

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

APPLICATION OF BOONVILLE NATURAL)
GAS CORPORATION FOR AUTHORITY TO)
INCREASE RATES AND CHARGES) CAUSE NO. 45985 - U
THROUGH THE SMALL UTILITY)
PROCEDURE PURSUANT TO IND. CODE §)
8-1-2-61.5 AND 170 IAC 14-1-1 ET SEQ.)

SUBMISSION OF SETTLEMENT AGREEMENT

Boonville Natural Gas Corporation (“Applicant” or “Boonville”), by counsel, hereby submits to the Indiana Utility Regulatory Commission (“Commission”) a Settlement Agreement reached with the Indiana Office of the Utility Consumer Counselor (“OUCC”).

Respectfully submitted,



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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 25th day of June, 2024 to:

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STIPULATION AND SETTLEMENT AGREEMENT

Boonville Natural Gas Corporation (“Applicant” or “Boonville”) and the Indiana Office of Utility Consumer Counselor (“OUCC”), (collectively the “Settling Parties”), solely for purposes of compromise and settlement, stipulate and agree that the terms and conditions set forth below represent a fair, just and reasonable resolution of the matters set forth below, subject to their incorporation by the Indiana Utility Regulatory Commission (“Commission”) into a final, non-appealable order (“Final Order”) without modification or further condition that may be unacceptable to any Settling Party. If the Commission does not approve this Stipulation and Settlement Agreement (“Settlement Agreement”), in its entirety, the entire Settlement Agreement shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by the Settling Parties.

I. TERMS AND CONDITIONS.

A. Requested Relief - The Settling Parties agree that Boonville’s requested relief as set forth in its application as proposed by Applicant, shall be approved except as modified herein.

i. When referring to “as proposed by Applicant”, the Settling Parties mean the proposals as prefiled by Boonville in this Cause.

- ii. When referring to “as proposed by OUCC”, the Settling Parties mean the proposals included in the report of Jason D. Kohlmann prefiled by the OUCC in this Cause.

B. Settlement Schedules – the Settling Parties agree to and incorporate herein the settlement schedules in Appendix A which are representative of the settlement terms agreed to herein.

C. Revenues – The Settling Parties agree to the following adjustments to revenue, which differ from those adjustments proposed by Applicant:

- i. Weather Normalization: (\$48,383).
- ii. Test year sales volumes: The Settling Parties agree to the use of updated Code Summary reports for all test year sales volumes with a corresponding adjustment to the cost of gas.

D. Expenses – The Settling Parties agree to the following adjustments to expenses, which differ from those adjustments proposed by Applicant:

- i. Natural Gas Purchased: (\$2,057,513).
- ii. IURC Fee: (\$1,558).
- iii. Energy Efficiency (“EE”) Contribution for Normal Temperature Adjustment (“NTA”): (\$6,500).
- iv. Charitable Contributions: \$0.
- v. Property Insurance: \$7,936.
- vi. Health Insurance: \$25,590.
- vii. Employee Gifts and Events: (\$1,849).
- viii. Lobbying Fees: (\$302).

- ix. Miscellaneous General Expense: (\$2,932).
- x. Depreciation Expense: \$17,741.
- xi. Property Tax: \$11,232.
- xii. Payroll Expense: \$91,978.
 - a. This includes \$24,388, which is inclusive of employment taxes of an employee that was hired during the course of the proceeding to be paid as a contract employee, and an adjustment to the contract employee hours.
- xiii. Pension Expense: \$5,191.
- xiv. Bad Debt Expense: Inclusion of a COVID bad debt amount of \$5,066, amortized over 5 years resulting in an increase in bad debt expense of \$1,013. This is in addition to the OUCC's original adjustment of \$2,633, for a total bad debt adjustment of \$3,646.
 - a. Boonville will file a revised tariff if new base rates have not gone into effect at the end of the 5-year amortization period to remove this COVID bad debt expense from Boonville's base rates.
- xv. Outside Services: (\$21,690).
- xvi. Payroll Tax: (\$7,579).
- xvii. State and Federal Income Tax: The Settling Parties agree applicable expense adjustments will flow-through to arrive at the appropriate state and federal income tax expense.

xviii. Deferred Credit – NTA Rebates: Boonville shall adjust account 253-100 Deferred Credit – NTA Rebates to the actual balance of (\$1,355) to match the Schedule of Annual Rebates.

xix. Rate Case Expense: \$40,000, plus an unamortized portion of the prior rate case of \$15,415 for a total rate case expense of \$55,415 amortized over 5 years for an annual amortization amount of \$11,083. Removing the test year amount results in a pro forma adjustment of (\$36,542).

a. Boonville will file a revised tariff if new base rates have not gone into effect at the end of the 5-year amortization period to remove rate case expense from Boonville's base rates.

E. Rate Base – The Settling Parties agree the net utility plant in service should be \$6,601,247, and materials and supplies should be \$141,155. The resulting overall rate base as agreed to by the Settling Parties is \$6,960,846, as shown in Appendix A.

F. Capital Structure – The Settling Parties agree to the capital structure as shown in Appendix A, Exhibit BJM-1, Exhibit E, including:

- i. an overall weighted average cost of capital of 7.79%,
- ii. the synchronized interest calculation proposed by the OUCC in its Report, resulting in a 0.19% weighted cost of debt, for synchronized interest of \$13,226.
- iii. Common Equity amount of \$8,664,248 and cost of 10.10% as proposed by Applicant,
- iv. Customer Deposit amount of \$368,728, as proposed by OUCC,

- v. Deferred Tax as proposed by Applicant, and
- vi. Excess accumulated deferred income tax (“EADIT”), net of amortization amount of \$570,994, as proposed by the OUCC.

G. Revenue Requirement – The Settling Parties agree to a recommended revenue increase of \$546,560, as set forth in Table 1 below:

Table 1 - Agreed Revenue Requirement

Description	Applicant’s Case-in Chief	OUCC Case-in-Chief	Final Settlement	Difference (Applicant’s Case-in Chief and Final Settlement)
Original Cost Rate Base	\$8,416,425	\$6,958,458	\$6,960,846	\$1,455,579
Times: Weighted Cost of Capital	7.57%	7.79%	7.79%	(0.22%)
Net Operating Income Required	\$637,121	\$524,405	\$542,591	\$94,530
Less: Adjusted Net Operating Income	(\$134,303)	\$10,386	(\$3,970)	(\$130,333)
Net Revenue Increase Required	\$771,426	\$532,019	\$546,561	\$224,865
Gross Revenue Conversion Factor	134.5092%	134.5487%	134.5487%	(0.0395%)
Recommended Revenue Increase	\$1,037,640	\$715,825	\$735,390	302,250
Percentage Increase (Net of Gas Cost)	46.11%	32.14%	33.02%	13.09%
Percentage Increase (Including Gas Cost)	24.20%	16.79%	17.25%	6.95%

Additional detail regarding the derivation of the agreed revenue requirement is provided in the settlement schedules, included in Appendix A.

H. Customer Service Charges – The customer service charges shall be approved as set forth below:

- i. Residential: \$14.50

- ii. Commercial Service: Group 1: \$22.50
- iii. Commercial Service: Group 2: \$42.50

I. Allocation of Rate Increase – The Settling Parties agree the increase in revenue requirement will be allocated across the board to all rate classes such that the total revenues of each rate class are increased by the same percentage as shown in Appendix A.

J. Tariff Changes –The Settling Parties agree to the following tariff changes:

- i. Applicant will remove the monthly service charge for tariff rate “ATS” in the updated Present and Proposed Rates using updated consumption and customer numbers, as provided to the OUCC in the meeting with the Commission on March 19, 2024.
- ii. Applicant will include an updated Present and Proposed Rates calculation using the updated consumption and customer numbers, as provided to the OUCC in the meeting with the Commission on March 19, 2024..
- iii. Applicant will update Tariff Rules 21 and 22 to include the proper reference to Appendix C.
- iv. Applicant will include the updated Normal Degree Days (“NDD”) tables provided by the National Oceanic and Atmospheric Administration (“NOAA”) in the tariff compliance filing after the Commission issues a Final Order.
- v. Appendix F – Energy Efficiency Rider will be kept in Applicant’s tariff until the refund amount ordered in 30-Day Filing No. 50387 is refunded to customers, which Boonville expects to complete in 2029.

Applicant will provide the OUCC and Commission with a final revenue proof using updated consumption and customer numbers, as provided to the OUCC in the meeting with the Commission on March 19, 2024, and an updated tariff (clean and redlined) that includes all tariff changes approved in the Commission's final order.

K. Other Terms –

- i. Customer Deposits: Boonville shall reconcile all discrepancies between the deposit report and the general ledger, and report to the Commission within 90 days of a final order in this Cause regarding the actions taken to correct the discrepancy.
- ii. Affiliate Agreements: Boonville will provide current copies of affiliate agreements to the Commission and the OUCC.

II. PRESENTATION OF THE SETTLEMENT AGREEMENT TO THE COMMISSION.

- A. The Settling Parties agree this Settlement Agreement is evidence of its support thereof before the Commission and request that the Commission expeditiously accept and approve the Settlement Agreement.
- B. If the Commission fails to approve this Settlement Agreement in its entirety without any change or approves it with condition(s) unacceptable to any Settling Party, the Settlement and any supporting evidence shall be withdrawn and the Commission will continue the processing of Boonville's application resuming at the point the application was suspended by the filing of this Settlement Agreement.
- C. A Commission Order approving this Settlement Agreement shall be effective immediately, and the agreements contained herein shall be unconditional, effective and binding on all Settling Parties as an Order of the Commission.

- D. The Parties acknowledge a significant motivation for Applicant to enter into this Settlement is the expectation that a final order will be issued promptly by the Commission authorizing increases in its rates and charges as reflected by this Settlement and the accepted positions of the Parties as reflected by the evidence in this Cause. The Parties have spent significant time and effort to resolve the issues raised in this case.
- E. The Parties believe the application, the OUCC's report, the Parties' other exhibits, and this Settlement, constitute substantial evidence sufficient to support this Settlement and provide an adequate evidentiary basis upon which the Commission may make findings of fact and conclusions of law necessary to issue a final order adopting and approving this Settlement.

III. SETTLEMENT EFFECT, SCOPE, AND APPROVAL

- A. The Parties acknowledge and agree as follows:
- i. The Settlement is conditioned upon and subject to its acceptance and approval by the Commission in its entirety without change or condition that is unacceptable to either Applicant or the OUCC. Each term of the Settlement is in consideration and support of each and every other term.
 - ii. The Settlement is the result of compromise by the Parties within the settlement process. Neither the making of this Settlement nor any of the individual provisions or stipulations herein shall constitute an admission or waiver by any Party in any other proceeding; nor shall they constitute an admission or waiver in this proceeding if the Settlement is not accepted by the Commission. The Parties hereto shall not use this Stipulation or the

Order provided by this Stipulation as precedent or offer the same as an admission in any other proceeding or for any other purpose except to the extent necessary to implement or enforce its terms. In the event this Stipulation or resulting Order is offered for any purpose prohibited by this Agreement, the Parties agree that objections by the non-offering party are proper.

- iii. The communications and discussions among the Parties, along with the materials produced and exchanged during the negotiation of this Settlement, relate to offers of settlement and compromise, and as such, all are privileged and confidential. Such material cannot be used in this or any other proceeding without the agreement of the Parties herein.
- iv. The undersigned represent and agree that they are fully authorized to execute this Settlement on behalf of their designated clients who will thereafter be bound by this Settlement.
- v. The Parties hereto will either support, or not oppose on rehearing, reconsideration, and/or appeal, an IURC order accepting and approving this Settlement in accordance with its terms.

ACCEPTED and AGREED this 25th day of June, 2024

Boonville Natural Gas Corporation

By: Lauren Aguilar
Lauren Aguilar,
Counsel of Record

Indiana Office of Utility Consumer Counselor

By: Daniel M. LeVay
Daniel Le Vay
Counsel of Record