further set forth in Paragraph 2(de), the OUCC and intervening parties will have
7 60 days from the date of the Step 2 certification to state any objections to the Company's
8 certified test-year-end plant in service. If objections cannot be resolved informally, a
9 hearing will be held to determine the Company's actual test-year-end net plant in service,
10 and rates will be trued-up (with carrying charges) retroactive to the date that the Company's
11 Step 2 rates became effective as set forth in the agreement. As I noted, this process is
12 virtually identical to the process the Commission approved for NIPSCO's gas rate case,
13 Cause No. 44498, which also used a forward-looking test period. The certification process
14 is not an opportunity to challenge the prudence of the forecast.

15 **Q. Does the Settlement Agreement set forth a process in the event Indiana American**
16 **exceeds the Rate Base Cap forecast?**

17 A. Yes. As set forth in Paragraph 2(de), to the extent the Company's actual net original cost
18 rate base as of April 30, 2020 exceeds the Rate Base Cap, the Company is not foreclosed
19 from including those additional investments in rate base in a future general rate case. In
20 addition, while the Company must include the same projected level of DSIC-eligible
21 additions as I explained earlier, the Company is not foreclosed from filing a DSIC for
22 eligible improvements in excess of the amount included in the forecast in this case.

1 case-in-chief in its next general rate case to support its capital program. As discussed in
2 the Settlement Agreement, the parties have resolved their dispute regarding the support for
3 Indiana American's forecasted capital projects for purposes of the current case and
4 stipulate that an agreement among the parties regarding information to be included in future
5 cases will mitigate the risk of future similar disputes.

6 **Q. What information has Indiana American agreed to provide in its case-in-chief in its**
7 **next general rate caseincrease?**

8 A. With respect to projects greater than \$500,000, the information to be provided is set forth
9 in Paragraph 6(a)(i) of the Settlement Agreement. For recurring capital investments that
10 are individually less than \$500,000 the information is set forth in 6(a)(ii). For purposes of
11 future general rate cases involving a forward-looking test period, Indiana American has
12 agreed, to the extent the information set forth in Paragraph 6(a)(i) and (ii) exists, to include
13 such information in its workpapers supporting its case-in-chief. However, if the
14 Commission promulgates rules amending or adapting the MSFRs for a rate case utilizing
15 a forward-looking test period, then the parties agree that those rules shall supersede the
16 parties' agreement set forth in Paragraph 6(a). To the extent the listed information does
17 not exist, Indiana American agrees to explain in testimony or exhibits how it determined
18 the forecasted capital additions by subaccount. The parties further agree that if any of the
19 Settling Parties believe Indiana American has failed to provide the required information,
20 that party must file a deficiency notice within the timeframe set forth in 170 IAC 1-5-4;
21 otherwise, Indiana American will be deemed to have filed a complete case-in-chief for
22 purposes of a motion to dismiss based on a failure to meet the Minimum Standard Filing
23 Requirements ("MSFRs"). The parties also agreed that nothing in Paragraph 6(a) alters a
24 party's burden of proof, and no Settling Party shall be deemed to have waived the ability

1 further agreed that each Settling Party retains all rights to advocate for alternative cost of
2 service studies and rate designs different from those outlined in the Settlement Agreement
3 in future rate cases. The rates set forth in Appendix C to the Settlement Agreement are the
4 rates that would be in effect after the filing of the April 30, 2020 as described in Paragraph
5 2(c)(ii) of the Settlement Agreement.
6

7 **Q. What rate design was determined to best meet the needs of the residential customers?**

8 A. Based upon conversations with the OUCC, the customer charges for meter sizes 5/8-inch,
9 3/4-inch and 1-inch were based on the customer cost component determined under the
10 Company's cost of service study adjusted for the stipulated revenue increase. This
11 represented a decrease from the total current fixed charges (meter charges and distribution
12 system improvement charges ("DSIC")) customers are currently paying. The remainder of
13 the costs allocated to the residential customer class were allocated to the first block of the
14 volumetric charge for general water service.
15

16 **Q. What do you mean by the customer meter charges were based on the customer cost**
17 **component determined under the Company's cost of service study adjusted for the**
18 **stipulated revenue increase?**

19 A. Exclusive of the current \$4.02 DSIC, the current 5/8-inch meter charge for general service
20 is \$14.23. Ms. Heppenstall's cost of service study produced a customer-cost component
21 of the current bill for 5/8-inch meters of \$16.83. The stipulated revenue requirement is
22 equivalent to 92% of the revenue requirement requested by the Company. Multiplying the
23 \$16.83 by approximately 92% yields a 5/8-inch meter charge of \$15.47.
24

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