

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**IN THE MATTER OF THE PETITION OF)
STUCKER FORK CONSERVANCY)
DISTRICT FOR APPROVAL OF A NEW) CAUSE NO. 46167
SCHEDULE OF RATES AND CHARGES FOR)
WATER SERVICE)**

PUBLIC'S EXHIBIT NO. 1-S

SETTLEMENT TESTIMONY OF JASON T. COMPTON

ON BEHALF OF

THE INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

May 7, 2025

Respectfully submitted,

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR



—
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CERTIFICATE OF SERVICE

This is to certify that a copy of the *Public's Exhibit No. 1-S – Settlement Testimony of Jason T. Compton on behalf of the OUCC* has been served upon the following counsel of record in the above captioned proceeding by electronic service on May 7, 2025

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SETTLEMENT TESTIMONY OF OUCC WITNESS JASON T. COMPTON
CAUSE NO. 46167
STUCKER FORK CONSERVANCY DISTRICT

I. INTRODUCTION

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

2 A: My name is Jason Compton, and my business address is 115 West Washington Street, Suite
3 1500 South, Indianapolis, Indiana 46204.

4 **Q: By whom are you employed and in what capacity?**

5 A: I am employed by the Indiana Office of Utility Consumer Counselor (“OUCC”) as a Utility
6 Analyst in the Water and Wastewater Division. My qualifications and credentials are set
7 forth in Appendix A attached to this testimony.

8 **Q: What is the purpose of your testimony?**

9 A: The OUCC and Stucker Fork Conservancy District (hereafter “Stucker Fork” or
10 “Petitioner”) have reached agreement on the issues raised in this rate case, which
11 agreement is set forth in a Stipulation and Settlement Agreement (“Settlement Agreement”)
12 submitted to the Indiana Utility Regulatory Commission (“Commission”) for approval. My
13 testimony describes the terms of the Settlement Agreement. I recommend the Commission
14 approve the proposed Settlement Agreement and I explain why approval of its terms is in
15 the public interest.

16 **Q: Do you sponsor any attachments, schedules, or workpapers in support of the**
17 **Settlement Agreement?**

18 A: Yes. I sponsor OUCC Attachment JTC-1 which are the following schedules that provide
19 the basis of the proposed rate increase under the Settlement Agreement:

20 Schedule 1 – Comparison of Overall Revenue Requirements (page 1)

21 Comparison of Net Operating Income Adjustments (page 2)

Schedule 2 – Comparative Balance Sheet as of December 31, 2023, 2022 and 2021

Schedule 3 – Comparative Income Statement for the Twelve Months Ended December 31,
2023, 2022, and 2021

Schedule 4 – Pro Forma Net Operating Income Statement

Schedule 5 – Settlement Revenue Adjustments

Schedule 6 – Settlement Expense Adjustments

Schedule 7 – Depreciation

Schedule 8 – PILT

Schedule 9 – Working Capital

Schedule 10 – Debt Service

Schedule 11 – Debt Service Reserve

Schedule 12 – Tariff

II. REQUESTED RELIEF

Q: What was Petitioner's original proposal in this case?

A: Petitioner proposed to increase its rates and charges to raise an additional \$1,574,927 in annual revenues, which is the equivalent of a 31.48% increase over current rates. Petitioner's increase stems from a new debt issuance to fund its Marble Hill Water Treatment Plant expansion, increases to depreciation expense, increases to periodic maintenance, and increases to other operating and maintenance expenses.

Q: What is the proposed rate increase under the Settlement Agreement?

A: The Settlement Agreement stipulates an increase to Petitioner's rates and charges to raise an additional \$1,299,196, which is the equivalent of a 25.73% increase over current rates.

Q: What components of Petitioner's original proposal are being modified by the Settlement Agreement?

A: The Settlement Agreement reflects the following modifications: (1) it removes the inadvertent inclusion of three new maintenance employees and the corresponding benefits, (2) reduces depreciation for assets that were removed from service but not retired from

1 Petitioner's books and records, (3) requires additional future reporting requirements for
2 Petitioner to provide additional information in its IURC annual reports for asset
3 retirements, (4) requires Petitioner to footnote the audit adjustment to contributions in aid
4 of construction, (5) provides Petitioner its requested periodic maintenance in exchange for
5 maintaining its restricted account, continue tracking its periodic maintenance spend, create
6 and maintain an audit file, and develop and implement a periodic maintenance schedule,
7 (6) removes non-recurring expenses, (7) includes post-test year growth and a system
8 delivery expense adjustment, (8) includes an offset for tap fees, (9) requires Petitioner to
9 determine and implement a system development charge through the Commission's thirty-
10 day filing process, (10) slightly modifies the financing for additional SRF loan costs, and
11 (11) requires Petitioner to file a new rate case within the next seven years and move all of
12 its customer classes to full cost-of-service.

13 **Q: Do you believe the Settlement Agreement reached between the OUCC and Stucker**
14 **Fork is in the public interest?**

15 A: Yes. The Settlement Agreement reflects compromise between the OUCC and Stucker Fork
16 and resolves the disputed issues in this proceeding, avoiding expenditure of the time and
17 resources of the parties to litigate contested issues. It also promotes certainty of what is
18 being included in the revenue requirement. The Settlement Agreement acknowledges the
19 investment that is required by Petitioner to continue maintaining its system and providing
20 quality water service to its ratepayers. The Settlement Agreement successfully
21 accomplishes improved affordability by reducing Petitioner's rate increase while providing
22 all the necessary revenues for Stucker Fork to continue maintaining and improving its
23 system.

III. REVENUE TERMS

Q: What overall revenue adjustment did Petitioner originally propose?

A: Petitioner proposed an adjustment to remove a non-recurring settlement payout from Washington Township of \$105,069 from test year revenues of \$5,107,943 resulting in *pro forma* operating revenues of \$5,002,874.

Q: How does the Settlement Agreement differ from Petitioner's proposal?

A: The Settlement Agreement accepts Petitioner's adjustments to remove its non-recurring payout from the Washington Township settlement. The Settlement Agreement stipulates an adjustment for test year and post-test year growth totaling \$26,914. It also includes a revenue requirement offset for tap fees of \$63,582.

Q: Why are these operating revenue terms in the public interest?

A: The Settlement Agreement more accurately represents the annual operating revenues Petitioner will receive by acknowledging the growth that it had during its test year and post-test year and incorporates those additional revenues. These additional revenues serve to reduce the required increase. The Settlement Agreement acknowledges the non-recurring nature of the settlement payout and accepts that term. Finally, the Settlement Agreement offsets the expenses it incurred for tap fees that were not capitalized by including the tap fee revenues which reduces the required increase and ensures costs are not being double recovered.

1 **Q: What level of operating revenue does the Settlement Agreement stipulate?**

2 A: The Settlement Agreement stipulates a decrease of \$78,155 to test year operating revenues
3 of \$5,127,214 for a *pro forma* total operating revenue of \$5,049,059.¹

IV. OPERATING EXPENSE TERMS

4 **Q: What operating expense adjustments did Petitioner originally propose?**

5 A: Petitioner proposed several operating expense adjustments that increase test year
6 expenditures of \$3,874,478 by \$280,657, resulting in *pro forma* operating expense of
7 \$4,155,135.² Petitioner's operating and maintenance expense adjustments included
8 adjustments to: (1) Purchased Power, (2) Salaries and Wages, (3) Periodic Maintenance,
9 (4) Employee Benefits, (5) General Liability Insurance, (6) Contractual Expense for State
10 Board of Accounts ("SBOA") Audits, and (7) Accounting Contractual Services.

11 **Q: How does the Settlement Agreement differ from Petitioner's proposal?**

12 A: The Settlement Agreement accepts Petitioner's proposed adjustments to (1) Purchased
13 Power, (2) Periodic Maintenance, (3) General Liability Insurance, (4) Contractual Expense
14 for SBOA, and (5) Accounting Contractual Expenses. The Settlement Agreement removes
15 the wages for three maintenance employees that were inadvertently included in Petitioner's
16 case-in-chief and the associated flowthrough benefits (FICA and PERF). The Settlement
17 Agreement includes an additional adjustment to remove non-recurring charges to
18 transportation expense and legal contractual services, and includes a system delivery
19 expense adjustment for the revenue growth adjustments. Lastly, the Settlement Agreement

¹ The Settlement incorporates late payment fees as operating revenues rather than as a revenue offset. This results in an increase to test year revenues of \$19,271 as compared to Petitioner's case-in-chief. Other water revenues are included separately as a revenue offset.

² Total operating expense excludes depreciation expense.

1 requires Petitioner to continue its reporting requirements for periodic maintenance and
2 establishes new requirements.

3 **Q: Please explain the continued and new reporting requirements for periodic**
4 **maintenance.**

5 A: The Settlement Agreement establishes the following reporting requirements: (1) requires
6 Petitioner to continue to track and report its periodic maintenance in its IURC annual
7 reports as outlined in the Final Order for Cause No. 44987, (2) requires Petitioner to
8 continue the periodic maintenance restricted account, (3) requires Petitioner to create and
9 maintain an audit file for periodic maintenance invoices exceeding \$10,000, and (4)
10 requires Petitioner to develop, implement, and maintain a periodic maintenance schedule
11 consistent with the recommendations of the American Water Works Association.

12 **Q: Why are these operating expense terms in the public interest?**

13 A: These terms provide a more accurate representation of the annual expenses Petitioner will
14 incur to operate its utility. The Settlement Agreement removes the ratepayer burden for
15 paying for wages Petitioner will not incur and reduces the required increase. The removal
16 of the additional costs for those wages from the flowthrough benefits of FICA and PERF
17 further reduces the increase. The Settlement Agreement removes the inclusion of non-
18 recurring charges Petitioner is not likely to incur on an annual basis and more accurately
19 portrays Petitioner's annual operating expenses. The system delivery expense adjustment
20 simply updates Petitioner's anticipated delivery expenses for the additional bills due to
21 growth. The periodic maintenance reporting requirements will help ensure that Petitioner
22 is reserving revenues to adequately maintain the system to continue providing reliable and

1 quality drinking water. These requirements will also help in reducing the discovery burden
2 on Petitioner in future rate cases and ultimately reduce potential rate case expense.

3 **Q: What level of operating expense does the Settlement Agreement stipulate?**

4 A: The Settlement Agreement stipulates an increase of \$117,178 to test year operating
5 expenses of \$3,874,478 for a *pro forma* total operating expense of \$3,991,656.³

V. DEPRECIATION TERMS

6 **Q: Did Petitioner request depreciation expenses, rather than extensions and**
7 **replacements, in its proposed revenue requirement?**

8 A: Yes. Petitioner proposed that it be allowed to recover \$990,030 for depreciation expense
9 in its rates. Petitioner determined its depreciation expense by using the Commission's
10 composite rate of 2% for utilities with water treatment plants times its depreciable utility
11 plant in service of \$49,501,496 as of the end of its test year, December 31, 2023.

12 **Q: Does the Settlement Agreement make any modifications to Petitioner's original**
13 **depreciation expense request?**

14 A: Yes. In the OUCC's case-in-chief it noted that Petitioner was not appropriately recording
15 retirements to its books and records when it removed assets from service. In response to
16 that criticism, Mr. Baldessari found \$1,195,788.27 of assets that should be retired from
17 Petitioner's books and records to correct the overstated utility plant in service and resulting
18 depreciation expense in his rebuttal. The Settlement Agreement accepts Mr. Baldessari's
19 adjustment to utility plant in service and reduces Petitioner's depreciation expense to
20 \$966,114. It also delineates that on a prospective basis, Petitioner will provide additional
21 information regarding asset additions that are \$10,000 or greater, associated retirements,

³ Total operating expense and adjustment increase excludes depreciation expense.

1 and the original costs of assets replaced in its annual IURC report. The Settlement
2 Agreement also provides that Petitioner will attempt to complete a review of *all* assets on
3 its books to identify if additional assets have been removed from service but not retired
4 from its books.

5 **Q: Why are these terms for depreciation expense in the public interest?**

6 A: These modifications are in the public interest because this ensures that ratepayers are not
7 paying for depreciation expense for assets that are no longer being used to provide service
8 through their rates. The Settlement Agreement provides depreciation expense only for
9 assets that are still being used for the provision of services. The IURC annual report
10 reporting requirements help to provide assurances to ratepayers that it has corrected its
11 accounting for capital assets and is appropriately retiring assets going forward. Ultimately,
12 these terms serve to reduce the required rate increase and encourages Petitioner to correct
13 its accounting practices for capital assets.

VI. FINANCING TERMS

14 **Q: Did Petitioner include new financing for funding the Marble Hill Expansion and other**
15 **costs?**

16 A: Yes. Petitioner included issuance of \$7,325,000 of long-term debt to fund the Marble Hill
17 Water Treatment Plant expansion (“Marble Hill Project”) and other costs. Petitioner
18 proposed that it be allowed to recover \$293,752 in annual debt service and \$58,750 in
19 annual debt service reserve in connection with that financing. Petitioner also proposed to
20 include \$1,157,063 for its outstanding debt service and \$15,211 for its outstanding debt
21 service reserve.

1 **Q: How does the Settlement Agreement modify Petitioner's financing?**

2 A: The Settlement Agreement slightly increases the financing by \$45,000 up to \$7,370,000 as
3 a result to various changes to the estimated project costs. It also includes a modification for
4 the inclusion of standard language for Petitioner's true-up report. The Settlement
5 Agreement provides that within 30 days after closing on the issuance of the Bonds, Stucker
6 Fork shall file a true-up report. The OUCC and Morgan Foods will have 21 days from the
7 date of service to review the filing and make any objections. The Settlement Agreement
8 also stipulates that Petitioner's true-up for its debt issuance must use the same methodology
9 that it used to determine its debt service reserve in its case-in-chief and rebuttal. The change
10 to the financing results in a debt service revenue requirement of \$295,552 and a debt service
11 reserve revenue requirement of \$59,110 for the new proposed debt. The Settlement
12 Agreement accepts Petitioner's existing debt as proposed in Petitioner's case-in-chief.

13 **Q: Why are these financing terms in the public interest?**

14 A: The Settlement Agreement acknowledges the investment required by Petitioner to continue
15 providing reliable and quality potable drinking water to its customers. These terms ensure
16 Petitioner will adequately recover the funds required to fund its debt service and debt
17 service reserve to fund its Marble Hill Project. In exchange for completing the project as
18 proposed, Petitioner agrees to implement a system development charge in the future, as I
19 discuss below. In conjunction, the Settlement Agreement provides Petitioner its proposed
20 expansion to continue serving new and existing customers while reducing stress on its plant
21 operation and while implementing a system development charge to fund new capacity in
22 the future.

VII. OTHER TERMS

1 **Q: Does the Settlement Agreement make any additional modifications to Petitioner's**
2 **original filing?**

3 A: Yes. The Settlement Agreement (1) requires Petitioner to footnote the State Board of
4 Accounts ("SBOA") audit adjustment to contributions in aid of construction ("CIAC") on
5 its IURC report, (2) requires Petitioner to determine and file a system development charge
6 within six months of an Order in this Cause through the Commission's thirty-day filing
7 process, and (3) requires Petitioner to file a rate case within the next seven (7) years to
8 remove the remaining subsidies in its cost-of-service study.

9 **Q: Why are these additional terms in the public interest?**

10 A: The footnote for the SBOA audit adjustment will ensure that Petitioner's CIAC balance
11 will continue to be appropriately reflected on its IURC annual report but provide
12 information to the reader that the SBOA made an adjustment to remove the full balance of
13 CIAC from its books in a prior audit. This will provide an explanation for the discrepancy
14 between the IURC annual report and Petitioner's books and records in future rate cases and
15 remove the need for future discovery. The implementation of a system development charge
16 ("SDC") will assist in reducing the burden on Petitioner's existing customers for paying
17 for growth-related projects. The SDC will ensure that Petitioner's growth is paying for
18 growth and that the burden of expanding existing capacity or building new capacity is not
19 placed entirely on existing customers which the new capacity is not required to serve.
20 Finally, the requirement for Petitioner to file within seven years provides a limitation for
21 how long the residential and governmental customer classes will subsidize the industrial
22 and wholesale classes before all classes are moved to full cost-of-service.

VIII. CONCLUSION

1 **Q: Please summarize your recommendations for the Commission.**

2 A: I recommend the Commission find the Settlement is in the public interest and approve the
3 Settlement Agreement in its entirety.

4 **Q: Does this conclude your testimony?**

5 A: Yes.

APPENDIX A TO TESTIMONY OF
OUCC WITNESS JASON T. COMPTON

1 **Q: Describe your educational background and experience.**

2 A: I graduated from Indiana University Bloomington with a Bachelor of Science in
3 Accounting in May 2022 and a Master of Science in Accounting with Data and Analytics
4 in May 2023. Throughout my undergraduate education, I worked as an undergraduate
5 instructor for Indiana University Bloomington, teaching the lab portion of a web
6 development and data analytics class, CSCI-A110. From May 2022 through August 2022,
7 I worked as a Staff Accounting Intern for Greystone Property Management Company
8 where I was responsible for completing daily bank reconciliations, truing up accruals, and
9 preparing monthly financial reports for nine properties. In May 2023, I began my
10 employment with the Indiana Office of Utility Consumer Counselor (“OUCC”) as a Utility
11 Analyst in the Water and Wastewater Division. My current responsibilities include
12 reviewing accounting adjustments to expenses and revenues, verifying revenue
13 requirements, and performing data analyses for proposed models. In May 2024, I attended
14 the National Association of Utility Regulatory Commissioners’ Spring 2024 Rate School.

15 **Q: Have you previously testified before the Commission?**

16 A: Yes. I have testified before the Commission in general rate cases, distribution system
17 improvement charges (DSIC), special contracts, and small utility filings.

AFFIRMATION

I affirm the representations I made in the foregoing testimony are true to the best of my knowledge, information, and belief.

A handwritten signature in cursive script that reads "Jason Compton".

By: Jason T. Compton, Utility Analyst

Cause No. 46167

Office of Utility Consumer Counselor (OUCC)

Date: May 7, 2025

CAUSE NUMBER 46167

Office of Utility Consumer Counselor

**OUCG Attachment JTC-1 - Settlement Schedules
Schedules and Workpapers (Excel Version)**

Stucker Fork Conservancy District
CAUSE NUMBER 46167

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

	Per Petitioner	Per OUCC	Per Rebuttal	Per Settlement	Sch Ref	Settlement (More (less))	
						OUCC	Rebuttal
1 Operating Expenses	\$ 4,155,135	\$3,891,912	\$3,980,985	\$ 3,991,656	4	\$ 99,744	\$ 10,671
3 Depreciation Expense	990,030	990,438	966,114	966,114	7	(24,324)	-
4 Amortization of CIAC	-	(213,047)	-	-		213,047	-
7 New Debt Service	293,752	-	295,552	295,552		295,552	-
8 New Debt Service Reserve	58,750	-	59,110	59,110		59,110	-
9 Existing Debt Service	1,157,063	1,157,063	1,157,063	1,157,063	10	-	-
10 Existing Debt Service Reserve	15,211	15,211	15,211	15,211	11	-	-
11 Total Revenue Requirements	6,669,941	5,841,577	6,474,035	6,484,706		643,129	10,671
12 Less Revenue Requirement Offsets:	-						
13 Interest Income	(25,630)	(25,630)	(25,630)	(25,630)	3	-	-
14 Tap Fee Revenues	-	(63,582)	-	(63,582)		-	(63,582)
15 Other Water Revenues	(47,239)	-	(47,239)	(47,239)			
16 Late Fees	(19,271)	-	-	-	3	-	-
17 Net Revenue Requirement	6,577,801	5,752,365	6,401,166	6,348,255		643,129	(52,911)
18 Less: Revenues at current rates subject to increase	(5,002,874)	(5,063,616)	(5,049,059)	(5,049,059)	4	14,557	-
19 Other revenues not subject to increase	-	(47,239)	-	-	4	47,239	-
20 Recommended Increase	<u>\$ 1,574,927</u>	<u>\$ 641,510</u>	<u>\$1,352,107</u>	<u>\$ 1,299,196</u>		<u>\$ 704,925</u>	<u>\$ (52,911)</u>
21 Recommended Percentage Increase	<u>31.48%</u>	<u>12.67%</u>	<u>26.78%</u>	<u>25.73%</u>		<u>13.06%</u>	<u>-1.05%</u>

Stucker Fork Conservancy District
CAUSE NUMBER 46167

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

	<u>Per Petitioner</u>	<u>Per OUCC</u>	<u>Per Rebuttal</u>	<u>Per Settlement</u>	<u>Settlement (More (less) OUCC</u>
1 Operating Revenues					
2 Washington Township Settlement	\$ (105,069)	\$ (105,069)	\$ (105,069)	\$ (105,069)	\$ -
3 T.Y. Residential Normalization	-	18,978	18,978	18,978	18,978
4 T.Y. Commercial Growth	-	-	(2,745)	(2,745)	(2,745)
5 Post-Test Year Residential Growth	-	(28,014)	10,681	10,681	10,681
6 Post-Test Year Commercial Growth	-	50,507	-	-	-
7 Remove Miscellaneous Capital Credits	(18,098)	(18,098)	(18,098)	(18,098)	-
8 Total Operating Revenues	<u>(123,167)</u>	<u>(81,696)</u>	<u>(96,253)</u>	<u>(96,253)</u>	<u>26,914</u>
9 O&M Expense					
10 Salaries and Wages	145,552	24,213	16,902	24,213	(121,339)
11 Periodic Maintenance	48,960	(32,660)	48,960	48,960	-
12 Employee Benefits	77,281	56,751	53,391	56,751	(20,530)
13 Insurance	17,028	17,028	17,028	17,028	-
14 SBOA Audit Fees	(13,500)	(13,500)	(13,500)	(13,500)	-
15 Accounting Contractual Services	5,336	5,336	5,336	5,336	-
16 System Delivery Expense	-	5,836	3,560	3,560	3,560
17 Non-Recurring & Capital Expenditures	-	(45,570)	(25,170)	(25,170)	(25,170)
18 Depreciation Expense	-	-	(23,916)	(23,916)	(23,916)
19 Amortization Expense	-	(213,047)	-	-	-
20 Taxes Other than Income	-	-	-	-	-
21 Total Operating Expenses	<u>280,657</u>	<u>(195,613)</u>	<u>82,591</u>	<u>93,262</u>	<u>(187,395)</u>
22 Net Operating Income	<u>\$ (403,824)</u>	<u>\$ 113,917</u>	<u>\$ (178,844)</u>	<u>\$ (189,515)</u>	<u>\$ 214,309</u>

Stucker Fork Conservancy District
CAUSE NUMBER 46167

COMPARATIVE BALANCE SHEET

As of December 31,

	<u>ASSETS</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
1	Utility Plant:			
2	Utility Plant in Service	\$ 50,086,638	\$ 49,677,709	\$ 49,050,749
3	Less: Accumulated Depreciation	(20,040,643)	(19,050,613)	(18,068,761)
4	Net Utility Plant in Service	<u>30,045,995</u>	<u>30,627,096</u>	<u>30,981,988</u>
5	Special Funds:			
6	Bond, Interest Cash, and Cash Equivalents	86,133	85,670	871,069
7	Debt Service Reserve Cash and Cash Equivalents	398,282	371,730	353,990
8	Debt Service Reserve Investments	313,848	310,270	310,315
9	Total Special Assets	<u>798,263</u>	<u>767,670</u>	<u>1,535,374</u>
10	Current Assets:			
11	Cash and Cash Equivalents	846,151	880,311	686,891
12	Special Deposits			
13	Customer Deposits	450,490	443,071	434,051
14	Improvement Cash & Cash Equivalents	821,438	740,657	664,576
15	Tank Painting & Cash Equivalents	665,321	772,111	744,788
16	Construction Cash	8,500	-	-
17	Customer Accounts Receivable	570,440	549,789	533,307
18	Prepayments	49,899	35,090	41,164
19	Total Current Assets	<u>3,412,239</u>	<u>3,421,029</u>	<u>3,104,777</u>
20	Deferred Debits			
21	Unamortized Debt Discount and Expense			
22	Bond Issuance Costs	512,074	555,653	599,232
23	Deffered Amount on Refunding	193,655	225,872	258,089
24	Miscellaneous Defered Debits			
25	Deferred Rate Case Expense	-	42,274	130,184
26	Deferred Benefit Pension Outflows	243,828	237,388	236,274
27	Total Deferred Debits	<u>949,557</u>	<u>1,061,187</u>	<u>1,223,779</u>
28	Total Assets	<u><u>\$ 35,206,054</u></u>	<u><u>\$ 35,876,982</u></u>	<u><u>\$ 36,845,918</u></u>

Stucker Fork Conservancy District
CAUSE NUMBER 46167

COMPARATIVE BALANCE SHEET

As of December 31, 2023

	<u>LIABILITIES</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
1	Equity			
2	Retained Earnings	\$ 9,650,719	\$ 9,675,325	\$ 9,878,627
3	Total Equity	<u>9,650,719</u>	<u>9,675,325</u>	<u>9,878,627</u>
4	Contributions in Aid of Construction			
5	Contributions in Aid of Construction, net	10,652,352	10,583,042	10,016,257
6	Accumulated Amortization of CIAC	-	-	-
7	Net Contributions-in-aid of Construction	<u>10,652,352</u>	<u>10,583,042</u>	<u>10,016,257</u>
8	Long-term Debt			
9	Bonds			
10	Refunding Revenue Bonds, Series 2014	565,000	835,000	1,355,000
11	Revenue Bonds, Series 2014	4,000,000	4,000,000	4,000,000
12	Revenue Bonds, Series 2017	2,360,000	2,475,000	2,705,000
13	Refunding Revenue Bonds, Series 2020	4,055,000	4,285,000	4,725,000
14	Revenue Bonds Series 2020	<u>2,341,000</u>	<u>2,360,000</u>	<u>2,365,000</u>
15	Total Long-term Debt	<u>13,321,000</u>	<u>13,955,000</u>	<u>15,150,000</u>
16	Current Liabilities			
17	Accounts Payable	47,009	110,795	74,370
18	Customer Deposits	431,067	424,107	408,968
19	Accrued Interest Payable			
20	2014 Refunding Bonds	-	-	22,873
21	2014 Bonds	-	-	77,212
22	2017 Bonds	-	-	44,296
23	2020 Refunding Bonds	-	-	73,139
24	2020 Bonds	66,133	66,670	-
25	Accrued Wages Payable			
26	Accrued Taxes Payable	(5,448)	(85)	(2,707)
27	Other Current Liabilities			
28	Accrued Wages & Withholdings Payable	60,427	65,036	62,930
29	Net Pension Liability	<u>569,282</u>	<u>547,505</u>	<u>233,695</u>
30	Total Current Liabilities	<u>1,168,470</u>	<u>1,214,028</u>	<u>994,776</u>
31	Deferred Credits:			
32	Unamortized Premium on Debt	386,741	415,694	444,646
33	Other Deferred Credits	<u>26,772</u>	<u>33,893</u>	<u>361,612</u>
34	Total Deferred Credits	<u>413,513</u>	<u>449,587</u>	<u>806,258</u>
35	Total Liabilities	<u><u>\$ 35,206,054</u></u>	<u><u>\$ 35,876,982</u></u>	<u><u>\$ 36,845,918</u></u>

Stucker Fork Conservancy District
CAUSE NUMBER 46167

COMPARATIVE INCOME STATEMENT
Twelve Months Ended December 31,

	<u>2023</u>	<u>2022</u>	<u>2021</u>
1 Operating Revenues			
2 Metered Sales			
3 Residential	2,480,281	2,439,341	2,380,714
4 Commercial	42,277	41,897	43,345
5 Industrial	1,324,805	1,531,874	1,380,513
6 Public Authority	67,596	78,856	61,844
7 Sale for Resale	988,824	770,345	796,765
8 Total Metered Sales	<u>4,903,783</u>	<u>4,862,313</u>	<u>4,663,181</u>
9 Fire Protection			
10 Public	167,477	167,407	171,468
11 Private	36,683	37,453	36,683
12 Total Fire Protection	<u>204,160</u>	<u>204,860</u>	<u>208,151</u>
13 Other Water Revenues			
14 Late Payment Fees	19,271	22,319	19,080
15 Other Water Revenues	65,337	71,454	55,195
16 Total Other Water Revenues	<u>84,608</u>	<u>93,773</u>	<u>74,275</u>
17 Total Operating Revenues	<u><u>5,192,551</u></u>	<u><u>5,160,946</u></u>	<u><u>4,945,607</u></u>
18 Operating Expenses			
19 Salaries and Wages			
20 Employees	1,131,213	1,095,914	1,034,184
21 Officers & Directors	3,760	3,880	4,200
22 Employee Benefits	565,230	505,347	437,805
23 Purchased Water	-	-	-
24 Purchased Power	575,832	493,802	434,469
25 Chemicals	277,990	372,828	249,340
26 Materials and Supplies	225,260	270,492	238,354
27 Contractual Services			
28 Accounting	126,064	85,150	73,004
29 Engineering	-	29,293	26,071
30 Legal	28,036	97,100	187,929
31 Other	751,473	571,186	289,521
32 Transportation Expense	83,570	96,911	70,105
33 Insurance			
34 Vehicle	11,475	10,617	9,897
35 General Liability	3,136	2,056	2,341
36 Workers' Compensation	9,053	18,535	10,477
37 Other	71,217	74,198	70,363
38 Advertising Expense	-	-	616
39 Regulatory Expense	42,274	87,911	136,908
40 Miscellaneous Expense	11,169	18,128	19,961
41 Total O&M Expense	<u><u>3,916,752</u></u>	<u><u>3,833,348</u></u>	<u><u>3,295,545</u></u>

Stucker Fork Conservancy District
CAUSE NUMBER 46167

COMPARATIVE INCOME STATEMENT
Twelve Months Ended December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>
42 Depreciation Expense	990,030	981,852	969,312
43 Total Operating Expenses	<u>4,906,782</u>	<u>4,815,200</u>	<u>4,264,857</u>
44 Net Operating Income	285,769	345,746	680,750
45 Other Income: (Expenses):			
46 Interest Income	25,630	13,308	9,889
47 Gain (Loss) on Sale of Assets		80,450	
48 Non-Utility Income	231,168		5,073
49 Non-Utility Expenses		(199)	
50 Total Other Income (Expenses)	<u>256,798</u>	<u>93,559</u>	<u>14,962</u>
51 Interest Expense			
52 Interest Expense	520,329	595,763	503,980
53 Amortization of Debt Discount	75,796	75,796	75,795
54 Amortization of Debt Premium	<u>(28,952)</u>	<u>(28,952)</u>	<u>(28,951)</u>
55 Total Other Income (Expense)	<u>567,173</u>	<u>642,607</u>	<u>550,824</u>
56 Net Income	<u>\$ (24,606)</u>	<u>\$ (203,302)</u>	<u>\$ 144,888</u>

Stucker Fork Conservancy District
CAUSE NUMBER 46167

Pro Forma Net Operating Income Statement

Phase I						
	Test Year Ended 31-Dec-23	Adjustments	Sch Ref	Pro Forma Present Rates	Adjustments	Phase I Rates
1 Operating Revenues						
2 Metered Sales	\$ 4,903,783			\$ 4,825,628	\$ 1,276,479	\$ 6,102,107
8 Washington Township Settlement		\$ (105,069)	Pet			
9 T.Y. Residential Normalization		18,978	5-1			
10 T.Y. Commercial Growth		(2,745)	5-2			
11 Post-Test Year Residential Growth		10,681	5-3			
12 Fire Protection	\$ 204,160	-		204,160	20,226	\$ 224,386
13 Late Payment Fees	19,271			19,271	2,491	21,762
14 Other Water Revenues	65,337	(18,098)	Pet	47,239	-	47,239
15 Total Operating Revenues	5,192,551	(96,253)		5,096,298	1,299,196	6,395,494
16 O&M Expense						
17 Salaries and Wages						
18 Employees	1,131,213	24,213	6-1	1,155,426		1,155,426
19 Officers & Directors	3,760			3,760		3,760
20 Employee Benefits	565,230			621,981		621,981
21 FICA		1,965	6-2			
22 PERF		6,224	6-3			
23 Insurance		48,562	Pet			
24 Purchased Water	-			-		-
25 Purchased Power	575,832	-	Pet	575,832		575,832
26 Chemicals	277,990			277,990		277,990
27 Materials and Supplies	225,260			225,260		225,260
28 Contractual Services						
29 Accounting	126,064			117,900		117,900
30 SBOA Audit Fees		(13,500)	Pet			
31 Baker Tilly Contractual Services		5,336	Pet			
32 Engineering	-			-		-
33 Legal	28,036	(17,389)	6-5	10,647		10,647
34 Management Fees	-			-		-
35 Testing	-			-		-
36 Other	751,473	48,960	Pet	800,433		800,433
37 Rental of Building/Real Property	-			-		-
38 Rental of Equipment	-			-		-
39 Transportation Expense	83,570	(7,781)	6-5	75,789		75,789
40 Insurance		17,028	Pet	111,909		111,909
41 Vehicle	11,475					-
42 General Liability	3,136					-
43 Workers' Compensation	9,053					-
44 Other	71,217					-
45 Advertising Expense	-			-		-
46 Regulatory Expense	-	-	Pet	-		-
47 Bad Debt Expense	-			-	-	-
48 Miscellaneous Expense	11,169	3,560	6-4	14,729		14,729
49 Depreciation Expense	990,030	(23,916)	7	966,114		966,114
50 Amortization Expense	-	-		-		-
51 Taxes Other than Income						-
52 Payroll Taxes	-			-		-
53 Utility Receipts Tax	-			-	-	-
54 PILT	-			-		-
55 Total Operating Expenses	4,864,508	93,262		4,957,770	-	4,957,770
56 Net Operating Income	\$ 328,043	\$ (189,515)		\$ 138,528	\$ 1,299,196	\$ 1,437,724

Stucker Fork Conservancy District
CAUSE NUMBER 46167

Settlement Revenue Adjustments

(1)

Test Year Residential Normalization

To normalize test year revenue for residential customers (including multi family)

Last day of the test year billings times 12	94,272
(minus) total test year billings that were actually sent	<u>93,573</u>
[Equals] the additional billings that can be expected	699

Average test year Residential billing \$ 27.15

Residential Normalization Adjustment \$ 18,978

Residential Customer Bill

Test year revenue	\$ 2,540,673
Test year billings	<u>93,573</u>
Average Bill	<u>\$ 27.15</u>

(2)

Test Year Commercial Normalization

To normalize test year revenue for commercial customers (as proposed in rebuttal by Mr. Baldessari)

Decrease in Commercial Bills (95)

Average test year Residential billing \$ 28.89

Residential Normalization Adjustment \$ (2,745)

Residential Customer Bill

Average Bill	<u>\$ 28.89</u>
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(3)

Post-test Year Residential/Commercial Growth

To adjust test year revenue for post-test year residential and commercial growth (as proposed in rebuttal by Mr. Baldessari)

Increase Number of Bills	408
Average Post test year Residential Bill	<u>\$ 26.18</u>

Adjustment Increase (Decrease)	<u>\$ 10,681</u>
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<u>Residential Customer Bill</u>	
Average Bill	<u>\$ 26.18</u>

Stucker Fork Conservancy District
CAUSE NUMBER 46167

Settlement Expense Adjustments

(1)

Salaries and Wages

To adjust test year expense to reflect estimated salaries and wages and additional 3 employees, per utility management.

Estimated Payroll	1,159,186
Less test year expense	<u>(1,134,973)</u>

Total Adjustment Increase (Decrease)	<u><u>\$ 24,213</u></u>
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(2)

FICA

To adjust test year FICA expense to reflect estimated payroll expense

Estimated payroll	1,159,186
Times FICA rate	<u>7.65%</u>

Sub-total	88,678
Less test year expense	<u>(86,713)</u>

Total Adjustment Increase (Decrease)	<u><u>\$ 1,965</u></u>
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(3)

PERF

To adjust test year PERF expense to reflect estimated payroll expense and the 2024 PERF rate

Estimated payroll (eligible for PERF)	1,122,385
Times PERF rate	<u>11.20%</u>

Sub-total	125,707
Less test year expense	<u>(119,483)</u>

Total Adjustment Increase (Decrease)	<u><u>\$ 6,224</u></u>
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(4)

System Delivery Adjustment

To account for increased system delivery costs due to customer growth (as proposed in rebuttal by Mr. Baldessari)

Purchased Power Exp	572,410		
Chemical Expense	<u>281,412</u>		
Total Variable Cost		\$	853,822
Gallons Sold (000's Omitted)		<u>1,347,703</u>	
Cost per 1,000 Gallons		\$	0.63

Test Year Residential Cost per Bill

Cost per 1,000 gallons	\$	0.63	
Average Consumption (000's Omitted)		<u>4.59</u>	
Variable Cost per Residential Bill	\$	2.89	
Add: Postage		<u>0.73</u>	
Cost per Residential Bill			\$ 3.62
Increase in number of Residential Bills			<u>699</u>
Increased System Deliver Cost			<u>\$ 2,530</u>

Sub-total \$ 2,530

Test Year Commercial Cost per Bill

Purchased Power Expense	\$	2.15	
Chemical Expense		<u>1.06</u>	
Variable Cost per Residential Bill	\$	3.21	
Add: Postage		<u>0.73</u>	
Cost per Residential Bill			\$ 3.94
Increase in number of Residential Bills			<u>(95)</u>
Increased System Deliver Cost			<u>\$ (374)</u>

Sub-total \$ (374)

Post-test Year Residential / Commercial Cost per Bill

Purchased Power Expense	\$	1.82	
Chemical Expense		<u>0.89</u>	
Variable Cost per Residential Bill	\$	2.71	
Add: Postage		<u>0.73</u>	
Cost per Residential Bill			\$ 3.44
Increase in number of Residential Bills			<u>408</u>
Increased System Deliver Cost			<u>\$ 1,404</u>

Sub-total \$ 1,404

Total Adjustment Increase (Decrease) \$ 3,560

(5)

Non-Recurring and Capital Expenditures

Adjustment to remove non-recurring and capital expenditures from the test year

Transaction Description	Account	Amount
Payment to Scott County Auto Center	Transportation	\$ 1,318
Payment to Scott County Auto Center	Transportation	6,462
Washington Township Legal Fees	Contractual Service - Legal	17,389
	Sub-total	\$ 25,170

Total Adjustment Increase (Decrease)

\$ 25,170

Stucker Fork Conservancy District
CAUSE NUMBER 46167

Deprecation Expense

To determine the amount of depreciation expense based on the value of depreciable utility plant

1	Utility Plant in Service at 12/31/23	\$50,086,638	
2	Less: Retirements	\$ (1,195,788)	
3	Less: Land & Land Rights	<u>(585,142)</u>	
4	Depreciable Utility Plant in Service	\$ 48,305,708	
5	Times: Composite Depreciation Rate	<u>2.00%</u>	
6	<i>Pro Forma</i> Depreciation Expense		<u><u>\$ 966,114</u></u>

Stucker Fork Conservancy District
CAUSE NUMBER 46167

Payment in Lieu of Property Taxes

Not Applicable

Petitioner did not request PILT.

Stucker Fork Conservancy District
CAUSE NUMBER 46167

Working Capital

Not Applicable

Petitioner did not request working capital.

**Stucker Fork Conservancy District
CAUSE NUMBER 46167**

Debt Service

Not Applicable

**Please see the agreed terms pertaining to financing authority and debt service in the
Settlement Agreement.**

Stucker Fork Conservancy District
CAUSE NUMBER 46167

Debt Service Reserve

Not Applicable

**Please see the agreed terms pertaining to financing authority and debt service reserve
in the Settlement Agreement.**

Stucker Fork Conservancy District
CAUSE NUMBER 46167

Current and Proposed Rates and Charges

Not Applicable
Based on COSS

Stucker Fork Conservancy District
CAUSE NUMBER 46167

Revenue Requirement Comparison

	Cause No. 43191	Cause No. 46167	CN 46167 More (Less)
Operating Expenses	\$ 3,063,824	\$ 3,991,656	\$ 927,832
Taxes other than Income	-	-	-
Depreciation	863,744	966,114	102,370
Payment in Lieu of Taxes	-	-	-
Working Capital	-	-	-
Debt Service	1,048,069	1,452,615	404,546
Debt Service Reserve	49,630	74,321	24,691
Total Revenue Requirements	5,025,267	6,484,706	1,459,439
Less Revenue Requirement Offsets:			
Interest Income	(13,029)	(25,630)	(12,601)
Tap Fees	-	(63,582)	(63,582)
Other Income	-	-	-
Miscellaneous Income	(51,680)	(47,239)	4,441
Net Revenue Requirement	<u>\$ 4,960,558</u>	<u>\$ 6,348,255</u>	<u>\$ 1,387,697</u>
Revenues at current rates subject to increase		5,049,059	
Other revenues not subject to increase		-	
Total Revenues		5,049,059	
Less: Revenue Requirement in Last Rate Case		(4,960,558)	
Revenue Over (Under)		<u>\$ 88,501</u>	
Net Revenue Requirement Increase			\$ 1,387,697
Revenue Increase Requested			<u>\$ 1,299,196</u>
			<u>\$ 88,501</u>