

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF)
BROWN COUNTY WATER UTILITY, INC.,)
OF MORGANTOWN, INDIANA)
FOR APPROVAL OF (1) THE)
ISSUANCE OF LONG TERM)
BONDS, NOTES OR OTHER EVIDENCE)
OF INDEBTEDNESS, (2) FOR AUTHORITY)
TO ENCUMBER ITS FRANCHISE, WORKS) CAUSE NO: 45720
AND SYSTEM IN CONNECTION WITH)
SUCH BORROWING, (3) FOR A)
CERTIFICATE OF AUTHORITY TO ISSUE)
LONG TERM DEBT, (4) FOR AUTHORITY)
TO INCREASE ITS RATES AND CHARGES)
FOR WATER SERVICE, (5) FOR APPROVAL)
OF A NEW SCHEDULE OF RATES AND)
CHARGES FOR WATER SERVICE,)

BROWN COUNTY WATER UTILITY, INC.'S
SUBMISSION OF BEN FOLEY, CPA'S VERIFIED RESPONSE TO THE
COMMISSION'S SEPTEMBER 20, 2022
DOCKET ENTRY

Brown County Water Utility, Inc. ("BCW"), by counsel, hereby submits Ben Foley, CPA's
Verified Response to the Commission's September 20, 2022, Docket Entry in this Cause.

Respectfully submitted,

/s/ Peter Campbell King
Peter Campbell King, Attorney for BCW

/s/ Mark W. Cooper
Mark W. Cooper, Attorney for BCW

Certificate of Service

The undersigned hereby certifies that the foregoing Submission was served this 23rd day of September, 2022 by electronic mail upon the following counsel of record:

Kelly Earls
Deputy Consumer Counselor
Indiana Office of Utility Consumer Counselor
115 West Washington St., Suite 1500 South
Indianapolis, IN 46204
keearls@oucc.in.gov
infomgt@oucc.in.gov

/s/ Mark W. Cooper
Mark W. Cooper, Attorney at Law

Peter Campbell King
Attorney at Law, No. 5349-03
Peter King Law
522 Franklin Street
P.O. Box 310
Columbus, IN 47202-0310
Phone: (812) 376-0014
Fax: (812) 418-8154
Email: pete@peterkinglaw.com

Mark W. Cooper
Attorney at Law, No. 4139-49
1449 North College Avenue
Indianapolis, IN 46202
Phone: 317-635-8312
Fax: 317-685-2666
Email: attymcooper@indy.rr.com

Brown County Water

IURC inquiry

Q1. In the original petition and subsequent settlement agreement, the annual request of \$124,320 for well and well pump maintenance assumed maintenance would occur on seven wells annually at a total cost of \$17,760 per well. We have subsequently discovered errors in our assumptions that should be corrected. We inadvertently included seven wells in the calculation, but two of those wells are no longer in service. Furthermore, we excluded the planned addition of a new well in the proposed capital improvement project. The second error was assuming each well requires annual cleaning. Well cleaning is performed based on flow test results, and while it is possible all wells could require cleaning each year, the utility has historically serviced one or two wells per year based on the results of such tests.

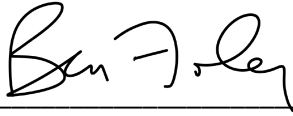
To correct these errors, we propose the following revisions:

1. The cost of a complete servicing of a well and well pump of \$17,760 as presented in the original case in chief is not supported by the most current information available. Based on the most current information from Bastin Logan, BCW's contractor that normally provides this service, to provide flow testing, cleaning, and rebuilding a well pump for each type of well on their system, the weighted average cost per well is \$20,632. See attachment for the calculation of the weighted average per well. The new well has not yet been engineered, so we have assumed the new well will be the vertical turbine style so that BCW will have adequate rates to service the more costly well. In discussions with the OUCC, we have agreed to a cost per well of \$21,000. The total expected cost for well cleaning and routine and periodic well pump maintenance for 6 wells is expected to be \$126,000. We propose a 3-year amortization period (the period used by the parties in Cause No. 45210) to provide necessary funds for the utility to have those services performed on two wells per year. See the revised funding calculation attached.
2. The accumulated existing balance in the restricted account for well and well pump maintenance was not initially considered when determining the additional reserve requirement in the original petition and subsequent settlement agreement. Based on information that the utility will service two wells per year, we propose allowing rates to fund the restricted account for one well (\$21,000) and using existing funds in the restricted account for well maintenance to fund those charges for the second well. Assuming the life of the proposed rates is 5 years, the expected reduction in the accumulated restricted account funds over the life of the rates would be \$105,000, leaving an expected balance of \$62,000 in the restricted account to allow the utility to fund any unanticipated costs for well and well pump maintenance and repair. We have attached a schedule of our calculation of the expected balance of the restricted account.

Q2. See attached amortization schedules and the Schedule of Combined Annual Debt Service for the proposed Series A and Series B bond issuances based on the maximum debt terms as stated in the settlement agreement.

VERIFICATION

I hereby affirm, under the penalties of perjury, that the foregoing statements, are true and correct to the best of my knowledge and belief.

A handwritten signature in black ink, appearing to read "Ben Foley", is written above a horizontal line.

Ben Foley, CPA

9/23/22

Date

Brown County Water
Well Maintenance Estimate

Per Bastin Logan

Per Vertical Turbine

Flow Testing	642.00
Cleaning	11,987.00
Rebuild pump	<u>10,000.00</u>
	22,629.00
# of wells	<u>4.00</u>
	<u>90,516.00</u>

Per Submersible

Flow Testing	642.00
Cleaning	10,997.00
Rebuild pump	<u>5,000.00</u>
	16,639.00
# of wells	<u>2.00</u>
	<u>33,278.00</u>

Total Cost for 6 Wells	123,794.00
# of wells	<u>6.00</u>
Weighted Average Cost per Well	<u><u>20,632.33</u></u>

Brown County Water Utility, Inc.

Calculation of Maintenance Reserve Accounts

Source of Supply expenses have been adjusted to reflect maintenance of the water storage facilities.

	Capacity (Gallons)	Estimated Maintenance Costs	Life (Years)	Annual Cost
Selmar - Ground	100,000	\$ 172,500	15	\$ 11,500
Spicer Tower - Elevated	250,000	287,500	15	19,167
Freeman Ridge - Elevated	250,000	287,500	15	19,167
Cottonwood - Elevated	150,000	230,000	15	15,333
Butler - Standpipe	75,000	172,500	15	11,500
Carmel Ridge - Standpipe	400,000			2,400
Lanam Ridge - Elevated	750,000			<u>2,400</u>
Annual Reserve for Tank Maintenance				81,467
Tank Maintenance Expense for the Year Ended 8/31/21				<u>8,475</u>
Additional Tank Maintenance Reserve				<u>\$ 72,992</u>

This section has been revised.

Source of Supply expenses have been adjusted to reflect expected well cleaning and maintenance of well pumps.

Cost to clean and provide routine and periodic maintenance for wells and well pumps	\$ 21,000	
Number of Wells	<u>6</u>	
		126,000
Amortization period		<u>3</u>
Annual Reserve for Well and Well Pump Maintenance		42,000
To Be Funded from Existing Restricted Account		<u>21,000</u>
Annual Reserve for Wells and Well Pump Maintenance		21,000
Well and Pump Maintenance Expense for the Year Ended 8/31/21		<u>26,240</u>
Reduction to Well and Well Pump Reserve		<u>\$ (5,240)</u>
Total Additional Reserve for Tank, Well, and Well Pump Maintenance		<u>\$ 67,752</u>

Brown County Water
Well Maintenance Restricted Account

Balance 12/31/21 per 2021 IURC Annual Report	\$ 167,380.00
Proposed Annual Funding	21,000.00
Expected Annual Uses	<u>(42,000.00)</u>
Year 1 Balance	146,380.00
Proposed Annual Funding	21,000.00
Expected Annual Uses	<u>(42,000.00)</u>
Year 2 Balance	125,380.00
Proposed Annual Funding	21,000.00
Expected Annual Uses	<u>(42,000.00)</u>
Year 3 Balance	104,380.00
Proposed Annual Funding	21,000.00
Expected Annual Uses	<u>(42,000.00)</u>
Year 4 Balance	83,380.00
Proposed Annual Funding	21,000.00
Expected Annual Uses	<u>(42,000.00)</u>
Year 5 Balance	<u>\$ 62,380.00</u>

Brown County Water Utility, Inc.

Schedule of Combined Annual Debt Service and Maximum Annual Debt Service

Bond Year	USDA Rural Development 91-01	USDA Rural Development 91-02	SRF 2016	2022 Series A Proposed SRF	2022 Series B Proposed SRF	Combined Annual Debt Service
2021	\$ 217,632	\$ 16,764	\$ 495,740	\$ -	\$ -	\$ 730,136
2022	217,632	16,764	496,520	-	-	730,916
2023	217,631	16,764	496,140	107,800	168,000	1,006,335
2024	217,631	16,764	496,620	214,800	299,000	1,244,815
2025	217,632	16,764	495,940	246,490	311,120	1,287,946
2026	217,632	16,764	496,120	246,562	311,200	1,288,278
2027	217,631	16,764	496,140	247,250	311,120	1,288,905
2028	217,632	16,764	496,000	247,474	310,880	1,288,750
2029	217,631	16,764	496,700	247,238	311,480	1,289,813
2030	217,632	16,764	496,220	247,538	310,840	1,288,994
2031	217,632	16,764	496,580	247,300	311,040	1,289,316
2032	217,632	16,764	495,760	247,524	311,000	1,288,680
2033	217,631	16,764	495,780	248,130	311,720	1,290,025
2034	217,632	16,764	496,620	248,044	311,120	1,290,180
2035	217,632	16,764	496,260	248,266	311,280	1,290,202
2036	217,632	16,764	495,720	247,716	311,120	1,288,952
2037	217,632	16,764	-	248,398	311,640	794,434
2038	217,631	16,764	-	248,154	311,760	794,309
2039	217,632	16,764	-	248,988	311,480	794,864
2040	217,632	16,764	-	248,742	311,800	794,938
2041	217,632	16,764	-	249,420	311,640	795,456
2042	217,632	16,764	-	249,864	312,000	796,260
2043	217,631	16,759	-	-	312,800	547,190
2044	217,631	16,760	-	-	312,960	547,351
2045	217,632	16,765	-	-	312,480	546,877
2046	217,632	16,764	-	-	313,360	547,756
2047	217,632	16,763	-	-	313,440	547,835
2048	217,632	16,764	-	-	313,720	548,116
2049	217,631	16,763	-	-	313,120	547,514
2050	167,718	15,423	-	-	313,640	496,781
2051	-	-	-	-	314,120	314,120
2052	-	-	-	-	314,480	314,480
2053	-	-	-	-	314,640	314,640
2054	-	-	-	-	314,520	314,520
2055	-	-	-	-	315,040	315,040
2056	-	-	-	-	316,040	316,040
2057	-	-	-	-	315,360	315,360
	<u>\$ 6,479,037</u>	<u>\$ 501,569</u>	<u>\$ 7,938,860</u>	<u>\$ 4,785,698</u>	<u>\$10,780,960</u>	<u>\$30,486,124</u>

Maximum Annual Debt Service - Combined	<u>\$ 1,290,202</u>
Maximum Annual Debt Service - RD Only	<u>\$ 234,397</u>
Maximum Annual Debt Service - Proposed SRF	<u>\$ 561,864</u>
(Reserve for 2016 SRF is fully funded.)	

Brown County Water Utility, Inc.
Amortization Schedule - Proposed State Revolving Fund Loan, Series A

Date of Loan: 12/1/2022
Terms: Monthly
Interest Rate: 7.700%

Date	New Draws	Principal	Interest Rate	Interest	Principal Balance	Annual Debt Service
12/1/2022					\$ 2,400,000	
1/1/2023		-	7.700%	15,400	2,400,000	
7/1/2023		-	7.700%	92,400	2,400,000	107,800
1/1/2024		-	7.700%	92,400	2,400,000	
7/1/2024		30,000	7.700%	92,400	2,370,000	214,800
1/1/2025		-	7.700%	91,245	2,370,000	
7/1/2025		64,000	7.700%	91,245	2,306,000	246,490
1/1/2026		-	7.700%	88,781	2,306,000	
7/1/2026		69,000	7.700%	88,781	2,237,000	246,562
1/1/2027		-	7.700%	86,125	2,237,000	
7/1/2027		75,000	7.700%	86,125	2,162,000	247,250
1/1/2028		-	7.700%	83,237	2,162,000	
7/1/2028		81,000	7.700%	83,237	2,081,000	247,474
1/1/2029		-	7.700%	80,119	2,081,000	
7/1/2029		87,000	7.700%	80,119	1,994,000	247,238
1/1/2030		-	7.700%	76,769	1,994,000	
7/1/2030		94,000	7.700%	76,769	1,900,000	247,538
1/1/2031		-	7.700%	73,150	1,900,000	
7/1/2031		101,000	7.700%	73,150	1,799,000	247,300
1/1/2032		-	7.700%	69,262	1,799,000	
7/1/2032		109,000	7.700%	69,262	1,690,000	247,524
1/1/2033		-	7.700%	65,065	1,690,000	
7/1/2033		118,000	7.700%	65,065	1,572,000	248,130
1/1/2034		-	7.700%	60,522	1,572,000	
7/1/2034		127,000	7.700%	60,522	1,445,000	248,044
1/1/2035		-	7.700%	55,633	1,445,000	
7/1/2035		137,000	7.700%	55,633	1,308,000	248,266
1/1/2036		-	7.700%	50,358	1,308,000	
7/1/2036		147,000	7.700%	50,358	1,161,000	247,716
1/1/2037		-	7.700%	44,699	1,161,000	
7/1/2037		159,000	7.700%	44,699	1,002,000	248,398
1/1/2038		-	7.700%	38,577	1,002,000	
7/1/2038		171,000	7.700%	38,577	831,000	248,154
1/1/2039		-	7.700%	31,994	831,000	
7/1/2039		185,000	7.700%	31,994	646,000	248,988
1/1/2040		-	7.700%	24,871	646,000	

7/1/2040	199,000	7.700%	24,871	447,000	248,742
1/1/2041	-	7.700%	17,210	447,000	
7/1/2041	215,000	7.700%	17,210	232,000	249,420
1/1/2042	-	7.700%	8,932	232,000	
7/1/2042	<u>232,000</u>	7.700%	<u>8,932</u>	-	<u>249,864</u>
	<u>\$ 2,400,000</u>		<u>\$ 2,385,698</u>		<u>\$ 4,785,698</u>

Brown County Water Utility, Inc.
Amortization Schedule - Proposed State Revolving Fund Loan Series B

Date of Loan: 12/1/2022
Terms: Monthly
Interest Rate: 8.000%

<u>Date</u>	<u>New Draws</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Principal Balance</u>	<u>Annual Debt Service</u>
12/1/2022					\$ 3,600,000	
1/1/2023		-	8.000%	24,000	3,600,000	
7/1/2023		-	8.000%	144,000	3,600,000	168,000
1/1/2024		-	8.000%	144,000	3,600,000	
7/1/2024		11,000	8.000%	144,000	3,589,000	299,000
1/1/2025		-	8.000%	143,560	3,589,000	
7/1/2025		24,000	8.000%	143,560	3,565,000	311,120
1/1/2026		-	8.000%	142,600	3,565,000	
7/1/2026		26,000	8.000%	142,600	3,539,000	311,200
1/1/2027		-	8.000%	141,560	3,539,000	
7/1/2027		28,000	8.000%	141,560	3,511,000	311,120
1/1/2028		-	8.000%	140,440	3,511,000	
7/1/2028		30,000	8.000%	140,440	3,481,000	310,880
1/1/2029		-	8.000%	139,240	3,481,000	
7/1/2029		33,000	8.000%	139,240	3,448,000	311,480
1/1/2030		-	8.000%	137,920	3,448,000	
7/1/2030		35,000	8.000%	137,920	3,413,000	310,840
1/1/2031		-	8.000%	136,520	3,413,000	
7/1/2031		38,000	8.000%	136,520	3,375,000	311,040
1/1/2032		-	8.000%	135,000	3,375,000	
7/1/2032		41,000	8.000%	135,000	3,334,000	311,000
1/1/2033		-	8.000%	133,360	3,334,000	
7/1/2033		45,000	8.000%	133,360	3,289,000	311,720
1/1/2034		-	8.000%	131,560	3,289,000	
7/1/2034		48,000	8.000%	131,560	3,241,000	311,120
1/1/2035		-	8.000%	129,640	3,241,000	
7/1/2035		52,000	8.000%	129,640	3,189,000	311,280
1/1/2036		-	8.000%	127,560	3,189,000	
7/1/2036		56,000	8.000%	127,560	3,133,000	311,120
1/1/2037		-	8.000%	125,320	3,133,000	
7/1/2037		61,000	8.000%	125,320	3,072,000	311,640
1/1/2038		-	8.000%	122,880	3,072,000	
7/1/2038		66,000	8.000%	122,880	3,006,000	311,760
1/1/2039		-	8.000%	120,240	3,006,000	
7/1/2039		71,000	8.000%	120,240	2,935,000	311,480
1/1/2040		-	8.000%	117,400	2,935,000	

7/1/2040	77,000	8.000%	117,400	2,858,000	311,800
1/1/2041	-	8.000%	114,320	2,858,000	
7/1/2041	83,000	8.000%	114,320	2,775,000	311,640
1/1/2042	-	8.000%	111,000	2,775,000	
7/1/2042	90,000	8.000%	111,000	2,685,000	312,000
1/1/2043	-	8.000%	107,400	2,685,000	
7/1/2043	98,000	8.000%	107,400	2,587,000	312,800
1/1/2044	-	8.000%	103,480	2,587,000	
7/1/2044	106,000	8.000%	103,480	2,481,000	312,960
1/1/2045	-	8.000%	99,240	2,481,000	
7/1/2045	114,000	8.000%	99,240	2,367,000	312,480
1/1/2046	-	8.000%	94,680	2,367,000	
7/1/2046	124,000	8.000%	94,680	2,243,000	313,360
1/1/2047	-	8.000%	89,720	2,243,000	
7/1/2047	134,000	8.000%	89,720	2,109,000	313,440
1/1/2048	-	8.000%	84,360	2,109,000	
7/1/2048	145,000	8.000%	84,360	1,964,000	313,720
1/1/2049	-	8.000%	78,560	1,964,000	
7/1/2049	156,000	8.000%	78,560	1,808,000	313,120
1/1/2050	-	8.000%	72,320	1,808,000	
7/1/2050	169,000	8.000%	72,320	1,639,000	313,640
1/1/2051	-	8.000%	65,560	1,639,000	
7/1/2051	183,000	8.000%	65,560	1,456,000	314,120
1/1/2052	-	8.000%	58,240	1,456,000	
7/1/2052	198,000	8.000%	58,240	1,258,000	314,480
1/1/2053	-	8.000%	50,320	1,258,000	
7/1/2053	214,000	8.000%	50,320	1,044,000	314,640
1/1/2054	-	8.000%	41,760	1,044,000	
7/1/2054	231,000	8.000%	41,760	813,000	314,520
1/1/2055	-	8.000%	32,520	813,000	
7/1/2055	250,000	8.000%	32,520	563,000	315,040
1/1/2056	-	8.000%	22,520	563,000	
7/1/2056	271,000	8.000%	22,520	292,000	316,040
1/1/2057	-	8.000%	11,680	292,000	
7/1/2057	<u>292,000</u>	8.000%	<u>11,680</u>	-	<u>315,360</u>

\$ 3,600,000

\$ 7,180,960

\$ 10,780,960