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INDIANA UTILITY
REGULATORY COMMISSION

Petitioner's Exhibit No. 2

CITY OF EVANSVILLE
INDIANA UTILITY REGULATORY COMMISSION
CAUSE NO. 45545

DIRECT TESTIMONY
OF
DOUGLAS L. BALDESSARI, CPA

SPONSORING ATTACHMENT DLB-1

City of Evansville

Cause No. 45545

Direct Testimony of Douglas L. Baldessari, CPA

1 **Q. Please state your name and business address.**

2 A. My name is Douglas L. Baldessari and my business address is 8365 Keystone Crossing,
3 Suite 300, Indianapolis, Indiana 46240.

4
5 **Q. What is your profession and where are you employed?**

6 A. I am a Certified Public Accountant with the firm of Baker Tilly Municipal Advisors, LLC
7 (“BTMA”). BTMA began operations on March 1, 2019 as the result of a three-way
8 business combination between my prior firm H.J. Umbaugh & Associates, Certified Public
9 Accountants, LLP (“Umbaugh”) and Baker Tilly Virchow Krause, LLP which is now
10 doing business as Baker Tilly US, LLP (“Baker Tilly”). One month later, the third firm,
11 Springsted, Inc. joined BTMA. BTMA is a registered municipal advisor and controlled
12 subsidiary of Baker Tilly US, LLP, an accounting firm.

13

14 **Q. Can you describe Baker Tilly and its area of expertise?**

15 A. Baker Tilly US, LLP is a national full-service advisory, tax and assurance firm of nearly
16 4,500 professionals across the country. Our public sector practice area is comprised of a
17 dedicated group of professionals who specialize in providing an array of services to public
18 sector entities including utilities. As part of our public sector, BTMA has a concentrated
19 focus on delivering municipal advisory services to governmental entities. A large portion

1 of this practice includes accounting studies in connection with changes in utility rates and
2 financial planning associated with the issuance of tax-exempt and taxable bonds and notes
3 and other evidences indebtedness. In accordance with rules promulgated by the Municipal
4 Securities Rulemaking Board (“MSRB”), BTMA is registered as a Municipal Advisor with
5 the Securities and Exchange Commission (“SEC”).
6

7 **Q. What is your educational experience?**

8 A. In May 1991, I received a Bachelor of Science Degree in Finance from the University of
9 Connecticut, School of Business, Storrs, Connecticut. In August 2001, I received my
10 Master of Professional Accountancy from Indiana University Kelly School of Business,
11 Indianapolis, Indiana. Since then, I have completed various professional courses sponsored
12 by the American Institute of Certified Public Accountants, Indiana CPA Society, and
13 American Water Works Association and other professional organizations.
14

15 **Q. Please describe your relevant professional experience.**

16 A. I joined Umbaugh in March 2000 and, in 2002, completed the requirements to become
17 licensed as a Certified Public Accountant in the State of Indiana. I became a Partner with
18 the firm in January of 2013. As a result of the combination with Baker Tilly and
19 Springsted, I became a partner in BTMA on March 1, 2019. During the past twenty-one
20 (21) years, I have been involved with many professional engagements including financial
21 studies for municipally-owned water and sewage utilities, not-for-profit water
22 corporations, regional water and sewer districts, and conservancy districts. These studies
23 quite often have involved the determination of utility revenue requirements, cost-of-service

1 studies, and the financial planning associated with the issuance of tax-exempt and taxable
2 bonds and loans.

3
4 **Q. What professional organizations are you associated with?**

5 A. I am a member of the American Institute of Certified Public Accountants, the American
6 Water Works Association, the Water Environment Federation, and the Indiana Water
7 Environment Association where I previously served as President. In addition, our firm is
8 a member of both the Indiana Rural Water Association and the Indiana Water and
9 Wastewater Alliance.

10
11 **Q. Have you testified before as an expert witness?**

12 A. Yes, I have testified before the Indiana Utility Regulatory Commission (“IURC”) on
13 several previous occasions.

14
15 **Q. Was your firm retained by the City of Evansville acting through its Water and Sewer
16 Utility Board (“Evansville” or “City” or “Petitioner”) in connection with these
17 proceedings?**

18 A. Yes.

19
20 **Q. Would you briefly describe the purposes for which you were retained and the nature
21 and scope of the services which you were to provide?**

22 A. We were retained to assist City of Evansville (“Petitioner” or “City” or “Evansville”) utility
23 management (“Management”) with the compilation of the future financial requirements of

1 the Petitioner and to make recommendations regarding changes in the Petitioner’s present
2 schedule of rates and charges for service. We were also retained to provide financing
3 options considering the Petitioner’s desire to construct certain improvements to its
4 waterworks system (“Utility”). Our study was based upon information that we obtained
5 from the Utility records that were made available to us by Management.
6

7 **Q. Have the results of those studies been summarized in a written report?**

8 A. Yes. Our firm prepared an accounting report dated April 20, 2021 (“Accounting Report”
9 or “Report”) summarizing the results of our studies.
10

11 **Q. Please identify Petitioner’s Exhibit No. 2, Attachment DLB-1.**

12 A. Attachment DLB-1 is a copy of our Accounting Report summarizing the results of the
13 accounting services performed for the Petitioner.
14

15 **Q. Was the Accounting Report prepared by you or under your supervision?**

16 A. Yes, it was.
17

18 **Q. In addition to preparation of your Accounting Report, what have you or your staff
19 done in preparation to give testimony in this Cause?**

20 A. We have discussed matters pertinent to the Cause with Evansville’s Water and Sewer
21 Utility Board of Directors, Executive Director Lane Young, Executive Director of Program
22 Management Office Michael Labitzke and Evansville’s counsel. We have discussed
23 pertinent matters to the Cause through pre-filing meetings with the Indiana Utility

1 Regulatory Commission on March 5, 2021 and the Indiana Office of Utility Consumer
2 Counselor (OUCC) on March 19, 2021. I have also reviewed the testimony of Lane Young,
3 Michael Labitzke and Simon Breese filed in the Cause.

4
5 **Q. What is the Test Year that Evansville is using for purposes of this case?**

6 A. We are using the twelve months ending March 31, 2024. This is a twelve-month period
7 that begins April 1, 2023, which is not more than twenty-four (24) months after we have
8 filed the petition in this case.

9
10 **Q. How are the results for the future Test Year determined?**

11 A. We are building the Test Year on the basis of projected data. The projection begins as of
12 September 30, 2020 (the historic base period). From that point through the end of the Test
13 Year, we have projected sales, expenses, capital improvements, and debt service
14 requirements. Throughout this testimony, when I refer to the portion of our projected data
15 covering the period from April 1, 2023 through March 31, 2024, I will refer to this as the
16 “Test Year” or the “Future Test Year.” When I refer to the portion of our projected data
17 covering the period from October 1, 2020 through March 31, 2023, I will refer to this as
18 the “Verifiable Link Period.” The capital improvements and debt service are driven by the
19 5-year capital improvement plan and the projected changes in debt service from the bond
20 issue proposed in this case. Sales and expenses are projected from our historic base period.
21 We have first reflected anticipated changes in operations that will affect the forecast. An
22 example would be the hiring of a new employee or a significant change in consumption
23 from a major customer. Then we have applied trending factors to both revenues and

1 expenses from September 30, 2020, through the end of the Test Year in order to build the
2 projected data.

3
4 **Q. How will rates be implemented under the proposal?**

5 A. Rates will take effect on April 1, 2023 (the beginning of the Test Year) to reflect the Test
6 Year portion of the projection. Revenues, expenses, debt service on existing debt will be
7 fully reflected in rates at that time. Test Year rates will also reflect a reduced extensions
8 and replacements element, which is based solely on the projected level for the Test Year
9 (rather than the average of the full five year extensions and replacements budget). Rates
10 will be changed at the end of the Test Year to reflect the initial debt service on the proposed
11 debt. As I will explain, we are structuring the proposed debt to commence debt service in
12 2024 and ramping up to a full debt service in 2026 in order to allow us to gradually
13 implement the effect of this bond issue on rates. So, the rates that take effect at the end of
14 the Test Year will reflect the commencement of debt service. They will also reflect a
15 portion of the increase in payment in lieu of tax (“PILOT”) on the new plant and an increase
16 in extensions and replacements. Rates will change again, one year later, on April 1, 2025
17 to reflect the continued increase in debt service on the new debt and an additional portion
18 of the PILOT on the new plant. The last rate change will be on April 1, 2026, which will
19 reflect full debt service on the proposed bonds, full PILOT and full extensions and
20 replacements.

21
22 **Q. Are there any rate changes before the commencement of the Test Year?**

1 A. Yes. We propose to raise rates immediately upon the issuance of an order or April 1, 2022
2 (whichever is later) to reflect the portion of the projected data that will have occurred by
3 the beginning of the Test Year. To build our Test Year, we have approximately 3-1/2 years
4 of customer growth, declining consumption, and inflation. Between the time of the order
5 and the commencement of the Test Year, we will have had 2-1/2 years of these factors.
6 We are proposing to implement this first change in rates to reflect those first 2-1/2 years of
7 projected data. In this way, we make the rate changes more gradual. Rather than one more
8 significant increase as of April 1, 2023, we will have two smaller increases. On April 1,
9 2023, the rates will be the same either way.

10

11 **Q. Does IC 8-1-2-42.7 authorize rates to be changed in a future test year case before the**
12 **beginning of the test year?**

13 A. It does not prohibit such a change. In addition, I think this section should be read in
14 conjunction with IC 8-1.5-3-8, the statute setting forth what are lawful rates for a
15 municipally owned utility.

16

17 **Q. IC 8-1-2-42.7 provides that temporary rates may not be implemented in the case of a**
18 **future test year before the date on which the projected data period begins. Is your**
19 **proposal consistent with that provision?**

20 A. Yes. This provision would seem to support the idea that a utility should not be permitted
21 to begin recovering a cost before it is projected to incur that cost. The period of our
22 projected data begins October 1, 2020. We are only proposing to recover in the first phase

1 increase the first phase of the projected costs as of April 1, 2022. Our proposal is consistent
2 with this language.

3
4 **Q. You mentioned that IC 8-1-2-42.7 should be read in conjunction with IC 8-1.5-3-8.**
5 **What did you mean?**

6 A. In the first future test year case (Cause No. 44450), the Office of Utility Consumer
7 Counselor (“OUCC”) argued that using projected data for purposes of determining rate
8 base would violate IC 8-1-2-6, which requires that property must be “used and useful.”
9 The Commission read the two sections together and determined that rate base could indeed
10 be projected but that rates must be phased in as the rate base is placed in service.

11
12 In my view, reading IC 8-1-2-42.7 as prohibiting a phase occurring during the period of
13 projected data but before the commencement of the Test Year would be inconsistent with
14 a different statute, IC 8-1.5-3-8. This latter section provides that “rates and charges made
15 by a municipality for a service rendered or to be rendered, either directly in connection
16 therewith, must be nondiscriminatory, reasonable and just.” *Id.* (b). “Reasonable and just”
17 rates are then defined as the “rates and charges that produce sufficient revenue” to recover
18 the statutory revenue requirement. *Id.* (c). To the extent the Commission approves our
19 projection for purposes of setting rates as of April 1, 2023, it has necessarily approved the
20 portion of our projection as of April 1, 2022. If our current rates are insufficient to recover
21 the revenue requirement for the period of the projection as of April 1, 2022, then our current
22 rates and charges do not meet the statutory definition of “reasonable and just.” Like Cause

1 No. 44450, the way around this issue is to phase in the rates as Evansville proposes so as
2 to avoid the inconsistency.

3 **Q. Can you please summarize for us the phases of the rate increase that Evansville is**
4 **proposing?**

5 A.

Phase 1	4/1/2022	Recover the budgeted changes for 2021, and trending for customer growth, declining usage, and inflation through the beginning of the Test Year.
Phase 2	4/1/2023	Reflect the additional customer growth, declining usage, and inflation during the Test Year.
Phase 3	4/1/2024	Adjustment at end of test year to reflect first phase of debt service on the proposed debt and additional phase-in of PILOT and extensions and replacements.
Phase 4	4/1/2025	Reflect second phase of debt service on proposed debt and additional phase-in of PILOT.
Phase 5	4/1/2026	Reflect final phase of debt service on proposed debt and final phase-in of PILOT and extensions and replacements.

6

7 **Q. How do the percentage increases work out over time?**

8 A. Fairly equally as shown on page 26 of the Report, and that is why we are proposing the
9 increases in the case as we have.

10 Phase 1 – 7.50%

11 Phase 2 – 7.03%

12 Phase 3 – 6.53%

13 Phase 4 – 6.21%

14 Phase 5 – 4.31%

15

16 **Q. If the Commission were to find that you cannot implement the Phase 1 increase**
17 **because it is before the beginning of the Test Year, what would the result be?**

1 A. It would mean that all the additional revenues that would have been recovered in Phase 1
2 would need to be recovered in Phase 2. The projection for the Test Year remains the same,
3 whether we have a Phase 1 increase or not. So, the Phase 2 increase would be \$6,611,783,
4 rather than a Phase 1 increase of \$3,318,702 and a Phase 2 increase of \$3,293,081. It means
5 the increase on April 1, 2023 would be approximately 15%, rather than having two annual
6 increases of approximately 7.0-7.5%.

7

8 **Q. Would you please begin providing a detailed explanation of the Accounting Report to**
9 **the extent not otherwise self-explanatory?**

10 A. The Accounting Report is divided into two sections. The first section (pages 3 through 32)
11 contains proposed financial information based on:

- 12 • a historic base period (12 months ended September 30, 2020)(the “Historic Base
13 Period”);
- 14 • a Verifiable Link Period (October 1, 2020 to March 31, 2023); (the “Verifiable
15 Link Period”) and then,
- 16 • a forward-looking Test Year(12 months ended March 31, 2024); (the “Forward
17 Looking Test Year”

18 This Forward Looking Test Year is representative of the Petitioner’s operations for
19 ratemaking purposes. The second section of the Accounting Report (pages 33 to 48)
20 contains additional supplemental financial information regarding the Historic Base Period
21 ended September 30, 2020, and comparative financial information for the preceding
22 calendar years 2017 through 2019.

23

1 **Q. The City has requested authority in this Cause to issue long term debt. Where is the**
2 **proposed debt detailed in the Accounting Report?**

3 A. Page 3 of the Report contains an estimate of the costs and funding of the capital
4 improvements (the “Project”) proposed by Management and its consulting engineers.
5 Construction costs, together with contingencies and engineering fees, have been estimated
6 by the consulting engineers and Management to be \$220,229,000. Non-construction costs,
7 estimated to be \$17,936,000, include allowances for underwriter’s discount, a preliminary
8 engineering report, other financing costs and capitalized interest on the proposed bonds to
9 assist in the phase-in the of the proposed rate increases. Total estimated costs of the Project
10 are shown to be \$238,165,000 and will be funded from the proceeds of Waterworks District
11 (the “District”) revenue bonds. The District plans on issuing an Open Market (the
12 “Proposed OM Bonds”) bond issue in 2022 to cover a portion of the Project that
13 management has determined does not align well with the requirements of the Indiana
14 Finance Authority’s State Revolving Fund Loan Program (“SRF”). The remainder of the
15 Project is assumed to be financed with a bond issue through SRF in 2022 (the “Proposed
16 SRF Bonds”) (collectively, the “Proposed Bonds”).

17
18 The amortization of the Proposed OM Bonds is shown on page 7 of the report. The
19 Proposed OM Bonds are assumed to be dated July 1, 2022 and have a final payment date
20 on January 1, 2049. Principal repayments on the Proposed OM Bonds are shown paid
21 annually beginning January 1, 2036 through January 1, 2038 and semiannually thereafter.
22 Interest is shown to be paid semiannually beginning January 1, 2023 at assumed interest
23 rates ranging from 2.30 percent to 3.60 percent including an allowance for market

1 fluctuations. Actual interest rates will be determined through competitive bidding. The
2 term of the Proposed OM Bonds is anticipated to be 27 years. This anticipated term will
3 allow the Petitioner to lower the annual debt service by structuring the principal payments
4 to “wrap” around the existing debt service of the Utility to minimize the impact on the
5 water rates and charges. It is assumed the interest payments due January 1, 2023 through
6 July 1, 2025 will be capitalized during a portion of the construction period to phase-in the
7 proposed increases in rates and charges for Phases I and II, which will further limit the
8 upfront rate impact for customers.

9
10 The amortization of the Proposed SRF Bond is shown on pages 8 and 9 of the report. The
11 Proposed SRF Bond are assumed to be dated October 1, 2022 with a final payment date of
12 January 1, 2050. Principal repayments on the Proposed Bonds are shown paid annually
13 beginning January 1, 2026 through January 1, 2038 and semiannually thereafter. Interest
14 is shown to be paid semiannually beginning January 1, 2023 at an assumed interest rate of
15 2.85 percent including an allowance for market fluctuations. Actual interest rates will be
16 determined through negotiations with the State Revolving Fund Loan Program (“SRF”)
17 through their pooled program. The term of the Proposed SRF Bonds is anticipated to be
18 28 years. This anticipated term will allow the Petitioner to lower the annual debt service
19 by again structuring the principal payments to “wrap” around the existing debt service of
20 the Utility and the Proposed OM Bonds to minimize the impact on the water rates and
21 charges. It is assumed the interest payments due January 1, 2023 through July 1, 2024 will
22 be capitalized during a portion of the construction period to again phase-in the proposed

1 increases in rates and charges for Phases I and II, which will further limit the upfront rate
2 impact for customers.

3
4 **Q. Mr. Baldessari, can you explain the difference between the subsidized interest rate
5 program and the pooled program for the SRF?**

6 A. Yes. The subsidized interest rate program is SRF's traditional program where they offer
7 loans to utilities for improvement projects at interest rates below the market rates. The
8 subsidized bond interest rate for utilities is currently 2.00% for a 20-year issue but at times
9 can range depending on the community's median household income (MHI) and the utilities
10 average user rates for 4,000 gallons per month. There is a lot of competition for the SRF
11 program's subsidized interest rate funds so SRF limits the amount of subsidized interest
12 rate funding given to any one utility. For example, for State Fiscal Year 2021, the limit is
13 \$7.5 million.

14
15 SRF also has a pooled program. This program takes the remaining funding requirements
16 not able to be funded through their traditional program and issues a pooled bond issue on
17 the open market with their AAA bond rating and passes through the interest rate costs to
18 those utilities participating in the pooled bond issue. Many utilities in Indiana which are
19 not AAA rated will see interest savings by going through the pooled program.

20
21 The amount of Petitioner's Proposed SRF Bonds over the \$7.5 million limit will be
22 considered a pooled issuance. Therefore, the Petitioner's Proposed SRF Bond proceeds

1 will be deposited in a construction account(s) at closing (will not be draw loans) and
2 interest will be incurred from the closing date.

3
4 **Q. Mr. Baldessari, has Petitioner evaluated other options to issue the Proposed Bonds?**

5 A. Yes. Petitioner is planning to pursue funding through the Water Infrastructure Finance and
6 Innovation Act of 2014 (“WIFIA Program”) for 49% of the water treatment plant project
7 and other projects anticipated to be SRF eligible. Assuming this project is accepted for
8 WIFIA financing the 51% balance of the project financing will be through a Proposed SRF
9 Bond issue as described above. We have not assumed a WIFA program loan for the
10 financing of this project since WIFIA is a competitive program and there is no guarantee
11 that the Petitioner will be awarded a WIFIA Program loan.

12
13 The WIFIA program could provide various benefits for this water treatment plant
14 financing. First the loans are based on the US Treasury rate of a similar maturity which
15 rates are currently lower than municipal bond interest rates. The debt structure can be
16 structured or wrapped around the outstanding utility debt and the Proposed SRF Bonds and
17 the maturity can be 35 years from the issuance date. The interest rates are not affected by
18 the issuer’s credit rating. Finally, the interest does not accrue until the funds are drawn
19 which will help to reduce interest costs during construction which is very important for this
20 project since it has a 5-year construction period. The capitalized interest shown on the
21 project costs schedule will be reduced significantly if a WIFIA Program loan is used to
22 finance this project. Any savings that can be achieved through the use of the WIFIA

1 Program (if Evansville is awarded a WIFIA loan), will be reflected in a true-up report after
2 we close.

3
4 **Q. Mr. Baldessari, has Petitioner considered using any of the Fiscal Recovery Funds**
5 **(“FRF”) which will be received by the City of Evansville through the American**
6 **Rescue Plan Act of 2021 (“ARP”)?**

7 A. City Administration is currently in the process of considering all the eligible uses of its
8 FRF ARP grant funds and how to best help the City’s residents. At the time of filing this
9 rate case the guidance and rules issued by Treasury related to the eligible uses of the grant
10 funds has been limited. As such the plan for the grant funds has not been finalized by the
11 City. Due to the size of this project and the structure of the proposed debt service applying
12 grant funds to this Project will result in only a minor reduction in rate impact of the
13 proposed Project. For example, applying \$20 million of FRF ARP grant funds to this
14 project is estimated to reduce the average monthly water bill assuming 4,000 gallons a
15 month by \$0.70 per month where the total proposed monthly increase is \$14.35.
16 Nevertheless, and like with WIFIA, any grant funds we receive can be reflected in the true-
17 up.

18
19 **Q. Mr. Baldessari, does Evansville intend to seek other available grant funding to reduce**
20 **the costs of the Project?**

21 A. Yes, to the extent there is grant funding available for the proposed project such as available
22 State funding, the Petitioner will seek to receive grant funding. There are no guarantees of
23 other grant funding at this point but to the extent grant funding is available the debt

1 issuances and proposed rates and charges will be trued-up for the actual costs financed with
2 the Proposed Bonds.

3
4 **Q. Mr. Baldessari, please explain why the estimated costs of the new water treatment**
5 **plant project in Mr. Breese’s testimony total \$181 million and the estimated project**
6 **costs in the Report total of \$176 million?**

7 A. There was an update of the scoping for the new water treatment plant project in late April
8 of this year which reduced the construction period by a year and resulted in an increase to
9 the estimated project costs of approximately \$5 million for the new water treatment plant
10 project. The project costs are based on estimates which will be adjusted for actual costs as
11 the project gets closer to construction so the City did not want to delay this case for a
12 minimal adjustment in estimated project costs. The debt issuances and proposed rates and
13 charges will be trued-up for the actual costs financed with the Proposed Bonds.

14
15 **Q. Please continue with the explanation of the Accounting Report.**

16 A. Page 10 of the report combines the debt service requirements of the outstanding
17 Waterworks District Revenue Bonds, Series 2016A (the “2016A Bonds”), the Waterworks
18 District Refunding Revenue Bonds, Series 2016B (the “2016B Bonds”), the Waterworks
19 District Revenue Bonds, Series 2018A-1 (the “2018A-1 Bonds”), the Waterworks District
20 Revenue Bonds, Series 2018A-2 (the “2018A-2 Bonds”), the Waterworks District Revenue
21 Bonds, Series 2019 (the “2019 Bonds”), the Taxable Waterworks District Refunding
22 Revenue Bonds, Series 2020 (the “2020 Bonds”) and the Taxable Waterworks District
23 Refunding Revenue Bonds, Series 2021 (the “2021 Bonds”) along with the Proposed

1 Bonds. The combined average annual debt service is calculated to be \$24.4 million based
2 on the maximum annual debt on outstanding and Proposed Bonds. Once the Proposed
3 Bonds are sold, the debt service requirement will be adjusted to reflect the actual interest
4 rates, capitalized interest, required debt service reserve funding and any other necessary
5 debt service requirements for any material change through the true-up process.

6
7 Pages 4 to 6 summarize the proposed capital improvement plan (the “CIP”) for a combined
8 extensions and replacements (“E&R”) and bond financing plan (“CIP Funding Plan”) for
9 the Utility proposed by Management and its consulting engineers. The CIP is made up of
10 the construction of a new water treatment plant, improvements to the distribution system,
11 road relocations, booster station improvements, engineering, planning and annual capital
12 improvements. The various improvements in the CIP total \$269.2 million over the 5-year
13 period shown. The proposed CIP projects are to be funded with a combination of \$220.2
14 million of proceeds from the Proposed Bonds and \$49.0 million from E&R from the annual
15 CIP allowance. The annual proposed E&R allowance from rates and charges will be \$9.3
16 million in year one of the rate phase-in period, \$9.65 million for Phase 2, \$10.05 for Phase
17 3, \$9.55 million for Phase 4 and \$10.5 million for Phase 5 and thereafter to help phase-in
18 the rate increases to ease the financial burden on rate payers. Petitioner has finalized a
19 thirty-year Master Plan which is included in Evansville’s filing. The capital plan for
20 extensions and replacements through 2027 includes an estimated \$316 million of planned
21 projects including \$47 million in distribution system projects in year 2027 that are not able
22 to be funded in this funding period and will need to be deferred until there is available
23 funding. Beginning in 2024 Evansville will be reducing its goal to maintain an ongoing

1 1.5% replacement rate on its distribution system infrastructure to a minimum amount to
2 make room for the financing of the water treatment plant project. The full CIP and need
3 for the projects are further discussed in Mr. Labitzke's and Mr. Breese's testimony in this
4 Cause. Evansville does not have any available funds to apply to reduce the annual CIP
5 requirement as shown on page 38 of the Report and described later in my testimony.
6

7 **Q. Is it appropriate to consider the costs of relocating the City Garage as a part of the**
8 **cost of the new water treatment plant?**

9 A. Yes. The cost of building a new City Garage where the Street Department can relocate is
10 a cost of acquiring the property on which the new treatment plant will be located.
11

12 **Q. How can it be that the cost of building a garage for the Street Department is**
13 **considered the cost of acquiring the real estate for the Water Utility?**

14 A. Because the Water Utility cannot force the Street Department to transfer the property and
15 the only terms under which the water utility can acquire this land is if it builds a
16 replacement garage for the Street Department. If the property where the City is proposing
17 to build the plant were owned by a non-governmental entity, the Water Utility could simply
18 condemn the property and would pay for the property through the condemnation process.
19 But the Water Utility cannot condemn property that is already dedicated to a public use.
20 For instance, if this were a Vanderburgh County or Indiana Department of Transportation
21 garage, the Water Utility could only purchase the property to use as a treatment plant if it
22 was able to negotiate for the purchase. It would be reasonable to expect under such
23 circumstances that the seller would require that the Water Utility provide the funds to

1 replace the garage in order to sell us the real estate. So long as the cost to purchase the
2 property under such terms did not cause the overall project cost to be more than what the
3 cost would be at the next best alternative site, then it makes sense to purchase the garage
4 site under terms where the Water Utility reimburses the cost of building a replacement
5 garage. The Water Utility does not have the ability to force the City of Evansville Street
6 Department to transfer the site for the garage, any more than it would have with the County
7 or the State. The analysis should be the same, and so the cost of rebuilding the garage is
8 simply a cost of purchasing the property.
9

10 **Q. You have on several occasions discussed mitigating the rate impact from Evansville’s**
11 **proposal through multiple phases of increase. How did you build the projection for**
12 **purposes of projecting data for the Forward Looking Test Year?**

13 A. This process begins with the Historic Base Period, which is the twelve months ended
14 September 30, 2020. We then adjust that data for discrete changes that are expected to
15 occur. In many ways, this step looks similar to the process that is employed with a historic
16 Test Year coupled with an adjustment period. This process of adjusting the base period for
17 changes that will occur is set forth at Pages 11 through 17 of the Accounting Report. The
18 first thirteen adjustments fall into this category and will occur during the Verifiable Link
19 Period before inflation. Adjustments are then made to this first step for inflation that is
20 projected to occur based upon historical inflation during the Verifiable Link Period and the
21 Forward Looking Test Year as calculated from the U.S. Bureau of Labor Statistics (the
22 “BLS”) based on the expense. The fourteen adjustments to annual cash operating expenses
23 and the adjustments made for the Forward Looking Test Year are detailed below.

1 **Q. Please explain these fourteen adjustments in greater detail.**

2 A. The first adjustment to the annual cash operating expenses is to salaries and wages. The
3 adjustment reflects the current number of positions, including budgetary changes between
4 the Utility and the Sewage Works, interdepartmental changes and current pay rates based
5 on the 2021 Utility Budget approved by City Council on August 19, 2020, along with
6 anticipated hours that each employee will work. The salaries and wages are further
7 adjusted by the addition of two new employees, per Management in 2022. The first
8 position for an administrative assistant will be allocated 100% to the Utility. The second
9 new position for a safety professional will be allocated 50% to the Utility and 50% to the
10 Sewage Works. This new position will be included in the Utility Budget and the portion
11 allocated to the Sewage Works will be reimbursed through the “Sewer utility portion of
12 general expenses” revenue line on the general ledger. This total adjustment results in a
13 \$446,234 increase in Historic Base Period operating expenses.

14
15 The second adjustment to the annual cash operating expenses is an adjustment to FICA
16 expense due to the increase in salaries and wages from the increase in pay rates and the
17 addition of the new employee positions. This adjustment reflects the salaries and wages
18 expense multiplied by the FICA rate of 7.65%. This adjustment results in a \$52,454
19 increase in the Historic Base Period operating expenses.

20
21 The third adjustment to the annual cash operating expenses is an adjustment for PERF due
22 to the increase in salaries and wages. This adjustment is calculated by taking the salaries
23 and wages expense subject to PERF multiplied by the 2021 PERF rate of 14.20% (11.20%

1 Employer Portion plus 3.0% Employee Portion); plus an assumed allowance for funding
2 of the pension expense as determined by the Indiana Public Retirement System's (INPRS)
3 Public Employees' Retirement Fund (PERF) for the measurement date of June 30, 2019
4 (as adjusted) per the INPRS audit report for the plan as a whole, and recorded in the results
5 of operations of the Utility as of December 31, 2019. The recognition of accrued pension
6 expense and the net position liability are required by GASB Statement Nos. 68 and 71 (as
7 amended). The allowance for funding of the pension expense is calculated by taking the
8 Historic Base Period pension expense divided by the Historic Base Period salaries and
9 wages and multiplying the percentage times the salaries and wages subject to PERF. As
10 part of the prior rate case the Utility set-up a restricted fund to account for the funds
11 generated from the accrued pension expense. This adjustment results in a \$113,491
12 increase in Historic Base Period operating expenses.

13
14 The fourth adjustment to the annual cash operating expenses is an adjustment for health
15 and life insurance to reflect the current health and life cost per budgeted position based on
16 the City Controller's estimates allocated to the Utility. Starting with the 2021 Budget, the
17 City Controller has allocated budgeted health insurance to each of the City's respective
18 departments based on the department's prior year expenditure. Prior to the 2021 budget,
19 the City health insurance was evenly distributed based on the number of employees
20 employed in each City department. Management believes the new method of allocating the
21 City's health insurance will more accurately align with the actual expenditures to be
22 incurred each year. In addition to the Controller's 2021 Budget, health insurance for the
23 two new positions has also been included. Life insurance is still allocated based on the total

1 number of budgeted employees in each department times a rate of \$196 per year. Life
2 insurance includes the addition of the two new positions. This adjustment results in a
3 \$115,662 increase in Historic Base Period operating expenses.

4
5 The fifth adjustment to the annual cash operating expenses is an adjustment for workman's
6 compensation. Similar to the health insurance adjustment above, the City Controller
7 allocates the current total cost of worker's compensation coverage to each City Department
8 based on the prior year's worker's compensation. This adjustment results in a \$61,641 in
9 Historic Base Period operating expenses.

10
11 The sixth adjustment to the annual cash operating expenses is an adjustment for the
12 Teamster's Scholarship and Educational Trust Fund. This fund is required by the collective
13 bargaining agreement between the City and the Teamsters Local Union No. 215, and the
14 funding is based on the number of union positions in each City department. The estimated
15 amount is based on the approved 2021 Utility Budget. This adjustment results in a \$5,177
16 decrease in Historic Base Period operating expenses.

17
18 The seventh adjustment to the annual cash operating expenses is an adjustment for periodic
19 maintenance. The periodic maintenance adjustment is broken into various components
20 including dredging for the intake structure in the Ohio River, tank maintenance, booster
21 stations, traveling screen maintenance, leak detection and distribution system assessment
22 and SCADA maintenance. The various periodic maintenance components are described in
23 additional details below.

1 The periodic maintenance for dredging of the intake structure in the Ohio River is based
2 on a proposal from Foertsch Construction Co., Inc. dated October 11, 2017. The annual
3 dredging expense is estimated to be \$328,475.

4 The periodic maintenance for the tank maintenance is based on the Master Service
5 Agreement with Utility Service Co., Inc. on May 10, 2016. Included in the agreement is
6 the cleaning, inspection and tank coating for the Utility's nine tanks at an average cost of
7 \$528,570 for 2022 - 2026. In addition, the agreement covers the installation and annual
8 inspection of the active mixing system in the Utility's 20-million-gallon underground tank
9 at an average annual cost of \$9,353.

10
11 The periodic maintenance for the booster station pumps is based on estimates provided by
12 the Water Production Manager. The allowance per booster station pump is estimated at
13 \$20,637 and the Utility anticipated replacing a total of two pumps per year. The annual
14 allowance for booster station pumps based on replacement of two pumps per year is
15 \$41,274.

16
17 The periodic maintenance for the traveling screens is based on the final installed cost for
18 the 2020 rebuild completed by the Utility. The three-year annual maintenance totals
19 \$554,385. Based on a four-year replacement interval, the annual allowance for traveling
20 screen maintenance is \$138,596.

21

1 The periodic maintenance for leak detection and distribution system maintenance is based
2 on the bid from PURE Technology for the 2020 program. The bid totals \$847,003. The
3 annual allowance based on a three-year interval totals \$282,334.

4
5 The final component of the periodic maintenance is annual SCADA maintenance. The
6 Utility's IT department estimates the total annual allowance for SCADA maintenance to
7 be \$24,000.

8
9 The periodic maintenance adjustments, as described in detail above, results in a \$625,622
10 increase in Historic Base Period operating expenses.

11
12 **Q. Mr. Baldessari, in the last rate case the Utility had included annual periodic**
13 **maintenance for high and low service pumps and filter media. Can you describe why**
14 **these are not included in the current filing?**

15 A. Yes, based on discussions with Management, the annual maintenance for these items have
16 been excluded in this filing. As discussed in the capital improvement plan, the Utility will
17 be building a new treatment plant and believes that any annual maintenance for high and
18 low service pumps and the filter media on the existing plant can be deferred. These items,
19 if required, would be addressed once again in the Utility's next filing once the new
20 treatment plant is completed and online.

21
22 **Q. Mr. Baldessari, as shown on page 38 of the Accounting Report, Evansville is**
23 **restricting the full balance of the Periodic Maintenance restricted fund. This fund**

1 **based on Cause No. 44760 as a condition of Settlement is reserved for filter media**
2 **replacement, traveling screens and high and low service pumps. Can you please**
3 **explain the Petitioner’s plans for these funds?**

4 A. The Petitioner plans to encumber and spend \$2,010,500 from the restricted fund in 2021
5 for periodic maintenance items. The total spend includes, \$620,000 for the high service
6 pumps 8 and 10, \$1,200,000 for filter bed rehabilitation numbers 22, 25, 26, 33 and 24 and
7 \$190,500 for traveling screen number 3. The balance of the differential is due to timing of
8 payments and any leftover amounts will be used for pump and filter media maintenance
9 required over the five-year period until the new water treatment plant is completed.

10
11 **Q. Please continue with the explanation of the fourteen adjustments to annual cash**
12 **operating expenses in the Accounting Report.**

13 A. The eighth adjustment to the annual cash operating expenses is an adjustment to eliminate
14 expenditures considered to be non-recurring in nature that occurred in the historic base
15 period. During the Historic Base Period there were professional fees paid for the refunding
16 transaction as well as an expenditure to replace a concrete driveway. Each of the
17 transactions are considered non-recurring or capital and are removed from the cash
18 operating expenditures. This adjustment results in a \$324,105 decrease in Historic Base
19 Period operating expenses.

20
21 The ninth adjustment to the annual cash operating expenses is to contractual services. The
22 contractual service expenses are based on a combination of existing contracts, contract
23 proposals, budgeted amounts and estimates provided by Management. Significant among

1 the adjustments is the contracts with Advanced Networks for the ANCS Managed Services,
2 The GIS Services and the Business Liaison Services. An additional significant increase is
3 for credit card service fees to be paid by the Utility to First Billing. The credit card fees
4 were first billed to and paid by the Utility in February of 2017 for the January 2017 Utility
5 bills. The credit card fees are part of Evansville's implementation of a customer
6 engagement and analytics mobile platform which is used to enhance customer service,
7 bring more customers to the on-line platform and increase collection rates. As more
8 customers switch to the use of credit cards to make payments the credit card fee will
9 continue to increase. The current calculation is based on the twelve months ended January
10 2021. The Utility also established a contract since the last rate case with Element Three to
11 assist with Public Outreach and Communications. These services were previously with Fire
12 & Rain in the prior rate case. A new contract with Innovyze for software maintenance and
13 support. Other contractual adjustments for Smart Utility Systems, First Billing Services
14 and Johnson Controls are updated contracts for contractual services which were included
15 in the last rate case. This total adjustment results in a \$284,535 increase in Historic Base
16 Period operating expenses.

17
18 The tenth adjustment to the annual cash operating expenses is for utility receipts tax. This
19 adjustment is calculated by taking the normalized operating revenues at current rates plus
20 normalized non-operating income. These amounts are reduced by the exempt revenues
21 and the utility receipts tax exemption of \$1,000. The revenues subject to utility receipt tax
22 times the 1.4% tax rate results in an \$18,794 increase in Historic Base Period operating
23 expenses.

1 The eleventh adjustment to the annual cash operating expenses is an adjustment to bad debt
2 expense for the normalization of metered revenues. The adjustment is calculated by
3 multiplying the incremental change for the normalized residential and commercial metered
4 revenues by the bad debt percentage. The bad debt percentage is calculated by dividing
5 the historic base period bad debt expense by the Historic Base Period residential and
6 commercial metered revenues. This results in a Historic Base Period bad debt percentage
7 of .307% which is then multiplied by the incremental change of \$2,670,772. This
8 adjustment results in an \$8,199 increase in Historic Base Period operating expenses.

9
10 The twelfth adjustment to the annual cash operating expenses is an adjustment the lease
11 payments for the vehicle leases and the annual office space rent for Professional Plaza. The
12 adjustments are based on the anticipated lease payments for calendar year 2021. The total
13 increase for both the vehicle leases and the office space rental at Professional Plaza is
14 \$93,437.

15
16 The thirteenth adjustment to annual cash operating expense is to contractual services for
17 the Sewage Works that are budgeted within the Planning and Engineering department of
18 the Utility. These contracts are for various services that relate to the Consent Decree with
19 the U.S. EPA and are fully reimbursed to the Utility through the Sewer utility portion of
20 general expenses. This adjustment results in a \$283,181 increase in Historic Base Period
21 operating expenses.

1 In sum, the Historic Base Period cash operating expenses of \$28,400,613 have been
2 increased by \$1,773,968 to arrive at annual cash operating expenses of \$30,174,581. This
3 constitutes the beginning point for building our Test Year projection.
4

5 **Q. Mr. Baldessari, what is the next step in building the forecast for purposes of**
6 **projecting the data?**

7 A. This is shown on page 11 and described in adjustment 14 on page 17. Through discussion
8 with Management, we took the data projected through the first thirteen adjustments and
9 then we included further inflationary adjustments through the Verifiable Link Period and
10 the forward looking test year. We divided those inflationary adjustments into two: first to
11 the beginning of the Forward Looking Test Year (i.e., projected inflation from April 1,
12 2022 through March 31, 2023) within the Verifiable Link Period; and second, from the
13 beginning of the Forward Looking Test Year (April 1, 2023) through the end of the
14 Forward Looking Test Year (March 31, 2024) for the Forward Looking Test Year
15 (collectively, the “Projected Data Period”). Due to the length of the construction period for
16 the rate case and the required length of the proposed rate phase-in, Management proposes
17 to recover revenues to offset the annual inflationary increases to the cash operating
18 expenses through the end of the Forward Looking Test Year. We also need to account for
19 the new positions the Utility anticipates adding. In total, Management anticipates adding
20 seven new positions. These positions will be added during the Test Year and have not been
21 included in my earlier adjustments. Based on our analysis of the BLS we have arrived at a
22 percentage increase by category as detailed on page 17 in adjustment 14. Each category is
23 calculated based on historical data available through 2019 which varies based on the

1 expense category. Calendar year 2020 has been excluded to eliminate any impacts
2 resulting from the pandemic. Overall, the inflationary adjustments attributed to the
3 Projected Data Period add \$753,900 and \$1,431,547 to the Verifiable Link Period and the
4 Test Year, respectively, including the additional employees through March 31, 2024, for
5 the Forward Looking Test Year.

6
7 In total the cash operating expenses for the twelve months ended September 30, 2020 have
8 been increased through the fourteen adjustments by \$3,959,417.

9
10 **Q. How have revenues been projected for the Forward-Looking Test Year?**

11 A. In a similar fashion to the cash operating expense projection page 18 summarizes the
12 normalized annual operating revenues of the Utility. The first revenue adjustment shown
13 on page 19 is to normalize the Historic Base Period metered revenues for the Phase II
14 12.60% increase in rates and charges billed starting January 1, 2020. The Historic Base
15 Period metered revenues are further adjusted to account for the Phase III 5.55% increase
16 in rates and charges effective January 1, 2021. Phases II and III were approved pursuant to
17 Cause No. 45073. In addition to the adjustments noted above, the normalized metered
18 revenues have been adjusted to normalize the forfeited discounts charged by the Utility.
19 Due to COVID-19, during portions of the Historic Base Period the Utility was unable to
20 bill penalties to delinquent customers. Adjustment 1 increases the forfeited discounts to be
21 0.56% of the normalized collections based on the three-year historical average from 2017-
22 2019. In total, adjustment 1 increases metered operating revenues by \$3,164,723.

23

1 Next, the Historic Base Period revenues have been increased in adjustments two, three and
2 four to reflect normalized annual metered sales resulting from the actual number of
3 additional users added during the Historic Base Period as calculated on pages 20, 21 and
4 22. These normalization adjustments result in a \$251,170 increase in revenues.

5
6 On pages 23 and 24 the Historic Base Period revenues have been adjusted for the current
7 number of customers assessed the public and private fire protection charges at the current
8 rates resulting in a \$593,935 increase in revenues.

9
10 Revenue adjustment six show on page 24 normalizes the Historic Base Period for the
11 anticipated amount of reimbursements from the Sewer Utility for shared expenses. The
12 total revenue increase for this adjustment is \$1,560,689.

13
14 Adjustment seven on page 25 increases revenues by \$25,741 to normalize the Historic Base
15 Period for the growth in commercial and industrial customers added during the Historic
16 Base Period.

17
18 Adjustment eight on page 25 normalizes industrial metered collections to account for the
19 closure of the Pittsburgh Glass Works. In 2020 Pittsburgh Glass announced they would be
20 discontinuing operations in Evansville due to declining profitability of the plant. In total
21 the adjustment decreases revenues by \$230,418.

1 In total the revenue adjustments described above increase operating revenues to
2 \$58,417,333 prior to the declining usage adjustments.

3
4 **Q. Mr. Baldessari, would you please describe the declining usage adjustment as shown
5 in the accounting workpapers filed in this cause?**

6 A. Yes, overall, the proposal is to decrease revenues by \$715,554 for the declining usage
7 adjustment for Phase I, which is the declining usage projected during the Verifiable Link
8 Period. As shown in accounting workpapers, the declining usage adjustment is based on an
9 analysis of three factors each over a nine-year period; 1) Utility's billed revenues (after
10 adjusting for increases in rates and charges), 2) Average monthly consumption per
11 customer and, 3) Annual water produced. Each of the three factors were assigned a weight
12 of 33.33% and used to calculate the overall annual percentage decline in revenues by
13 customer class. Residential decline was calculated at (2.5%) per year with (3.5%) being
14 attributed to decline in billed revenues, (2.0%) decline in monthly consumption per
15 customer and (1.9%) decline in water produced. Commercial decline was calculated at
16 (1.8%) per year with (2.2%) being attributed to decline in billed revenues, (1.2%) decline
17 in monthly consumption per customer and (1.9%) decline in water produced. Public
18 Authority decline was calculated at (2.0%) per year with (2.1%) being attributed to decline
19 in billed revenues, (1.9%) decline in monthly consumption per customer and (1.9%)
20 decline in water produced. In our calculation we have excluded the industrial classes for a
21 couple reasons. First the industrial class is already being adjusted for the reduction in
22 revenues from Pittsburgh Glass's closure and two, the inconsistency of the data. After

1 accounting for the declining usage adjustment, the total adjusted revenues are \$57,701,779
2 through the Verifiable Link Period used for Phase 1.

3 **Q. Why is there a need to make an adjustment for declining consumption and sales?**

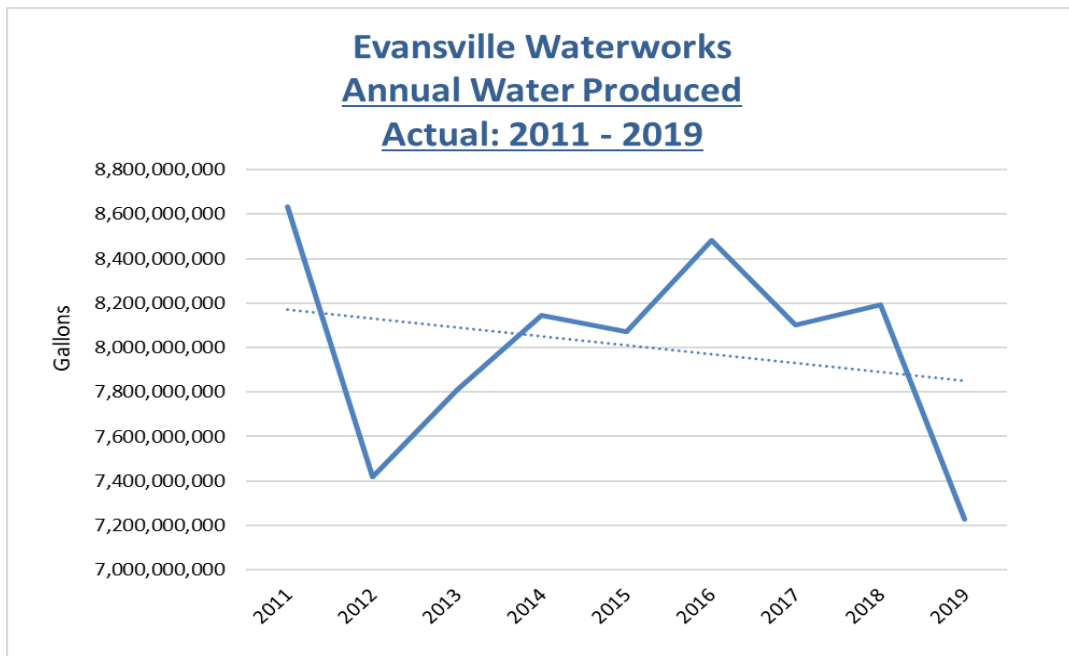
4 A. The ability to include the effect on the projected revenues from declining consumption was
5 one of the driving factors that led us to choose to file this case as a future test year. The
6 other was inflation. Declining usage, like inflation, has been a known fact throughout the
7 industry for many years now, but to my knowledge, a declining usage adjustment has never
8 been approved with an historic test year. This is due in large part to the “fixed, known and
9 measurable” standard that applies with historic test years but which does not apply to future
10 test years. With the size of the project that Evansville is undertaking, the length of the
11 construction period, and the complicated structure of the bond issue we are pursuing in
12 order to mitigate rate impact, we cannot ignore declining consumption and inflation when
13 setting rates in this case. If we did, we likely would fail to meet our debt coverage
14 requirements on this debt before we have even completed construction.

15
16 **Q. What do you mean that declining consumption has been a known fact for many years
17 now?**

18 A. Below we have included graphical information regarding the decline in historical water
19 produced for years 2011 through 2019 the reduction in the annual water sold for years 2008
20 through 2020 along with a projection through 2024. We have also included graphical
21 information depicting the average decline in monthly billed usage per customer, by
22 customer class, for the eight-year period through 2019. Declining water usage is happening
23 all over the country due to various factors including conservation, more efficient toilets,

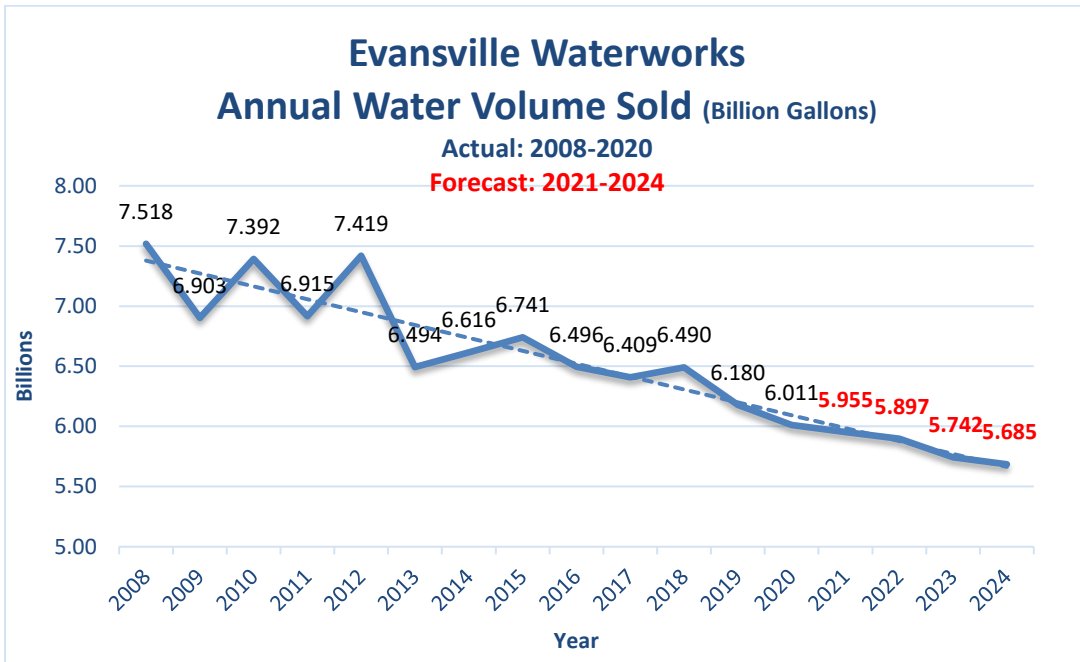
1 curbed water loss, etc. A major factor for Evansville also is the high sewer user rates due
2 to the required implementation of the City's Integrated Overflow Control Plan required by
3 the Clean Water Act. Utility ratepayers notice higher billings and have the ability to lower
4 their monthly utility bills by reducing usage as both the water and sewer rates are billed
5 based on metered water usage.

6

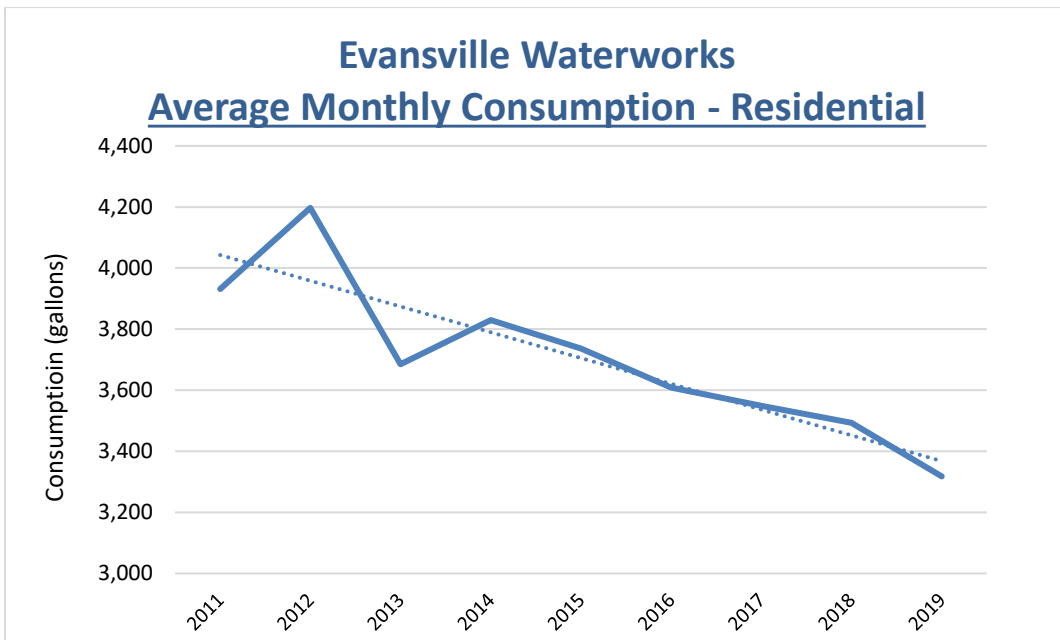


7

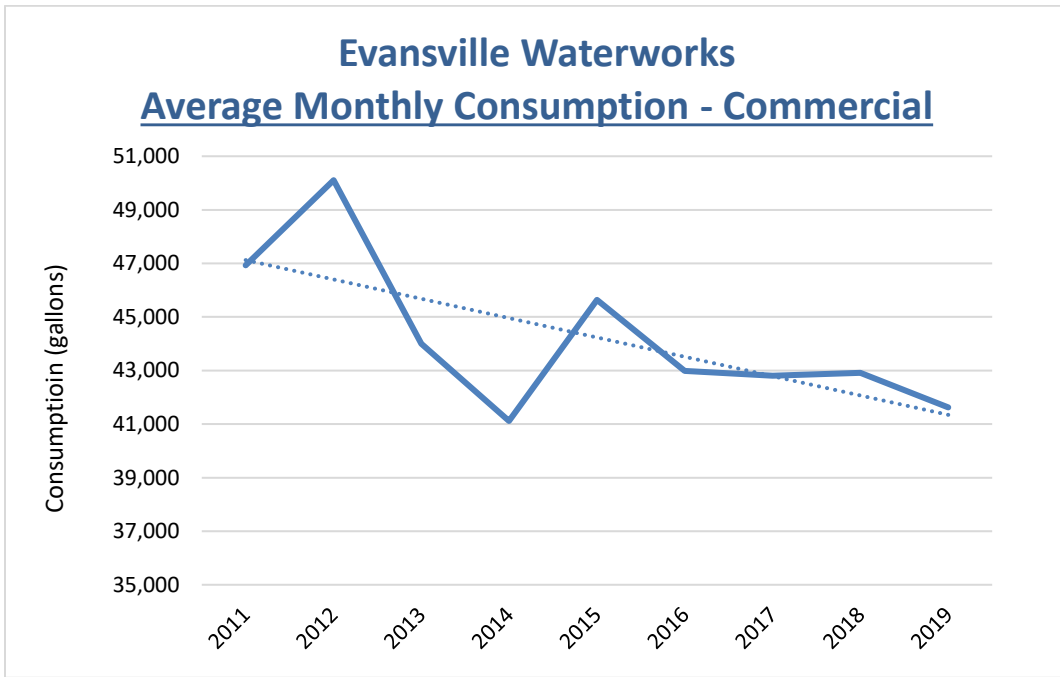
8 As depicted in the graph above, the annual water produced since 2011 has been trending
9 down at -1.9% on average.



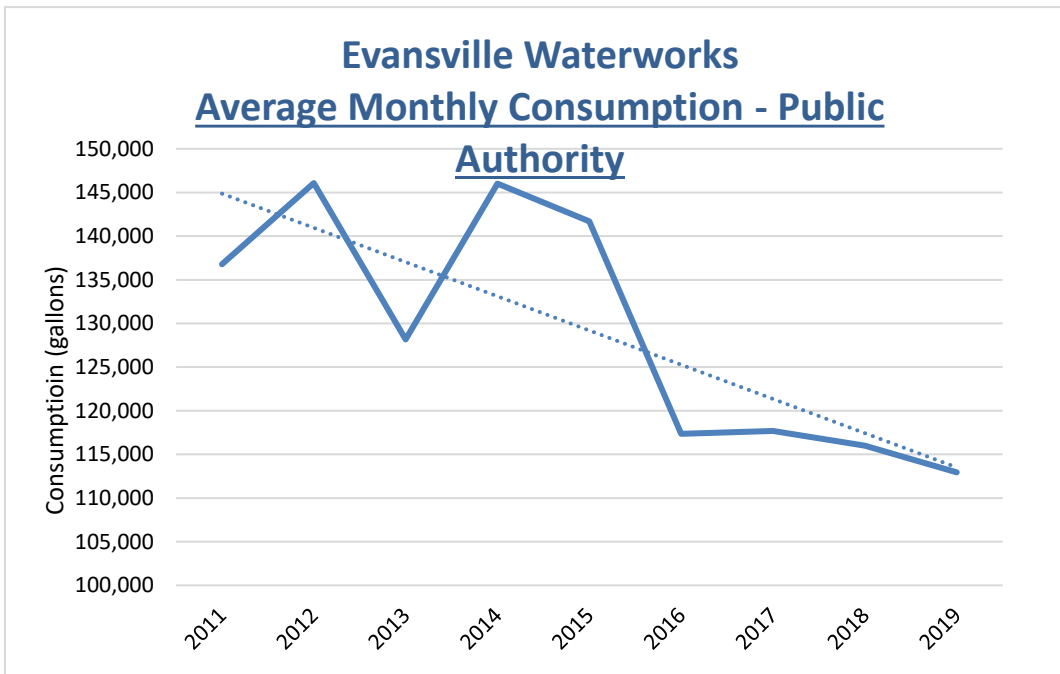
1
2 As shown in the graph above the Petitioner has experienced a decline in the annual water
3 volume sold and anticipates this trend will continue through 2024.



4
5 The average monthly consumption for residential customers has declined from
6 approximately 3,931 gallons in 2011 to 3,317 gallons in 2019.



1
 2 The average monthly consumption for commercial customers has declined from
 3 approximately 46,932 gallons in 2011 to 41,628 gallons in 2019.



4
 5 The average monthly consumption for public authority customers has declined from
 6 approximately 136,787 gallons in 2011 to 112,944 gallons in 2019. Overall, each of the

1 customer classes addressed and adjusted in the report are experiencing a decline in the
2 average monthly consumption per month. As the Petitioner continues to experience a
3 decline in the average monthly consumption, the anticipated revenue to be recovered from
4 the rates and charges would subsequently decrease.

5
6 **Q. Did you account for customer growth as part of this declining usage adjustment?**

7 A. Yes. As I indicated, part of the adjustment is based upon the decline in billed revenues.
8 That decline already reflects growth in customer count and therefore serves to offset the
9 decline in usage per customer.

10
11 **Q. Mr. Baldessari, has the Indiana Regulatory Commission previously accepted a
12 declining usage adjustment in other cases presented before the Commission?**

13 A. Yes, but I believe it has only been done with future test years. Indiana American Water
14 previously brought a rate case before the Commission which included a declining usage
15 adjustment in Cause No. 44450. The OUCC also included declining usage in its revenue
16 forecast in that case. Ultimately, the case was settled.

17
18 **Q. Mr. Baldessari, can you explain why additional revenues have not been included for
19 the revised contract with Gibson Water Authority?**

20 A. On January 26, 2021 Gibson Water Authority and the Petitioner entered into the *Second*
21 *Amendment to Agreement for Sale and Purchase of Water*. As part of the Agreement, the
22 Petitioner agreed to increase the maximum purchase amount from two million eight
23 hundred thousand (2,800,000) gallons per day to four million (4,000,000). For the

1 Petitioner to serve Gibson Water Authority’s additional water needs, a project with an
2 allocated cost of \$4,137,476 to the Gibson Water Authority would need to be constructed.
3 These monies are to be provided to the Petitioner by the Gibson Water Authority. The
4 Petitioner agreed to credit against this balance an estimated additional 300,000 gallons per
5 day over a three-year period which Gibson Water Authority is anticipated to be able to
6 purchase and sell. The additional 300,000 would generate an estimated \$955,935 in
7 revenues over the three-year period which would be directly applied to the balance owed
8 by Gibson Water Authority to the Petitioner, leaving a remaining balance of \$3,181,541.
9 Per paragraph 3 of the Agreement, three years after Gibson Water Authority makes the
10 remaining required payment a true-up period would be performed to calculate the actual
11 additional revenues the Petitioner generated from Gibson Water Authority. If the amount
12 were greater than 300,000 gallons per day, the Petitioner would owe a refund back to
13 Gibson Water Authority. If the average were less than 300,000 gallons per day, Gibson
14 Water Authority would owe the Petitioner. Therefore, through the true-up process no
15 additional revenues would be generated from the increase in water sales to Gibson Water
16 Authority. Any additional revenues that could potentially be generated through increase in
17 water sold would not be able to be realized by the Petitioner until at least three years from
18 completion of construction of the improvements anticipated to be Spring of 2022, which
19 three years after Spring of 2022 would begin 2025, which is beyond the Petitioner’s
20 Projected Data Period.

21
22 **Q. Please continue with the explanation of the Accounting Report.**

1 A. A summary of the annual revenue requirements of the Petitioner can be found on page 26
2 of the report with the explanation of adjustments on pages 27 through 29. The annual
3 revenue requirements and revenues are shown in five phases. Phase 1 reflects those
4 expected annual requirements during the Verifiable Link Period and revenues needed now
5 through April 1, 2023 with \$9.3 million of the CIP to help phase-in the required increase.
6 Phase 2 reflects those expected requirements for the Forward Looking Test Year and
7 revenues needed through April 1, 2024 with \$9.65 million of the CIP and an increase in
8 the payment in lieu of taxes. Phase 3 adjusts for the proposed debt and projects in this case,
9 including increased payment in lieu of property taxes, increased debt service to the amount
10 for calendar year 2025 and \$10.05 million annual CIP requirement for extensions and
11 replacements. Phase 4 further adjusts for increased payment in lieu of property taxes,
12 increased debt service to the amount for calendar year 2026 and \$9.55 million annual CIP
13 requirement for extensions and replacements. Phase 5 then reflects further increased
14 payment in lieu of property taxes, increased debt service to the maximum annual debt
15 service on the outstanding and Proposed Bonds and \$10.48 million annual CIP requirement
16 for extensions and replacements. Evansville is proposing that the rates and charges needed
17 to satisfy these requirements be phased-in over this five-year period to minimize the burden
18 on ratepayers and to allow Evansville to make needed extensions and replacements to its
19 system.

20
21 Cash operating expenses totaling \$30,928,483 for Phase 1, \$32,360,030 for Phases 2 - 5
22 are detailed on pages 11 to 17 plus the additional \$43,670 for Phase 1, \$86,358 for Phase
23 2, \$128,192 for Phase 3, \$169,988 for Phase 4 and \$199,736 for Phase 5 for Indiana utility

1 receipts taxes and bad debt expense resulting from the proposed revenue increases. The
2 calculated payment in lieu of property taxes for Phase 1 is calculated to be \$4,127,581
3 assuming current capital assets net of the estimated 25% located outside the City limits and
4 accumulated depreciation expense at the current corporate tax rate. The calculated payment
5 in lieu of property taxes have been reduced in each phase to phase in the rates and charges.
6 Phase 1 is \$3,590,000, Phase 2 is \$4,105,000, Phase 3 is \$4,445,000, Phase 4 is \$4,785,000
7 and Phase 5 is \$5,330,000. The payment in lieu of taxes is increasing each year as the
8 proposed projects are completed by the Utility and included in capital assets.

9
10 Debt service requirements for Phase 1 reflect the assumed principal and interest payments
11 on the outstanding bond issues and Proposed Bonds for the bond year ended January 1,
12 2023. Debt service requirements for Phase 2 reflect the assumed principal and interest
13 payments on the outstanding bond issues and Proposed Bonds for the bond year ended
14 January 1, 2024. The interest payments on the Proposed Bonds are assumed to be
15 capitalized for Phases 1 and 2 included in the “Schedule of Estimated Project Costs and
16 Funding” as shown on page 3. Management has elected to capitalize interest in the first
17 two phases to help phase in the proposed rate increase and avoid a potentially larger
18 increase in any given phase. The Phase 3 debt service requirement is based on the debt
19 service for bond year ending January 1, 2025 and increases by \$2,491,828 to provide for
20 interest payments on the Proposed Bonds. The Phase 4 debt service requirement is based
21 on the debt service for bond year ending January 1, 2026 and increases by \$3,433,598 to
22 provide for additional interest payments on the Proposed Bonds. The Phase 5 debt service
23 requirement is based on the maximum annual debt service payment on the outstanding and

1 Proposed Bonds and increases by \$940,925. The Phase 1 combined annual debt service
2 requirement on the outstanding bonds and Proposed Bonds for the bond year ended January
3 1, 2023 is \$17,527,945, the Phase 2 combined annual debt service requirement on the
4 outstanding bonds and Proposed Bonds for the bond year ending January 1, 2024 is
5 \$17,529,307, the Phase 3 combined annual debt service requirement on the outstanding
6 and Proposed Bonds for the bond year ending January 1, 2025 is \$20,021,135, the Phase 4
7 combined annual debt service requirement on the outstanding and Proposed Bonds for the
8 bond year ended January 1, 2026 is \$23,454,733 and the Phase 5 combined annual debt
9 service requirement equal to the maximum combined annual debt service on the
10 outstanding bonds and Proposed Bonds is \$24,395,658.

11
12 The debt service reserve requirements for the Proposed Bonds are anticipated to be funded
13 over a five-year period beginning the month after the closing on the respective open market
14 and SRF bond issues. The outstanding Waterworks District bonds, excluding the
15 Waterworks District Revenue Bonds, Series 2016A, have a combined debt service reserve
16 requirement (the “SRF Post – 2017 Reserve Account”) as required per the Utility’s
17 outstanding bond ordinances. The debt service reserve requirement for the Proposed Bonds
18 will be included in the SRF Post – 2017 Reserve Account and will be required to be set at
19 the maximum annual combined debt service on the outstanding bonds currently included
20 in the SRF Post – 2017 Reserve Account and the Proposed Bonds. The debt service reserve
21 requirement attributed to the Proposed OM Bonds is calculated to be equal to \$1,876,015
22 and will be funded over a five-year period beginning in July of 2022. The debt service

1 reserve requirement attributed to the Proposed SRF Bonds is \$4,987,673.50 and will be
2 funded over a five-year period beginning in October of 2022.

3
4 The CIP annual requirement for extensions and replacements is equal to \$9.3 million for
5 Phase 1, \$9.65 million for Phase 2, \$10.05 million for Phase 3, \$9.55 million for Phase 4
6 and \$10.48 million for Phase 5 as shown on page 26 with the detail improvements on pages
7 4 to 6. The annual CIP requirement has been proposed in amounts to more ratably phase-
8 in the proposed rate increases yet still make required improvements to the Utility's
9 infrastructure. The CIP annual requirement fluctuates in this fashion in order to spread the
10 rate increase as we have proposed.

11
12 **Q. Mr. Baldessari, in Cause No. 45073 the Commission approved funding of \$116.985**
13 **million from bond proceeds. The Petitioner only expended \$14.645 million through**
14 **the September 30, 2020. How long will it take the Petitioner to spend the remaining**
15 **funds?**

16 A. The Petitioner was delayed in spending the bond proceeds due to the ramp up of the lead
17 time to get the water main replacement construction program. According to Management
18 the construction program is fully ramped up and the bond proceeds will be spent by the
19 end of 2021 which is prior to the proposed Phase 1 rate implementation and issuance of the
20 Proposed Bonds in this Cause.

21
22 **Q. Please continue with the explanation of the Accounting Report.**

1 A. Next, the projected revenue requirements are reduced by projected interest income, the
2 Sewage Works' portion of the general expenses and other operating and non-operating
3 income. On page 29 other non-operating income was reduced in adjustment 11 to
4 normalize for non-recurring receipts.

5
6 The resulting net revenue requirements factoring in the full declining usage adjustment
7 which is reflected on page 29 for the Forward Looking Test Year in Phase 2 are
8 \$47,586,051 for Phase 1, \$50,125,474 for Phase 2, \$53,399,136 for Phase 3, \$56,714,530
9 for Phase 4 and \$59,158,103 for Phase 5.

10
11 In order to provide revenues to meet these requirements, the Petitioner has proposed that
12 water rates and charges be increased across-the-board by 7.50% effective April 1, 2022 or
13 upon approval by this Commission for Phase 1, 7.03% effective April 1, 2023 for Phase 2,
14 6.53% effective April 1, 2024 for Phase 3, 6.21% effective April 1, 2025 for Phase 4 and
15 4.31% effective April 1, 2026 for Phase 5.

16
17 Pages 30 to 32 of the report show the proposed rates and charges. Existing rates have been
18 increased 7.50% across-the-board to arrive at the rates proposed for Phase 1, an additional
19 7.03% across-the-board to arrive at the rates proposed for Phase 2, an additional 6.53%
20 across-the-board to arrive at the rates proposed for Phase 3, an additional 6.21% across-
21 the-board to arrive at the rates proposed for Phase 4 and an additional 4.31% across-the-
22 board to arrive at the rates proposed for Phase 5 and thereafter.

23

1 **Q. Please continue with the explanation of the Accounting Report.**

2 A. The second section of the Accounting Report, which displays supplemental financial
3 information, begins on page 33. Included in this section is a comparative statement of net
4 position of the Utility as of December 31, 2017, 2018, 2019 and September 30, 2020. Page
5 35 of the report contains a statement of revenues, expenses and changes in net position
6 comparing the Utility's revenues, expenses and resulting net revenues for the historic base
7 period with the three preceding calendar years. A comparative statement of cash flows can
8 be found on pages 36 and 37 of the report. This schedule compares the Utility's cash
9 receipts and cash disbursements of the historic base period with the three preceding
10 calendar years. Page 40 displays the detailed cash operating expenses for the historic base
11 period and the three preceding calendar years.

12

13 **Q. In Cause No. 44760 it was recommended that the Utility implement computer**
14 **program modifications to allow conversion of its current fund accounts to a format**
15 **that conforms to NARUC's Uniform System of Accounts. Has the Utility implemented**
16 **this recommendation?**

17 A. No, the Utility has not implemented this recommendation.

18

19 **Q. Please describe why the Utility has not implemented this recommendation.**

20 A. The City of Evansville Controller's office (the "City Controller"), to whom the Petitioner
21 is required to report, maintains a cash basis fund accounting system for all City departments
22 as required by the Indiana State Board of Accounts (the "SBOA"). The Evansville Water
23 and Sewer Utilities ("Utilities") also on this accounting system, each maintain an accrual

1 fund that allows the preparation of “proprietary” or “enterprise” financial statements when
2 combining the cash basis funds of the Petitioner along with the accrual fund. These
3 statements are presented on the modified accrual basis which is in conformity with the
4 Government Accounting Standards Board (“GASB”) and U.S. Generally Accepted
5 Accounting Principles (“GAAP”), also required by the SBOA. In addition, the SBOA
6 prepares an examination of the proprietary financial statements every year only for the
7 Utilities, and in each year has received an “unqualified” or “clean” opinion since 2009.
8 Finally, GASB pronouncement Statement No. 34 issued in June of 1999, required state and
9 local governments to produce their proprietary fund financial statements in a certain format
10 with several subsequent pronouncements tweaking the presentation format. Statement No.
11 34 no longer allowed proprietary funds to present certain information on the face of the
12 financial statement on what was formerly known as the balance sheet (now the Statement
13 of Net Position), for items such as, Equity Capital which included Retained Earnings,
14 Contributions-in-Aid-of-Construction and Operating Reserves. These items were
15 consolidated and renamed “Net Position” and reconfigured to Invested in Capital Assets,
16 Restricted and Unrestricted categories. NARUC still uses the financial statement
17 presentation format prior to GASB No. 34. However, the elements to allow the Petitioner
18 to prepare NARUC reports, when necessary, such as the IURC Annual Report are there
19 either on the face of the financials or in the detailed working trial balance.

20
21 In addition, the City has contacted Tyler Technologies Inc. (“Tyler”) (the City’s enterprise
22 accounting software provider) to see if there is currently an option to convert to NARUC

1 accounting. Currently, Tyler does not offer an option for NARUC accounting and are not
2 aware of any other clients using a NARUC system.

3
4 **Q. Please continue with the explanation of the Accounting Report.**

5 A. Pages 38 and 39 compare the fund balances of the Petitioner as of September 30, 2020 with
6 the minimum balances either required to be maintained by the outstanding bond resolutions
7 in effect with respect to the Petitioner's outstanding long-term indebtedness, or that are
8 typically maintained by municipal utilities such as the Petitioner. The minimum balance
9 for the operation and maintenance is calculated based on a two-month allowance for the
10 payment of current operating expenses.

11
12 The bond and interest and debt service reserve fund minimum balances are required by the
13 outstanding bond resolutions. The allowance for unforeseen capital expenditures is
14 included in the improvement fund for budgetary purposes in an amount equal to annual
15 depreciation. The minimum balance required in the improvement fund is equal to
16 \$5,970,013. The customer deposits fund includes customer deposits and is restricted and
17 held to pay back to customers disconnecting from the water system. The Construction
18 Fund is restricted for the completion of the construction projects.

19
20 **Q. Mr. Baldessari, what does the Utility intend to do with the available funds in the
21 Construction Fund? Will any of these funds be applied to the proposed projects?**

22 A. It is the Petitioner's intention to spend down the remaining balance in the construction fund
23 as described above. The balance in the construction fund is appropriated to specific projects

1 not included in the capital improvement plan for this Cause and as such will not be available
2 for the projects proposed in this Cause.

3
4 **Q. Please continue with the explanation of the Accounting Report.**

5 A. The Periodic Maintenance balance is fully restricted to provide a funding source for
6 periodic maintenance items as approved in Cause No. 45073. The Utility has restricted
7 funds totaling \$3,250,327 as of September 30, 2020 to pay periodic maintenance expenses.
8 The excess pension – state regulation fund is fully restricted as stipulated in Cause No.
9 45073. The Assistance Program fund is money that is fully restricted to provide assistance
10 to low-income customers from non-utility revenues.

11
12 **Q. Mr. Baldessari, do you anticipate any additional unforeseen requirements on the
13 Utility’s available funds during the adjustment period?**

14 A. Yes I do. Based on the size of this utility, the age of the infrastructure and the historical
15 information provided by Utility concerning main breaks and other capital items we would
16 expect additional needs on the Utility’s funds through the adjustment period. In addition,
17 the rating agencies and SRF put a premium on having enough available cash on hand to
18 deal with large unforeseen capital expenditures or times such as last year’s pandemic where
19 utility expenses remain consistent but revenues can decrease significantly. With Evansville
20 proposing to issue over \$200 million of long-term debt next year, having enough available
21 cash for large unforeseen expenditures or pandemics is vitally important.

22 **Q. Please continue with the explanation of the Accounting Report.**

1 A. Pages 41 to 48 display the amortization schedules of the outstanding 2016A Bonds, 2016B
2 Bonds, 2014B Bonds, 2018A-1 Bonds, the 2018A-2 Bonds, the 2019 Bonds, the 2020
3 Bonds and the 2021 Bonds and the outstanding combined debt service schedule.

4

5 **Q. Does this conclude the explanation of your Accounting Report?**

6 A. Yes, it does.

7

8 **Q. Is it your opinion that the proposed financing through the issuance of the Proposed**
9 **Bonds, and the structure of the Proposed Bonds, is a reasonable and necessary**
10 **method of funding the proposed improvements?**

11 A. Yes it is. The use of tax-exempt debt is an appropriate means to finance the proposed
12 improvements. This method allows the Petitioner the ability to spread the recovery of these
13 costs among the benefited users. It results in lower rates for current customers and provides
14 a mechanism for future customers of the Petitioner to pay for a portion of the facilities that
15 they will use.

16

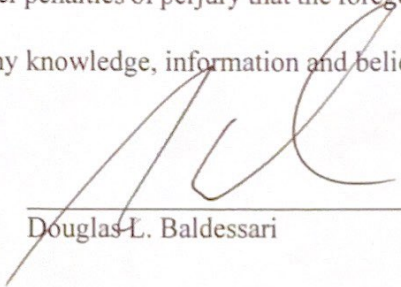
17 **Q. Do the proposed revenues provide adequate debt service coverage required by IC 8-**
18 **1.5-2-19(b)?**

19 A. Yes.

20

21 **Q. Is it your opinion the rates proposed in your Accounting Report are fair, just, non-**
22 **discriminatory and reasonable and necessary to meet the projected revenue**
23 **requirements of the utility?**

I, Douglas L. Baldessari affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.



Douglas L. Baldessari

Date: 5/10/21

Petitioner's Exhibit DLB-1

IURC Cause No. _____

***CITY OF EVANSVILLE, IN
WATERWORKS DISTRICT***

***Accounting Report On
Proposed Improvement
Project and Increase
In Rates and Charges***

April 20, 2021

***Baker Tilly US, LLP
Indianapolis, Indiana***

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April 20, 2021

Board of Directors
Evansville Water and Sewer Utility
One N.W. Martin Luther King Jr., #104
P.O. Box 19
Evansville, IN 47740-0001

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ACCOUNTANTS' RATE STUDY AND COMPILATION REPORT

In connection with the Evansville Waterworks District's ("District") proposed improvement project and increase in water rates and charges, we have, at your request, compiled this special purpose report for submission to the Indiana Utility Regulatory Commission.

This special purpose report has been prepared for the purpose of requesting approval of the Proposed Waterworks District Revenue Bonds (the "Proposed Bonds") and adjustments to water rates and charges by the Indiana Utility Regulatory Commission and should not be used for any other purpose.

Further, the forward looking test year financial information in this report which has not been compiled, reviewed or audited by us, is based upon financial information for the twelve months ended September 30, 2020, which was compiled by us and assumptions provided by management and their consulting engineers or obtained from other sources. This forward looking test financial information is prepared for the purpose of showing the estimated financial effects on the utility's revenue and revenue requirements of the debt service resulting from the Proposed Bonds and an increase in rates and charges for service and other changes that may be reasonably fixed, known or measured. The actual results achieved may vary from the forward looking test year information and the variations may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

We have compiled the accompanying comparative statement of net position of the District as of December 31, 2017, 2018 and 2019 and September 30, 2020 and the related comparative statements of revenues, expenses, and changes in net position, and cash flows for the periods then ended and supplementary data. We have not audited or reviewed the accompanying historical financial statements and supplementary data, and accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

(Continued on next page)

Board of Directors
Evansville Water and Sewer Utility
Date: April 20, 2021
Page 2

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the District's financial position, results of operations and its cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Baker Tilly US, LLP

EVANSVILLE (INDIANA) WATERWORKS DISTRICT
FORWARD LOOKING TEST YEAR FINANCIAL INFORMATION

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

SCHEDULE OF ESTIMATED PROJECT COSTS AND FUNDING
(Per Utility Management and Consulting Engineers)

ESTIMATED PROJECT COSTS:

Estimated Construction, Engineering and Contingency Costs: *

Water Treatment Plant	\$162,638,000
Water Treatment Plant - Relocation of City Garage	13,200,000
Road Relocations	39,806,000
CES/RPR - Road Relocation Projects/Program Management Planning	<u>4,585,000</u>
 Total Estimated Construction, Engineering and Contingency Costs	 <u><u>220,229,000</u></u>

Estimated Non-Construction Costs:

Underwriter's discount (1%)	631,800
Preliminary engineering report	750,000
Capitalized Interest - OM	5,628,100
Capitalized Interest - SRF	8,727,100
Allowance for legal, bond counsel, financial advisory, bond issuance costs and rounding	<u>2,199,000</u>
 Total Estimated Non-Construction Costs	 <u><u>17,936,000</u></u>

Total Estimated Project Costs	<u><u>\$238,165,000</u></u>
-------------------------------	-----------------------------

ESTIMATED PROJECT FUNDING:

Proposed Waterworks District Revenue Bonds - OM	\$63,185,000
Proposed Waterworks District Revenue Bonds - SRF	<u>174,980,000</u>

Total Estimated Project Funding	<u><u>\$238,165,000</u></u>
---------------------------------	-----------------------------

* Assume estimates for AIS, Davis-Bacon Wage Requirement, Environmental Review, etc..

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

PROPOSED CAPITAL IMPROVEMENT PLAN
(Per Consulting Engineer and Utility Management)

PROJECT	2022	2023	2024	2025	2026	Total
Distribution System:						
Charlotte Avenue and Russell Avenue - Construction	\$931,000					\$931,000
Cardinal Drive, Stringtown to North Kentucky - Construction	1,870,000					1,870,000
Franklin Street, Tekoppel to Schreeder - Construction	816,000					816,000
South Evergreen Acres Neighborhood - Construction	1,528,000					1,528,000
Poplar Grove Neighborhood, West of Addison - Construction		\$1,594,000				1,594,000
East Mill Road and Weaver Road - Construction		849,000				849,000
Indiana Street, Illinois Street, and Franklin Street - Construction		1,095,000				1,095,000
North Ballard Neighborhood - Construction		1,770,000				1,770,000
Broadway Phase II - Construction			\$4,584,000			4,584,000
Mill Road, West of St Joseph - Construction			1,327,000			1,327,000
Mount Vernon Road, Vaness Avenue to Harmony Way - Construction				\$3,366,000		3,366,000
Governor Street, Canal to Delaware - Construction				2,062,000		2,062,000
Moffett Lane, Browning Road, and Viehe Drive - Construction					\$1,994,000	1,994,000
Downtown Area Between Martin Luther King Jr Blvd and Morton Avenue, North of Walnut - Construction					5,914,000	5,914,000
Road Relocates:						
Road Relocation Projects	3,000,000					3,000,000
Road VC Boonville New Harmony, Petersburg to SR57	2,661,000					2,661,000
Road Relocation Projects		3,000,000				3,000,000
Road EVV Walnut Phase 3, MLK to US41		1,987,000				1,987,000
Road INDOT Lloyed Expwy, Rosenberger to Epworth		15,952,000				15,952,000
Road VC Oak Hill Road, Eastwood to Millersburg		1,972,000				1,972,000
Road Relocation Projects			3,000,000			3,000,000
Road VC Oak Hill Road, Lynch to St. George			2,234,000			2,234,000
Road Relocation Projects				3,000,000		3,000,000
Road Relocation Projects					3,000,000	3,000,000
New Water Treatment Plant:						
Plant Replacement, Demo and Relocation	13,200,000					13,200,000
Plant Replacement, Phase I	11,029,000					11,029,000
Mercury/TSS Treatment process	30,000,000					30,000,000
Plant Replacement, Phase II		30,573,000				30,573,000
Plant Replacement, Phase III			35,302,000			35,302,000
Plant Replacement, Phase IV				37,793,000		37,793,000
Plant Replacement, Phase V					11,661,000	11,661,000
Engineering:						
Plant Replacement, CES/RPR	6,280,000					6,280,000
CES/RPR	453,000					453,000
CES/RPR	596,232					596,232
Cardinal Drive, Stringtown to North Kentucky - Design	187,000					187,000
Franklin Street, Tekoppel to Schreeder - Design	81,600					81,600
South Evergreen Acres Neighborhood - Design	152,800					152,800
CES/RPR		1,833,000				1,833,000
CES/RPR		520,184				520,184
East Mill Road and Weaver Road - Design		84,900				84,900
Poplar Grove Neighborhood, West of Addison - Design		159,400				159,400
Indiana Street, Illinois Street, and Franklin Street - Design		109,500				109,500
Mount Vernon Road, Vaness Avenue to Harmony Way - Design		336,600				336,600
Broadway Phase II - Design		458,400				458,400
North Ballard Neighborhood - Design		177,000				177,000
CES/RPR			419,000			419,000
CES/RPR			579,278			579,278
Mill Road, West of St Joseph - Design			132,700			132,700
Moffett Lane, Browning Road, and Viehe Drive - Design			199,400			199,400
CES/RPR				240,000		240,000
CES/RPR				531,944		531,944
Governor Street, Canal to Delaware - Design				206,200		206,200
Downtown Area Between Martin Luther King Jr Blvd and Morton Avenue, North of Walnut - Design				591,400		591,400
CES/RPR					240,000	240,000
CES/RPR					774,984	774,984
Sub-totals	\$72,785,632	\$62,470,984	\$47,777,378	\$47,790,544	\$23,583,984	\$254,408,522

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

PROPOSED CAPITAL IMPROVEMENT PLAN
(Per Consulting Engineer and Utility Management)

PROJECT	2022	2023	2024	2025	2026	Total
Sub-totals carried forward	\$72,785,632	\$62,470,984	\$47,777,378	\$47,790,544	\$23,583,984	\$254,408,522
Planning:						
Program Management Planning				1,400,000		1,400,000
Booster Stations						
Campground Booster Station Electrical Improvements	708,000					708,000
Killian Booster Station Improvements	231,000					231,000
Annual Capital Improvements Projects:						
Backhoe Replacement	80,000					80,000
Autoflush Devices	42,000					42,000
New Hydrants	275,000					275,000
Resettlers	46,000					46,000
Utilities Power Operating Equipment	173,000					173,000
Filter Bed Rehab	1,200,000					1,200,000
Valve Replacement Program	16,500					16,500
Annual Blow-Offs	42,600					42,600
Annual Residential Meters	411,466					411,466
Annual Industrial Meters	616,360					616,360
Dump Truck Replacement		144,000				144,000
Backhoe Replacement		140,000				140,000
Autoflush Devices		42,000				42,000
New Hydrants		275,000				275,000
Resettlers		46,000				46,000
Utilities Power Operating Equipment		178,000				178,000
Filter Bed Rehab		1,200,000				1,200,000
Valve Replacement Program		16,500				16,500
Annual Blow-Offs		42,600				42,600
Annual Residential Meters		420,409				420,409
Annual Industrial Meters		586,016				586,016
Dump Truck Replacement			149,000			149,000
Backhoe Replacement			80,000			80,000
Autoflush Devices			42,000			42,000
New Hydrants			275,000			275,000
Resettlers			46,000			46,000
Utilities Power Operating Equipment			184,000			184,000
Valve Replacement Program			16,500			16,500
Annual Blow-Offs			42,600			42,600
Annual Residential Meters			858,512			858,512
Annual Industrial Meters			588,941			588,941
Backhoe Replacement				140,000		140,000
Autoflush Devices				42,000		42,000
New Hydrants				275,000		275,000
Resettlers				46,000		46,000
Utilities Power Operating Equipment				189,000		189,000
Valve Replacement Program				16,500		16,500
Annual Blow-Offs				42,600		42,600
Annual Residential Meters				1,209,447		1,209,447
Annual Industrial Meters				541,602		541,602
Dump Truck Replacement					149,000	149,000
Backhoe Replacement					80,000	80,000
Autoflush Devices					42,000	42,000
New Hydrants					275,000	275,000
Resettlers					46,000	46,000
Utilities Power Operating Equipment					194,000	194,000
Valve Replacement Program					16,500	16,500
Annual Blow-Offs					42,600	42,600
Annual Residential Meters					344,487	344,487
Annual Industrial Meters					541,602	541,602
Totals	\$76,627,558	\$65,561,509	\$50,059,931	\$51,692,693	\$25,315,173	\$269,256,864

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

PROPOSED CAPITAL IMPROVEMENT PLAN
(Per Consulting Engineer and Utility Management)

PROJECT	2022	2023	2024	2025	2026	Total
Totals Carried Forward	\$76,627,558	\$65,561,509	\$50,059,931	\$51,692,693	\$25,315,173	\$269,256,864
Less proposed revenue bond funding	(19,314,000)	(24,744,000)	(5,653,000)	(3,240,000)	(3,240,000)	(56,191,000)
Less proposed SRF bond funding	(47,309,000)	(30,573,000)	(35,302,000)	(39,193,000)	(11,661,000)	(164,038,000)
Net annual operating capital	<u>\$10,004,558</u>	<u>\$10,244,509</u>	<u>\$9,104,931</u>	<u>\$9,259,693</u>	<u>\$10,414,173</u>	<u>\$49,027,864</u>
Summary:						
Distribution System	\$5,145,000	\$5,308,000	\$5,911,000	\$5,428,000	\$7,908,000	\$29,700,000
Road Relocates	5,661,000	22,911,000	5,234,000	3,000,000	3,000,000	39,806,000
Treatment Plant	54,229,000	30,573,000	35,302,000	37,793,000	11,661,000	169,558,000
Booster Station	939,000	-	-	-	-	939,000
Engineering	7,750,632	3,678,984	1,330,378	1,569,544	1,014,984	15,344,522
Planning	-	-	-	1,400,000	-	1,400,000
Annual Capital Improvements	<u>2,902,926</u>	<u>3,090,525</u>	<u>2,282,553</u>	<u>2,502,149</u>	<u>1,731,189</u>	<u>12,509,342</u>
Totals	<u>\$76,627,558</u>	<u>\$65,561,509</u>	<u>\$50,059,931</u>	<u>\$51,692,693</u>	<u>\$25,315,173</u>	<u>\$269,256,864</u>

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

Open Market

**SCHEDULE OF AMORTIZATION OF \$63,185,000 PRINCIPAL AMOUNT OF
PROPOSED WATERWORKS DISTRICT REVENUE BONDS, SERIES 2022**

Principal payable on January 1st, beginning January 1, 2036.

Interest payable on January 1st and July 1st, beginning January 1, 2023.

Assumes Bonds dated July 1, 2022.

(Open Market)

Payment Date	Principal Balance (----- In \$1,000's-----)	Principal	Assumed Interest Rates (%)	Interest	Capitalized Interest	Total	Bond Year Total
				(-----In Dollars-----)			
1/1/2023	\$63,185			\$938,007.50	(\$938,007.50)	\$ -	\$ -
7/1/2023	63,185			938,007.50	(938,007.50)	-	-
1/1/2024	63,185			938,007.50	(938,007.50)	-	-
7/1/2024	63,185			938,007.50	(938,007.50)	-	-
1/1/2025	63,185			938,007.50	(938,007.50)	-	-
7/1/2025	63,185			938,007.50	(938,007.50)	-	-
1/1/2026	63,185			938,007.50		938,007.50	938,007.50
7/1/2026	63,185			938,007.50		938,007.50	
1/1/2027	63,185			938,007.50		938,007.50	1,876,015.00
7/1/2027	63,185			938,007.50		938,007.50	
1/1/2028	63,185			938,007.50		938,007.50	1,876,015.00
7/1/2028	63,185			938,007.50		938,007.50	
1/1/2029	63,185			938,007.50		938,007.50	1,876,015.00
7/1/2029	63,185			938,007.50		938,007.50	
1/1/2030	63,185			938,007.50		938,007.50	1,876,015.00
7/1/2030	63,185			938,007.50		938,007.50	
1/1/2031	63,185			938,007.50		938,007.50	1,876,015.00
7/1/2031	63,185			938,007.50		938,007.50	
1/1/2032	63,185			938,007.50		938,007.50	1,876,015.00
7/1/2032	63,185			938,007.50		938,007.50	
1/1/2033	63,185			938,007.50		938,007.50	1,876,015.00
7/1/2033	63,185			938,007.50		938,007.50	
1/1/2034	63,185			938,007.50		938,007.50	1,876,015.00
7/1/2034	63,185			938,007.50		938,007.50	
1/1/2035	63,185			938,007.50		938,007.50	1,876,015.00
7/1/2035	63,185			938,007.50		938,007.50	
1/1/2036	63,185	\$3,570	2.30	938,007.50		4,508,007.50	5,446,015.00
7/1/2036	59,615			896,952.50		896,952.50	
1/1/2037	59,615	3,515	2.40	896,952.50		4,411,952.50	5,308,905.00
7/1/2037	56,100			854,772.50		854,772.50	
1/1/2038	56,100	3,560	2.50	854,772.50		4,414,772.50	5,269,545.00
7/1/2038	52,540	1,970	2.50	810,272.50		2,780,272.50	
1/1/2039	50,570	1,995	2.60	785,647.50		2,780,647.50	5,560,920.00
7/1/2039	48,575	2,010	2.60	759,712.50		2,769,712.50	
1/1/2040	46,565	2,040	2.70	733,582.50		2,773,582.50	5,543,295.00
7/1/2040	44,525	2,175	2.70	706,042.50		2,881,042.50	
1/1/2041	42,350	2,200	2.80	676,680.00		2,876,680.00	5,757,722.50
7/1/2041	40,150	2,235	2.80	645,880.00		2,880,880.00	
1/1/2042	37,915	2,260	2.90	614,590.00		2,874,590.00	5,755,470.00
7/1/2042	35,655	2,295	2.90	581,820.00		2,876,820.00	
1/1/2043	33,360	2,330	3.00	548,542.50		2,878,542.50	5,755,362.50
7/1/2043	31,030	2,360	3.00	513,592.50		2,873,592.50	
1/1/2044	28,670	2,395	3.10	478,192.50		2,873,192.50	5,746,785.00
7/1/2044	26,275	2,435	3.10	441,070.00		2,876,070.00	
1/1/2045	23,840	2,470	3.20	403,327.50		2,873,327.50	5,749,397.50
7/1/2045	21,370	2,510	3.20	363,807.50		2,873,807.50	
1/1/2046	18,860	2,555	3.30	323,647.50		2,878,647.50	5,752,455.00
7/1/2046	16,305	2,600	3.30	281,490.00		2,881,490.00	
1/1/2047	13,705	2,645	3.40	238,590.00		2,883,590.00	5,765,080.00
7/1/2047	11,060	2,690	3.40	193,625.00		2,883,625.00	
1/1/2048	8,370	2,740	3.50	147,895.00		2,887,895.00	5,771,520.00
7/1/2048	5,630	2,790	3.50	99,945.00		2,889,945.00	
1/1/2049	2,840	2,840	3.60	51,120.00		2,891,120.00	5,781,065.00
Totals		<u>\$63,185</u>		<u>\$39,228,725.00</u>	<u>(\$5,628,045.00)</u>	<u>\$96,785,680.00</u>	<u>\$96,785,680.00</u>

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

SRF Pooled Financing

**SCHEDULE OF AMORTIZATION OF \$174,980,000 PRINCIPAL AMOUNT OF
PROPOSED WATERWORKS DISTRICT REVENUE BONDS, SERIES 2022**

Principal payable on January 1st, beginning January 1, 2026.

Interest payable on January 1st and July 1st, beginning January 1, 2023.

Assumes Bonds dated October 1, 2022.

(SRF Bond Issue)

Payment Date	Principal Balance	Principal	Assumed Interest Rate*	Interest	Capitalized Interest	Total	Bond Year Total
	(----- In \$1,000's-----)		(%)			(-----In Dollars-----)	
1/1/2023	\$174,980			\$1,246,732.50	(\$1,246,732.50)	\$ -	\$ -
7/1/2023	174,980			2,493,465.00	(2,493,465.00)	-	-
1/1/2024	174,980			2,493,465.00	(2,493,465.00)	-	-
7/1/2024	174,980			2,493,465.00	(2,493,465.00)	-	-
1/1/2025	174,980			2,493,465.00		2,493,465.00	2,493,465.00
7/1/2025	174,980			2,493,465.00		2,493,465.00	
1/1/2026	174,980	\$1	2.850	2,493,465.00		2,494,465.00	4,987,930.00
7/1/2026	174,979			2,493,450.75		2,493,450.75	
1/1/2027	174,979	1	2.850	2,493,450.75		2,494,450.75	4,987,901.50
7/1/2027	174,978			2,493,436.50		2,493,436.50	
1/1/2028	174,978	1	2.850	2,493,436.50		2,494,436.50	4,987,873.00
7/1/2028	174,977			2,493,422.25		2,493,422.25	
1/1/2029	174,977	1	2.850	2,493,422.25		2,494,422.25	4,987,844.50
7/1/2029	174,976			2,493,408.00		2,493,408.00	
1/1/2030	174,976	1	2.850	2,493,408.00		2,494,408.00	4,987,816.00
7/1/2030	174,975			2,493,393.75		2,493,393.75	
1/1/2031	174,975	1	2.850	2,493,393.75		2,494,393.75	4,987,787.50
7/1/2031	174,974			2,493,379.50		2,493,379.50	
1/1/2032	174,974	1	2.850	2,493,379.50		2,494,379.50	4,987,759.00
7/1/2032	174,973			2,493,365.25		2,493,365.25	
1/1/2033	174,973	1	2.850	2,493,365.25		2,494,365.25	4,987,730.50
7/1/2033	174,972			2,493,351.00		2,493,351.00	
1/1/2034	174,972	1	2.850	2,493,351.00		2,494,351.00	4,987,702.00
7/1/2034	174,971			2,493,336.75		2,493,336.75	
1/1/2035	174,971	1	2.850	2,493,336.75		2,494,336.75	4,987,673.50
7/1/2035	174,970			2,493,322.50		2,493,322.50	
1/1/2036	174,970	430	2.850	2,493,322.50		2,923,322.50	5,416,645.00
7/1/2036	174,540			2,487,195.00		2,487,195.00	
1/1/2037	174,540	454	2.850	2,487,195.00		2,941,195.00	5,428,390.00
7/1/2037	174,086			2,480,725.50		2,480,725.50	
1/1/2038	174,086	477	2.850	2,480,725.50		2,957,725.50	5,438,451.00
7/1/2038	173,609	2,758	2.850	2,473,928.25		5,231,928.25	
1/1/2039	170,851	2,794	2.850	2,434,626.75		5,228,626.75	10,460,555.00
7/1/2039	168,057	2,831	2.850	2,394,812.25		5,225,812.25	
1/1/2040	165,226	2,868	2.850	2,354,470.50		5,222,470.50	10,448,282.75
7/1/2040	162,358	6,853	2.850	2,313,601.50		9,166,601.50	
1/1/2041	155,505	6,948	2.850	2,215,946.25		9,163,946.25	18,330,547.75
7/1/2041	148,557	7,043	2.850	2,116,937.25		9,159,937.25	
1/1/2042	141,514	7,144	2.850	2,016,574.50		9,160,574.50	18,320,511.75
7/1/2042	134,370	7,241	2.850	1,914,772.50		9,155,772.50	
1/1/2043	127,129	7,341	2.850	1,811,588.25		9,152,588.25	18,308,360.75
7/1/2043	119,788	7,441	2.850	1,706,979.00		9,147,979.00	
1/1/2044	112,347	7,545	2.850	1,600,944.75		9,145,944.75	18,293,923.75
7/1/2044	104,802	7,648	2.850	1,493,428.50		9,141,428.50	
1/1/2045	97,154	7,755	2.850	1,384,444.50		9,139,444.50	18,280,873.00
7/1/2045	89,399	7,864	2.850	1,273,935.75		9,137,935.75	
		<u>\$93,445</u>		<u>\$105,518,087</u>	<u>(\$8,727,128)</u>	<u>\$190,235,959</u>	<u>\$181,098,023</u>

* Assumed based on NIC of SRF OM Issuance (October 2022).

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

**SCHEDULE OF AMORTIZATION OF \$174,980,000 PRINCIPAL AMOUNT OF
PROPOSED WATERWORKS DISTRICT REVENUE BONDS, SERIES 2022**

Principal payable on January 1st, beginning January 1, 2026.

Interest payable on January 1st and July 1st, beginning January 1, 2023.

Assumes Bonds dated October 1, 2022.

(SRF Bond Issue)

<u>Payment Date</u>	<u>Principal Balance</u> (----- In \$1,000's-----)	<u>Principal</u>	<u>Assumed Interest Rate*</u> (%)	<u>Interest</u>	<u>Total</u> (-----In Dollars-----)	<u>Bond Year Total</u>	
Subtotals carried forward:		\$93,445		\$105,518,086.50	(\$8,727,127.50)	\$190,235,959.00	\$181,098,023.25
1/1/2046	\$81,535	7,973	2.850	1,161,873.75	9,134,873.75	18,272,809.50	
7/1/2046	73,562	8,084	2.850	1,048,258.50	9,132,258.50		
1/1/2047	65,478	8,197	2.850	933,061.50	9,130,061.50	18,262,320.00	
7/1/2047	57,281	8,310	2.850	816,254.25	9,126,254.25		
1/1/2048	48,971	8,426	2.850	697,836.75	9,123,836.75	18,250,091.00	
7/1/2048	40,545	8,541	2.850	577,766.25	9,118,766.25		
1/1/2049	32,004	8,661	2.850	456,057.00	9,117,057.00	18,235,823.25	
7/1/2049	23,343	11,589	2.850	332,637.75	11,921,637.75		
1/1/2050	11,754	11,754	2.850	167,494.50	11,921,494.50	23,843,132.25	
Totals		<u>\$174,980</u>		<u>\$111,709,326.75</u>	<u>(\$8,727,127.50)</u>	<u>\$277,962,199.25</u>	<u>\$277,962,199.25</u>

* Assumed based on NIC of SRF OM Issuance (October 2022).

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT
SCHEDULE OF PROPOSED COMBINED BOND AMORTIZATION

Payment Date	Outstanding							Proposed		Total	Bond Year Total
	Series 2016A Bonds	Series 2016B Bonds	Series 2018A-1 Bonds	Series 2018A-2 Bonds	Series 2019 Bonds	Series 2020 Bonds	Series 2021 Bonds	2022 Bonds (Open Market)	2022 Bonds (SRF Bonds)		
07/01/21	\$697,200.00	\$455,371.88	\$40,782.58	\$1,168,570.00	\$560,596.88	\$377,701.30	\$84,373.98			\$3,384,596.62	
01/01/22	2,302,200.00	1,670,371.88	2,550,479.58	1,548,120.00	2,065,596.88	617,701.30	2,810,534.25			13,565,003.89	\$16,949,600.51
07/01/22	665,100.00	437,146.88		1,162,402.31	545,546.88	375,703.30	116,499.25			3,302,398.62	
01/01/23	2,285,100.00	1,677,146.88		4,145,550.31	2,095,546.88	620,703.30	3,401,499.25	\$ -	\$ -	14,225,546.62	17,527,945.24
07/01/23	632,700.00	418,546.88		1,113,926.16	530,046.88	373,633.05	110,750.50	-	-	3,179,603.47	
01/01/24	2,322,700.00	1,678,546.88		4,194,026.16	2,125,046.88	623,633.05	3,405,750.50	-	-	14,349,703.47	17,529,306.94
07/01/24	598,900.00	399,646.88		1,063,874.53	514,096.88	371,378.05	103,336.75	-	-	3,051,233.09	
01/01/25	2,303,900.00	1,694,646.88		4,244,078.53	2,159,096.88	626,378.05	3,448,336.75	-	2,493,465.00	16,969,902.09	20,021,135.18
07/01/25	564,800.00	380,221.88		1,012,196.22	489,421.88	369,014.20	91,963.75	-	2,493,465.00	5,401,082.93	
01/01/26	2,159,800.00	4,465,221.88		4,295,756.22	2,179,421.88	624,014.20	896,963.75	938,007.50	2,494,465.00	18,053,650.43	23,454,733.36
07/01/26	532,900.00	318,946.88		958,838.37	464,071.88	366,462.93	87,938.75	938,007.50	2,493,450.75	6,160,617.06	
01/01/27	2,192,900.00	4,523,946.88		4,349,114.37	2,209,071.88	631,462.93	892,938.75	938,007.50	2,494,450.75	18,231,893.06	24,392,510.12
07/01/27	499,700.00	253,243.75		903,746.38	437,896.88	363,679.10	79,888.75	938,007.50	2,493,436.50	5,969,598.86	
01/01/28	2,149,700.00	4,588,243.75		4,404,206.38	2,232,896.88	633,679.10	984,888.75	938,007.50	2,494,436.50	18,426,058.86	24,395,657.72
07/01/28	466,700.00	182,800.00		846,863.91	410,971.88	360,725.30	73,101.25	938,007.50	2,493,422.25	5,772,592.09	
01/01/29	2,116,700.00	4,662,800.00		4,461,088.91	2,260,971.88	635,725.30	1,053,101.25	938,007.50	2,494,422.25	18,622,817.09	24,395,409.18
07/01/29	433,700.00	93,200.00		788,132.75	383,221.88	357,579.30	66,731.25	938,007.50	2,493,408.00	5,553,980.68	
01/01/30	2,103,700.00	4,753,200.00		4,519,819.75	2,288,221.88	637,579.30	1,106,731.25	938,007.50	2,494,408.00	18,841,667.68	24,395,648.36
07/01/30	400,300.00			727,492.84	354,646.88	354,306.10	59,971.25	938,007.50	2,493,393.75	5,328,118.32	
01/01/31	1,755,300.00			4,580,459.84	2,314,646.88	5,629,306.10	1,164,971.25	938,007.50	2,494,393.75	18,877,085.32	24,205,203.64
07/01/31	373,200.00			664,882.12	325,246.88	292,113.85	52,236.25	938,007.50	2,493,379.50	5,139,066.10	
01/01/32	1,623,200.00			4,643,070.12	2,350,246.88	5,727,113.85	1,287,236.25	938,007.50	2,494,379.50	19,063,254.10	24,202,320.20
07/01/32	348,200.00			600,236.57	294,871.88	225,317.70	42,973.75	938,007.50	2,493,365.25	4,942,972.65	
01/01/33	1,598,200.00			4,707,715.57	2,384,871.88	5,840,317.70	1,297,973.75	938,007.50	2,494,365.25	19,261,451.65	24,204,424.30
07/01/33	323,200.00			533,490.04	263,521.88	154,905.60	33,247.50	938,007.50	2,493,351.00	4,739,723.52	
01/01/34	1,583,200.00			4,774,463.04	2,428,521.88	5,959,905.60	1,288,247.50	938,007.50	2,494,351.00	19,466,696.52	24,206,420.04
07/01/34	298,000.00			464,574.22	231,046.88	79,208.40	22,893.75	938,007.50	2,493,336.75	4,527,067.50	
01/01/35	1,593,000.00			4,843,378.22	2,471,046.88	6,039,208.40	1,297,893.75	938,007.50	2,494,336.75	19,676,871.50	24,203,939.00
07/01/35	272,100.00			393,418.66	197,446.88		12,375.00	938,007.50	2,493,322.50	4,306,670.54	
01/01/36	3,642,100.00			4,914,533.66	2,522,446.88		1,387,375.00	4,508,007.50	2,923,322.50	19,897,785.54	24,204,456.08
07/01/36	204,700.00			319,950.54	162,571.88			896,952.50	2,487,195.00	4,071,369.92	
01/01/37	5,219,700.00			4,988,002.54	2,572,571.88			4,411,952.50	2,941,195.00	20,133,421.92	24,204,791.84
07/01/37	104,400.00			244,094.70	124,915.63			854,772.50	2,480,725.50	3,808,908.33	
01/01/38	5,324,400.00			5,063,857.70	2,634,915.63			4,414,772.50	2,957,725.50	20,395,671.33	24,204,579.66
07/01/38				2,753,999.55	1,390,696.88			2,780,272.50	5,231,928.25	12,156,897.18	
01/01/39				2,553,999.87	1,395,306.25			2,780,647.50	5,228,626.75	11,958,580.37	24,115,477.55
07/01/39				2,753,999.74	1,399,525.00			2,769,712.50	5,225,812.25	12,149,049.49	
01/01/40				2,553,999.87	1,407,506.25			2,773,582.50	5,222,470.50	11,957,559.12	24,106,608.61
07/01/40								2,881,042.50	9,166,601.50	12,047,644.00	
01/01/41								2,876,680.00	9,163,946.25	12,040,626.25	24,088,270.25
07/01/41								2,880,880.00	9,159,937.25	12,040,817.25	
01/01/42								2,874,590.00	9,160,574.50	12,035,164.50	24,075,981.75
07/01/42								2,876,820.00	9,155,772.50	12,032,592.50	
01/01/43								2,878,542.50	9,152,588.25	12,031,130.75	24,063,723.25
07/01/43								2,873,592.50	9,147,979.00	12,021,571.50	
01/01/44								2,873,192.50	9,145,944.75	12,019,137.25	24,040,708.75
07/01/44								2,876,070.00	9,141,428.50	12,017,498.50	
01/01/45								2,873,327.50	9,139,444.50	12,012,772.00	24,030,270.50
07/01/45								2,873,807.50	9,137,935.75	12,011,743.25	
01/01/46								2,878,647.50	9,134,873.75	12,013,521.25	24,025,264.50
07/01/46								2,881,490.00	9,132,258.50	12,013,748.50	
01/01/47								2,883,590.00	9,130,061.50	12,013,651.50	24,027,400.00
07/01/47								2,883,625.00	9,126,254.25	12,009,879.25	
01/01/48								2,887,895.00	9,123,836.75	12,011,731.75	24,021,611.00
07/01/48								2,889,945.00	9,118,766.25	12,008,711.25	
01/01/49								2,891,120.00	9,117,057.00	12,008,177.00	24,016,888.25
07/01/49									11,921,637.75	11,921,637.75	
01/01/50									11,921,494.50	11,921,494.50	23,843,132.25
Totals	\$49,691,600.00	\$32,653,250.06	\$2,591,262.16	\$98,259,930.67	\$51,178,315.80	\$39,268,456.36	\$26,762,723.73	\$96,785,680.00	\$277,962,199.25	\$675,153,418.03	\$675,153,418.03

Average annual debt service for the 5 bond years ending January 1, 2031.

\$24,356,885.80

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

FORWARD LOOKING TEST YEAR ANNUAL CASH OPERATING EXPENSES

See Explanation of Adjustments, pages 12 to 17.

	Test Year Before Inflation Adjustments	Inflationary Adjustments (14)	Sub-total	Forward Inflationary Adjustments (14)	Forward Adjustment for Additional Employees (14)	Forward Looking Test Year
Cash operating expenses for the twelve months ended September 30, 2020 (see page 35)	\$28,400,613		\$28,400,613			\$28,400,613
Adjustments:						
(1) Salaries and wages	446,234	\$130,378	576,612	\$132,262	\$425,000	1,133,874
(2) FICA	52,454	9,974	62,428	10,118	32,513	105,059
(3) PERF	113,491	18,514	132,005	18,782	60,350	211,137
(4) Health and life insurance	115,662	88,184	203,846	91,058	135,779	430,683
(5) Workman's compensation	61,641	1,139	62,780	1,150	-	63,930
(6) Teamster's scholarship fund	(5,177)	286	(4,891)	295	-	(4,596)
(7) Periodic maintenance	625,622	141,361	766,983	148,104	-	915,087
(8) Non-recurring items	(324,105)	-	(324,105)	-	-	(324,105)
(9) Contractual services	284,535	98,433	382,968	101,585	-	484,553
(10) Utility receipts tax	18,794	-	18,794	-	-	18,794
(11) Bad debt expense	8,199	-	8,199	-	-	8,199
(12) Leases	93,437	-	93,437	-	-	93,437
(13) Operation and maintenance expenses - Sewer *	283,181	-	283,181	-	-	283,181
(14) All other cash expenses	-	265,631	265,633	274,551	-	540,184
Total Cash Operating Expenses	\$30,174,581	\$753,900	\$30,928,483	\$777,905	\$653,642	\$32,360,030

* This will be adjusted through the sewer shared revenues
(see page 24).

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

FORWARD LOOKING TEST YEAR ANNUAL CASH OPERATING EXPENSES
(Explanation of Adjustments)

Adjustment 1 - Salaries and Wages

To adjust base period expense to reflect salary budget for 2021 adopted by the Utility Board.

Test year before inflation payroll expense	\$9,026,247
Less base period expense	<u>(8,580,013)</u>
Adjustment	<u>\$446,234</u>

See "Accounting Workpapers Book 1, pages 6 - 19."

Adjustment 2 - FICA

To adjust base period FICA expense to reflect the test year before inflation salaries and wages expense.

Test year before inflation salaries and wages expense	\$9,026,247
Times FICA rate	<u>7.65%</u>
Test year before inflation FICA expense	690,508
Less base period expense	<u>(638,054)</u>
Adjustment	<u>\$52,454</u>

See "Accounting Workpapers Book 1, pages 20 - 24."

Adjustment 3 - PERF

To adjust base period PERF expense to reflect the test year before inflation salaries and wages expense at the current PERF rate of 14.20%.

Test year before inflation salaries and wages expense	\$9,026,247
Less payroll applicable to Board members	<u>(10,000)</u>
Sub-total	9,016,247
Times PERF rate	<u>14.20%</u>
Test year before inflation PERF expense	1,280,307
Plus assumed pension expense adjustment	(18,362)
Less base period expense	<u>(1,148,454)</u>
Adjustment	<u>\$113,491</u>

See "Accounting Workpapers Book 1, pages 25 - 26."

Adjustment 4 - Health and Life Insurance

To adjust the base period to reflect the test year before inflation health and life insurance expense adjusted for the additional employees, per the Utility 2021 Budget and the City Controller.

Test year before inflation annual health and life insurance	\$2,697,343
Less base period expense	<u>(2,581,681)</u>
Adjustment	<u>\$115,662</u>

See "Accounting Workpapers Book 1, pages 37 - 48."

Adjustment 5 - Workman's Compensation

To adjust the base period to reflect the test year before inflation workman's compensation adjusted for the additional employees, per the Utility 2021 Budget and the City Controller.

Test year before inflation workman's compensation expense	\$119,928
Less base period expense	<u>(58,287)</u>
Adjustment	<u>\$61,641</u>

See "Accounting Workpapers Book 1, pages 49 - 54."

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(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

FORWARD LOOKING TEST YEAR ANNUAL CASH OPERATING EXPENSES
(Explanation of Adjustments)

Adjustment 6 - Teamster's Scholarship Fund

To adjust the base period to reflect the test year before inflation teamster's scholarship fund expense, per the teamster's contract and the Utility 2021 Budget.

Test year before inflation period teamster's scholarship fund expense	\$11,310
Less base period expense	<u>(16,487)</u>
Adjustment	<u><u>(\$5,177)</u></u>

See "Accounting Workpapers Book 1, pages 55 - 58."

Adjustment 7 - Periodic Maintenance

To adjust the base year to allow for periodic maintenance on the pumps, filter media, water intake structure, tank maintenance, booster stations, traveling screens and leak detection, per the Water Superintendent.

<u>I. Pump Maintenance</u>		
a.	High service pumps (7 pumps over a 4 year cycle @ an average of \$148,214 per pump)	\$ -
b.	Low service pumps (6 pumps over a 4 year cycle @ and average of \$171,419 per pump)	-
<u>II. Filter Media</u> (4 filter beds over 2 years @ \$344,625 each)		-
<u>III. Dredging in front of Intake Structure</u> (every year)		328,475
<u>IV. Tank Maintenance</u>		
a.	Cleaning, inspection and tank coating 9 total tanks (yearly per maintenance contract)	528,570
b.	Campground 20 MG underground tank (3 year average \$9,353)	9,353
<u>V. Booster Stations</u> (2 pumps per year @ \$20,637 each)		41,274
<u>VI. Traveling Screens Maintenance</u> (3 screens over a 4 year cycle @ an average annual amount of \$554,385)		138,596
<u>VII. Leak Detection and Distribution System Maintenance Assessment</u> (\$847,003 over 3 years)		282,334
<u>VIII. SCADA</u> (Annual maintenance)		<u>24,000</u>
	Total	1,352,602
	Less base period expense	<u>(726,980)</u>
	Adjustment	<u><u>\$625,622</u></u>

See "Accounting Workpapers Book 1, pages 59 - 79."

Adjustment 8 - Non-recurring Items

To eliminate expenditures that are considered non-recurring in nature.

<u>Date</u>	<u>Expense Category</u>	<u>Description</u>	<u>Amount</u>
March 2020	Administration - Contractual Services	2019 Refunding Bonds	(\$25,000)
March 2020	Administration - Contractual Services	2019 Refunding Bonds	(95,060)
March 2020	Administration - Contractual Services	2019 Refunding Bonds	(2,050)
March 2020	Administration - Contractual Services	2019 Refunding Bonds	(2,000)
July 2020	Administration - Contractual Services	2019 Refunding Bonds	(4,165)
July 2020	Administration - Contractual Services	2019 Refunding Bonds	(15,225)
July 2020	Administration - Contractual Services	2019 Refunding Bonds	(101,615)
February 2020	Administration - Contractual Services	Replace concrete driveway	<u>(78,990)</u>
	Adjustment		<u><u>(\$324,105)</u></u>

See "Accounting Workpapers Book 1, page 80 - 117."

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(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

FORWARD LOOKING TEST YEAR ANNUAL CASH OPERATING EXPENSES
(Explanation of Adjustments)

Adjustment 9 - Contractual Services

To adjust the base period to reflect the test year before inflation contractual services expense, per the contractual service agreements and utility management.

(A) To adjust the base period for the marketing communication contract for public outreach and communications by Element Three, per utility management and contract.		
Test year before inflation contract for Element Three	\$199,050	
Less base period expense (Fire & Rain contract replaced by Element Three)	<u>(33,552)</u>	
Sub-total		\$165,498
(B) To adjust the base period for one time marketing, website and public relations contract fee, per utility management and contract.		
Test year before inflation one time contract expense for Element Three	\$147,800	
Divided by 5 years	<u>5</u>	
Sub-total		29,560
(C) To adjust the base period for the renewed printing/billing/electronic payments contract for EWSU, per utility management and contract.		
YR 1 - Contract amount	\$114,000	
YR 2 - Contract amount	114,000	
YR 3 - Contract amount	<u>114,000</u>	
Total	342,000	
Divided by 3	<u>3</u>	
Average contract amount (3 years-First Billing)	114,000	
Less base period amount	<u>(114,000)</u>	
Sub-total		-
(D) To adjust the base period for the customer engagement and analytics on a mobile platform contract for EWSU, per utility management and contract (Smart Utility Systems).		
Contract Amount	\$96,390	
Less base period amount	<u>(96,390)</u>	
Sub-total		-
(E) To adjust the base period to move the Advanced Network contract for GIS Services from 9001 to 9013, per utility management budget.		
Advanced Network test year fees (9001-431061)		(65,804)
Advanced Network Contract (annual 3% increase) (9013-431050)	\$302,518	
Less base period amount (27 pays)	<u>(236,684)</u>	
Sub-total		65,834
(F) To adjust the base year for 12 months of the Advanced Network contract for ANCS Managed Services, per utility management and contact.		
Advanced Network 2021 budget - ANCS Managed Services	\$1,630,073	
Less base period amount (13 payments)	<u>(1,754,043)</u>	
Sub-total		(123,970)
Advanced Network 2021 budget - Business Liaison Services	\$110,906	
Less base period amount (13 payments)	<u>(119,340)</u>	
Sub-total		<u>(8,434)</u>

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(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

FORWARD LOOKING TEST YEAR ANNUAL CASH OPERATING EXPENSES
(Explanation of Adjustments)

(Cont'd)

Sub-total carried forward		\$62,684
(G) To adjust the base period to exclude services provided by WFIE, LLC for EDW APP Launch Campaign which is not anticipated to continue, per utility management and contracts.		
Sub-total		(7,396)
(H) To adjust the base period for the measurement and verification services per the Guaranteed Performance Contract with JCI (Water Portion Only).		
Test year before inflation amount	\$53,700	
Less base period amount	<u>(51,745)</u>	
Sub-total		1,955
(I) On call water modeling services (per Deputy Director - Engineering)		
Sub-total		30,000
(J) To adjust the base period for GIS editing services. (Frontier Geospatial)		
Test year before inflation amount	\$39,000	
Less base period amount	<u>(43,351)</u>	
Sub-total		(4,351)
(K) To adjust the base period for the asset management development assistance program. (Arcadis U.S. Inc.)		
Test year before inflation amount	\$79,400	
Less base period amount	<u>(69,250)</u>	
Sub-total		10,150
(L) To adjust the base period for the Innovyze contract, per management.		
Test year before inflation amount	\$150,000	
Less base period amount	<u>(37,500)</u>	
Sub-total		112,500
(M) To adjust the test year for the Frakes Engineering contract, per management.		
Test year before inflation amount	\$9,141	
Less base period amount	<u>(4,294)</u>	
Sub-total		4,847
(N) To adjust the base period for the Duane Giles Consulting LLC contract.		
Test year before inflation amount	\$30,000	
Less base period amount	<u>(51,299)</u>	
Sub-total		(21,299)
(O) To adjust the base period for the credit card convince fees billed by First Billing.		
Test year before inflation amount	\$790,388	
Less base period amount	<u>(694,943)</u>	
Sub-total		<u>95,445</u>
Adjustment		<u><u>\$284,535</u></u>

See "Accounting Workpapers Book 1, pages 118 - 142."

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EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

FORWARD LOOKING TEST YEAR ANNUAL CASH OPERATING EXPENSES
(Explanation of Adjustments)

Adjustment 10 - Utility Receipts Tax

To adjust the base period to normalize Utility Receipts Tax ("URT") expense.

Normalized operating revenues	\$57,701,779
Plus non-operating income	491,144
Less sewer utility, county reimbursements and other operating revenues	(13,223,686)
Less normalized exempt sales	(9,099,865)
Less taxpayer deduction	<u>(1,000)</u>
Test year before inflation revenues subject to URT	35,868,372
Times tax rate	<u>1.4%</u>
Test year before inflation URT expense	502,157
Less base period amount	<u>(483,363)</u>
Adjustment	<u>\$18,794</u>

See "Accounting Workpapers Book 1, pages 143 - 144."

Adjustment 11 - Bad Debt Expense

To adjust the base period for adjustment to bad debt expense for the normalization of metered revenue, see page 18.

Normalized Operating Revenues:	
Residential	\$1,858,466
Commercial	<u>812,306</u>
Increase in residential and commercial revenues	\$2,670,772
Times: Bad debt % for the base period *	<u>0.307%</u>
Adjustment	<u>\$8,199</u>

* Calculated by dividing the base period bad debt expense by the residential and commercial revenues.

See "Accounting Workpapers Book 1, pages 145 - 146."

Adjustment 12 - Lease

To adjust the base period to include the increase in the annual vehicle lease payments.

Test year before inflation 2021 lease payment	\$233,378
Less base period amount	<u>(196,449)</u>
Adjustment	<u>\$36,929</u>

To adjust the base period to include the increase in the annual office space rental payments (Professional Plaza)

Test year before inflation 2021 lease payment	\$113,016
Less base period amount	<u>(56,508)</u>
Adjustment	<u>\$56,508</u>

See "Accounting Workpapers Book 1, pages 147 - 151."

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(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

FORWARD LOOKING TEST YEAR ANNUAL CASH OPERATING EXPENSES
(Explanation of Adjustments)

Adjustment 13 - Additional Operating and Maintenance Expenses - Sewer

To adjust the base period for the Engineering and Planning Department to reflect an increase to contractual services due to the Sewage Works' related Capacity Management and Operation and Maintenance ("CMOM") expenses based on the Consent Decree with the U.S. EPA (the District will not be responsible for these costs as the Sewage Works will directly reimburse the District through the sewer utility portion of general expenses revenue).

(A) Test year before inflation sewer and water - on call modeling services	\$60,000	
Less base period expense	<u>(75,333)</u>	
Sub-total		(\$15,333)
(B) Test year before inflation sewer - on-call sewer inspections	75,000	
Less base period expense	<u>(33,745)</u>	
Sub-total		41,255
(C) Test year before inflation sewer and water - facility locating services	525,000	
Less base period expense	<u>(492,251)</u>	
Sub-total		32,749
(D) Test year before inflation - sewer basin modeling/calibration	169,000	
Less base period expense	<u>(127,032)</u>	
Sub-total		41,968
(E) Test year before inflation - large diameter inspections	350,000	
Less base period expense	<u>(167,458)</u>	
Sub-total		<u>182,542</u>
Adjustment		<u><u>\$283,181</u></u>

See "Accounting Workpapers Book 1, pages 152 - 176."

Adjustment 14 - Forward Adjustments

To adjust the Test Year Before Inflation cash operating expenses for the historical inflation as reported by the Bureau of Labor Statistics ("BLS").

<u>Expense Category</u>	<u>Reference</u>	<u>BLS Inflationary Adjustment</u>
General CPI	(1)	2.54%
Medical	(2)	3.26%
Life Insurance	(3)	6.33%
Professional Services	(4)	3.20%
Maintenance	(5)	4.77%
Electricity	(6)	1.79%
Chemicals	(7)	4.70%
Supplies - Tools/hardware	(8)	-0.27%
Supplies - Office supplies/Station	(9)	2.63%
Transportation	(10)	2.95%
Rent & Shelter	(11)	2.99%
Property and Casualty Insurance	(12)	0.95%
Salaries and Wages	(13)	1.44%

- (1) Assumes a 2.54% annual increase based on the average increase from 1988-2019.
- (2) Assumes a 3.26% annual increase based on the average increase from 1988-2019.
- (3) Assumes a 6.33% annual increase based on the average increase from 2012-2019.
- (4) Assumes a 3.20% annual increase based on the average increase from 1990-2019.
- (5) Assumes a 4.77% annual increase based on the average increase from 1988-2019.
- (6) Assumes a 1.79% annual increase based on the average increase from 1988-2019.
- (7) Assumes a 4.70% annual increase based on the average increase from 1988-2019.
- (8) Assumes a -0.27% annual increase based on the average increase from 1997-2019.
- (9) Assumes a 2.63% annual increase based on the average increase from 2003-2019.
- (10) Assumes a -0.96% annual increase based on the average increase from 1988-2019.
- (11) Assumes a 2.95% annual increase based on the average increase from 1988-2019.
- (12) Assumes a 0.95% annual increase based on the average increase from 1988-2019.
- (13) Assumes a 1.44% annual increase based on the average increase for union employees from 2013 - 2021.

See "Accounting Workpapers Book 1, pages 177 - 191."

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

CALCULATION OF NORMALIZED ANNUAL OPERATING REVENUES

See Explanation of Adjustments, pages 19 to 25.

	12 Months Ended 9/30/2020	COVID Adjustment (A)	Normalization Adjustments	Ref.	Normalized Revenues	Normalization Adjustments	Ref.	Subtotal	Declining Usage (B)	Normalized Revenues
Operating Revenues:										
Residential	\$19,390,251	(\$85,916)	\$1,858,466	(1),(2)	\$21,162,801			\$21,162,801	(\$520,328)	\$20,642,473
Industrial	5,779,922	169,808	549,630	(1)	6,499,360	(\$230,418)	(8)	6,268,942		6,268,942
Commercial	8,257,024	285,043	812,306	(1), (3) (7)	9,354,373			9,354,373	(168,140)	9,186,233
Public authority	1,194,300	61,285	103,082	(1),(4)	1,358,667			1,358,667	(27,086)	1,331,581
Fire protection:										
Inside City	3,644,439		394,725	(5)	4,039,164			4,039,164		4,039,164
Outside City	1,553,922		172,890	(5)	1,726,812			1,726,812		1,726,812
Flat rate sprinklers	833,125		26,319	(5)	859,444			859,444		859,444
Split services and fire plugs	2,361				2,361			2,361		2,361
Forfeited discounts	92,791		118,150	(1)	210,941			210,941		210,941
Other	210,142				210,142			210,142		210,142
Sewer utility portion of general expenses	11,662,997		642,484	(6)	12,305,481	918,205	(6)	13,223,686		13,223,686
Totals	\$52,621,274	\$430,220	\$4,678,052		\$57,729,546	\$687,787		\$58,417,333	(\$715,554)	\$57,701,779

Note: Rate increases effective January 1, 2020 and January 1, 2021 were approved pursuant to IURC Order in Cause No. 45073 on December 19, 2018.

(A) Adjustment to normalize base period revenues for the effects of COVID on base period operating revenues for the months of March through September of 2020.

(B) Assumes the following percentage reduction:

Residential - (2.5%)

Commercial - (1.8%)

Industrial - Normalization adjustment already accounted for in adjustment number 7.

Public Authority - (2.0%)

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(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

CALCULATION OF NORMALIZED ANNUAL OPERATING REVENUES
(Explanation of Adjustments)

Adjustment (1)

To adjust the base period metered operating revenues for a full year of the Phase II 12.60% rate increase first billed starting January 1, 2020 and the Phase III 5.55% increase first billed starting January 1, 2021.

	12 Months Ended 9/30/2020	Phase II Rate Increase Effective 1/1/20 (a) (12.60%)	Sub-total	Phase III Rate Increase Effective 1/1/21 (b) (5.55%)	Sub-total
<u>Metered - Operating Revenues</u>					
Residential	\$19,390,251	\$542,352	\$19,932,603	\$1,101,491	\$21,034,094
Industrial	5,779,922	209,732	5,989,654	339,898	6,329,552
Commercial	8,257,024	254,649	8,511,673	488,218	8,999,891
Public authority	1,194,300	38,416	1,232,716	71,817	1,304,533
Fire protection:					
Inside City (c)	3,644,439		3,644,439		3,644,439
Outside City (c)	1,553,922		1,553,922		1,553,922
Flat rate sprinklers (d)	833,125		833,125		833,125
Forfeited discounts (e)	92,791	106,942	199,733	11,208	210,941
Totals	<u>\$40,745,774</u>	<u>\$1,152,091</u>	<u>\$41,897,865</u>	<u>\$2,012,632</u>	<u>\$43,910,497</u>

(a) The Phase II 12.60% increase in rates and charges was first billed on January 1, 2020.

(b) Phase III rates were effective beginning January 1, 2021.

(c) The billing system is still step up with customers categorized as Inside or Outside even though there is no differential in rates.

(d) Billed on an annual basis - billed February 2020.

(e) Assumes forfeited discounts are normalized post COVID-19. Calculation is based on normalized collections multiplied by the 3-year historical average from 2017-2019 (0.56%).

See "Accounting Workpapers Book 2, pages 194 - 198."

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EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

CALCULATION OF NORMALIZED ANNUAL OPERATING REVENUES
(Explanation of Adjustments)

Adjustment (2)

To adjust the base period residential revenues to normalize for the estimated financial effects of approximately 792 users added to the system from the beginning of the historic base period (based on billing records).

Billing Cycle	Increase/ (Decrease) In Users (a)(c)	Times Estimated Additional Monthly Bills	Additional Monthly Bills	Estimated Monthly Residential Bill (b)	Adjustment
October 2019	(47)	0	0	\$25.13	\$ -
November	(267)	1	(267)	25.13	(6,710)
December	204	2	408	25.13	10,253
January 2020	5	3	15	28.31	425
February	(64)	4	(256)	28.31	(7,247)
March	15	5	75	28.31	2,123
April	168	6	1,008	28.31	28,536
May	155	7	1,085	28.31	30,716
June	216	8	1,728	28.31	48,920
July	278	9	2,502	28.31	70,832
August	120	10	1,200	28.31	33,972
September	9	11	99	28.31	2,803
Totals	<u>792</u>		<u>7,597</u>		<u>\$214,623</u>

(a) Per utility personnel and monthly billing summaries.

(b) Estimated monthly bill assuming average residential consumption of 3,379 gallons priced at base period rates (average bill calculated assuming 5/8" meter).

(c) Adjusted for temporary shutoffs.

See "Accounting Workpapers Book 2, pages 199 - 215."

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EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

CALCULATION OF NORMALIZED ANNUAL OPERATING REVENUES
(Explanation of Adjustments)

Adjustment (3)

To adjust the base period commercial revenues to normalize for the estimated financial effects of approximately 30 users added to the system from the beginning of the historic base period (based on billing records).

Billing Cycle	Increase/ (Decrease) In Users (A)(C)	Times Estimated Additional Monthly Bills	Additional Monthly Bills	Estimated Monthly Commercial Bill (B)	Adjustment
October 2019	(12)	0	-	\$190.47	\$ -
November	7	1	7	190.47	1,333
December	(7)	2	(14)	190.47	(2,667)
January 2020	16	3	48	214.46	10,294
February	0	4	-	214.46	-
March	(10)	5	(50)	214.46	(10,723)
April	(9)	6	(54)	214.46	(11,581)
May	21	7	147	214.46	31,526
June	0	8	-	214.46	-
July	12	9	108	214.46	23,162
August	1	10	10	214.46	2,145
September	11	11	121	214.46	25,950
Totals	30		323		\$69,439
					Less increase calculated in adjustment #6 below
					(25,741)
					Adjustment
					\$43,698

(A) Per utility personnel and monthly billing summaries.

(B) Estimated monthly bill assuming average commercial consumption of 38,950 gallons priced at base period rates (average bill calculated assuming 1" meter assuming consumption for the 12 months ended 9/30/20).

(C) Adjusted for temporary shutoffs.

See "Accounting Workpapers Book 2, pages 216 - 219."

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EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

CALCULATION OF NORMALIZED ANNUAL OPERATING REVENUES
(Explanation of Adjustments)

Adjustment (4)

To adjust the base period public authority revenues to normalize for the estimated financial effects of approximately 3 users removed from the system from the beginning of the historic base period (based on billing records).

Billing Cycle	Increase/ (Decrease) In Users (A)	Times Estimated Additional Monthly Bills	Additional Monthly Bills	Estimated Monthly Public Authority Bill (B)	Adjustment
October 2019	(1)	0	0	\$429.93	\$ -
November	0	1	0	429.93	-
December	(1)	2	(2)	429.93	(860)
January 2020	0	3	0	483.86	-
February	0	4	0	483.86	-
March	1	5	5	483.86	2,419
April	0	6	0	483.86	-
May	0	7	0	483.86	-
June	(1)	8	(8)	483.86	(3,871)
July	0	9	0	483.86	-
August	(1)	10	(10)	483.86	(4,839)
September	0	11	0	483.86	-
Totals	<u>(3)</u>		<u>(15)</u>		<u>(\$7,151)</u>

(A) Per utility personnel and monthly billing summaries.

(B) Estimated monthly bill assuming average public authority consumption of 97,643 gallons priced at base period rates (average bill calculated assuming 1" meter assuming consumption for the 12 months ended 9/30/20).

See "Accounting Workpapers Book 2, pages 220 - 222."

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EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

CALCULATION OF NORMALIZED ANNUAL OPERATING REVENUES
(Explanation of Adjustments)

Adjustment (5)

To adjust the base period fire protection revenues to reflect the current number of connections at the current rates and charges per information provided by utility personnel.

(A) Fire Protection Service - Inside City Limits:

		Fire Protection Charge Customer Count as of 11/25/2020	Times Rate Per Month - 2021	Revenue Per Month	Revenue Per Year
5/8	inch meter	40,831	\$5.18	\$211,505	\$2,538,060
1	inch meter	1,556	12.95	20,150	241,800
1 1/2	inch meter	58	25.92	1,503	18,036
2	inch meter	1,325	41.47	54,948	659,376
3	inch meter	87	77.76	6,765	81,180
4	inch meter	206	129.58	26,693	320,316
6	inch meter	58	259.19	15,033	180,396
	Sub-totals	44,121		336,597	4,039,164

(B) Fire Protection Service - Outside City Limits:

		Fire Protection Charge Customer Count as of 11/25/2020	Times Rate Per Month - 2021	Revenue Per Month	Revenue Per Year
5/8	inch meter	20,283	\$5.18	\$105,066	\$1,260,792
1	inch meter	1,083	12.95	14,025	168,300
1 1/2	inch meter	2	25.92	52	624
2	inch meter	272	41.47	11,280	135,360
3	inch meter	5	77.76	389	4,668
4	inch meter	51	129.58	6,609	79,308
6	inch meter	25	259.19	6,480	77,760
	Sub-totals	21,721		143,901	1,726,812

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(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

CALCULATION OF NORMALIZED ANNUAL OPERATING REVENUES
(Explanation of Adjustments)

Adjustment (5) Cont'd

(C) Flat Rate Sprinklers

Fire Protection Charge			Rate Per	Revenue
Customer Count as of 11/25/2020			Annum	Per Year
1	inch connection	7	\$7.62	\$53
2	inch connection	22	42.31	931
3	inch connection	3	116.99	351
4	inch connection	171	239.69	40,987
6	inch connection	504	660.05	332,665
8	inch connection	234	1,355.31	317,143
10	inch connection	6	2,367.21	14,203
12	inch connection	41	3,734.41	153,111
Sub-totals		988		859,444

(D) Split Services and Fire Plug Fees (Test Year)

	2,361
Test year before inflation fire protection service revenues	6,627,781
Less base period fire protection service revenues	(6,033,846)
Adjustment	<u>\$593,935</u>

See "Accounting Workpapers Book 2, pages 223 - 228."

Adjustment (6)

To adjust the test year for the reimbursement from the sewer utility for its portion of shared billing general expenses, per utility's approved 2020 and 2021 budget adjusted for one staff addition in 2022.

	2020	Test Year Before Inflation
Test year before inflation sewer utility reimbursement to water for shared costs	\$12,305,481	\$13,180,437
Plus additional employees added	-	43,249
Sub-total	12,305,481	13,223,686
Less amount for 2020	(11,662,997)	
Less amount for 2021	-	(12,305,481)
Adjustment	<u>\$642,484</u>	<u>\$918,205</u>

See "Accounting Workpapers Book 2, pages 229 - 231."

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EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

CALCULATION OF NORMALIZED ANNUAL OPERATING REVENUES
(Explanation of Adjustments)

Adjustment (7)

To adjust the base period for growth in commercial and industrial customers added during the base period that are 2" meters and larger.

<u>Customer Name</u>	<u>Start Date</u>	<u>Base Period Revenue</u>	<u>Number of Bills in Test Year</u>	<u>Average for Test Year</u>	<u>Annualized</u>
EFP LLC	Mar-20	\$9,800.30	7	\$1,400.04	\$16,801
The Post House	Jul-20	3,652.32	3	1,217.44	14,609
Deaconess Hospital	Jul-20	656.18	3	218.73	2,625
Wasabi Evansville	Jan-20	1,606.59	9	178.51	2,142
Casey's General Store	Apr-20	2,807.32	6	467.89	5,615
Parks Department	Mar-20	515.08	7	73.58	883
J & D Dean LLC	Jun-20	1,051.98	4	263.00	3,156
Total base period revenue		<u>\$20,089.77</u>			
Annualized revenue					\$45,831
Less base period amount					<u>(20,090)</u>
Adjustment					<u>\$25,741</u>

See "Accounting Workpapers Book 2, pages 232 - 233."

Adjustment 8

To adjust industrial revenues for the closure one of the top 10 users of the District, Pittsburgh Glass Works.

	<u>12 Months Ended 9/30/2020</u>	<u>Phase II Rate Increase Effective 1/1/2020</u>	<u>Sub-total</u>	<u>Phase III Rate Increase Effective 1/1/2021</u>	<u>Total</u>
October, 2019	\$20,719	\$2,611	\$23,330	\$1,295	\$24,625
November	22,290	2,809	25,099	1,393	26,492
December	18,279	1,014	19,293	1,071	20,364
January, 2020	19,275		19,275	1,070	20,345
February	18,155		18,155	1,008	19,163
March	18,467		18,467	1,025	19,492
April	17,271		17,271	959	18,230
May	5,021		5,021	279	5,300
June	5,938		5,938	330	6,268
July	20,216		20,216	1,122	21,338
August	23,264		23,264	1,291	24,555
September	22,971		22,971	1,275	24,246
Totals	<u>\$211,866</u>	<u>\$6,434</u>	<u>\$218,300</u>	<u>\$12,118</u>	<u>\$230,418</u>
Pro forma revenues					\$ -
Less normalized revenues from operations prior to closure					<u>230,418</u>
Adjustment					<u>(\$230,418)</u>

See "Accounting Workpapers Book 2, pages 234 - 237."

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EVANSVILLE (INDIANA) WATERWORKS DISTRICT

**FORWARD LOOKING TEST YEAR ANNUAL REVENUE REQUIREMENTS
AND ANNUAL REVENUES**

See Explanation of References, pages 27 to 29.

Annual Revenue Requirements:	12 Months		Ref.	Phase I		Ref.	Phase II		Ref.	Phase III		Ref.	Phase IV		Ref.	Phase V	
	Ended 09/30/20 (Unaudited)	Adjustments		(4/1/2022)	Adjustments		F-TY (4/1/2023)	Adjustments		F-TY (4/1/2024)	Adjustments		F-TY (4/1/2025)	Adjustments		F-TY (4/1/2026)	
Operation and maintenance expense	\$28,400,613	\$2,527,870	(1)	\$30,928,483	\$1,431,547	(1)	\$32,360,030	\$ -	(1)	\$32,360,030	\$ -	(1)	\$32,360,030	\$ -	(1)	\$32,360,030	
Additional Indiana utility receipts tax	-	36,802	(2)	36,802	35,768	(2)	72,570	34,954	(2)	107,524	34,826	(2)	142,350	24,610	(2)	166,960	
Additional bad debt expense	-	6,868	(3)	6,868	6,920	(3)	13,788	6,880	(3)	20,668	6,970	(3)	27,638	5,138	(3)	32,776	
Total Operating Expenses	28,400,613	2,571,540		30,972,153	1,474,235		32,446,388	41,834		32,488,222	41,796		32,530,018	29,748		32,559,766	
Payment in lieu of taxes	2,353,750	1,236,250	(4)	3,590,000	515,000	(4)	4,105,000	340,000	(4)	4,445,000	340,000	(4)	4,785,000	545,000	(4)	5,330,000	
Debt service	14,125,666	3,402,279	(5)	17,527,945	1,362	(5)	17,529,307	2,491,828	(5)	20,021,135	3,433,598	(5)	23,454,733	940,924	(5)	24,395,658	
Debt service reserve - outstanding	-	436,986	(6)	436,986	935,752	(6)	1,372,738	-	(6)	1,372,738	-	(6)	1,372,738	\$0	(6)	1,372,738	
Allowance for capital improvements	5,086,328	4,213,672	(7)	9,300,000	350,000	(7)	9,650,000	400,000	(7)	10,050,000	(500,000)	(7)	9,550,000	927,900	(7)	10,477,900	
Total Revenue Requirements	49,966,357	11,860,727		61,827,084	3,276,349		65,103,433	3,273,662		68,377,095	3,315,394		71,692,489	2,443,572		74,136,062	
Less interest income	(1,920,480)	1,897,400	(8)	(23,080)	-	(8)	(23,080)	-	(8)	(23,080)	-	(8)	(23,080)	-	(8)	(23,080)	
Less sewer portion of general expenses	(11,662,997)	(1,862,187)	(9)	(13,525,184)	(728,409)	(9)	(14,253,593)	-	(9)	(14,253,593)	-	(9)	(14,253,593)	-	(9)	(14,253,593)	
Less other operating income	(210,142)	-	(10)	(210,142)	-	(10)	(210,142)	-	(10)	(210,142)	-	(10)	(210,142)	-	(10)	(210,142)	
Less other nonoperating income	(1,182,318)	699,691	(11)	(482,627)	(8,517)	(11)	(491,144)	-	(11)	(491,144)	-	(11)	(491,144)	-	(11)	(491,144)	
Net Revenue Requirements	\$34,990,420	\$12,595,631		\$47,586,051	\$2,539,423		\$50,125,474	\$3,273,662		\$53,399,136	\$3,315,394		\$56,714,530	\$2,443,572		\$59,158,103	
Annual Revenues:																	
Residential	\$19,390,251	\$3,359,760	(12)	\$22,750,011	\$1,599,326	(12)	\$24,349,337	\$1,590,012	(12)	\$25,939,349	\$1,610,834	(12)	\$27,550,183	\$1,187,413	(12)	\$28,737,596	
Industrial	5,779,922	959,191	(12)	6,739,113	473,760	(12)	7,212,873	471,001	(12)	7,683,874	477,169	(12)	8,161,043	351,741	(12)	8,512,784	
Commercial	8,257,024	1,798,927	(12)	10,055,951	706,933	(12)	10,762,884	702,816	(12)	11,465,700	712,020	(12)	12,177,720	524,860	(12)	12,702,580	
Public Authority	1,194,300	266,267	(12)	1,460,567	102,678	(12)	1,563,245	102,080	(12)	1,665,325	103,417	(12)	1,768,742	76,233	(12)	1,844,975	
Fire Protection	6,033,846	1,091,019	(12)	7,124,865	500,878	(12)	7,625,743	497,961	(12)	8,123,704	504,482	(12)	8,628,186	371,875	(12)	9,000,061	
Forfeited discounts	92,791	133,369	(12)	226,160	15,899	(12)	242,059	15,806	(12)	257,865	16,013	(12)	273,878	11,804	(12)	285,682	
Reduction in revenues from declining usage	-	(770,616)	(12)	(770,616)	(860,051)	(12)	(1,630,667)	(106,014)	(12)	(1,736,681)	(108,541)	(12)	(1,845,222)	(80,353)	(12)	(1,925,575)	
Total Annual Operating Revenues	\$40,748,134	\$6,837,917		\$47,586,051	\$2,539,423		\$50,125,474	\$3,273,662		\$53,399,136	\$3,315,394		\$56,714,530	\$2,443,573		\$59,158,103	
Percentage Increase Requested		7.50%			7.03%			6.53%			6.21%			4.31%			
Average Monthly Residential Bill																	
Monthly Bill (Presently \$39.94 for 5,000 Gallons)		\$42.96			\$45.99			\$49.01			\$52.04			\$54.29			

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EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

**FORWARD LOOKING TEST YEAR ANNUAL REVENUE REQUIREMENTS
AND ANNUAL REVENUES**
(Explanation of References)

Adjustment 1

See "Forward Looking Test Year Annual Cash Operating Expenses" pages 11 to 17.

Adjustment 2

To provide an allowance for additional Indiana Utility Receipts tax. Calculated as follows:

	Forward Looking Test Year				
	Phase I	Phase II	Phase III	Phase IV	Phase V
Additional URT from rate increase	\$46,493	\$45,532	\$44,662	\$44,661	\$31,860
Less estimated increase in URT for wholesale and exempt revenues	(9,691)	(9,764)	(9,708)	(9,835)	(7,250)
Adjustments	<u>\$36,802</u>	<u>\$35,768</u>	<u>\$34,954</u>	<u>\$34,826</u>	<u>\$24,610</u>

Adjustment 3

To provide an allowance for additional bad debt expense.

	Forward Looking Test Year				
	Phase I	Phase II	Phase III	Phase IV	Phase V
Increase in Residential and Commercial Water Sales	\$2,237,153	\$2,254,230	\$2,241,102	\$2,270,450	\$1,673,644
Times: Bad Debt % for the Test Year	0.307%	0.307%	0.307%	0.307%	0.307%
Adjustments	<u>\$6,868</u>	<u>\$6,920</u>	<u>\$6,880</u>	<u>\$6,970</u>	<u>\$5,138</u>

Adjustment 4

To provide an allowance for payments in lieu of property taxes ("PILT"). Calculated as follows:

	Forward Looking Test Year				
	Phase I	Phase II	Phase III	Phase IV	Phase V
Capital assets in service at 9/30/20 (Unaudited)	\$314,424,828	\$314,424,828	\$314,424,828	\$314,424,828	\$314,424,828
Plus CWIP at 9/30/20 (Unaudited)	46,090,260	46,090,260	46,090,260	46,090,260	46,090,260
Plus balance of the project proceeds at 9/30/20 (Unaudited)	83,293,652	83,293,652	83,293,652	83,293,652	83,293,652
Plus proposed improvement projects - (2022 - 2026)	2,552,639	25,012,420	51,181,874	74,545,292	107,601,570
Less accumulated depreciation at 9/30/20 (Unaudited)	(122,724,702)	(122,724,702)	(122,724,702)	(122,724,702)	(122,724,702)
Estimated Net Assessed Value	323,636,677	346,096,458	372,265,912	395,629,330	428,685,608
Less est. capital assets not within corporate limits (25%)	(80,909,169)	(86,524,115)	(93,066,478)	(98,907,333)	(107,171,402)
Sub-total	242,727,508	259,572,343	279,199,434	296,721,997	321,514,206
Times pro forma 2021 corporate tax rate (divided by \$100) *	1.7005	1.7005	1.7005	1.7005	1.7005
Calculated PILT	4,127,581	4,414,028	4,747,786	5,045,758	5,467,350
Less and amount to phase-in the rates and charges	(537,581)	(309,028)	(302,786)	(260,758)	(137,350)
Pro forma PILT	3,590,000	4,105,000	4,445,000	4,785,000	5,330,000
Less base period amount (see page 35) and phase I & II	(2,353,750)	(3,590,000)	(4,105,000)	(4,445,000)	(4,785,000)
Adjustments	<u>\$1,236,250</u>	<u>\$515,000</u>	<u>\$340,000</u>	<u>\$340,000</u>	<u>\$545,000</u>

* Per Indiana Department of Local Government Finance ("DLGF") 2017 pay 2018.

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EVANSVILLE (INDIANA) WATERWORKS DISTRICT

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**FORWARD LOOKING TEST YEAR ANNUAL REVENUE REQUIREMENTS
AND ANNUAL REVENUES**
(Explanation of References)

Adjustment 5

Phase I is based on the debt service payments on the outstanding and proposed bonds for the bond year ending January 1, 2023.
Phase II is based on the debt service payments on the outstanding and proposed bonds for the bond year ending January 1, 2024.
Phase III is based on the debt service payments on the outstanding and proposed bonds for the bond year ending January 1, 2025.
Phase IV is based on the debt service payments on the outstanding and proposed bonds for the bond year ending January 1, 2026.
Phase V is based on the maximum annual combined debt service payments on the outstanding and proposed bonds.

	Forward Looking Test Year				
	Phase I	Phase II	Phase III	Phase IV	Phase V*
2016A Bonds	\$2,950,200	\$2,955,400	\$2,902,800	\$2,724,600	\$2,725,800
2016B Bonds	2,114,294	2,097,094	2,094,294	4,845,444	4,842,894
2018A-1 Bonds	-	-	-	-	-
2018A-2 Bonds	5,307,953	5,307,952	5,307,953	5,307,952	5,307,953
2019 Bonds	2,641,094	2,655,094	2,673,194	2,668,844	2,673,144
2020 Bonds	996,407	997,266	997,756	993,028	997,926
2021 Bonds	3,517,999	3,516,501	3,551,674	988,928	980,878
2022 Bonds - OM	-	-	-	938,008	1,876,015
2022 Bonds - SRF	-	-	2,493,465	4,987,930	4,991,049
Less prior base period and prior phases	<u>(14,125,666)</u>	<u>(17,527,945)</u>	<u>(17,529,307)</u>	<u>(20,021,135)</u>	<u>(23,454,733)</u>
Adjustments	<u>\$3,402,279</u>	<u>\$1,362</u>	<u>\$2,491,828</u>	<u>\$3,433,598</u>	<u>\$940,924</u>

*Phase V is based on the proposed maximum annual combined debt service.

Adjustment 6

To reflect the annual funding of the debt service reserve requirement for the proposed bonds.

	Forward Looking Test Year				
	Phase I*	Phase II	Phase III	Phase IV	Phase V
Required annual transfer to the debt service reserve - 2022 OM Bonds	\$187,602	\$375,203	\$375,203	\$375,203	\$375,203
Required annual transfer to the debt service reserve - 2022 SRF Bonds	249,384	997,535	997,535	997,535	997,535
Less prior year funding amount	-	(436,986)	(1,372,738)	(1,372,738)	(1,372,738)
Adjustment	<u>\$436,986</u>	<u>\$935,752</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Phase I assumes 6 monthly transfers on the proposed 2022 Open Market Bonds and 3 months of Transfers on the proposed 2022 SRF Bonds.

Adjustment 7

To provide an allowance for replacements and improvements equal to the amount in the capital improvement plan.
See pages 4 to 6.

	Forward Looking Test Year				
	Phase I	Phase II	Phase III	Phase IV	Phase V
Capital Improvement Plan:					
Phase I	\$9,300,000				
Phase II		\$9,650,000			
Phase III			\$10,050,000		
Phase IV				\$9,550,000	
Phase V					\$10,477,900
Less prior phase amounts	<u>(5,086,328)</u>	<u>(9,300,000)</u>	<u>(9,650,000)</u>	<u>(10,050,000)</u>	<u>(9,550,000)</u>
Adjustments	<u>\$4,213,672</u>	<u>\$350,000</u>	<u>\$400,000</u>	<u>(\$500,000)</u>	<u>\$927,900</u>

Adjustment 8

Interest income normalized based on investment of available fund balances at current interest rates. The construction account funds are not included in the interest rate calculation since those interest earnings are used to fund project costs.
Calculated as follows:

Balances available to invest (unaudited):	
Consumer meter deposit fund (@ 9/30/20)	\$1,690,446
Debt service reserve (@ 9/30/20)	16,804,025
Proposed debt service reserve	<u>4,585,633</u>
Sub-total	23,080,104
Times current certificate of deposit interest rate	<u>0.10%</u>
Interest Income	<u>\$23,080</u>

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EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

**FORWARD LOOKING TEST YEAR ANNUAL REVENUE REQUIREMENTS
AND ANNUAL REVENUES**
(Explanation of References)

Adjustment 9

The sewer portion of general expenses has been adjusted for the additional employees added during the forward test year period. A portion of their salaries and wages and benefits will be reimbursed to the Water Utility.

Adjustment 10

See "Calculation of Normalized Annual Operating Revenues" pages 18 to 25.

Adjustment 11

To normalize base period other nonoperating income to exclude non-recurring nonoperating income.

	<u>Phase I</u>	<u>Phase II - V</u>
Base period other nonoperating income	\$1,182,318	
Phase I nonoperating income		\$482,627
Less: adjustment to exclude non-recurring items	(707,999)	-
Plus additional revenues from the City/County IT reimbursement	8,308	8,517
Nonoperating Income	<u>\$482,627</u>	<u>\$491,144</u>

Adjustment 12

Normalized operating revenues for Phases I, II, III, IV and V calculated as follows:

<u>Operating Revenues</u>	12 Months	<u>Normalize*</u>	<u>Sub-totals</u>	7.50%	Phase I
	Ended 9/30/2020			Increase	Test Year Before Inflation
Residential	\$19,390,251	\$1,772,550	\$21,162,801	\$1,587,210	\$22,750,011
Industrial	5,779,922	489,020	6,268,942	470,171	6,739,113
Commercial	8,257,024	1,097,349	9,354,373	701,578	10,055,951
Public Authority	1,194,300	164,367	1,358,667	101,900	1,460,567
Fire Protection	6,033,847	593,934	6,627,781	497,084	7,124,865
Forfeited discounts	92,791	118,150	210,941	15,821	226,160
Reduction in revenues from declining usage**	-	(715,554)	(715,554)	(55,062)	(770,616)
Totals	<u>\$40,748,135</u>	<u>\$3,519,816</u>	<u>\$44,267,951</u>	<u>\$3,318,702</u>	<u>\$47,586,051</u>

<u>Operating Revenues</u>	Phase I	7.03%	Phase II	6.53%	Phase III
		Increase		Increase	
Residential	\$22,750,011	\$1,599,326	\$24,349,337	\$1,590,012	\$25,939,349
Industrial	6,739,113	473,760	7,212,873	471,001	7,683,874
Commercial	10,055,951	706,933	10,762,884	702,816	11,465,700
Public Authority	1,460,567	102,678	1,563,245	102,080	1,665,325
Fire Protection	7,124,865	500,878	7,625,743	497,961	8,123,704
Forfeited discounts	226,160	15,899	242,059	15,806	257,865
Reduction in revenues from declining usage**	(1,524,274)	(106,393)	(1,630,667)	(106,014)	(1,736,681)
Totals	<u>\$46,832,393</u>	<u>\$3,293,081</u>	<u>\$50,125,474</u>	<u>\$3,273,662</u>	<u>\$53,399,136</u>

<u>Operating Revenues</u>	Phase III	6.21%	Phase IV	4.31%	Phase V
		Increase		Increase	
Residential	\$25,939,349	\$1,610,834	\$27,550,183	\$1,187,413	\$28,737,596
Industrial	7,683,874	477,169	8,161,043	351,741	8,512,784
Commercial	11,465,700	712,020	12,177,720	524,860	12,702,580
Public Authority	1,665,325	103,417	1,768,742	76,233	1,844,975
Fire Protection	8,123,704	504,482	8,628,186	371,875	9,000,061
Forfeited discounts	257,865	16,013	273,878	11,804	285,682
Reduction in revenues from declining usage**	(1,736,681)	(108,541)	(1,845,222)	(80,353)	(1,925,575)
Totals	<u>\$53,399,136</u>	<u>\$3,315,394</u>	<u>\$56,714,530</u>	<u>\$2,443,573</u>	<u>\$59,158,103</u>

* Computed as normalized operating revenues as computed on page 18.

** Base year reduction due to declining usage as shown on page 18. Phase II adjustment based on the aggregate ratio of 2.25% for the residential, commercial and public authority.

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

SCHEDULE OF PRESENT AND PROPOSED RATES AND CHARGES

(A) Monthly Service Charge

<u>Meter Size:</u>	Present (1)	Proposed				
		Phase I (2)	Phase II (3)	Phase III (4)	Phase IV (5)	Phase V (6)
5/8 - 3/4 inch meter	\$8.94	\$9.61	\$10.29	\$10.96	\$11.64	\$12.14
1 inch meter	10.64	11.44	12.24	13.04	13.85	14.45
1 1/4 inch meter	11.74	12.62	13.51	14.39	15.28	15.94
1 1/2 inch meter	12.55	13.49	14.44	15.38	16.34	17.04
2 inch meter	17.17	18.46	19.76	21.05	22.36	23.32
3 inch meter	52.15	56.06	60.00	63.92	67.89	70.82
4 inch meter	65.07	69.95	74.87	79.76	84.71	88.36
6 inch meter	95.25	102.39	109.59	116.75	124.00	129.34
8 inch meter	129.72	139.45	149.25	159.00	168.87	176.15
10 inch meter	168.46	181.09	193.82	206.48	219.30	228.75

(B) Volume Charge
(In addition to monthly service charge)

<u>Consumption per Month</u>								
First	20,000	gallons	\$6.20	\$6.67	\$7.14	\$7.61	\$8.08	\$8.43
Next	280,000	gallons	4.84	5.20	5.57	5.93	6.30	6.57
Next	700,000	gallons	4.37	4.70	5.03	5.36	5.69	5.94
Next	2,000,000	gallons	3.85	4.14	4.43	4.72	5.01	5.23
Over	3,000,000	gallons	2.91	3.13	3.35	3.57	3.79	3.95

(C) Fire Protection Service

<u>Monthly Surcharge for fire protection</u>								
5/8	inch meter		\$5.18	\$5.57	\$5.96	\$6.35	\$6.74	\$7.03
1	inch meter		12.95	13.92	14.90	15.87	16.86	17.59
1 1/2	inch meter		25.92	27.86	29.82	31.77	33.74	35.19
2	inch meter		41.47	44.58	47.71	50.83	53.99	56.32
3	inch meter		77.76	83.59	89.47	95.31	101.23	105.59
4	inch meter		129.58	139.30	149.09	158.83	168.69	175.96
6	inch meter		259.19	278.63	298.22	317.69	337.42	351.96

- (1) Present rates and charges approved by IURC pursuant to Cause No. 45073 on December 9, 2018 and became effective on January 1, 2021.
- (2) Phase I rates and charges represent a 7.50% across-the-board rate increase in present rates and charges effective upon Commission approval.
- (3) Phase II rates and charges represent a 7.03% across-the-board rate increase in Phase I rates and charges effective on April 1, 2023.
- (4) Phase III rates and charges represent a 6.53% across-the-board rate increase in Phase II rates and charges effective on April 1, 2024.
- (5) Phase IV rates and charges represent a 6.21% across-the-board rate increase in Phase II rates and charges effective on April 1, 2025.
- (6) Phase V rates and charges represent a 4.31% across-the-board rate increase in Phase II rates and charges effective on April 1, 2026.

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

SCHEDULE OF PRESENT AND PROPOSED RATES AND CHARGES

		Present (1)	Proposed				
			Phase I (2)	Phase II (3)	Phase III (4)	Phase IV (5)	Phase V (6)
(C) <u>Fire Protection Service (Cont'd)</u>							
<u>Private Connections, each per annum:</u>							
1	inch meter	\$7.62	\$8.19	\$8.77	\$9.34	\$9.92	\$10.35
2	inch meter	42.31	45.48	48.68	51.86	55.08	57.45
3	inch meter	116.99	125.76	134.60	143.39	152.29	158.85
4	inch meter	239.69	257.67	275.78	293.79	312.03	325.48
6	inch meter	660.05	709.55	759.43	809.02	859.26	896.29
8	inch meter	1,355.31	1,456.96	1,559.38	1,661.21	1,764.37	1,840.41
10	inch meter	2,367.21	2,544.75	2,723.65	2,901.50	3,081.68	3,214.50
12	inch meter	3,734.41	4,014.49	4,296.71	4,577.29	4,861.54	5,071.07
(D) <u>Customer Meter Deposit</u>							
	Residential	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00
	Commercial/Industrial	65.00	65.00	65.00	65.00	65.00	65.00
(E) <u>Split Service Fee</u>		\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
(F) <u>Developer Installed Service Charge</u>							
3/4	inch meter	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
1	inch meter	230.00	230.00	230.00	230.00	230.00	230.00

- (1) Present rates and charges approved by IURC pursuant to Cause No. 45073 on December 9, 2018 and became effective on January 1, 2021.
- (2) Phase I rates and charges represent a 7.50% across-the-board rate increase in present rates and charges effective upon Commission approval.
- (3) Phase II rates and charges represent a 7.03% across-the-board rate increase in Phase I rates and charges effective on April 1, 2023.
- (4) Phase III rates and charges represent a 6.53% across-the-board rate increase in Phase II rates and charges effective on April 1, 2024.
- (5) Phase IV rates and charges represent a 6.21% across-the-board rate increase in Phase II rates and charges effective on April 1, 2025.
- (6) Phase V rates and charges represent a 4.31% across-the-board rate increase in Phase II rates and charges effective on April 1, 2026.

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

SCHEDULE OF PRESENT AND PROPOSED RATES AND CHARGES

		Present	Proposed				Phase V
			Phase I	Phase II	Phase III	Phase IV	
(G) <u>Temporary Fire Hydrant Meter Fee</u>							
1	inch	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00
2	inch and larger	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
(H) <u>Bad Check Charge</u>		\$23.00	\$23.00	\$23.00	\$23.00	\$23.00	\$23.00
(I) <u>Reconnection Charge</u>		\$45.00	\$45.00	\$45.00	\$45.00	\$45.00	\$45.00
(J) <u>Collection of Deferred Payment Charge</u>				10% of 1st \$3.00; 3% of remainder of bill.			
(K) <u>Meter Test Fee (Customer Request)</u>		\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00
(L) <u>Meter Re-Read Fee (Customer Request)</u>		\$34.00	\$34.00	\$34.00	\$34.00	\$34.00	\$34.00
(M) <u>Damaged Meter Fee (Customer Negligence)</u>							
3/4	inch meter	\$215.00	\$215.00	\$215.00	\$215.00	\$215.00	\$215.00
	Larger than 3/4 inch	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost
(N) <u>Damaged SmartPoint Fee (Customer Negligence)</u>		\$160.00	\$160.00	\$160.00	\$160.00	\$160.00	\$160.00
(O) <u>Service Fee (Customer Request)</u>		\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00
(P) <u>Temporary Meter Deposit</u>							
5/8	inch meter	\$145.00	\$145.00	\$145.00	\$145.00	\$145.00	\$145.00
3/4	inch meter	160.00	160.00	160.00	160.00	160.00	160.00
1	inch meter	180.00	180.00	180.00	180.00	180.00	180.00

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

SUPPLEMENTAL FINANCIAL DATA

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

COMPARATIVE STATEMENT OF NET POSITION

ASSETS	As of December 31,			As of
	2017	2018	2019	September 30, 2020
Current Assets:				
Operating cash and cash equivalents	\$4,556,726	\$3,718,667	\$2,190,933	\$2,578,099
Improvement fund cash and cash equivalents	-	1,581,158	5,275,285	5,243,862
Restricted cash and cash equivalents:				
Bond and interest cash and cash equivalents	5,838,912	7,578,525	10,333,532	9,016,090
Debt service reserve cash and cash equivalents	2,113,589	7,779,648	12,798,454	15,640,936
Improvement fund cash and cash equivalents	833,758	500,000	500,000	500,000
Periodic maintenance fund cash and cash equivalents	2,185,676	1,476,181	2,251,972	3,250,327
Construction fund cash and cash equivalents	11,257,253	74,967,986	71,491,676	83,293,652
Consumer meter deposits cash and cash equivalents	1,503,558	1,564,391	1,603,574	1,690,446
Cash with fiscal agent cash and cash equivalents	292,979	575,749	417,127	377,619
Excess pension - State Regulation	-	-	401,482	702,593
Assistance program cash and cash equivalents	7,231	4,603	4,381	21,226
Accounts receivable (net of allowance):				
Customer	1,785,257	2,003,704	2,615,755	3,240,585
Miscellaneous	88,129	606,711	167,316	214,373
Inventory	1,063,509	1,013,140	1,121,023	1,121,023
Interfund	448,665	797,324	854,112	1,050,657
Prepays	318,028	2,008,465	139,270	349,798
Total Current Assets	32,293,270	106,176,252	112,165,892	128,291,286
Noncurrent Assets:				
Restricted assets:				
Debt service reserve investments	6,110,000	5,945,549	4,169,617	1,163,089
Construction fund investments	21,450,000	15,999,999	45,807,763	19,046,414
Interest receivable	199,012	316,668	767,295	801,223
Consumer deposits receivable	30,905	22,712	52,190	45,118
Total Restricted Assets	27,789,917	22,284,928	50,796,865	21,055,844
Capital Assets:				
Depreciable capital assets	214,839,325	303,022,910	313,544,403	313,992,393
Leased buildings	-	883,092	883,092	883,092
Leased vehicles	-	55,830	765,939	1,043,189
IT Leases	-	-	262,700	262,700
Less accumulated depreciation	(71,831,333)	(112,591,724)	(118,252,843)	(122,724,702)
Less accumulated amortization for leased assets	-	(1,237)	(387,881)	(568,539)
Sub-total	143,007,992	191,368,871	196,815,410	192,888,133
Land and improvements to land	432,435	432,435	432,435	432,435
Construction work in progress	13,280,455	21,482,137	28,595,563	46,090,260
Net Capital Assets	156,720,882	213,283,443	225,843,408	239,410,828
Total Noncurrent Assets	184,510,799	235,568,371	276,640,273	260,466,672
Total Assets	\$216,804,069	\$341,744,623	\$388,806,165	\$388,757,958
DEFERRED OUTFLOWS OF RESOURCES				
Regulatory Assets	\$2,481,360	\$2,592,501	\$3,039,418	\$2,738,094
Deferred Amount on Refunding	2,510,331	2,253,960	1,997,588	3,522,025
Deferred Benefit Pension Deferred Outflows	1,689,158	719,030	686,521	686,521
Total Deferred Outflows of Resources	\$6,680,849	\$5,565,491	\$5,723,527	\$6,946,640
Total Assets and Deferred Outflows	\$223,484,918	\$347,310,114	\$394,529,692	\$395,704,598

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

COMPARATIVE STATEMENT OF NET POSITION

	As of December 31,			As of
	2017	2018	2019	September 30, 2020
LIABILITIES				
Current Liabilities:				
Accounts payable	\$609,833	\$1,185,484	\$2,136,188	\$1,420,801
Leases Payable	-	53,002	230,714	230,714
Taxes payable	94,259	157,432	150,992	232,753
Accrued payroll and withholdings payable	190,255	206,848	250,639	401,029
Compensated absences	602,947	707,987	730,050	730,050
Payable from restricted assets:				
Contracts payable	2,166,065	688,088	1,631,405	5,910
Retainage payable	738,056	1,049,313	837,903	1,073,266
Customer deposits	1,534,463	1,587,103	1,635,371	1,667,919
Assistance program	7,231	4,604	4,381	9,133
Accrued interest	2,690,425	2,630,500	4,363,722	1,993,739
BANs payable	-	500,000	-	-
Bonds payable - current	3,130,000	4,870,000	5,755,000	6,145,000
State revolving fund loan - current maturities	-	-	-	2,798,303
Total Current Liabilities	11,763,534	13,640,361	17,726,365	16,708,617
Noncurrent Liabilities:				
Revenue Bonds payable	128,800,000	123,930,000	157,940,000	153,690,000
State Revolving Fund loan payable	-	77,220,000	77,220,000	74,421,697
Unamortized bond premium (discount)	3,078,292	2,745,680	2,864,444	2,233,860
Leases payable	-	526,586	970,848	1,094,298
Payments in lieu of tax	702,956	702,956	702,956	702,956
Net pension liability	5,938,565	4,719,544	4,668,313	4,668,313
Total Noncurrent Liabilities	138,519,813	209,844,766	244,366,561	236,811,124
Total Liabilities	\$150,283,347	\$223,485,127	\$262,092,926	\$253,519,741
DEFERRED INFLOWS OF RESOURCES				
Defined Benefit Pension Deferred Inflows	\$365,017	\$816,791	\$786,457	\$786,457
Total Deferred Inflows of Resources	\$150,648,364	\$224,301,918	\$262,879,383	\$254,306,198
NET POSITION				
Invested in Capital Assets, Net of Related Debt	\$59,411,534	\$100,279,207	\$103,198,847	\$110,195,444
Restricted	13,310,752	19,711,261	24,731,287	23,699,584
Unrestricted	114,268	3,017,728	3,720,175	7,503,372
Total Net Position	\$72,836,554	\$123,008,196	\$131,650,309	\$141,398,400

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

**COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION**

	Calendar Year			12 Months
	2017	2018	2019	Ended 9/30/2020
Operating Revenues:				
Residential	\$14,049,944	\$15,515,452	\$17,590,377	\$19,390,251
Industrial	3,841,400	4,919,223	5,380,561	5,779,922
Commercial	6,321,110	7,093,897	8,047,046	8,257,024
Public authority	949,658	1,090,342	1,245,380	1,194,300
Fire protection	4,108,875	4,692,883	5,482,235	6,033,846
Forfeited discounts	157,166	150,919	168,044	92,791
Other	330,330	413,666	439,636	210,143
Sewer utility portion of general expenses	5,383,983	7,242,492	9,735,550 (1)	11,662,997 (1)
Total Operating Revenues	<u>35,142,466</u>	<u>41,118,874</u>	<u>48,088,829</u>	<u>52,621,274</u>
Operating Expenses:				
Source of supply	1,650,592	1,899,888	1,684,737	1,636,370
Treatment	3,479,311	4,500,227	3,338,570	3,409,245
Transmission and distribution	4,960,777	5,207,164	4,706,466	4,681,890
Customer accounts	3,481,490	3,198,059	3,592,514	3,639,682
Administrative and general	7,296,224	8,828,459	14,543,097	15,033,417
Sub-totals	20,868,394	23,633,797	27,865,384	28,400,613
Depreciation expense	3,892,231	5,677,032	5,863,681	5,970,013
Lease Amortization	-	1,237	182,759	235,488
Total Operating Expenses	<u>24,760,625</u>	<u>29,312,066</u>	<u>33,911,824</u>	<u>34,606,114</u>
Net Operating Revenues	<u>10,381,841</u>	<u>11,806,808</u>	<u>14,177,005</u>	<u>18,015,160</u>
Nonoperating Revenues:				
Interest income	139,958	518,910	3,073,676 (2)	1,920,480 (2)
Other	115,467	154,017	830,890 (3)	1,182,318 (3)
Totals	<u>255,425</u>	<u>672,927</u>	<u>3,904,566</u>	<u>3,102,798</u>
Nonoperating Expenses:				
Interest expense	3,579,771	4,097,184	8,359,571 (2)	8,215,505 (2)
Interest expense - amortization	261,265	286,837	475,250	408,323
Other	250	-	1,000	1,000
Totals	<u>3,841,286</u>	<u>4,384,021</u>	<u>8,835,821</u>	<u>8,624,828</u>
Net Revenues Before Contributions and Transfers	<u>6,795,980</u>	<u>8,095,714</u>	<u>9,245,750</u>	<u>12,493,130</u>
Capital Contributions and (Transfers):				
Contributed Capital	3,250,857	2,414,387	1,278,663	1,253,103
Payment in lieu of property taxes	(1,677,172)	(1,873,600)	(1,882,300)	(2,353,750)
Totals	<u>1,573,685</u>	<u>540,787</u>	<u>(603,637)</u>	<u>(1,100,647)</u>
Change In Net Position	8,369,665	8,636,501	8,642,113	11,392,483
Net Position - Beginning	64,466,889	72,836,554	123,008,196	130,005,917
Net Position - Adjustment (4)	-	41,535,141	-	-
Net Position - Ending	<u>\$72,836,554</u>	<u>\$123,008,196</u>	<u>\$131,650,309</u>	<u>\$141,398,400</u>

- (1) The Sewage Works pays for 75% of the City/County IT Contract through the sewer utility portion of general expenses.
- (2) GASB 89 for financial reporting periods after December 15, 2019, no longer allowed interest costs incurred before the end of the construction period to be capitalized as a costs of the project and should be expensed in period incurred.
- (3) Includes the reimbursement of the IT contract from the City and the County. 75% of the reimbursement received by the Waterworks District is disbursed to the Sewage Works.
- (4) The adjustment to net position is comprised of a prior period adjustment to reflect depreciable capital assets and the associated accumulated depreciation for the contributed assets from developers for water mains.

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

COMPARATIVE STATEMENT OF CASH FLOWS
Increase (Decrease) in Cash and Cash Equivalents

	Calendar Year			12 Months
	2017	2018	2019	Ended 9/30/2020
Cash flows from operating activities:				
Cash received from customers	\$35,274,375	\$40,381,845	\$47,916,173	\$52,756,957
Cash paid to suppliers, employees and others	(21,079,918)	(25,443,294)	(24,561,432)	(27,788,949)
Net cash from operating activities	<u>14,194,457</u>	<u>14,938,551</u>	<u>23,354,741</u>	<u>24,968,008</u>
Cash flows from noncapital financing activities:				
Payment in lieu of property taxes	(1,677,172)	(1,873,600)	(1,882,300)	(2,353,750)
Redemption of revenue bonds	-	-	-	(28,775,000)
Proceeds from refunding revenue bonds	-	-	-	30,670,000
Net cash from noncapital financing activities	<u>(1,677,172)</u>	<u>(1,873,600)</u>	<u>(1,882,300)</u>	<u>(458,750)</u>
Cash flows from capital and related financing activities:				
Additions to capital assets	(14,283,805)	(19,855,897)	(18,580,845)	(24,853,104)
Principal paid on revenue bonds	(1,765,000)	(3,130,000)	(4,870,000)	(5,755,000)
Bond proceeds	-	77,220,000	39,765,000	-
Proceeds from BAN	-	500,000	-	-
Redemption of BAN	(1,050,000)	-	(500,000)	-
Interest paid	(4,238,812)	(5,320,925)	(6,679,714)	(8,370,666)
Contracts paid, bond issuance and rate case costs	2,026,406	(454,363)	451,826	(2,617,466)
Contributed capital	3,250,857	2,414,387	1,278,663	1,278,663
Retainage accrued/paid	452,218	311,257	(211,410)	232,849
Nonoperating revenues	115,462	154,017	830,890	1,182,318
Nonoperating expenses	(250)	-	(1,000)	(1,000)
Net cash from capital and related financing activities	<u>(15,492,924)</u>	<u>51,838,476</u>	<u>11,483,410</u>	<u>(38,903,406)</u>
Cash flows from investing activities:				
Interest income	250,098	639,348	2,623,049	1,881,971
Purchase/sale of investments	(24,466,687)	5,614,452	(28,031,832)	50,101,000
Net cash from investing activities	<u>(24,216,589)</u>	<u>6,253,800</u>	<u>(25,408,783)</u>	<u>51,982,971</u>
Cash and Cash Equivalents:				
Increase (Decrease)	(27,192,228)	71,157,227	7,547,068	37,588,823
Beginning balance	<u>55,781,910</u>	<u>28,589,682</u>	<u>99,746,908</u>	<u>84,726,027</u>
Ending balance	<u>\$28,589,682</u>	<u>\$99,746,909</u>	<u>\$107,293,976</u>	<u>\$122,314,850</u>

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

COMPARATIVE STATEMENT OF CASH FLOWS
Increase (Decrease) in Cash and Cash Equivalents

	Calendar Year			12 Months
	2017	2018	2019	Ended 9/30/2020
Reconciliation of net operating revenues to cash provided from operations:				
Net operating revenues	\$10,381,842	\$11,806,808	\$14,177,005	\$18,015,160
Adjustments to reconcile net operating revenue to net cash provided from operating activities:				
Depreciation expense	3,892,231	5,677,032	5,863,681	5,970,013
Lease amortization	-	1,237	182,759	235,488
Change in assets and liabilities:				
Decrease (increase) in:				
Accounts receivable - customer	(9,280)	(218,447)	(612,051)	73,138
Accounts receivable - miscellaneous	141,189	(518,582)	439,395	62,545
Inventory	(101,288)	50,369	(107,883)	(107,883)
Interfund services provided	(4,580)	(348,659)	(56,788)	(168,894)
Prepaid expenses	(249,061)	(1,690,437)	1,869,195	394,483
Customer deposits receivable	(6,408)	8,193	(29,478)	(12,031)
Increase (decrease) in:				
Accounts payable	(9,416)	575,651	950,704	189,869
Leases payable	-	579,588	621,974	136,445
Taxes payable	(64,985)	63,173	(6,440)	27,948
Accrued payroll and withholdings payable	(19,519)	16,593	43,791	118,856
Net pension liability	71,469	(1,219,021)	(51,231)	(51,231)
Compensated absences payable	66,538	105,040	22,062	22,062
Customer deposits	98,494	52,640	48,268	54,895
Assistance program	7,231	(2,627)	(222)	7,145
Net cash provided from operations	<u>\$14,194,457</u>	<u>\$14,938,551</u>	<u>\$23,354,741</u>	<u>\$24,968,008</u>

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

**COMPARISON OF ACCOUNT BALANCES
WITH MINIMUM BALANCES REQUIRED**

<u>Accounts:</u>	<u>Account Balance at 9/30/20</u>	<u>Minimum Balance Required *</u>	<u>Ref.</u>	<u>Variance</u>
Operating	\$2,578,099	\$5,028,843	(1)	(\$2,450,744)
Bond and interest	9,016,090	8,701,215	(2)	314,875
Debt service reserve	16,804,025	16,287,506	(3)	516,519
Improvement fund	5,743,862	5,970,013	(4)	(226,151)
Customer deposits	1,690,446	1,690,446	(5)	-
Construction fund	102,340,066	102,340,066	(5)	-
Cash with fiscal agent	377,619	377,619	(5)	-
Periodic maintenance	3,250,327	3,250,327	(6)	-
Excess pension - state regulation	702,593	702,593	(5)	-
Assistance program	<u>21,226</u>	<u>21,226</u>	(7)	<u>-</u>
Totals	<u>\$142,524,353</u>	<u>\$144,369,854</u>		<u>(\$1,845,501)</u>

* Per outstanding bond resolutions and other District requirements.

(1) A balance sufficient to provide for the payment of current operating expenses.

Pro forma operating expenses (see page 13)	\$30,173,056
Times factor for two months	<u>0.1667</u>
Minimum Balance Required	<u>\$5,028,843</u>

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

**COMPARISON OF ACCOUNT BALANCES
WITH MINIMUM BALANCES REQUIRED**

- (2) The balance of this account should be equal to the accrued monthly transfers of 1/6 of the interest on all outstanding bonds payable on the then next succeeding interest payment date and 1/12th of the principal on all outstanding bonds payable on the then next succeeding principal payment date.

	<u>Amount</u>		<u>Factor</u>		<u>Months</u>		<u>Totals</u>
Principal due 1/1/21:							
2013C Bonds	\$375,000	x	1/12	x	9	=	\$281,250
2014B Bonds	2,020,000	x	1/12	x	9	=	1,515,000
2016A Bonds	1,625,000	x	1/12	x	9	=	1,218,750
2016B Bonds	1,185,000	x	1/12	x	9	=	888,750
2018A-1 Bonds	2,798,303	x	1/12	x	9	=	2,098,727
2018A-2 Bonds	-	x	1/12	x	9	=	-
2019 Bonds	695,000	x	1/12	x	9	=	521,250
2020 Bonds	245,000	x	1/12	x	9	=	183,750
Interest due 1/1/21:							
2013C Bonds	301,141	x	1/6	x	3	=	150,570
2014B Bonds	281,500	x	1/6	x	3	=	140,750
2016A Bonds	729,700	x	1/6	x	3	=	364,850
2016B Bonds	473,147	x	1/6	x	3	=	236,573
2018A-1 Bonds	86,255	x	1/6	x	3	=	43,128
2018A-2 Bonds	1,168,570	x	1/6	x	3	=	584,285
2019 Bonds	567,547	x	1/6	x	3	=	283,773
2020 Bonds	379,618	x	1/6	x	3	=	189,809
Minimum Balance Required							<u><u>\$8,701,215</u></u>

(3) **A. Individual Pre - 2017 Reserve Accounts**

The District has debt service reserve surety policies to satisfy this requirement for the outstanding Series 2014B Bonds and the Series 2016B Bonds. The Series 2013C and 2016A Bonds each have cash funded debt service reserve requirements. The balance of the account related to the Series 2013C Bonds shall equal \$1,561,314 when fully funded. The balance of the account related to the 2016A Bonds shall equal \$3,605,161 and was funded at closing on the bonds.

2013C Bonds (refunded on February 25, 2021)	\$1,561,314
2016A Bonds	<u>3,605,161</u>

Sub-total \$5,166,475

B. SRF Post - 2017 Reserve Account

The Post - 2017 Reserve account is equal to the maximum annual debt service on the bonds issued after 2017. The balance for the Post - 2017 reserve account related to the 2018A Bonds shall equal \$5,308,000 and was funded at closing with bond proceeds. The balance for the account related to the 2019 Bonds shall equal \$2,807,031 and was funded at closing with bond proceeds. The balance for the account related to the 2020 bonds shall equal \$6,013,432.14 and was funded at closing with bond proceeds (\$3,006,000) and a debt service reserve surety policy (\$3,007,423.14).

2018A Bonds	\$5,308,000
2019 Bonds	2,807,031
2020 Bonds	<u>3,006,000</u>

Sub-total 11,121,031

Minimum Balance Required \$16,287,506

- (4) No minimum balance required per the bond resolution. However, an amount equal to one year's annual depreciation expense is normally reserved at all times to provide for annual capital replacements and improvements.

Minimum Balance Recommended \$5,970,013

- (5) Balances fully restricted.

- (6) Balance fully restricted to provide a funding source for certain periodic maintenance items as required by the Indiana Utility Regulatory Commission.

Amount to be paid for periodic maintenance items \$3,250,327

- (7) Balance fully restricted to provide assistance to low-income customers.

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

COMPARATIVE STATEMENT OF DETAILED OPERATING EXPENSES

Operating Expenses	Calendar Year			12 Months Ended 9/30/2020
	2017	2018	2019	
Source of Supply:				
Purchased power	\$865,477	\$877,886	\$834,001	\$867,127
Repairs and maintenance	785,115	1,022,002	850,736	769,243
Sub-totals	<u>1,650,592</u>	<u>1,899,888</u>	<u>1,684,737</u>	<u>1,636,370</u>
Source of Supply and Treatment:				
Salaries and wages	1,115,616	1,042,274	1,097,717	1,169,679
Employee benefits	740,165	578,622	570,260	615,754
Purchased power	80,048	131,402	167,876	81,511
Repairs and maintenance	364,776	1,423,450	171,019	205,329
Office supplies	1,635	1,993	2,672	2,983
Materials and supplies	4,758	7,467	6,192	7,461
Contractual services	50,959	69,735	84,934	82,447
Other contractual services	2,094	8,998	(5,015)	11,551
Chemicals	975,310	1,083,290	1,079,374	1,091,530
Lab expense	140,569	137,201	144,253	124,261
Transportation	3,380	15,795	19,288	16,748
Sub-totals	<u>3,479,310</u>	<u>4,500,227</u>	<u>3,338,570</u>	<u>3,409,254</u>
Transmission and Distribution:				
Salaries and wages	1,749,555	1,616,683	1,648,938	1,636,130
Employee benefits	1,208,078	968,869	905,829	898,562
Purchased power	362,466	346,857	337,783	318,421
Repairs and maintenance	936,755	1,291,830	1,152,640	1,098,706
Office supplies	6,366	4,131	17,752	2,803
Materials and supplies	314,939	416,555	334,782	270,348
Contractual services	51,069	82,462	46,327	125,814
Other contractual services	138,442	299,071	67,634	135,859
Transportation	193,107	180,706	194,781	195,247
Sub-totals	<u>4,960,777</u>	<u>5,207,164</u>	<u>4,706,466</u>	<u>4,681,890</u>
Customer Accounts:				
Salaries and wages	1,743,177	1,805,889	1,870,668	1,911,049
Employee benefits	1,162,132	1,022,248	999,808	1,043,495
Bad debt expense	129,712	(128,802)	83,993	84,855
Postage	268,682	283,738	281,245	290,109
Repairs and maintenance	22,280	71,666	181,527	166,754
Office supplies	615	1,280	425	844
Materials and supplies	22,663	29,085	24,098	24,006
Contractual services	-	14,100	30,226	16,134
Other contractual services	77,416	35,993	37,489	28,915
Transportation	54,813	62,862	83,035	73,521
Sub-totals	<u>3,481,490</u>	<u>3,198,059</u>	<u>3,592,514</u>	<u>3,639,682</u>
Administrative and General:				
Board member salaries	18,364	10,000	10,000	10,000
Administrative & clerical salaries	2,091,226	2,922,879	3,588,062	3,853,155
Employee benefits	1,311,136	1,511,696	1,725,189	1,892,420
Office expense	37,936	14,786	13,973	12,255
Materials and supplies	56,884	75,056	273,305	536,449
Contractual services	1,957,044	2,541,841	3,116,788	4,983,987
Other contractual services	435,582	264,113	4,148,142	1,611,924
Repairs and maintenance	99,666	127,729	35,701	167,963
Controller	45,000	51,000	50,000	50,000
Property insurance	351,141	351,142	351,855	353,166
Legal	110,875	134,499	111,283	252,612
NPDES permit	63,000	63,000	128,131	80,007
Rent	103,109	103,924	195,142	187,915
Transportation	49,572	55,358	75,240	47,939
Postage	3,519	70	76	61
Indiana Utility Receipts Tax	351,609	391,880	434,296	483,363
Other	210,562	209,486	285,914	510,201
Sub-totals	<u>7,296,225</u>	<u>8,828,459</u>	<u>14,543,097</u>	<u>15,033,417</u>
Total Operating Expenses	<u>\$20,868,394</u>	<u>\$23,633,797</u>	<u>\$27,865,384</u>	<u>\$28,400,613</u>

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

**SCHEDULE OF AMORTIZATION OF \$34,860,000 PRINCIPAL AMOUNT OF
OUTSTANDING WATERWORKS DISTRICT REVENUE BONDS, SERIES 2016A**

Principal payable annually January 1st.

Interest payable semi-annually January 1st and July 1st.

Interest rate as indicated.

Payment Date	Principal Balance (In thousands)	Principal (In thousands)	Interest Rate (%)	Debt Service (-----In Dollars-----)		Bond Year Total
				Interest	Total	
07/01/21				\$697,200.00	\$697,200.00	
01/01/22	\$34,860	\$1,605	4.000	697,200.00	2,302,200.00	\$2,999,400.00
07/01/22				665,100.00	665,100.00	
01/01/23	33,255	1,620	4.000	665,100.00	2,285,100.00	2,950,200.00
07/01/23				632,700.00	632,700.00	
01/01/24	31,635	1,690	4.000	632,700.00	2,322,700.00	2,955,400.00
07/01/24				598,900.00	598,900.00	
01/01/25	29,945	1,705	4.000	598,900.00	2,303,900.00	2,902,800.00
07/01/25				564,800.00	564,800.00	
01/01/26	28,240	1,595	4.000	564,800.00	2,159,800.00	2,724,600.00
07/01/26				532,900.00	532,900.00	
01/01/27	26,645	1,660	4.000	532,900.00	2,192,900.00	2,725,800.00
07/01/27				499,700.00	499,700.00	
01/01/28	24,985	1,650	4.000	499,700.00	2,149,700.00	2,649,400.00
07/01/28				466,700.00	466,700.00	
01/01/29	23,335	1,650	4.000	466,700.00	2,116,700.00	2,583,400.00
07/01/29				433,700.00	433,700.00	
01/01/30	21,685	1,670	4.000	433,700.00	2,103,700.00	2,537,400.00
07/01/30				400,300.00	400,300.00	
01/01/31	20,015	1,355	4.000	400,300.00	1,755,300.00	2,155,600.00
07/01/31				373,200.00	373,200.00	
01/01/32	18,660	1,250	4.000	373,200.00	1,623,200.00	1,996,400.00
07/01/32				348,200.00	348,200.00	
01/01/33	17,410	1,250	4.000	348,200.00	1,598,200.00	1,946,400.00
07/01/33				323,200.00	323,200.00	
01/01/34	16,160	1,260	4.000	323,200.00	1,583,200.00	1,906,400.00
07/01/34				298,000.00	298,000.00	
01/01/35	14,900	1,295	4.000	298,000.00	1,593,000.00	1,891,000.00
07/01/35				272,100.00	272,100.00	
01/01/36	13,605	3,370	4.000	272,100.00	3,642,100.00	3,914,200.00
07/01/36				204,700.00	204,700.00	
01/01/37	10,235	5,015 (1)	4.000	204,700.00	5,219,700.00	5,424,400.00
07/01/37				104,400.00	104,400.00	
01/01/38	5,220	5,220 (1)	4.000	104,400.00	5,324,400.00	5,428,800.00
Totals		<u>\$34,860</u>		<u>\$14,831,600.00</u>	<u>\$49,691,600.00</u>	<u>\$49,691,600.00</u>

(1) \$10,235,000 of Term Bonds due January 1, 2038.

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

**SCHEDULE OF AMORTIZATION OF \$26,775,000 PRINCIPAL AMOUNT OF
OUTSTANDING WATERWORKS DISTRICT REFUNDING REVENUE BONDS, SERIES 2016B**

Principal payable annually January 1st.

Interest payable semi-annually January 1st and July 1st.

Interest rates as indicated.

Payment Date	Principal Balance	Principal	Interest Rates	Debt Service		Bond Year Total
				Interest	Total	
(In thousands)		(%)		(-----In Dollars-----)		
07/01/21				\$455,371.88	\$455,371.88	
01/01/22	\$26,775	\$1,215	3.000	455,371.88	1,670,371.88	\$2,125,743.76
07/01/22				437,146.88	437,146.88	
01/01/23	25,560	1,240	3.000	437,146.88	1,677,146.88	2,114,293.76
07/01/23				418,546.88	418,546.88	
01/01/24	24,320	1,260	3.000	418,546.88	1,678,546.88	2,097,093.76
07/01/24				399,646.88	399,646.88	
01/01/25	23,060	1,295	3.000	399,646.88	1,694,646.88	2,094,293.76
07/01/25				380,221.88	380,221.88	
01/01/26	21,765	4,085	3.000	380,221.88	4,465,221.88	4,845,443.76
07/01/26				318,946.88	318,946.88	
01/01/27	17,680	4,205	3.125	318,946.88	4,523,946.88	4,842,893.76
07/01/27				253,243.75	253,243.75	
01/01/28	13,475	4,335	3.250	253,243.75	4,588,243.75	4,841,487.50
07/01/28				182,800.00	182,800.00	
01/01/29	9,140	4,480	4.000	182,800.00	4,662,800.00	4,845,600.00
07/01/29				93,200.00	93,200.00	
01/01/30	4,660	4,660	4.000	93,200.00	4,753,200.00	4,846,400.00
Totals		<u>\$26,775</u>		<u>\$5,878,250.06</u>	<u>\$32,653,250.06</u>	<u>\$32,653,250.06</u>

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

**SCHEDULE OF AMORTIZATION OF \$2,509,697 PRINCIPAL AMOUNT OF
OUTSTANDING WATERWORKS DISTRICT REVENUE BONDS, SERIES 2018A-1**

Principal payable annually January 1st.

Interest payable semi-annually January 1st and July 1st.

Interest rate as indicated.

(Debt Service Reserve Portion)

Payment Date	Principal Balance (-----In Dollars-----)	Principal	Interest Rate (%)	Debt Service		Bond Year Total
				Interest	Total	
07/01/21				\$40,782.58	\$40,782.58	
01/01/22	\$2,509,697	\$2,509,697	3.250	40,782.58	2,550,479.58	\$2,591,262.16
Totals		\$2,509,697		\$81,565.16	\$2,591,262.16	\$2,591,262.16

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

**SCHEDULE OF AMORTIZATION OF \$71,912,000 PRINCIPAL AMOUNT OF
OUTSTANDING WATERWORKS DISTRICT REVENUE BONDS, SERIES 2018A-2**

Principal payable annually January 1st and
semi-annually on January 1st and July 1st, beginning on July 1, 2038.
Interest payable semi-annually January 1st and July 1st.
Interest rate as indicated.
(Construction Portion)

Payment Date	Principal		Interest Rate (%)	Debt Service		Bond Year Total
	Balance (-----In Dollars-----)	Principal		Interest	Total (-----In Dollars-----)	
07/01/21				\$1,168,570.00	\$1,168,570.00	
01/01/22	\$71,912,000	\$379,550	3.250	1,168,570.00	1,548,120.00	\$2,716,690.00
07/01/22				1,162,402.31	1,162,402.31	
01/01/23	71,532,450	2,983,148	3.250	1,162,402.31	4,145,550.31	5,307,952.62
07/01/23				1,113,926.16	1,113,926.16	
01/01/24	68,549,302	3,080,100	3.250	1,113,926.16	4,194,026.16	5,307,952.32
07/01/24				1,063,874.53	1,063,874.53	
01/01/25	65,469,202	3,180,204	3.250	1,063,874.53	4,244,078.53	5,307,953.06
07/01/25				1,012,196.22	1,012,196.22	
01/01/26	62,288,998	3,283,560	3.250	1,012,196.22	4,295,756.22	5,307,952.44
07/01/26				958,838.37	958,838.37	
01/01/27	59,005,438	3,390,276	3.250	958,838.37	4,349,114.37	5,307,952.74
07/01/27				903,746.38	903,746.38	
01/01/28	55,615,162	3,500,460	3.250	903,746.38	4,404,206.38	5,307,952.76
07/01/28				846,863.91	846,863.91	
01/01/29	52,114,702	3,614,225	3.250	846,863.91	4,461,088.91	5,307,952.82
07/01/29				788,132.75	788,132.75	
01/01/30	48,500,477	3,731,687	3.250	788,132.75	4,519,819.75	5,307,952.50
07/01/30				727,492.84	727,492.84	
01/01/31	44,768,790	3,852,967	3.250	727,492.84	4,580,459.84	5,307,952.68
07/01/31				664,882.12	664,882.12	
01/01/32	40,915,823	3,978,188	3.250	664,882.12	4,643,070.12	5,307,952.24
07/01/32				600,236.57	600,236.57	
01/01/33	36,937,635	4,107,479	3.250	600,236.57	4,707,715.57	5,307,952.14
07/01/33				533,490.04	533,490.04	
01/01/34	32,830,156	4,240,973	3.250	533,490.04	4,774,463.04	5,307,953.08
07/01/34				464,574.22	464,574.22	
01/01/35	28,589,183	4,378,804	3.250	464,574.22	4,843,378.22	5,307,952.44
07/01/35				393,418.66	393,418.66	
01/01/36	24,210,379	4,521,115	3.250	393,418.66	4,914,533.66	5,307,952.32
07/01/36				319,950.54	319,950.54	
01/01/37	19,689,264	4,668,052	3.250	319,950.54	4,988,002.54	5,307,953.08
07/01/37				244,094.70	244,094.70	
01/01/38	15,021,212	4,819,763	3.250	244,094.70	5,063,857.70	5,307,952.40
07/01/38				165,773.55	2,753,999.55	
01/01/39	7,613,223	2,430,285	3.250	123,714.87	2,553,999.87	5,307,999.42
07/01/39				84,222.74	2,753,999.74	
01/01/40	2,513,161	2,513,161	3.250	40,838.87	2,553,999.87	5,307,999.61
Totals		<u>\$71,912,000</u>		<u>\$26,347,930.67</u>	<u>\$98,259,930.67</u>	<u>\$98,259,930.67</u>

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

**SCHEDULE OF AMORTIZATION OF \$38,380,000 PRINCIPAL AMOUNT OF
OUTSTANDING WATERWORKS DISTRICT REVENUE BONDS, SERIES 2019**
Principal payable annually January 1st, beginning January 1, 2021 and semi-annually
January 1st and July 1st, beginning on July 1, 2038.
Interest payable semi-annually January 1st and July 1st.
Interest rates as indicated.

Payment Date	Principal		Interest Rates (%)	Debt Service		Bond Year Total
	Balance (-----In thousands-----)	Principal (-----)		Interest	Total (-----In Dollars-----)	
07/01/21				\$560,596.88	\$560,596.88	
01/01/22	\$38,380	\$1,505	2.000	560,596.88	2,065,596.88	\$2,626,193.76
07/01/22				545,546.88	545,546.88	
01/01/23	36,875	1,550	2.000	545,546.88	2,095,546.88	2,641,093.76
07/01/23				530,046.88	530,046.88	
01/01/24	35,325	1,595	2.000	530,046.88	2,125,046.88	2,655,093.76
07/01/24				514,096.88	514,096.88	
01/01/25	33,730	1,645	3.000	514,096.88	2,159,096.88	2,673,193.76
07/01/25				489,421.88	489,421.88	
01/01/26	32,085	1,690	3.000	489,421.88	2,179,421.88	2,668,843.76
07/01/26				464,071.88	464,071.88	
01/01/27	30,395	1,745	3.000	464,071.88	2,209,071.88	2,673,143.76
07/01/27				437,896.88	437,896.88	
01/01/28	28,650	1,795	3.000	437,896.88	2,232,896.88	2,670,793.76
07/01/28				410,971.88	410,971.88	
01/01/29	26,855	1,850	3.000	410,971.88	2,260,971.88	2,671,943.76
07/01/29				383,221.88	383,221.88	
01/01/30	25,005	1,905	3.000	383,221.88	2,288,221.88	2,671,443.76
07/01/30				354,646.88	354,646.88	
01/01/31	23,100	1,960	3.000	354,646.88	2,314,646.88	2,669,293.76
07/01/31				325,246.88	325,246.88	
01/01/32	21,140	2,025	3.000	325,246.88	2,350,246.88	2,675,493.76
07/01/32				294,871.88	294,871.88	
01/01/33	19,115	2,090 (1)	3.000	294,871.88	2,384,871.88	2,679,743.76
07/01/33				263,521.88	263,521.88	
01/01/34	17,025	2,165 (1)	3.000	263,521.88	2,428,521.88	2,692,043.76
07/01/34				231,046.88	231,046.88	
01/01/35	14,860	2,240	3.000	231,046.88	2,471,046.88	2,702,093.76
07/01/35				197,446.88	197,446.88	
01/01/36	12,620	2,325	3.000	197,446.88	2,522,446.88	2,719,893.76
07/01/36				162,571.88	162,571.88	
01/01/37	10,295	2,410	3.125	162,571.88	2,572,571.88	2,735,143.76
07/01/37				124,915.63	124,915.63	
01/01/38	7,885	2,510	3.125	124,915.63	2,634,915.63	2,759,831.26
07/01/38				85,696.88	1,390,696.88	
01/01/39	4,070	1,330	3.125	65,306.25	1,395,306.25	2,786,003.13
07/01/39				44,525.00	1,399,525.00	
01/01/40	1,385	1,385 (2)	3.250	22,506.25	1,407,506.25	2,807,031.25
Totals		<u>\$38,380</u>		<u>\$12,798,315.80</u>	<u>\$51,178,315.80</u>	<u>\$51,178,315.80</u>

(1) \$4,255,000 of Term Bonds due January 1, 2034.

(2) \$2,740,000 of Term Bonds due January 1, 2040.

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

**SCHEDULE OF AMORTIZATION OF \$30,425,000 PRINCIPAL AMOUNT OF OUTSTANDING
TAXABLE WATERWORKS DISTRICT REFUNDING REVENUE BONDS, SERIES 2020**

Principal payable annually January 1st.

Interest payable semi-annually January 1st and July 1st.

Interest rates as indicated.

Payment Date	Principal Balance	Principal	Interest Rates	Debt Service		Bond Year Total
	(-----In thousands-----)		(%)	Interest	Total	
				(-----In Dollars-----)		
07/01/21				\$377,701.30	\$377,701.30	
01/01/22	\$30,425	\$240	1.665	377,701.30	617,701.30	\$995,402.60
07/01/22				375,703.30	375,703.30	
01/01/23	30,185	245	1.690	375,703.30	620,703.30	996,406.60
07/01/23				373,633.05	373,633.05	
01/01/24	29,940	250	1.804	373,633.05	623,633.05	997,266.10
07/01/24				371,378.05	371,378.05	
01/01/25	29,690	255	1.854	371,378.05	626,378.05	997,756.10
07/01/25				369,014.20	369,014.20	
01/01/26	29,435	255	2.001	369,014.20	624,014.20	993,028.40
07/01/26				366,462.93	366,462.93	
01/01/27	29,180	265	2.101	366,462.93	631,462.93	997,925.86
07/01/27				363,679.10	363,679.10	
01/01/28	28,915	270	2.188	363,679.10	633,679.10	997,358.20
07/01/28				360,725.30	360,725.30	
01/01/29	28,645	275	2.288	360,725.30	635,725.30	996,450.60
07/01/29				357,579.30	357,579.30	
01/01/30	28,370	280	2.338	357,579.30	637,579.30	995,158.60
07/01/30				354,306.10	354,306.10	
01/01/31	28,090	5,275	2.358	354,306.10	5,629,306.10	5,983,612.20
07/01/31				292,113.85	292,113.85	
01/01/32	22,815	5,435	2.458	292,113.85	5,727,113.85	6,019,227.70
07/01/32				225,317.70	225,317.70	
01/01/33	17,380	5,615	2.508	225,317.70	5,840,317.70	6,065,635.40
07/01/33				154,905.60	154,905.60	
01/01/34	11,765	5,805	2.608	154,905.60	5,959,905.60	6,114,811.20
07/01/34				79,208.40	79,208.40	
01/01/35	5,960	5,960	2.658	79,208.40	6,039,208.40	6,118,416.80
Totals		<u>\$30,425</u>		<u>\$8,843,456.36</u>	<u>\$39,268,456.36</u>	<u>\$39,268,456.36</u>

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

SCHEDULE OF AMORTIZATION OF \$24,650,000 PRINCIPAL AMOUNT OF OUTSTANDING TAXABLE WATERWORKS DISTRICT REFUNDING REVENUE BONDS, SERIES 2021

Principal payable annually January 1st.
Interest payable semi-annually January 1st and July 1st.
Interest rates as indicated.

Payment Date	Principal		Interest Rates (%)	Debt Service		Bond Year Total
	Balance	Principal		Interest	Total	
	(In \$1,000's)			(-----In Dollars-----)		
07/01/21				\$84,373.98	\$84,373.98	
01/01/22	\$24,650	\$2,690	0.300	120,534.25	2,810,534.25	\$2,894,908.23
07/01/22				116,499.25	116,499.25	
01/01/23	21,960	3,285	0.350	116,499.25	3,401,499.25	3,517,998.50
07/01/23				110,750.50	110,750.50	
01/01/24	18,675	3,295	0.450	110,750.50	3,405,750.50	3,516,501.00
07/01/24				103,336.75	103,336.75	
01/01/25	15,380	3,345	0.680	103,336.75	3,448,336.75	3,551,673.50
07/01/25				91,963.75	91,963.75	
01/01/26	12,035	805	1.000	91,963.75	896,963.75	988,927.50
07/01/26				87,938.75	87,938.75	
01/01/27	11,230	805	2.000	87,938.75	892,938.75	980,877.50
07/01/27				79,888.75	79,888.75	
01/01/28	10,425	905	1.500	79,888.75	984,888.75	1,064,777.50
07/01/28				73,101.25	73,101.25	
01/01/29	9,520	980	1.300	73,101.25	1,053,101.25	1,126,202.50
07/01/29				66,731.25	66,731.25	
01/01/30	8,540	1,040	1.300	66,731.25	1,106,731.25	1,173,462.50
07/01/30				59,971.25	59,971.25	
01/01/31	7,500	1,105	1.400	59,971.25	1,164,971.25	1,224,942.50
07/01/31				52,236.25	52,236.25	
01/01/32	6,395	1,235	1.500	52,236.25	1,287,236.25	1,339,472.50
07/01/32				42,973.75	42,973.75	
01/01/33	5,160	1,255	1.550	42,973.75	1,297,973.75	1,340,947.50
07/01/33				33,247.50	33,247.50	
01/01/34	3,905	1,255	1.650	33,247.50	1,288,247.50	1,321,495.00
07/01/34				22,893.75	22,893.75	
01/01/35	2,650	1,275	1.650	22,893.75	1,297,893.75	1,320,787.50
07/01/35				12,375.00	12,375.00	
01/01/36	1,375	1,375	1.800	12,375.00	1,387,375.00	1,399,750.00
Totals		<u>\$24,650</u>		<u>\$2,112,723.73</u>	<u>\$26,762,723.73</u>	<u>\$26,762,723.73</u>

Note: The 2021 Refunding Bonds advance refunded the 2013C and the 2014B Bonds on February 25, 2021.

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

SCHEDULE OF COMBINED BOND AMORTIZATION

Payment Date	Outstanding							Total	Bond Year Total
	Series 2016A Bonds	Series 2016B Bonds	Series 2018A-1 Bonds	Series 2018A-2 Bonds	Series 2019 Bonds	Series 2020 Bonds	Series 2021 Bonds		
07/01/21	\$697,200.00	\$455,371.88	\$40,782.58	\$1,168,570.00	\$560,596.88	\$377,701.30	\$84,373.98	\$3,384,596.62	
01/01/22	2,302,200.00	1,670,371.88	2,550,479.58	1,548,120.00	2,065,596.88	617,701.30	2,810,534.25	13,565,003.89	\$16,949,600.51
07/01/22	665,100.00	437,146.88		1,162,402.31	545,546.88	375,703.30	116,499.25	3,302,398.62	
01/01/23	2,285,100.00	1,677,146.88		4,145,550.31	2,095,546.88	620,703.30	3,401,499.25	14,225,546.62	17,527,945.24
07/01/23	632,700.00	418,546.88		1,113,926.16	530,046.88	373,633.05	110,750.50	3,179,603.47	
01/01/24	2,322,700.00	1,678,546.88		4,194,026.16	2,125,046.88	623,633.05	3,405,750.50	14,349,703.47	17,529,306.94
07/01/24	598,900.00	399,646.88		1,063,874.53	514,096.88	371,378.05	103,336.75	3,051,233.09	
01/01/25	2,303,900.00	1,694,646.88		4,244,078.53	2,159,096.88	626,378.05	3,448,336.75	14,476,437.09	17,527,670.18
07/01/25	564,800.00	380,221.88		1,012,196.22	489,421.88	369,014.20	91,963.75	2,907,617.93	
01/01/26	2,159,800.00	4,465,221.88		4,295,756.22	2,179,421.88	624,014.20	896,963.75	14,621,177.93	17,528,795.86
07/01/26	532,900.00	318,946.88		958,838.37	464,071.88	366,462.93	87,938.75	2,729,158.81	
01/01/27	2,192,900.00	4,523,946.88		4,349,114.37	2,209,071.88	631,462.93	892,938.75	14,799,434.81	17,528,593.62
07/01/27	499,700.00	253,243.75		903,746.38	437,896.88	363,679.10	79,888.75	2,538,154.86	
01/01/28	2,149,700.00	4,588,243.75		4,404,206.38	2,232,896.88	633,679.10	984,888.75	14,993,614.86	17,531,769.72
07/01/28	466,700.00	182,800.00		846,863.91	410,971.88	360,725.30	73,101.25	2,341,162.34	
01/01/29	2,116,700.00	4,662,800.00		4,461,088.91	2,260,971.88	635,725.30	1,053,101.25	15,190,387.34	17,531,549.68
07/01/29	433,700.00	93,200.00		788,132.75	383,221.88	357,579.30	66,731.25	2,122,565.18	
01/01/30	2,103,700.00	4,753,200.00		4,519,819.75	2,288,221.88	637,579.30	1,106,731.25	15,409,252.18	17,531,817.36
07/01/30	400,300.00			727,492.84	354,646.88	354,306.10	59,971.25	1,896,717.07	
01/01/31	1,755,300.00			4,580,459.84	2,314,646.88	5,629,306.10	1,164,971.25	15,444,684.07	17,341,401.14
07/01/31	373,200.00			664,882.12	325,246.88	292,113.85	52,236.25	1,707,679.10	
01/01/32	1,623,200.00			4,643,070.12	2,350,246.88	5,727,113.85	1,287,236.25	15,630,867.10	17,338,546.20
07/01/32	348,200.00			600,236.57	294,871.88	225,317.70	42,973.75	1,511,599.90	
01/01/33	1,598,200.00			4,707,715.57	2,384,871.88	5,840,317.70	1,297,973.75	15,829,078.90	17,340,678.80
07/01/33	323,200.00			533,490.04	263,521.88	154,905.60	33,247.50	1,308,365.02	
01/01/34	1,583,200.00			4,774,463.04	2,428,521.88	5,959,905.60	1,288,247.50	16,034,338.02	17,342,703.04
07/01/34	298,000.00			464,574.22	231,046.88	79,208.40	22,893.75	1,095,723.25	
01/01/35	1,593,000.00			4,843,378.22	2,471,046.88	6,039,208.40	1,297,893.75	16,244,527.25	17,340,250.50
07/01/35	272,100.00			393,418.66	197,446.88		12,375.00	875,340.54	
01/01/36	3,642,100.00			4,914,533.66	2,522,446.88		1,387,375.00	12,466,455.54	13,341,796.08
07/01/36	204,700.00			319,950.54	162,571.88			687,222.42	
01/01/37	5,219,700.00			4,988,002.54	2,572,571.88			12,780,274.42	13,467,496.84
07/01/37	104,400.00			244,094.70	124,915.63			473,410.33	
01/01/38	5,324,400.00			5,063,857.70	2,634,915.63			13,023,173.33	13,496,583.66
07/01/38				2,753,999.55	1,390,696.88			4,144,696.43	
01/01/39				2,553,999.87	1,395,306.25			3,949,306.12	8,094,002.55
07/01/39				2,753,999.74	1,399,525.00			4,153,524.74	
01/01/40				2,553,999.87	1,407,506.25			3,961,506.12	8,115,030.86
Totals	<u>\$49,691,600.00</u>	<u>\$32,653,250.06</u>	<u>\$2,591,262.16</u>	<u>\$98,259,930.67</u>	<u>\$51,178,315.80</u>	<u>\$39,268,456.36</u>	<u>\$26,762,723.73</u>	<u>\$300,405,538.78</u>	<u>\$300,405,538.78</u>

Average annual debt service for the 5 bond years ending January 1, 2027.

\$17,528,462.37

(See Accountants' Report)