

STATE OF INDIANA

OFFICIAL
EXHIBITS

INDIANA UTILITY REGULATORY COMMISSION

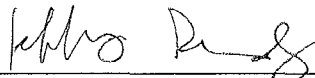
PETITION OF COMMUNITY UTILITIES)
OF INDIANA, INC. FOR (1) AUTHORITY)
TO INCREASE ITS RATES AND)
CHARGES FOR WATER AND) CAUSE NO. 44724
WASTEWATER UTILITY SERVICE; (2))
APPROVAL OF NEW SCHEDULES OF)
RATES AND CHARGES APPLICABLE)
THERE TO; AND (3) APPROVAL OF NEW)
DEPRECIATION RATES)

IURC
PETITIONER'S 4
EXHIBIT NO. 26, 17
DATE REPORTER

SUBMISSION OF DIRECT TESTIMONY OF
SCOTT A. MILLER

Community Utilities of Indiana, Inc., by counsel, hereby submits the direct testimony and attachments of Scott A. Miller.

Respectfully submitted,



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of Indiana, Inc.


CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing were served by hand delivery, electronic transmission or U.S. Mail, first class postage prepaid this 15th day of December, 2015, upon:

Office of Utility Consumer Counselor,
PNC Center,
115 W. Washington St., Suite 1500 South
Indianapolis, Indiana 46204
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Courtesy Copy to:

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Jeffrey M. Peabody

PETITIONER'S EXHIBIT 4

COMMUNITY UTILITIES OF INDIANA, INC.

INDIANA UTILITY REGULATORY COMMISSION

CAUSE NO. 44724

DIRECT TESTIMONY

OF

SCOTT A. MILLER

SPONSORING PETITIONER'S ATTACHMENT SAM-1

COMMUNITY UTILITIES OF INDIANA, INC.

CAUSE NO. 44724

Direct Testimony of Scott A. Miller

INTRODUCTION AND QUALIFICATIONS

1
2
3
4 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

5 A. My name is Scott A. Miller and my business address is 8365 Keystone Crossing, Suite
6 300, Indianapolis, Indiana 46240-0458.
7

8 **Q. WHAT IS YOUR PROFESSION AND FOR WHOM ARE YOU EMPLOYED?**

9 A. I am a Certified Public Accountant and a partner in the firm of H.J. Umbaugh &
10 Associates, Certified Public Accountants, LLP.
11

12 **Q. CAN YOU DESCRIBE YOUR FIRM AND ITS AREA OF EXPERTISE?**

13 A. Umbaugh is a firm of Certified Public Accountants practicing exclusively as independent
14 municipal advisors and utility consultants. The firm, in existence for over sixty-five (65)
15 years, is a regional CPA firm with offices in Indianapolis and Mishawaka, Indiana,
16 Okemos, Michigan and Columbus, Ohio. Our firm has concentrated its practice in
17 providing financial advisory services to various governmental entities and utilities within
18 the Midwest. A large part of our practice involves accounting studies in connection with
19 changes in utility rates and the financial planning associated with the acquisition of
20 capital such as tax-exempt and taxable bonds and notes and other evidences of
21 indebtedness.
22

1 **Q. WHAT IS YOUR EDUCATIONAL EXPERIENCE?**

2 A. In June 1995, I received a Bachelor of Science Degree from the Indiana University
3 Kelley School of Business in Bloomington, Indiana. Since then I have completed various
4 professional courses sponsored by the American Institute of Certified Public
5 Accountants, the Indiana CPA Society and other professional organizations including the
6 American Water Works Association ("AWWA"). In 1998 I completed the AWWA cost
7 of service and rate-making seminar.

8
9 **Q. PLEASE DESCRIBE YOUR RELEVANT PROFESSIONAL EXPERIENCE.**

10 A. I joined the firm of Umbaugh in June 1995 and, in 1998, completed the requirements to
11 become licensed as a Certified Public Accountant in the State of Indiana. In July 2000 I
12 assumed the position of client manager within the firm. On July 1, 2005, I became a
13 principal in the firm. On January 1, 2009, I was admitted into the Firm's partnership.
14 Currently I serve on the Firm's Management Committee and am responsible for
15 overseeing the operations of the Firm's Accounting Service Group. During the past
16 twenty years with Umbaugh, I have been involved with many professional engagements
17 including financial studies for municipally-owned water, electric, gas and sewage
18 utilities, not-for-profit and for profit water and sewer corporations, water authorities,
19 regional water and sewer districts and conservancy districts. These studies quite often
20 have involved the determination of utility revenue requirements, cost of service studies,
21 rate design and the financial planning associated with the issuance of tax-exempt and
22 taxable bonds and notes to fund projects using a variety of financing mechanisms
23 including Rural Development ("RD"), the State Revolving Fund ("SRF"), tax-exempt
24 and taxable bonds issued on the open market and other sources. I have given speeches

1 and participated in panels and workshops concerning utility rates, financing and project
2 development before the Indiana Rural Water Association, the Alliance of Indiana Rural
3 Water, the Indiana Section of the American Water Works Association, the Indiana
4 Association of Sewer Companies, the Indiana Water Environment Association, and the
5 Indiana Association of Cities and Towns.

6
7 **Q. WHAT PROFESSIONAL ORGANIZATIONS ARE YOU ASSOCIATED WITH?**

8 A. I am a member of the American Institute of Certified Public Accountants, The Indiana
9 CPA Society, the Indiana Water Environment Association and the American Water
10 Works Association (“AWWA”) and our firm is a member of both the Indiana Rural
11 Water Association and the Alliance of Indiana Rural Water. In addition, our firm is the
12 financial advisor to the Indiana Association of Cities and Towns. In this capacity, we
13 provide guidance on financial matters that affect communities across the State. In
14 addition, I currently serve on the Indiana Section AWWA Water Utility Council.

15
16 **Q. HAVE YOU TESTIFIED BEFORE AS AN EXPERT WITNESS?**

17 A. Yes, I have testified before the Indiana Utility Regulatory Commission on many previous
18 occasions. This testimony has covered the development of appropriate revenue
19 requirements, utility valuation, financing approval and across-the-board and cost of
20 service analysis and rate design.

21
22 **Q. HAVE YOU REVIEWED THE VERIFIED PETITION INITIATING THIS**
23 **CAUSE?**

24 A. Yes I have.

OVERVIEW OF TESTIMONY AND REPORT

Q. WAS YOUR FIRM RETAINED BY COMMUNITY UTILITIES OF INDIANA, INC. (“CUII” OR “COMPANY”) IN CONNECTION WITH THESE PROCEEDINGS?

A. Yes. We were retained by CUII to prepare a cost of service study for each of the Company’s individual water and sewer service territories within Indiana as well as state-wide consolidated water and sewer cost of service studies. These analyses were then used as a basis to make recommendations regarding changes in the Company’s present schedules of rates and charges for water and sewer service.

Q. HAVE THE RESULTS OF YOUR ANALYSIS BEEN SUMMARIZED IN A WRITTEN REPORT?

A. Yes. Our firm prepared a Special Purpose Accounting Report dated December 15, 2015 summarizing the results of our studies.

Q. PLEASE IDENTIFY PETITIONER’S ATTACHMENT SAM-1.

A. Petitioner’s Attachment SAM-1 is a copy of our Accounting Report summarizing the results of the accounting services performed for CUII.

Q. WAS THE ACCOUNTING REPORT PREPARED BY YOU OR UNDER YOUR SUPERVISION?

A. Yes.

1 **Q. PLEASE EXPLAIN HOW YOUR TESTIMONY AND THE ACCOUNTING**
2 **REPORT ARE ORGANIZED.**

3 A. My testimony is organized as follows:

- 4 I. Introduction and Qualifications
- 5 II. Overview of Testimony and Report
- 6 III. Cost of Service Methodology
- 7 A. Water
- 8 B. Sewer
- 9 IV. Consolidated Cost of Service and Rate Design
- 10 A. Water Utility
- 11 B. Sewer Utility
- 12 V. Service Territory Cost of Service and Rate Design
- 13 A. Twin Lakes Water Territory
- 14 B. WSOI Water Territory
- 15 C. IWSI Water Territory
- 16 D. Twin Lakes Sewer Territory
- 17 E. WSOI Sewer Territory

18
19
20
21
22
23
24 The Accounting Report is divided into eight sections. The first section of the report is the
25 accountant's letter which describes that the Accounting Report is a special purpose report
26 for submission to the Indiana Utility Regulatory Commission and is restricted to that
27 purpose only. This letter is incorporated by reference on all the pages of the Accounting
28 Report.

29
30 The second section of the report (pages 2 - 18) presents the consolidated cost of service
31 analysis and resulting rates and charges for the Company's water territories. In addition,
32 a comparison of the Company's present water rates for each service territory and the rates
33 proposed in this Cause is shown.

1
2 The third section of the Accounting Report (pages 19 - 30) contains the consolidated cost
3 of service analysis and resulting rates and charges for the Company's sewer territories.
4 In addition, a comparison of the Company's present sewer rates for each service territory
5 and the rates proposed in this Cause is shown.
6

7 The fourth section of the Accounting Report (pages 31 - 47) presents the individual cost
8 of service analysis and resulting rates and charges for the Company's Twin Lakes Water
9 Territory.
10

11 The fifth section of the Accounting Report (pages 48 - 63) contains the individual cost of
12 service analysis and resulting rates and charges for the Company's WSCI Water
13 Territory.
14

15 The sixth section of the Accounting Report (pages 64 - 79) presents the individual cost of
16 service analysis and resulting rates and charges for the Company's IWSI Water Territory.
17

18 The seventh section of the Accounting Report (pages 80 - 91) contains the individual cost
19 of service analysis and resulting rates and charges for the Company's Twin Lakes Sewer
20 Territory.
21

22 Finally, the eighth section of the Accounting Report (pages 92 - 103) contains the
23 individual cost of service analysis and resulting rates and charges for the Company's
24 WSCI Sewer Territory.

1 **COST OF SERVICE METHODOLOGY**

2 **Q. MR. MILLER, WOULD YOU PLEASE DESCRIBE THE GENERAL PURPOSE**
3 **OF A COST OF SERVICE STUDY?**

4 A. A cost of service study is a detailed analysis of the cost drivers that influence the
5 provision of service to a utility's customers. The goal of the study is to determine the
6 appropriate level of cost recovery allocable to each customer class. The cost of service
7 study is normally done in conjunction with and leads to the creation of a rate design that
8 recovers costs from the appropriate customer class as closely as possible to the allocated
9 cost of service.

10
11 **Q. ARE THERE DIFFERENT ACCEPTED METHODOLOGIES OF CONDUCTING**
12 **A COST OF SERVICE STUDY THAT ARE EMPLOYED IN PRACTICE AND IF**
13 **SO, WHICH DID YOU USE FOR THIS CASE?**

14 **WATER**

15 A. Yes there are different accepted methodologies. For purposes of allocating costs to the
16 customer classes and designing proposed rates for the Company's water utility, I have
17 employed the Base-Extra Capacity method promulgated by the American Water Works
18 Association ("AWWA") in its sixth edition of *Principles of Water Rates, Fees and*
19 *Charges* (the "M1 Manual"). This methodology has been widely accepted in Indiana and
20 by this Commission in numerous previous cases.

21
22 The Base-Extra Capacity method is built upon the allocation of both the utility's
23 investment in plant and its proposed revenue requirements to the various functional cost
24 categories of the utility. These functional cost categories include base, extra capacity,

1 customer and direct fire protection. Base or average day capacity costs reflect items that
2 vary based upon the amount of water used under average usage conditions. Extra
3 capacity costs are usually divided between maximum day and maximum hour and include
4 those costs that are designed to meet demands in excess of the average day and maximum
5 day respectively. As the name implies, customer costs generally vary based upon the
6 number of customers connected to the system and are usually divided between meter
7 costs and billing costs. Finally direct fire protection includes those costs that are incurred
8 in order to not only maintain fire hydrants within the system but also to provide for a
9 portion of the cost recovery of the system oversizing that is required to provide sufficient
10 flows and pressures in order to adequately address a fire event.

11
12 Once the costs have been allocated to the functional categories, they are assigned to the
13 various customer classes based upon each customer class' usage characteristics and their
14 associated responsibility for those costs. After the cost responsibility for each customer
15 class has been determined a rate structure can then be designed that appropriately
16 recovers those costs.

17 Sewer

19 For purposes of allocating costs to the customer classes and designing proposed rates for
20 the Company's sewer utility, I employed the User Charge System methodology that was
21 originally developed and required by the U.S. EPA for sewer projects receiving federal
22 grant funding during the construction grants program of the 1980's. This methodology is
23 still in use today throughout Indiana and in fact is the basis of the rate structure for many
24 of the sewer utilities throughout the State.

1
2 Similar to the Base-Extra Capacity Method, this methodology begins with the allocation
3 of the utility's investment in plant and its anticipated costs to the functional cost
4 categories. These include Treatment and Disposal, Collection System, Customer
5 Accounts and Administrative. Treatment and Disposal costs relate to the treatment of the
6 wastewater influent into the system and the related byproducts or sludge left over after
7 the treatment process. These costs generally vary based on the volume of flow into the
8 plant and are therefore typically recovered via a volumetric rate. Collection system costs
9 relate to the maintenance and operation of the interceptor and collector mains and lift
10 stations that transport the wastewater to the treatment plant. These costs can vary both by
11 the volume of flow and the number and size of customers connected to the system. For
12 that reason, these costs are sometimes recovered through both a volumetric flow charge
13 and a fixed monthly charge. Costs associated with Customer Accounts related to the
14 billing and collecting function of the utility and are recovered through a fixed monthly
15 charge. Finally, Administrative costs are attributable to the overall operation of the
16 utility and are reallocated proportionately back to the other three cost functions during the
17 allocation process.

18
19 **Q. WHAT IS THE SOURCE OF THE DATA USED TO PREPARE YOUR REPORT?**

20 A. The utility specific data used for the preparation of the cost of service studies was
21 provided to me by CUII's witness Justin P. Kersey. The data comprises information from
22 the Company's billing and accounting systems as well as other records maintained by
23 CUII and include historical billing data, plant and investment values, operating statistics
24 and other similar information for the control period used which was the twelve months

1 ended September 30, 2015. In addition, Mr. Kersey provided to me the pro forma
2 revenue requirements for which CUII is seeking approval for the consolidated and
3 individual water and sewer territories as well as the pro forma customer water
4 consumption and sewer flows based on the Company's forward looking test year the
5 twelve months ending September 30, 2017.

6
7 **Q. DOES CUII PROVIDE FIRE PROTECTION SERVICE WITHIN ITS WATER**
8 **SERVICE TERRITORIES?**

9 A. No. The Company's current tariffs do not include fire protection rates. According to
10 CUII operations personnel, while the Company does have some hydrants within its water
11 systems these are flush hydrants and are not designed to provide fire protection service.
12 As such, I have not made any fire protection allocations within the studies nor have I
13 developed proposed fire protection rates.

14
15
16 **CONSOLIDATED COST OF SERVICE AND RATE DESIGN**

17 **Water Utility**

18 **Q. MR. MILLER, WOULD YOU PLEASE EXPLAIN MORE FULLY THE DETAILS**
19 **OF THE REPORT AND YOUR COST OF SERVICE AND RATE DESIGN**
20 **CALCULATIONS FOR THE CONSOLIDATED WATER AND SEWER**
21 **TERRITORIES?**

22 A. The second section of the report, beginning on page 2 contains the consolidated cost of
23 service analysis for the CUII water territories. Each of the revenue requirements are first
24 allocated to the functional cost categories, and then assigned to each customer

1 classification based upon each of the classes' responsibility for those functional costs.
2 The allocated cost of service for each customer classification is then used as a basis for
3 developing the proposed rates and charges.

4
5 Pages 2 - 4 show the Company's usage characteristics by summarizing control period
6 metered billings, including monthly base facility charges and volume charges as well as
7 tracking factor and distribution system improvement charge ("DSIC") revenues. The
8 consumer analysis control period variance was 0.44%. This small variance indicates that
9 the analysis and the underlying billing determinants are statistically valid for rate-making
10 purposes.

11
12 Page 5 presents the calculation of the pro forma equivalent meters. Control period
13 average connections have been adjusted first to reflect the inclusion of twelve monthly
14 bills from each active customer account. Next, the normalized annual bills are multiplied
15 by the appropriate equivalency factor to arrive at pro forma equivalent connections. The
16 equivalency factors used are those followed in the M1 Manual.

17
18 **Q. IT APPEARS THAT YOU ARE TREATING A 3/4 INCH METER THE SAME AS**
19 **A 5/8 INCH METER IN YOUR CALCULATIONS BASED UPON AN**
20 **EQUIVALENCY FACTOR OF 1.0. WOULD YOU PLEASE EXPLAIN WHY?**

21 **A.** The Company's billing system indicates that there are both 5/8 inch and 3/4 inch
22 customers. Based on information provided by CUII's operations personnel, these
23 customers in fact all have a 5/8 x 3/4 inch meter and therefore should be assigned an
24 equivalency factor of 1.0. There are no true 3/4 inch customers on the system. The

1 discrepancy is a coding issue that arises because the billing system does not allow a 5/8 x
2 3/4 meter to be entered. As such, some personnel enter a 5/8 inch meter while others
3 enter a 3/4 inch meter.
4

5 Page 6 shows the calculation of the pro forma gallons sold for the forward looking test
6 year the twelve months ending September 30, 2017. To arrive at these figures, the
7 normalized control period consumption, which reflects billing adjustments applied during
8 the control period, was adjusted to reflect the consumption trend factors calculated for
9 each customer class. These trend factors were provided by Mr. Kersey and are discussed
10 in more detail in his direct testimony.
11

12 Summarized on page 7 of the report are the pro forma units of service for each customer
13 classification based upon information extracted from the Company's billing records for
14 the control period and adjusted for capacity factors as calculated using AWWA
15 methodologies. The Company has just two customer classifications which are residential
16 and commercial. The column entitled "Pro Forma Annual Sales" reflects the anticipated
17 billed consumption for each rate classification for the forward looking test year. The
18 total sales are used as the basis for allocating the base costs of service. For instance, the
19 average daily demand for service is anticipated to be 813,800 gallons. The residential
20 average demands amount to 745,600 gallons or approximately 92 percent of the total
21 average daily demand. Consequently, the residential users would be responsible for
22 approximately 92 percent of the base costs of providing water service.
23

1 The average daily demands for each rate classification have been multiplied by the
2 imputed capacity factors to determine the responsibility each customer class has for the
3 extra capacity costs associated with meeting maximum day demands and maximum hour
4 demands for service. For instance, the total maximum day demand has been calculated at
5 1,580,300 gallons per day. This exceeds the average day demand of 813,800 gallons and
6 results in extra maximum day capacity of 766,500 gallons. The extra maximum day
7 capacity of the residential customers amounts to 671,000 gallons per day, or
8 approximately 88 percent of the total maximum day extra capacity. Accordingly,
9 approximately 88 percent of the costs related to meeting the extra maximum day
10 demands for service are allocable to the residential customers. The maximum hour
11 demand has been calculated at a rate of 2,493,000 gallons per day. This capacity exceeds
12 the average daily demands of 813,800 gallons and the extra capacity for maximum day
13 demands of 766,500 gallons resulting in extra capacity for maximum hour demands of
14 912,700 gallons.

15
16
17 **Q. YOU MENTIONED THAT YOU IMPUTED SOME OF THE CAPACITY**
18 **FACTORS. WOULD YOU PLEASE EXPLAIN THE NATURE OF THE**
19 **CAPACITY FACTORS AND HOW YOU ARRIVED AT THE FIGURES**
20 **PRESENTED?**

21 **A.** Unlike large utilities, it did not seem prudent for CUII, with its relatively small service
22 territories, to incur the cost of a detailed customer class capacity factor study. Instead,
23 the M1 Manual provides a detailed description regarding two methodologies for
24 calculating capacity factors. In this case, as in numerous prior cases before the

1 Commission, I employed the methodology described to determine noncoincident capacity
2 factors for each customer class. Generally, this methodology works well for smaller
3 utilities but in some cases, because of a lack of data, certain inferences must be made
4 based upon sound rate-making principles and practitioner experience. These capacity
5 factors are the foundation upon which the allocations of cost are made. The maximum
6 day capacity factors reflect the relationship of each customer class' maximum day
7 requirements to its average day requirements. Likewise, the maximum hour capacity
8 factors reflect the relationship of each customer class' maximum hour requirements to its
9 average usage. For example, page 7 shows that the calculated residential capacity factor
10 of 190 results in expected maximum day total capacity needs of 1,416,600 gallons which
11 is 190% or 1.9 times the actual average day requirement of 745,600 for residential
12 customers. Similarly, the calculated residential maximum hour total capacity of
13 2,162,200 gallons is 2.9 times the actual average day requirement of 745,600 gallons for
14 residential users.

15
16 As is often the case, CUII does not track its maximum hour rate of customer demand.
17 This amount, however, figures into the calculation of capacity factors. In these
18 situations, we impute an appropriate value based upon the design limits of various
19 components of the system such as wells, high service pumps, filters or other capacity
20 restricted infrastructure. The goal of these calculations is to produce capacity factors that
21 are reasonable and that are ideally within the acceptable tolerance limits discussed in the
22 M1 Manual.

1 **Q. THANK YOU. PLEASE CONTINUE WITH THE EXPLANATION OF YOUR**
2 **REPORT.**

3 A. The number of bills for each customer classification was obtained directly from the
4 billing records of the Company and was normalized to reflect twelve monthly bills for
5 each active account and was subsequently used as a basis for allocating customer costs
6 related to billing. The number of connections for each customer classification has been
7 weighted by equivalency factors to equate larger size meters to a standard residential 5/8-
8 inch water meter. These calculations are shown on page 5 of the report. The equivalent
9 connections for each customer classification are used as a basis for allocating customer
10 related costs associated with meters and services. The ratios developed using the units of
11 service data are summarized on page 7 of the report and are used for subsequent
12 allocations.

13
14 The next several pages of the report detail the allocation of the Company's investment in
15 plant and the pro forma costs to the functional cost categories and ultimately to the
16 customer classes. On pages 8 to 10 of the report, the Company's pro forma rate base as
17 of September 30, 2017 has been allocated to the various functional cost categories.

18
19 Pages 11 and 12 of the report present the allocation of the pro forma annual operation and
20 maintenance expenses to each of the functional cost categories.

21
22 On page 13 the pro forma unit costs of service, as allocated to each of the functional cost
23 categories on the preceding pages, are divided by the units of service as calculated on
24 page 7 to arrive at the pro forma cost of service per unit. For example, page 13 of the

1 report shows \$639,270 of the operation and maintenance expenses, \$86,868 of interest on
2 debt, \$154,622 of depreciation, \$88,800 of taxes other than income, \$76,716 of federal
3 and state income taxes, \$128,328 of return on rate base and \$6,995 of total reductions for
4 amortization expense have been allocated to the base cost of service. After deducting
5 miscellaneous revenues of \$16,920, a total of \$1,150,689 of pro forma costs of service to
6 be recovered through rates is allocable to base cost. Dividing these allocated base costs
7 by the anticipated forward looking test year billed usage results in a pro forma base cost
8 of service of \$3.8741 per unit of service, in this case 1,000's of gallons. Similar
9 calculations have been made for the extra capacity costs and the customer costs.

10
11 On page 14, the cost of service per unit is then applied to the corresponding units for each
12 customer classification as developed on page 7 to arrive at each customer classes'
13 responsibility for those functional costs. For example, applying the base cost of service
14 of \$3.8471 per unit of service to the anticipated forward looking test year billed
15 consumption of the residential users arrives at a base cost of service for the residential
16 users of \$1,054,288. Likewise, applying the cost of service per unit for maximum day
17 extra capacity of \$508.5975 to the residential units of service allocates \$341,269 of extra
18 capacity maximum day costs to residential users. The sum of each customer
19 classifications' responsibility for each of the functional cost categories equals the total
20 allocated cost of service for each customer classification. Of the \$2,783,560 total pro
21 forma net revenue requirements to be provided through rates and charges, \$2,519,135 are
22 allocable to residential customers, or 90.5 percent and \$264,425, or 9.5 percent, are
23 allocable to the commercial customers.

1 Page 15 calculates the monthly base charge by meter size. The meter cost per unit is
2 adjusted based on the appropriate equivalency factor for each meter size and then added
3 to the billing cost per unit to arrive at the monthly base charge.
4

5 Page 16 of the report shows the calculation of the pro forma annual revenues for each rate
6 classification at the proposed rates and charges. For many systems, it is typical that we
7 would propose a three tier declining block rate structure after analyzing the subject
8 utility's water usage by customer class. Specifically, the first block would be set at a
9 level to capture approximately 90% to 95% of the residential sales. The second tier
10 would be established to capture all remaining residential and smaller commercial sales as
11 well as 90% to 95% of large commercial sales. The bottom or tail block is then
12 established for the remaining larger commercial and industrial consumption.
13

14 For CUUI, we initially started down that path. We determined the appropriate break
15 points for each tier in a declining block system and then calculated the corresponding rate
16 for each tier. Because of the Company's relatively homogenous customer base made up
17 of mostly residential and residential-like consumption patterns, the resulting difference in
18 each individual block price was very small. Therefore, we have determined that it is
19 appropriate, in this case, to continue the Company's current single tier system with all
20 consumption priced at a proposed rate per 1,000 gallons of \$6.85. As can be seen on
21 page 16, the proposed volumetric rate block and base charges are estimated to produce
22 revenues of \$2,790,590 resulting in a variance to revenue requirements of \$7,030 or
23 0.25%.
24

1 Page 17 of the report compares the proposed cost of service as determined on page 16
2 with the normalized annual revenue generated under the existing rates and charges and
3 revenue generated under the adjusted rates for each customer classification.

4
5 For the Company to achieve the allocated cost based targets compared to control period
6 revenues, average residential and commercial revenues would be increased
7 approximately 36.44% and 88.08% respectively. The proposed rate structure results in
8 some minor cross subsidization. These variances, are the result of the Company's
9 customer usage characteristics and customer classifications as well as the single rate
10 structure for all user classes. The cross subsidization has been left in the proposed rate
11 structure in an effort to limit rate shock to the Company's commercial class. As was seen
12 on pages 5 and 6, there are significantly more residential customers than commercial
13 customers on the system. Moving to full cost-based rates at one time could negatively
14 impact these commercial customers to such an extent that they might consider leaving the
15 system or be forced out of business. This clearly is not a desired outcome and is a
16 reasonable basis upon which to move forward with the subsidization in place.

17
18 Page 18 of the report summarizes the present and proposed water rates and charges. The
19 rates proposed for residential and commercial customers consist of a volumetric rate and
20 a monthly service charge based on the customer's meter size. All recurring monthly rates
21 have been adjusted to reflect the proposed cost based increase.

Sewer Utility

A. The third section of the report, beginning on page 19 contains the consolidated cost of service analysis for the CUII sewer territories. Each of the revenue requirements are first allocated to the functional cost categories. The allocated revenue requirements are then divided by the appropriate billing determinants to develop proposed rates and charges that are designed to recover the Company's cost of service.

Page 19 shows the Company's usage characteristics by summarizing control period metered and unmetered billings, including monthly base facility charges and volume charges. After taking into account billing adjustments applied during the control period, the calculated revenues compared to the actual control period revenues results in a variance of 0.07%. This small variance indicates that the analysis and the underlying billing determinants are statistically valid for rate-making purposes.

Page 20 presents the calculation of the pro forma equivalent annual bills. Control period annual bills have been adjusted first to reflect the inclusion of twelve monthly bills from each active customer account. Next, the normalized annual bills are multiplied by the appropriate equivalency factor to arrive at pro forma equivalent annual bills. The equivalency factors used are those recommended by the Indiana Department of Environmental Management ("IDEM") and are based upon the cross-sectional diameter of the sewer line.

1 Page 21 shows the calculation of the pro forma flows for the forward looking test year the
2 twelve months ending September 30, 2017. To arrive at these figures, the normalized
3 control period billed flow which reflects billing adjustments applied during the control
4 period was adjusted to reflect the consumption trend factors calculated for each customer
5 class. These trend factors were provided by Mr. Kersey and are discussed in more detail
6 in his direct testimony. Estimated annual flows for the Company's unmetered
7 commercial customer and three unmetered campground customers were calculated using
8 the methodologies prescribed by IDEM pursuant to the Sewage Flow Tables found in 327
9 IAC 3-6-11.

10
11 Pages 22 – 23 detail the allocation of the Company's consolidated sewer service rate base
12 to the four functional cost categories that I described earlier in my testimony. The
13 allocations are based upon the design of the individual plan components and reflect that
14 items function within the overall operation of the utility.

15
16 Pages 24 – 25 show the allocation of operation and maintenance expense to the functional
17 cost components. Similar to rate base, the allocation factors for operation and
18 maintenance expense reflect that particular items impact on the various cost centers of the
19 Company.

20
21 Page 26 presents the summarized allocation of the consolidated sewer service revenue
22 requirements to the four functional cost components. Interest on debt, income taxes,
23 amortization expense and return are all allocated based on the allocation of rate base
24 described on pages 22 and 23. Depreciation expense is allocated based on the allocation
25 of net plant in service and taxes other than income are allocated based upon gross plant in

1 service. The \$2,735,685 of total cost of service to be recovered through rates is allocated
2 \$1,304,131 to Treatment and Disposal, \$1,354,470 to Collection System and \$77,084 to
3 Customer Accounts.

4
5 Page 27 details the calculation of the proposed rates and charges for consolidated sewer
6 service. To accomplish this, the individual components of allocated cost of service are
7 divided by the appropriate billing determinant to arrive at a unit cost of service.
8 Customer accounts or billing and collecting costs are divided by the number of
9 normalized annual bills expected to be rendered in the forward looking test year to arrive
10 at a cost per bill of \$1.95. Collection system costs vary both by the number and size of
11 customers connected to the system but also by the amount of flow through the system.
12 For that reason, 75% of the collection system costs are divided by equivalent annual bills
13 to arrive at a rate per equivalent bill of \$25.40. The remaining 25% of collection system
14 costs are divided by pro forma flow for the forward looking test year and result in \$1.80
15 of the total proposed flow charge. Treatment and disposal costs are divided by the pro
16 forma flow and result in a charge of \$7.00. This results in a total proposed flow charge
17 per 1,000 gallons of \$8.80. After applying the appropriate equivalency factors, monthly
18 base charges range from \$27.35 for a 5/8 inch meter to \$2,313.35 for a 6 inch meter. The
19 revised rate for unmetered customers is \$66.95 per month and reflects an estimated 4,500
20 gallons of flow which is the consolidated residential class average. Finally, the revised
21 unmetered campground rate is \$20.50 per campsite and reflects an across-the-board
22 increase of 10%.

1 **Q. WOULD YOU PLEASE EXPLAIN YOUR CALCULATIONS ON PAGES 26 AND**
2 **27 RELATATIVE TO THE PROPOSED RATES AND CHARGES FOR THE**
3 **COMPANY'S CAMPGROUND CUSTOMERS?**

4 A. CUII provides unmetered sewer only service to a large campground in the WSCI
5 Territory. This campground is a significant component of the CUII commercial base.
6 Because of the limited timeframe in which the campground operates, it is billed only
7 seven months of the year. As we prepared the cost of service analysis, we used the
8 IDEM Sewage Flow Tables that I referenced previously to determine an estimated level
9 of flow for this customer. This data along with the appropriate bill counts were then used
10 to allocate costs as is done for any other customer. The resulting rates for the
11 campground, however, were believed to be too high to be sustainable for this entity. We
12 arrived at this decision through discussions with Mr. Kersey and through a review of the
13 Commission's Order in Cause No. 44104 dated March 27, 2013, particularly the
14 dissenting opinion of Commissioner Landis.

15
16 CUII believes that the campground is still facing financial pressure and that a significant
17 increase in sewer rates at this time, much like nearly three years ago, could be detrimental
18 to its ability to continue to operate. Losing the campground as sewer customer would
19 negatively impact the entire system and customer base. In these types of instances, the
20 science of cost of service analysis and rate design must give way to the art of the process.
21 It is appropriate that the campground participate in at least a portion of the proposed
22 increase. The challenge is determining that appropriate level. In this case, we are
23 recommending a ten percent increase. This represents approximately one third of the
24 proposed total system increase. The hope is that at this level, the campground will still

1 participate in the increasing cost of receiving sewer service but will not be unduly
2 burdened with the threat of financial ruin.

3
4 Page 28 of the report shows the estimated revenue to be generated from the proposed
5 rates and charges when applied to the anticipated billing determinants and compares this
6 calculated figure to the net cost of service to be collected through rates and charges. As
7 can be seen, the proposed rates and charges adequately recover the cost of service within
8 a 0.05% variance.

9
10 Page 29 presents a comparison of the estimated revenue to be generated by customer
11 class and by meter size with the control period revenues. The overall average system
12 increase in revenue is approximately 30%. I would point out that due to billing errors in
13 the control period, the percentage increase for campground customers is overstated. The
14 actual percentage increase when comparing the present rate of \$18.64 and the proposed
15 rate of \$20.50 results in a 10% increase.

16
17 Page 30 of the report shows a comparison of the present individual territory rates for
18 sewer service with the proposed consolidated sewer service rates.

19
20 **Q. MR. MILLER DOES THAT CONCLUDE THE EXPLANATION OF YOUR**
21 **CALCULATIONS OF ALLOCATED COST OF SERVICE AND RATE DESIGN**
22 **FOR CUII CONSOLIDATED WATER AND SEWER SERVICE?**

23 **A.** Yes it does.

1 **Q. MR. MILLER IS IT YOUR UNDERSTANDING THAT CUII WOULD LIKE TO**
2 **IMPLEMENT CONSOLIDATED WATER RATES AND CONSOLIDATED**
3 **SEWER RATES FOR ITS SERVICE TERRITORIES IN INDIANA?**

4 A. Yes. That is my understanding.

6 **Q. DO YOU HAVE AN OPINION REGARDING THE IMPLEMENTATION OF**
7 **CONSOLIDATED RATES?**

8 A. Yes. This practice is not new and has been playing out over the last nearly twenty years
9 as Indiana-American Water Company has moved to single tariff pricing. In my opinion,
10 under the conditions within which the Company operates, consolidated rates appear
11 reasonable for the individual service territories. On their own, each service territory is
12 relatively small and lacks the economies of scale that could ultimately result in savings to
13 the customers. Consolidating the rates mirrors the overall ownership and operation of the
14 different units and more closely matches the allocation of costs to the service areas.

16 **Q. HOW DID YOU ADDRESS THE EXISTING WHOLESALE WATER COST**
17 **TRACKING FACTOR AND DISTRIBUTION SYSTEM IMPROVEMENT**
18 **CHARGE (“DSIC”) ASSOCIATED WITH THE IWSI SERVICE TERRITORY?**

19 A. As part of our consumer analysis, we identified the amount of gallons subject to each
20 charge and calculated an expected amount of revenue to be generated. These amounts
21 were incorporated into our overall calculation of control period revenues and then
22 compared to actual booked totals. As I mentioned previously, the resulting variance
23 between calculated and actual revenue was well within acceptable margins. On a going
24 forward basis, Mr. Kersey has incorporated in his pro forma operation and maintenance
25 expense an amount for anticipated purchased water expense based on the Company’s

1 expected pro forma sales to its customers. Since we are completely redesigning the
2 Company's rate structure around the pro forma revenue requirements the existing
3 tracking factor and DSIC charge are in effect reset to \$0.
4

5 **Q. IT APPEARS THAT THE TWIN LAKES WATER TERRITORY PROVIDES**
6 **SERVICE TO TWO UNMETERED DRINKING FOUNTAINS. HOW WERE**
7 **THE PROPOSED RATES FOR THE DRINKING FOUNTAINS DETERMINED?**

8 A. Because actual consumption data for the drinking fountains is not available and because
9 the costs and corresponding revenues are immaterial to the system as a whole we simply
10 applied the average system wide across-the-board percentage increase of 40% to the
11 existing unmetered drinking fountain rate.
12

13 **SERVICE TERRITORY COST OF SERVICE AND RATE DESIGN**

14 **Q. HAVE YOU PREPARED SEPARATE COST OF SERVICE STUDIES FOR THE**
15 **INDIVIDUAL WATER AND SEWER SERVICE TERRITORIES?**

16 A. Yes. CUII was ordered by the Commission in Cause No. 44587 to prepare individual
17 cost of service studies for each service territory as part of its next general rate proceeding.
18 The remaining sections of the report show those individual cost of service studies for
19 each of the Company's service areas. The layout of the schedules and the calculations
20 themselves follow the same guidelines that I previously described for the consolidated
21 water and sewer studies.
22

23 **Q. DOES THIS CONCLUDE THE EXPLANATION OF THE ACCOUNTING**
24 **REPORT?**

25 A. Yes it does.

1

2 **Q. IS IT YOUR OPINION THAT THE CONSOLIDATED WATER AND SEWER**
3 **RATES PROPOSED IN YOUR ACCOUNTING REPORT ARE FAIR, JUST,**
4 **NON-DISCRIMINATORY AND REASONABLE AND NECESSARY TO MEET**
5 **THE PROJECTED REVENUE REQUIREMENTS OF THE UTILITY?**

6 **A.** Yes, it is my opinion they are.

7

8 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY IN THIS CAUSE?**

9 **A.** This concludes my direct testimony at this time.

AFFIRMATION

I affirm under the penalties for perjury that the foregoing testimony is true to the best of my knowledge, information, and belief.

Signed: Scott A. Miller

Printed: Scott A. Miller

Dated: 12/15/15

Petitioner's Attachment SAM-1

IURC Cause No 44724

***Community Utilities of
Indiana, Inc.***

***Accounting Report On
Cost of Service Study
and Rate Design***

December 15, 2015

UMBAUGH

Indianapolis, Indiana

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ACCOUNTANTS' SPECIAL PURPOSE REPORT

December 15, 2015

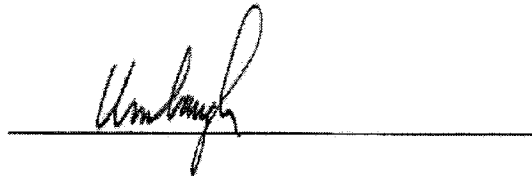
Communities Utilities of Indiana, Inc.
2335 Sanders Road
Northbrook, IL 60062

RE: Cost of Service Study and Rate Design

In connection with the proposed adjustment in the Utility's schedules of Water and Sewer rates and charges, we have, at your request, compiled this special purpose report for submission to the Indiana Utility Regulatory Commission.

This special purpose cost of service study report has been prepared for the purpose of requesting approval of new schedules of Water and Sewer rates and charges from the Indiana Utility Regulatory Commission and should not be used for any other purpose.

Further, the pro forma financial information in this report which has not been compiled, reviewed or audited by us, is based upon unaudited financial information for the twelve months ending September 30, 2017, which was compiled by management as well as assumptions provided by management and their consultants or obtained from other sources. This pro forma financial information is prepared for the purpose of showing the cost of providing Water and Sewer service to the various customer classes of the Utility as well as for designing a rate structure to recover these costs from the Utility's customer classes. The actual results achieved may vary from the pro forma 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.



**COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED WATER SERVICES**

WATER SERVICE

COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED WATER SERVICES

SUMMARY OF CONTROL PERIOD CONSUMER STUDY FOR WATER SERVICES

(Control Period October 1, 2014 through September 30, 2015)

(All Customers)

	Number of Bills	Billed Consumption (Gallons)	Revenues
<u>Base Facility Charge:</u>			
5/8 inch meter	59,015		\$601,662
3/4 inch meter	48		569
1 inch meter	144		3,055
1 1/2 inch meter	1,152		38,760
2 inch meter	131		10,834
Unmetered Drinking Fountain	22		363
	<u>60,512</u>		<u>655,243</u>
Sub-totals			
	<u>60,512</u>		<u>655,243</u>
<u>Volume Charge: per 1,000 gallons</u>			
5/8 inch meter		284,529,252	1,166,429
3/4 inch meter		245,160	998
1 inch meter		1,169,840	4,839
1 1/2 inch meter		25,740,859	104,257
2 inch meter		10,483,030	51,822
		<u>322,168,141</u>	<u>1,328,345</u>
Sub-total			
		<u>322,168,141</u>	<u>1,328,345</u>
Tracker Revenues From IWSI Territory			49,443
DSIC Charges From IWSI Territory			33,251
DSIC Charges Adjustments			(22,668)
Billing Adjustments From Billing System		(9,182,550)	(55,732)
Variance Between Calculated Bill and Prorated Bill			(950)
		<u>312,985,591</u>	<u>\$1,986,932</u>
Totals			
		<u>312,985,591</u>	<u>\$1,986,932</u>
Control Period (10/01/14 - 09/01/15)			<u>\$1,978,218</u>
Variance			<u>\$8,714</u>
Percent Variance			<u>0.44%</u>

(See Accountants' Special Purpose Report)

COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED WATER SERVICES

SUMMARY OF CONTROL PERIOD CONSUMER STUDY FOR WATER SERVICES

(Control Period October 1, 2014 through September 30, 2015)

(All Residential)

	<u>Number of Bills</u>	<u>Billed Consumption (Gallons)</u>	<u>Revenues</u>
<u>Base Facility Charge:</u>			
5/8 inch meter	58,170		\$592,143
3/4 inch meter	12		142
1 inch meter	60		993
1 1/2 inch meter	<u>1,032</u>		<u>34,159</u>
Sub-total	<u>59,274</u>		<u>627,437</u>
<u>Volume Charge: per 1,000 gallons</u>			
5/8 inch meter		277,456,623	1,135,393
3/4 inch meter		62,040	253
1 inch meter		493,310	1,998
1 1/2 inch meter		<u>19,998,140</u>	<u>80,992</u>
Sub-total		<u>298,010,113</u>	<u>1,218,636</u>
Tracker Revenues From IWSI Territory			45,460
DSIC Charges From IWSI Territory			30,549
DSIC Charges Adjustments			(20,761)
Billing Adjustments From Billing System		(8,893,780)	(54,030)
Variance Between Calculated Bill and Prorated Bill			<u>(950)</u>
Totals		<u>289,116,333</u>	<u>\$1,846,341</u>

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED WATER SERVICES**

SUMMARY OF CONTROL PERIOD CONSUMER STUDY FOR WATER SERVICES
(Control Period October 1, 2014 through September 30, 2015)
(All Commercial)

	<u>Number of Bills</u>	<u>Billed Consumption (Gallons)</u>	<u>Revenues</u>
<u>Base Facility Charge:</u>			
5/8 inch meter	845		\$9,519
3/4 inch meter	36		427
1 inch meter	84		2,062
1 1/2 inch meter	120		4,601
2 inch meter	131		10,834
Unmetered Drinking Fountain	22		363
	<u>1,238</u>		<u>27,806</u>
Sub-total			
	<u>1,238</u>		<u>27,806</u>
<u>Volume Charge: per 1,000 gallons</u>			
5/8 inch meter		7,072,629	31,036
3/4 inch meter		183,120	745
1 inch meter		676,530	2,841
1 1/2 inch meter		5,742,719	23,265
2 inch meter		10,483,030	51,822
		<u>24,158,028</u>	<u>109,709</u>
Sub-total			
		<u>24,158,028</u>	<u>109,709</u>
Tracker Revenues From IWSI Territory			3,983
DSIC Charges From IWSI Territory			2,702
DSIC Charges Adjustments			(1,907)
Billing Adjustments From Billing System		(288,770)	(1,702)
		<u>(288,770)</u>	<u>(1,702)</u>
Totals		<u>23,869,258</u>	<u>\$140,591</u>

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED WATER SERVICES**

CALCULATION OF CONTROL PERIOD EQUIVALENT METERS

(Based upon control period service charge billings)

<u>Meter Size</u>	<u>Control Period Bills</u>	<u>Adjustment (1)</u>	<u>Normalized Annual Bills</u>	<u>Average Connections</u>	<u>Equivalency Factor (2)</u>	<u>Equivalent Meters and Services</u>
<u>Residential:</u>						
5/8 inch meter	58,170	(846)	57,324	4,777	1.0	4,777
3/4 inch meter	12	-	12	1	1.0	1
1 inch meter	60	-	60	5	2.5	13
1 1/2 inch meter	1,032	(516)	516	43	5.0	215
Sub-totals	59,274	(1,362)	57,912	4,826		5,006
<u>Commercial:</u>						
5/8 inch meter	845	(5)	840	70	1.0	70
3/4 inch meter	36	-	36	3	1.0	3
1 inch meter	84	12	96	8	2.5	20
1 1/2 inch meter	120	(12)	108	9	5.0	45
2 inch meter	131	1	132	11	8.0	88
Unmetered Drinking Fountain	22	2	24	2	1.0	2
Sub-totals	1,238	(2)	1,236	103		228
Totals	60,512	(1,364)	59,148	4,929		5,234

(1) To normalize test year data to include 12 monthly bills for each active account.

(2) Equivalent Meter Capacity ratios per the sixth edition of the American Water Works Association ("AWWA") Principles of Water Rates, Fees and Charges Manual of Water Supply Practices M1 (the "M1 Manual").

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED WATER SERVICES**

CALCULATION OF PRO FORMA CONSUMPTION

<u>Meter Size</u>	<u>Adjusted Control Period Consumption (Gallons)</u>	<u>Consumption Adjustment (1) (Gallons)</u>	<u>Pro Forma 9/30/2016 (Gallons)</u>	<u>Consumption Adjustment (1) (Gallons)</u>	<u>Pro Forma 9/30/2017 (Gallons)</u>
<u>Residential:</u>					
5/8"	277,229,843	(8,277,771)	268,952,072	(8,029,876)	260,922,196
3/4"	62,040	(1,874)	60,166	(1,817)	58,349
1"	493,310	(14,109)	479,201	(13,705)	465,496
1 1/2"	11,331,140	(324,071)	11,007,069	(314,802)	10,692,267
Subtotals	289,116,333	(8,617,825)	280,498,508	(8,360,200)	272,138,308
<u>Commercial:</u>					
5/8"	6,995,559	166,817	7,162,376	189,700	7,352,076
3/4"	183,120	952	184,072	957	185,029
1"	676,530	17,413	693,943	19,109	713,052
1 1/2"	5,531,019	436,516	5,967,535	472,955	6,440,490
2"	10,483,030	(157,707)	10,325,323	(132,159)	10,193,164
Subtotals	23,869,258	463,991	24,333,249	550,562	24,883,811
Totals	312,985,591	(8,153,834)	304,831,757	(7,809,638)	297,022,119

(1) Annual consumption trend factors provided by Utility Management:

<u>Twin Lakes Territory:</u>		<u>WSCI Territory:</u>		<u>IWSI Territory</u>	
Residential	-3.02%	Residential	-4.00%	Residential	-2.86%
Commercial	0.52%	Commercial	-4.75%	Commercial	8.38%

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED WATER SERVICES**

PRO FORMA UNITS OF SERVICE

Base-Extra Capacity Method

Customer Class	Base		Maximum Day			Maximum Hour			Customer	
	Pro Forma Annual Sales (1)	Average Day (2)	Capacity Factor (3) %	Total Capacity (2)	Extra Capacity (4) (2)	Capacity Factor (3) %	Total Capacity (3) (2)	Extra Capacity (5) (2)	Equivalent Connections	Bills
Residential	272,138.3	745.6	190	1,416.6	671.0	290	2,162.2	745.6	5,006	57,912
Commercial	<u>24,883.8</u>	<u>68.2</u>	240	<u>163.7</u>	<u>95.5</u>	485	<u>330.8</u>	<u>167.1</u>	<u>228</u>	<u>1,236</u>
Totals	<u>297,022.1</u>	<u>813.8</u>		<u>1,580.3</u>	<u>766.5</u>		<u>2,493.0</u>	<u>912.7</u>	<u>5,234</u>	<u>59,148</u>

(1) 1,000's of gallons.

(2) 1,000's of gallons per day.

(3) Calculated based on weighted average of individual territory capacity factors.

(4) Capacity in excess of average day usage.

(5) Capacity in excess of maximum day demand.

(See Accountants' Special Purpose Report)

COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED WATER SERVICES

ALLOCATION OF RATE BASE TO FUNCTIONAL COST COMPONENTS

Base-Extra Capacity Method

	Utility Plant in Service at 09/30/17	Base	Extra Capacity		Customer Meters and Services	Percentage Allocations				Ref.
			Maximum Day	Maximum Hour		BAS	MXD	MXH	CUS	
Source of Supply Plant:										
Land and land rights	\$7,200	\$7,200				100.00%				(1)
Structures and improvements	541,339	541,339				100.00%				(1)
Wells and springs	1,176,637	1,176,637				100.00%				(1)
Supply mains	29,671	29,671				100.00%				(1)
Power generation equipment	1,710	1,710				100.00%				(1)
Pumping equipment	182,164	182,164				100.00%				(1)
Water Treatment:										
Land and land rights	766	394	\$372			51.50%	48.50%			(2)
Structures and improvements	272,864	140,525	132,339			51.50%	48.50%			(2)
Pumping equipment	790,520	407,118	383,402			51.50%	48.50%			(2)
Water Treatment Equipment	864,194	445,060	419,134			51.50%	48.50%			(2)
Other plant and miscellaneous equipment	3,327	1,713	1,614			51.50%	48.50%			(2)
Transmission and Distribution:										
Land and land rights	12,000	1,200		\$10,800		10.00%		90.00%		(4)
Structures and improvements	4,495	1,467	1,382	1,646		32.64%	30.75%	36.61%		(3)
Pumping equipment	305,282	99,644	93,874	111,764		32.64%	30.75%	36.61%		(3)
Distribution reservoirs and standpipes	1,558,417	155,842		1,402,575		10.00%		90.00%		(4)
Transmission and distribution mains	2,688,249	877,444	826,637	984,168		32.64%	30.75%	36.61%		(3)
Services	1,987,945				\$1,987,945				100.00%	(5)
Meters and meter installations	1,487,262				1,487,262				100.00%	(5)
Hydrants (flush)	353,008	353,008				100.00%				(1)
Backflow prevention devices	2,400				2,400				100.00%	(5)
General Plant:										
Organization	176,480	63,957	26,648	36,002	49,873	36.24%	15.10%	20.40%	28.26%	(6)
Franchise	3,943	1,430	595	804	1,114	36.24%	15.10%	20.40%	28.26%	(6)
Land and land rights	109,558	39,704	16,543	22,350	30,961	36.24%	15.10%	20.40%	28.26%	(6)
Structures and improvements	180,860	65,544	27,310	36,895	51,111	36.24%	15.10%	20.40%	28.26%	(6)
Office furniture and equipment	62,104	22,506	9,378	12,669	17,551	36.24%	15.10%	20.40%	28.26%	(6)
Transportation equipment	329,599	119,447	49,769	67,238	93,145	36.24%	15.10%	20.40%	28.26%	(6)
Stores equipment	151	54	23	31	43	36.24%	15.10%	20.40%	28.26%	(6)
Tools, shop and garage equipment	92,811	33,636	14,014	18,933	26,228	36.24%	15.10%	20.40%	28.26%	(6)
Laboratory equipment	37,801	37,801				100.00%				(1)
Power operated equipment	23,198	8,407	3,503	4,732	6,556	36.24%	15.10%	20.40%	28.26%	(6)
Communication equipment	37,001	13,410	5,587	7,548	10,456	36.24%	15.10%	20.40%	28.26%	(6)
Miscellaneous equipment	13,087	4,743	1,976	2,670	3,698	36.24%	15.10%	20.40%	28.26%	(6)
Gross Plant in Service	<u>\$13,336,043</u>	<u>\$4,832,775</u>	<u>\$2,014,100</u>	<u>\$2,720,825</u>	<u>\$3,768,343</u>	36.24%	15.10%	20.40%	28.26%	

(Continued on next page)

(See Accountants' Special Purpose Report)

COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED WATER SERVICES

(Cont'd)

ALLOCATION OF UTILITY PLANT TO FUNCTIONAL COST COMPONENTS

Base-Extra Capacity Method

	Utility Plant in Service at 09/30/17	Base	Extra Capacity		Customer Meters and Services	Percentage Allocations				Ref.
			Maximum Day	Maximum Hour		BAS	MXD	MXH	CUS	
Gross Plant in Service (see page 8)	\$13,336,043	\$4,832,775	\$2,014,100	\$2,720,825	\$3,768,343	36.24%	15.10%	20.40%	28.26%	
Accumulated Depreciation	(2,663,866)	(1,341,381)	(632,782)	(571,549)	(118,154)	50.35%	23.75%	21.46%	4.44%	(7)
Net Plant in Service	10,672,177	3,491,394	1,381,318	2,149,276	3,650,189	32.72%	12.94%	20.14%	34.20%	
Cash Working Capital	194,043	63,491	25,109	39,080	66,363	32.72%	12.94%	20.14%	34.20%	(8)
Net Contributions in Aid of Construction	(2,319,597)	(526,448)	(325,923)	(388,034)	(1,079,192)	22.70%	14.05%	16.73%	46.52%	(7)
Accumulated Deferred Income Taxes	(879,730)	(287,847)	(113,837)	(177,178)	(300,868)	32.72%	12.94%	20.14%	34.20%	(8)
Net Plant Acquisition Adjustment	(332,047)	(108,646)	(42,967)	(66,874)	(113,560)	32.72%	12.94%	20.14%	34.20%	(8)
Customer Deposits	(39,580)	(12,951)	(5,122)	(7,971)	(13,536)	32.72%	12.94%	20.14%	34.20%	(8)
Net Deferred Charges	41,318	13,519	5,347	8,321	14,131	32.72%	12.94%	20.14%	34.20%	(8)
Total Rate Base	<u>\$7,336,584</u>	<u>\$2,632,512</u>	<u>\$923,925</u>	<u>\$1,556,620</u>	<u>\$2,223,527</u>	35.88%	12.59%	21.22%	30.31%	

(Continued on next page)

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED WATER SERVICES**

(Cont'd)

ALLOCATION OF RATE BASE TO FUNCTIONAL COST COMPONENTS

Base-Extra Capacity Method

(1) Allocated 100% to base.

(2) Allocated in ratio to maximum day demand.

	<u>1,000's of Gallons</u>	<u>%</u>
Average day demand	813.8	51.50%
Maximum day excess capacity	<u>766.5</u>	<u>48.50%</u>
Totals	<u><u>1,580.3</u></u>	<u><u>100.00%</u></u>

(3) Allocated in ratio to maximum hour demand.

	<u>1,000's of Gallons</u>	<u>%</u>
Average day demand	813.8	32.64%
Maximum day excess capacity	766.5	30.75%
Maximum hour excess capacity	<u>912.7</u>	<u>36.61%</u>
Totals	<u><u>2,493.0</u></u>	<u><u>100.00%</u></u>

(4) Allocated 10% to base and 90% to maximum hour.

(5) Allocated 100% to meters and services.

(6) Allocated pro rata to all other allocable utility plant.

(7) Allocated to functioned based on information provided by management.

(8) Allocated pro rata to net utility plant.

(See Accountants' Special Purpose Report)

COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED WATER SERVICES

**ALLOCATION OF PRO FORMA OPERATION AND MAINTENANCE EXPENSES
TO FUNCTIONAL COST COMPONENTS**

Base-Extra Capacity Method

	Pro Forma Expense	Base	Extra Capacity		Customer Class		Percentage Allocation					Ref.
			Maximum Day	Maximum Hour	Meters and Services	Billing and Collection	BAS	MXD	MXH	MET	BILL	
Water treatment:												
Salaries and wages	\$75,346	\$38,803	\$36,543				51.50%	48.50%				(2)
Purchased power	78,115	70,303	7,812				90.00%	10.00%				(10)
Repairs and maintenance	18,839	9,702	9,137				51.50%	48.50%				(2)
Chemicals	48,779	48,779					100.00%					(1)
Maintenance testing	6,059	3,120	2,939				51.50%	48.50%				(2)
Transportation	10,293	5,301	4,992				51.50%	48.50%				(2)
Operating expense charged to plant	(21,922)	(11,290)	(10,632)				51.50%	48.50%				(2)
Outside services - other	604	311	293				51.50%	48.50%				(2)
Transmission and distribution:												
Salaries and wages	158,630	28,109	17,418	\$47,430	\$65,673		17.72%	10.98%	29.90%	41.40%		(3)
Purchased water	381,398	305,118	38,140	38,140			80.00%	10.00%	10.00%			(11)
Repairs and maintenance	25,170	4,460	2,764	7,526	10,420		17.72%	10.98%	29.90%	41.40%		(3)
Transportation	21,669	3,840	2,379	6,479	8,971		17.72%	10.98%	29.90%	41.40%		(3)
Maintenance testing	7,680	1,361	843	2,296	3,180		17.72%	10.98%	29.90%	41.40%		(3)
Operating expense charged to plant	(46,153)	(8,178)	(5,068)	(13,800)	(19,107)		17.72%	10.98%	29.90%	41.40%		(3)
Outside services - other	604	107	66	181	250		17.72%	10.98%	29.90%	41.40%		(3)
Customer accounts:												
Salaries and wages	31,965					\$31,965					100.00%	(4)
Office supplies and other expenses	22,582					22,582					100.00%	(4)
Office utilities	7,148					7,148					100.00%	(4)
Operating expense charged to plant	(9,300)					(9,300)					100.00%	(4)
Bad debt expense	12,655	3,353	2,380	2,235	2,813	1,874	26.49%	18.81%	17.66%	22.23%	14.81%	(8)
Administrative and general:												
Salaries and wages	177,745	44,739	36,064	31,692	43,885	21,365	25.17%	20.29%	17.83%	24.69%	12.02%	(5)
Office supplies and other expenses	27,404	7,258	5,155	4,840	6,092	4,059	26.49%	18.81%	17.66%	22.23%	14.81%	(8)
Regulatory commission expense	66,554	23,879	8,379	14,123	10,090	10,083	35.88%	12.59%	21.22%	15.16%	15.15%	(9)
Pension & other benefits	119,799	30,154	24,307	21,360	29,578	14,400	25.17%	20.29%	17.83%	24.69%	12.02%	(6)
Rent	5,779	1,891	748	1,164	988	988	32.72%	12.94%	20.14%	17.10%	17.10%	(7)
Insurance	58,403	19,110	7,557	11,762	9,987	9,987	32.72%	12.94%	20.14%	17.10%	17.10%	(7)
Office utilities	32,930	8,724	6,194	5,815	7,320	4,877	26.49%	18.81%	17.66%	22.23%	14.81%	(8)
Operating expense charged to plant	(51,715)	(13,699)	(9,728)	(9,133)	(11,496)	(7,659)	26.49%	18.81%	17.66%	22.23%	14.81%	(8)
Outside services - other	36,761	9,738	6,915	6,492	8,172	5,444	26.49%	18.81%	17.66%	22.23%	14.81%	(8)
Miscellaneous	16,148	4,277	3,037	2,852	3,590	2,392	26.49%	18.81%	17.66%	22.23%	14.81%	(8)
Total net operating expenses	<u>\$1,319,969</u>	<u>\$639,270</u>	<u>\$198,634</u>	<u>\$181,454</u>	<u>\$180,406</u>	<u>\$120,205</u>	48.42%	15.05%	13.75%	13.67%	9.11%	

(Continued on next page)

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED WATER SERVICES**

(Cont'd)

**ALLOCATION OF PRO FORMA OPERATION AND MAINTENANCE EXPENSES
TO FUNCTIONAL COST COMPONENTS
Base-Extra Capacity Method**

(1) Allocated 100% to base.

(2) Allocated in ratio to water treatment plant.

	<u>Water Treatment Plant</u>	<u>%</u>
Average day demand	\$994,810	51.50%
Maximum day excess capacity	<u>936,861</u>	<u>48.50%</u>
Totals	<u><u>\$1,931,671</u></u>	<u><u>100.00%</u></u>

(3) Allocated pro rata based on the allocation of total transmission and distribution plant.

	<u>Transmission and Distribution Plant</u>	<u>%</u>
Average day demand	\$1,488,605	17.72%
Maximum day excess capacity	921,893	10.98%
Maximum hour excess capacity	2,510,953	29.90%
Meters and services	<u>3,477,607</u>	<u>41.40%</u>
Totals	<u><u>\$8,399,058</u></u>	<u><u>100.00%</u></u>

(4) Allocated 100% to billing and collection.

(5) Allocated pro rata based upon all other payroll.

(6) Allocated pro rata based upon total payroll.

(7) Allocated pro rata based upon net utility plant.

(8) Allocated pro rata to all other functionalized expenses excluding purchased power, purchased water and chemicals.

(9) Allocated pro rata based upon rate base.

(10) Allocated 90% to base and 10% to maximum day.

(11) Allocated 80% to Base, 10% to Max Day and 10% to Max Hour.

(See Accountants' Special Purpose Report)

COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED WATER SERVICES

UNIT COSTS OF SERVICE
(Pro Forma Year Ending 9/30/2017)

	Net Pro Forma Revenue Requirements	Allocable To All Customers					Ref
		Extra Capacity			Customer Costs		
		Maximum Day	Maximum Hour	Meters and Services	Billing and Collection		
		Base	(-----1,000's of Gallons-----)	Equiv. Meters	Bills		
<u>Units of Service</u>		<u>297,022.1</u>	<u>766.5</u>	<u>912.7</u>	<u>5,234</u>	<u>59,148</u>	(1)
<u>Projected Cost of Service</u>							
Net operation and maintenance expense	\$1,319,969	\$639,270	\$198,634	\$181,454	\$180,406	\$120,205	(2)
Interest on debt	242,107	86,868	30,481	51,375	73,383		(4)
Depreciation	472,561	154,622	61,149	95,174	161,616		(3)
Amortization of PAA	(8,537)	(2,793)	(1,105)	(1,719)	(2,920)		(3)
Taxes other than income	245,033	88,800	37,000	49,987	69,246		(5)
Income taxes - federal	179,388	64,364	22,585	38,066	54,373		(4)
Income taxes - state	34,425	12,352	4,334	7,305	10,434		(4)
Amortization of ITC	(898)	(294)	(116)	(181)	(307)		(3)
Amortization of CIAC	(17,216)	(3,908)	(2,419)	(2,880)	(8,009)		(6)
Return on rate base	<u>357,658</u>	<u>128,328</u>	<u>45,029</u>	<u>75,895</u>	<u>108,406</u>		(4)
Total Cost of Service	2,824,490	1,167,609	395,572	494,476	646,628	120,205	
Less: Miscellaneous Revenues	<u>(40,930)</u>	<u>(16,920)</u>	<u>(5,732)</u>	<u>(7,166)</u>	<u>(9,370)</u>	<u>(1,742)</u>	(7)
Net Cost of Service	<u>\$2,783,560</u>	<u>\$1,150,689</u>	<u>\$389,840</u>	<u>\$487,310</u>	<u>\$637,258</u>	<u>\$118,463</u>	
Total unit cost of service		<u>\$3.8741</u>	<u>\$508.5975</u>	<u>\$533.9213</u>	<u>\$121.7535</u>	<u>\$2.0028</u>	

(1) See "Pro Forma Units of Service", page 7.

(2) As calculated in "Allocation of Pro Forma Operation and Maintenance Expenses to Functional Cost Components", pages 10 - 11.

(3) Allocated based on net plant in service. See page 9.

(4) Allocated based on rate base. See page 9.

(5) Allocated based on gross plant. See page 8.

(6) Allocated based on Net Contributions in Aid of Construction. See page 8.

(7) Allocated pro rata to cost of service.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED WATER SERVICES**

COST OF SERVICE ALLOCATED TO CUSTOMER CLASS
(Pro Forma Year Ending 9/30/2017)

Total Costs of Service	Allocable To All Customers				
	Base	Extra Capacity		Customer Costs	
		Maximum Day	Maximum Hour	Meters and Services Equiv. Meters	Billing and Collection Bills
	(-----1,000's of Gallons-----)				
Unit Costs of Service (1)	<u>\$3.8741</u>	<u>\$508.5975</u>	<u>\$533.9213</u>	<u>\$121.7535</u>	<u>\$2.0028</u>
<u>Allocated Costs of Service:</u>					
Residential:					
Units of service	272,138.3	671.0	745.6	5,006	57,912
Cost	\$2,519,135	\$1,054,288	\$341,269	\$609,498	\$115,988
Commercial:					
Units of service	24,883.8	95.5	167.1	228	1,236
Cost	<u>264,425</u>	<u>96,401</u>	<u>48,571</u>	<u>27,760</u>	<u>2,475</u>
Total allocated cost of service	<u>\$2,783,560</u>	<u>\$1,150,689</u>	<u>\$389,840</u>	<u>\$637,258</u>	<u>\$118,463</u>

(1) See page 13.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED WATER SERVICES**

CALCULATION OF PROPOSED MONTHLY BASE CHARGES

<u>Meter Size</u>	<u>5/8 inch Equivalency Factor</u>	<u>Meter Cost Per Equiv. Unit (1)</u>	<u>Meter Cost Per Unit</u>	<u>Billing Cost Per Unit (2)</u>	<u>Total</u>	<u>Rounded (Use)</u>
5/8 inch meter	1.0	\$10.1461	\$10.1461	\$2.0028	\$12.1489	\$12.15
3/4 inch meter	1.0	10.1461	10.1461	2.0028	12.1489	12.15
1 inch meter	2.5	10.1461	25.3653	2.0028	27.3681	27.35
1 1/4 inch meter	4.0	10.1461	40.5844	2.0028	42.5872	42.60
1 1/2 inch meter	5.0	10.1461	50.7305	2.0028	52.7333	52.75
2 inch meter	8.0	10.1461	81.1688	2.0028	83.1716	83.15
3 inch meter	15.0	10.1461	152.1915	2.0028	154.1943	154.20
4 inch meter	25.0	10.1461	253.6525	2.0028	255.6553	255.65
6 inch meter	50.0	10.1461	507.3050	2.0028	509.3078	509.30
8 inch meter	80.0	10.1461	811.6880	2.0028	813.6908	813.70

(1) Calculated as follows:

Annual charge per equivalent meter (page 13)	\$121.7535
Divided by 12 months	<u>12</u>
Monthly charge per equivalent meter	<u><u>\$10.1461</u></u>

(2) See page 13.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED WATER SERVICES**

**PRO FORMA ANNUAL OPERATING REVENUE AT ADJUSTED
RATES AND CHARGES BASED UPON ALLOCATED COST OF SERVICE**

	Billing Determinants		Allocated	Pro Forma
	Pro Forma	Bills	Cost of	Revenue
	Consumption		Service Rates	Under Adjusted
	(Gallons)			Rates
<u>Residential:</u>				
Base Charge:				
5/8 inch meter		57,324	\$12.15	\$696,487
3/4 inch meter		12	12.15	146
1 inch meter		60	27.35	1,641
1 1/2 inch meter		516	52.75	27,219
Volume Charge: (per 1,000 gallons)	272,138.3		\$6.85	1,864,147
Sub-totals	272,138.3	57,912		2,589,640
<u>Commercial:</u>				
Base Charge:				
5/8 inch meter		840	\$12.15	10,206
3/4 inch meter		36	12.15	437
1 inch meter		96	27.35	2,626
1 1/2 inch meter		108	52.75	5,697
2 inch meter		132	83.15	10,976
Unmetered Drinking Fountains		24	23.10	554
Volume Charge: (per 1,000 gallons)	24,883.8		\$6.85	170,454
Sub-totals	24,883.8	1,236		200,950
Totals	297,022.1	59,148		\$2,790,590
Control				\$2,783,560
Variance				\$7,030
Percent Variance				0.25%

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED WATER SERVICES**

**COMPARISON OF ALLOCATED COST OF SERVICE WITH
REVENUE UNDER EXISTING AND ADJUSTED RATES**

Customer Classification	Cost of Service	Control Period Revenue Under Existing Rates (1)	Increase/(Decrease)		Cost of Service	Revenue Under Adjusted Rates (2)	Variance Between Adjusted Revenues and Cost of Service	
			%	Amount			%	Amount
Residential	\$2,519,135	\$1,846,341	36.44%	\$672,794	\$2,519,135	\$2,589,640	2.80%	\$70,505
Commercial	264,425	140,591	88.08%	123,834	264,425	200,950	-24.00%	(63,475)
Totals	<u>\$2,783,560</u>	<u>\$1,986,932</u>	<u>40.09%</u>	<u>\$796,628</u>	<u>\$2,783,560</u>	<u>\$2,790,590</u>	<u>0.25%</u>	<u>\$7,030</u>

(1) See pages 3 through 4.

(2) See page 16.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED WATER SERVICES**

SCHEDULE OF PRESENT AND PROPOSED RATES AND CHARGES

<u>Monthly Rate for Residential Customers</u>		Present			<u>Proposed</u>
		<u>Twin Lakes</u>	<u>WSCI</u>	<u>IWSI</u>	
	<u>Meter Size</u>	(1)	(2)	(3)	
	5/8 inch meter	\$11.86	\$13.31	\$6.62	\$12.15
	3/4 inch meter	11.86	13.31	6.62	12.15
	1 inch meter	29.65	33.28	16.55	27.35
	1 1/4 inch meter	N/A	49.91	24.83	42.60
	1 1/2 inch meter	59.63	66.55	33.10	52.75
	2 inch meter	94.88	106.48	52.96	83.15
	3 inch meter	177.90	199.65	99.30	154.20
	4 inch meter	296.50	332.75	165.50	255.65
	6 inch meter	593.00	665.50	331.00	509.30
Residential Usage Charge (per 1,000 gallons)		\$4.07	\$5.51	\$4.05 *	\$6.85

Monthly Rate for Commercial Customers

	<u>Meter Size</u>				
	5/8 inch meter	\$11.86	\$13.31	\$6.62	\$12.15
	3/4 inch meter	11.86	13.31	6.62	12.15
	1 inch meter	29.65	33.28	16.55	27.35
	1 1/4 inch meter	N/A	49.91	24.83	42.60
	1 1/2 inch meter	59.63	66.55	33.10	52.75
	2 inch meter	94.88	106.48	52.96	83.15
	3 inch meter	177.90	199.65	99.30	154.20
	4 inch meter	296.50	332.75	165.50	255.65
	6 inch meter	593.00	665.50	331.00	509.30
Commercial Usage Charge (per 1,000 gallons)		\$4.07	\$5.51	\$4.05 *	\$6.85

Unmetered Water Service

Flat rate for unmetered public drinking fountain	\$16.49	N/A	N/A	\$23.10
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(1) Current rates effective 04/24/14 per IURC Order in Cause No. 44388. Application of existing rates by CUII approved per IURC Order in Cause No. 44587 dated July 8, 2015.

(2) Current rates effective 04/04/13 per IURC Order in Cause No. 44104. Application of existing rates by CUII approved per IURC Order in Cause No. 44587 dated July 8, 2015.

(3) Current rates effective 11/13/12 per IURC Order in Cause No. 44097. Application of existing rates by CUII approved per IURC Order in Cause No. 44587 dated July 8, 2015.

* Currently subject to a Distribution System Improvement Charge of \$0.27 and a wholesale water tracking factor of \$0.35.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED SEWER SERVICES**

WASTEWATER SERVICE

**COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED SEWER SERVICES**

**SUMMARY OF CONTROL PERIOD CONSUMER STUDY FOR SEWAGE SERVICES
(Control Period October 1, 2014 through September 30, 2015)**

<u>Meter Size</u>	<u>Flow (Gallons)</u>	<u>Number of Bills</u>	<u>Revenues</u>
<u>Residential:</u>			
5/8"	184,246,453	38,608	1,929,969
3/4"	62,040	12	588
Sub-totals	184,308,493	38,620	1,930,557
<u>Commercial:</u>			
5/8"	4,261,860	666	50,133
3/4"	183,120	36	1,764
1"	456,910	48	6,123
1 1/2"	108,000	12	2,940
2"	8,904,800	83	119,586
Unmetered	-	13	637
Sub-totals	13,914,690	858	181,183
<u>Campgrounds:</u>	-	4,784	89,174
Billing Adjustments From Billing System	(86,380)		(4,380)
Variance Between Calculated Bill and Prorated Bill			(23,950)
Totals	198,136,803	44,262	\$2,172,584
Control Period (10/01/14 - 09/30/15)			\$2,171,124
Variance			\$1,460
Percent Variance			0.07%

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED SEWER SERVICES**

CALCULATION OF EQUIVALENT ANNUAL BILLS

<u>Meter Size</u>	<u>Control Period Bills</u>	<u>Adjustment (1)</u>	<u>Normalized Annual Bills</u>	<u>Equivalency Factor (2)</u>	<u>Equivalent Annual Bills</u>
<u>Residential:</u>					
5/8"	38,608	(364)	38,244	1.0	38,244
3/4"	12	-	12	1.0	12
Sub-totals	38,620	(364)	38,256		38,256
<u>Commercial:</u>					
5/8"	666	18	684	1.0	684
3/4"	36	-	36	1.0	36
1"	48	12	60	2.5	150
1 1/2"	12	-	12	5.7	68
2"	83	1	84	10.0	840
Unmetered (3)	13	(1)	12	1.0	12
Sub-totals	858	30	888		1,790
<u>Campgrounds: (4)</u>	17	4	21	230.0	4,830
Totals	39,495	(330)	39,165		44,876

(1) To normalize control period data to include 12 monthly bills for each active account.

(2) Based on the cross-sectional diameter of line calculation:

$$\text{Area} = \text{radius}^2 \times \pi$$

$$\text{Area for 5/8" meter} = .31$$

(3) Assumes 5/8" equivalency factor.

(4) Assumes a total of 690 sites are billed for three campgrounds.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED SEWER SERVICES**

CALCULATION OF PRO FORMA FLOWS

Meter Size	Control Period 9/30/2015 (Gallons)	Flow Adjustment (1) (Gallons)	Pro Forma 9/30/2016 (Gallons)	Flow Adjustment (1) (Gallons)	Pro Forma 9/30/2017 (Gallons)
<u>Residential:</u>					
5/8"	184,160,073	(5,616,326)	178,543,747	(5,444,525)	173,099,222
3/4"	62,040	(1,874)	60,166	(1,817)	58,349
Sub-totals	184,222,113	(5,618,200)	178,603,913	(5,446,342)	173,157,571
<u>Commercial:</u>					
5/8"	4,261,860	(62,267)	4,199,593	(58,581)	4,141,012
3/4"	183,120	952	184,072	957	185,029
1"	456,910	(991)	455,919	(837)	455,082
1 1/2"	108,000	562	108,562	565	109,127
2"	8,904,800	(289,963)	8,614,837	(275,498)	8,339,339
Unmetered (2)	113,150	588	113,738	591	114,329
Sub-totals	14,027,840	(351,119)	13,676,721	(332,803)	13,343,918
<u>Unmetered:</u>					
Campgrounds (3)	3,208,500	(128,340)	3,080,160	(123,206)	2,956,954
Totals	201,458,453	(6,097,659)	195,360,794	(5,902,351)	189,458,443

(1) Annual consumption trend factors provided by Utility Management:

<u>Twin Lakes Territory:</u>		<u>WSCI Territory:</u>	
Residential	-3.02%	Residential	-4.00%
Commercial	0.52%	Commercial	-4.75%

(2) Calculated as follows based upon IDEM Sewage Flow Tables per 327 IAC 3-6-11:

Estimated flow per equivalent unit (gpd)	310
Times 365 days	365
Estimated annual flow	113,150

(3) Calculated as follows based upon IDEM Sewage Flow Tables per 327 IAC 3-6-11:

Total days in season (April - October)	214
Times estimated usage rate*	43.5%
Estimated days used	93
Times number of campsites	690
Sub-total	64,170
Times gallons per day per campsite	50
Estimated gallons	3,208,500

*Assumes 31 weekends during season
times 3 days divided by total days in
season.

(See Accountants' Special Purpose Report)

COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED SEWER SERVICES

ALLOCATION OF RATE BASE TO FUNCTIONAL COST COMPONENTS

See Explanation of References, page 23

	Utility Plant in Service at 09/30/17	Allocation				Percentage Allocations				Ref.
		Treatment and Disposal	Collection System	Customer Accounts	Administrative	Treatment and Disposal	Collection System	Customer Accounts	Administrative	
Organization	\$29,863	\$ -	\$ -	\$ -	\$29,863				100.00%	(1)
Franchises	3,503	-	-	-	3,503				100.00%	(1)
Land and land rights	157,826	-	-	-	157,826				100.00%	(1)
Structures and improvements	2,690,817	1,720,861	818,501	-	151,455	63.95%	30.42%		5.63%	(2)
Power generation equipment	48,466	48,466	-	-	-	100.00%				(3)
Collection sewers - force	3,233,267	-	3,233,267	-	-		100.00%			(4)
Collection sewers- gravity	5,710,666	-	5,710,666	-	-		100.00%			(4)
Special collection structures	1,094,073	-	1,094,073	-	-		100.00%			(4)
Services to customers	21,566	-	-	21,566	-			100.00%		(7)
Flow measuring devices	19,901	-	-	19,901	-			100.00%		(7)
Flow measuring installations	2,106	-	-	2,106	-			100.00%		(7)
Pumping equipment	664,921	870	664,051	-	-	0.13%	99.87%			(2)
Reuse distribution reservoirs	765	765	-	-	-	100.00%				(3)
Reuse transmission and distribution system	1,564	-	1,564	-	-		100.00%			(4)
Treatment and disposal equipment	7,004,581	7,004,581	-	-	-	100.00%				(3)
Plant sewers	74,699	74,699	-	-	-	100.00%				(3)
Other plant and miscellaneous equipment	54,491	34,805	19,686	-	-	63.87%	36.13%			(2)
Office furniture and equipment	40,755	-	-	20,378	20,377			50.00%	50.00%	(5)
Transportation equipment	216,294	-	-	-	216,294				100.00%	(1)
Stores equipment	99	-	-	-	99				100.00%	(1)
Tools, shop and garage equipment	60,906	-	-	-	60,906				100.00%	(1)
Laboratory equipment	24,806	24,806	-	-	-	100.00%				(3)
Power operated equipment	15,223	-	-	-	15,223				100.00%	(1)
Communication equipment	24,281	-	-	12,141	12,140			50.00%	50.00%	(5)
Miscellaneous equipment	99,653	-	-	-	99,653				100.00%	(1)
Other tangible plant	99,847	-	-	-	99,847				100.00%	(1)
Gross Plant in Service	21,394,939	8,909,853	11,541,808	76,092	867,186	41.64%	53.95%	0.36%	4.05%	
Reallocate administrative pro rata	-	376,393	487,579	3,214	(867,186)	1.75%	2.28%	0.02%	-4.05%	(6)
Sub-total	21,394,939	9,286,246	12,029,387	79,306	-	43.39%	56.23%	0.38%	0.00%	
Accumulated depreciation	(6,688,771)	(3,465,752)	(3,213,569)	(9,450)	-	51.82%	48.04%	0.14%		(2)
Net plant in service	14,706,168	5,820,494	8,815,818	69,856	-	39.57%	59.95%	0.48%	0.00%	
Cash working capital	136,167	53,881	81,632	654	-	39.57%	59.95%	0.48%	0.00%	(8)
Net contributions in aid of construction	(3,773,299)	(716)	(3,763,234)	(9,349)	-	0.02%	99.73%	0.25%		(2)
Accumulated deferred income taxes	(433,291)	(171,453)	(259,758)	(2,080)	-	39.57%	59.95%	0.48%	0.00%	(8)
Customer deposits	(25,974)	(10,278)	(15,571)	(125)	-	39.57%	59.95%	0.48%	0.00%	(8)
Net deferred charges	33,681	13,327	20,192	162	-	39.57%	59.95%	0.48%	0.00%	(8)
Rate Base	<u>\$10,643,452</u>	<u>\$5,705,255</u>	<u>\$4,879,079</u>	<u>\$59,118</u>	<u>\$ -</u>	53.60%	45.84%	0.56%	0.00%	

(Continued on next page)

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED SEWER SERVICES**

(Cont'd)

ALLOCATION OF RATE BASE TO FUNCTIONAL COST COMPONENTS

(Explanation of References)

- (1) Allocated 100% to admin.
- (2) Direct allocation to function based on accounting records provided by management.
- (3) Allocated 100% to treatment and disposal.
- (4) Allocated 100% to collection system.
- (5) Allocated 50% to customer accounts and 50% to admin.
- (6) Allocated pro rata to all other allocable utility plant.
- (7) Allocated 100% to customer accounts.
- (8) Allocated pro rata to net utility plant.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED SEWER SERVICES**

**PRO FORMA OPERATION AND MAINTENANCE EXPENSE
ALLOCATED TO FUNCTIONAL COST COMPONENTS**

See Explanation of References, page 25

	Pro Forma 9/30/2017	Allocation				
		Treatment and Disposal	Collection System	Customer Accounts	Administrative	Ref.
<u>Operation and Maintenance Expense:</u>						
Maintenance Expenses:						
Salaries and wages	\$229,395	\$76,772	\$76,771	\$ -	\$75,852	(1)
Purchased power	214,267	107,134	107,133	-	-	(5)
Maintenance and repair	140,144	54,535	82,423	-	3,186	(3)
Maintenance testing	43,758	22,927	20,831	-	-	(3)
Chemicals	32,011	32,011	-	-	-	(2)
Transportation	20,974	10,487	10,487	-	-	(5)
Operating expense charged to plant	(84,714)	(22,337)	(22,337)	(6,103)	(33,937)	(4)
Outside services - other	24,916	396	396	-	24,124	(3)
General Expenses:						
Salaries and wages	61,768	-	-	20,977	40,791	(1)
Office supplies and other office expenses	32,803	-	-	14,819	17,984	(3)
Regulatory commission expenses	43,675	-	-	-	43,675	(6)
Pension and other benefits	78,616	20,731	20,731	5,660	31,494	(4)
Rent	3,793	1,501	2,274	18	-	(8)
Insurance	38,326	15,166	22,976	184	-	(8)
Office utilities	26,300	-	-	4,691	21,609	(3)
Miscellaneous	7,410	-	-	-	7,410	(6)
Bad debt expense	12,887	-	-	12,887	-	(7)
Sub-totals	926,329	319,323	321,685	53,133	232,188	
Reallocate administrative pro rata	-	106,812	107,603	17,773	(232,188)	
Total operation and maintenance disbursements	<u>\$926,329</u>	<u>\$426,135</u>	<u>\$429,288</u>	<u>\$70,906</u>	<u>\$ -</u>	

(Continued on next page)

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED SEWER SERVICES**

(Cont'd)

**PRO FORMA OPERATION AND MAINTENANCE EXPENSE
ALLOCATED TO FUNCTIONAL COST COMPONENTS
(Explanation of References)**

- (1) Salaries and wages allocated to function based on nature of daily work.
- (2) Allocated directly to Treatment.
- (3) Allocated based on subaccount descriptions.
- (4) Allocated pro rata based on allocation of salaries and wages.
- (5) Allocated 50% to Treatment and 50% to Collections.
- (6) Allocated directly to Administrative.
- (7) Allocated directly to Customer Accounts.
- (8) Allocated based upon net utility plant in service.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED SEWER SERVICES**

**PRO FORMA ANNUAL REVENUE REQUIREMENTS
ALLOCATED TO FUNCTIONAL COST COMPONENTS**

	Pro Forma 9/30/2017	Allocation Treatment and Disposal	Collection System	Customer Accounts	Administrative	Ref.
Revenue Requirements:						
Operation and maintenance expense	\$926,329	\$426,135	\$429,288	\$70,906	\$ -	(1)
Interest on debt	351,234	188,261	161,006	1,967	-	(3)
Depreciation	587,062	232,300	351,944	2,818	-	(2)
Taxes other than income	175,896	76,322	98,906	668	-	(4)
Income taxes - federal	266,795	143,002	122,299	1,494	-	(3)
Income taxes - state	51,198	27,442	23,469	287	-	(3)
Amortization of ITC	(973)	(522)	(446)	(5)	-	(3)
Amortization of CIAC	(343)	-	(342)	(1)	-	(5)
Return on rate base	518,869	278,113	237,850	2,906	-	(3)
Total Cost of Service	2,876,067	1,371,053	1,423,974	81,040	-	
Less: Miscellaneous Revenues	(41,367)	(19,720)	(20,481)	(1,166)	-	(6)
Less: Pro Forma Campground Revenues	(99,015)	(47,202)	(49,023)	(2,790)	-	(7)
Total Cost of Service to be Recovered Through Rates and Charges	<u>\$2,735,685</u>	<u>\$1,304,131</u>	<u>\$1,354,470</u>	<u>\$77,084</u>	<u>\$ -</u>	

Explanation of references:

- (1) See page 24.
- (2) Allocated based on net plant in service. See page 22.
- (3) Allocated based on rate base. See page 22.
- (4) Allocated based on gross plant. See page 22.
- (5) Allocated based on net contributions in aid of construction. See page 22.
- (6) Allocated pro rata to total cost of service.
- (7) Allocated pro rata to total cost of service. Assumes the Campgrounds receive a 10% across-the-board increase.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED SEWER SERVICES**

CALCULATION OF PROPOSED RATES AND CHARGES

<u>Monthly Base Charge:</u>	<u>Equivalency Factor</u>	<u>Billing and Collecting</u>	<u>Collection System</u>	<u>Revised Rates</u>
		(1)	(2)	
Meter Size:				
5/8"	1.0	\$1.95	\$25.40	\$27.35
3/4"	1.0	1.95	25.40	27.35
1"	2.5	1.95	63.50	65.45
1 1/4"	4.0	1.95	101.60	103.55
1 1/2"	5.7	1.95	144.80	146.75
2"	10.0	1.95	254.00	255.95
3"	23.0	1.95	584.20	586.15
4"	40.0	1.95	1,016.00	1,017.95
6"	91.0	1.95	2,311.40	2,313.35

<u>Flow Charge (per 1,000 gallons)</u>	(3)	(4)	<u>Revised Rates</u>
All Users	\$1.80	\$7.00	\$8.80

<u>Unmetered Users</u>	<u>Gallons</u>	<u>Flow</u>	(1)	(2)	<u>Revised Rates</u>
Unmetered	4,500	\$39.60	\$1.95	\$25.40	\$66.95

	<u>Revised Rates</u>
Campgrounds (per campsite)	\$20.50

<u>Explanation of References</u>	<u>Pro Forma Net Revenue Requirements</u>	<u>Pro Forma Annual Billing Determinants</u>	<u>Rate Per Equivalent</u>	<u>Rounded Use</u>
(1) Billing and collecting	\$77,084	39,144 annual bills*	\$1.97	\$1.95
(2) Collection system (75%)	1,015,853	40,046 equivalent bills*	25.37	25.40
(3) Collection system (25%)	338,617	186,501,489 / 1,000 gallons*	1.82	1.80
(4) Treatment and disposal	1,304,131	186,501,489 / 1,000 gallons*	6.99	7.00
Total	<u>\$2,735,685</u>			

* Estimated pro forma Campground billing determinants have been eliminated from the proposed rate calculations assuming the Campgrounds receive a 10% across-the-board increase.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED SEWER SERVICES**

CALCULATION OF ESTIMATED SEWAGE SERVICE BILLINGS

<u>Base Rate Per Meter Size:</u>	<u>Number of Bills</u>	<u>Base Rate (Per Month)</u>	<u>Calculated Revenues</u>
<u>Residential:</u>			
5/8"	38,244	\$27.35	\$1,045,973
3/4"	12	27.35	328
<u>Commercial:</u>			
5/8"	684	27.35	18,707
3/4"	36	27.35	985
1"	60	65.45	3,927
1 1/2"	12	146.75	1,761
2"	84	255.95	21,500
Sub-totals	39,132		1,093,181
<u>Unmetered Users:</u>			
Commercial	12	\$66.95	803
Campgrounds	4,830	20.50	99,015
Sub-totals	4,842		99,818
Base Rate Totals	43,974		\$1,192,999
<u>Treatment Rate per 1,000 Gallons:</u>			
	<u>Water Usage (1,000/gal)</u>	<u>Flow Rate (Per 1,000/gal)</u>	<u>Calculated Revenues</u>
Treatment Rate Totals	186,387.2	\$8.80	\$1,640,207
Annual Estimated Billings			\$2,833,206
Less Pro Forma Net Cost of Service			(2,834,700)
Variance			(\$1,494)
Percent Variance			-0.05%

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED SEWER SERVICES**

COMPARISON OF CONTROL PERIOD REVENUES AND PRO FORMA REVENUES UNDER ADJUSTED RATES

Pro Forma Revenues Under Adjusted Rates										
Meter Size	Flow	Times Flow Rate	Sub-total Flow	Annual Bills	Times Base Rate	Sub-total Base Rate	Total Charges	Control Period Revenues	Increase(Decrease)	
	(Gallons)	(Per 1,000/gal)			(Per Month)				%	Amount
<u>Residential:</u>										
5/8"	173,099,222	\$8.80	\$1,523,273	38,244	\$27.35	\$1,045,973	\$2,569,246	\$1,917,108	34.02%	\$652,138
3/4"	58,349	8.80	513	12	27.35	328	841	588	43.03%	253
Sub-totals	173,157,571		1,523,786	38,256		1,046,301	2,570,087	1,917,696	34.02%	652,391
<u>Commercial:</u>										
5/8"	4,141,012	8.80	36,441	684	27.35	18,707	55,148	49,959	10.39%	5,189
3/4"	185,029	8.80	1,628	36	27.35	985	2,613	1,764	48.13%	849
1"	455,082	8.80	4,005	60	65.45	3,927	7,932	6,122	29.57%	1,810
1 1/2"	109,127	8.80	960	12	146.75	1,761	2,721	2,867	-5.09%	(146)
2"	8,339,339	8.80	73,386	84	255.95	21,500	94,886	119,454	-20.57%	(24,568)
Unmetered	-		-	12	66.95	803	803	637	26.06%	166
Sub-totals	13,229,589		116,420	888		47,683	164,103	180,803	-9.24%	(16,700)
<u>Campgrounds: (1)</u>	-		-	4,830	20.50	99,015	99,015	74,784	32.40%	24,231
<u>Adjustment (2)</u>	-		-	-		-	-	(2,159)		2,159
Totals	186,387,160		\$1,640,206	43,974		\$1,192,999	\$2,833,205	\$2,171,124	30.49%	\$662,081

(1) Annual bills are based on 7 bills times a multiple factor of 690.

(2) Variance between total general ledger revenue and actual billed revenue for the control period.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
CONSOLIDATED SEWER SERVICES**

SCHEDULE OF PRESENT AND PROPOSED RATES AND CHARGES

<u>Monthly Rate for Residential Customers</u>		<u>Present</u>		<u>Proposed</u>
<u>Meter Size</u>		<u>Twin Lakes (1)</u>	<u>WSCI (2)</u>	
5/8	inch meter	\$49.00	\$25.79	\$27.35
3/4	inch meter	49.00	25.79	27.35
1	inch meter	122.50	64.48	65.45
1 1/4	inch meter	N/A	96.71	103.55
1 1/2	inch meter	245.00	128.95	146.75
2	inch meter	392.00	206.32	255.95
3	inch meter	735.00	386.85	586.15
4	inch meter	1,225.00	644.75	1,017.95
6	inch meter	2,450.00	1,289.50	2,313.35
Unmetered		49.00	N/A	66.95
Residential Usage Charge (per 1,000 gallons)		N/A	\$14.69	\$8.80
<u>Monthly Rate for Commercial Customers</u>				
<u>Meter Size</u>				
5/8	inch meter	\$49.00	\$25.79	\$27.35
3/4	inch meter	49.00	25.79	27.35
1	inch meter	122.50	64.48	65.45
1 1/4	inch meter	-	96.71	103.55
1 1/2	inch meter	245.00	128.95	146.75
2	inch meter	392.00	206.32	255.95
3	inch meter	735.00	386.85	586.15
4	inch meter	1,225.00	644.75	1,017.95
6	inch meter	2,450.00	1,289.50	2,313.35
Unmetered		49.00	N/A	66.95
Commercial Usage Charge (per 1,000 gallons)		N/A	\$14.69	\$8.80
Campground Charge per Month (for each month April - October)		N/A	\$18.64	\$20.50

- (1) Current rates effective 04/24/14 per IURC Order in Cause No. 44388.
Application of existing rates by CUII approved per IURC order in Cause No. 44587 dated July 8, 2015.
- (2) Current rates effective 04/04/13 per IURC Order in Cause No. 44104.
Application of existing rates by CUII approved per IURC order in Cause No. 44587 dated July 8, 2015.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY**

WATER SERVICE

**COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY**

SUMMARY OF CONTROL PERIOD CONSUMER STUDY FOR WATER SERVICES
(Control Period October 1, 2014 through September 30, 2015)
(All Customers)

	Number of Bills	Billed Consumption (Gallons)	Rate (1)	Revenues
<u>Base Facility Charge:</u>				
5/8 inch meter	37,446		\$11.86	\$444,110
3/4 inch meter	48		11.86	569
1 inch meter	36		29.65	1,067
1 1/2 inch meter	24		59.30	1,423
2 inch meter	47		94.88	4,459
Unmetered Drinking Fountain	22		16.49	363
Sub-totals	<u>37,623</u>			<u>451,991</u>
<u>Volume Charge: per 1,000 gallons</u>				
5/8 inch meter		181,909,584	\$4.07	740,372
3/4 inch meter		245,160	4.07	998
1 inch meter		393,010	4.07	1,600
1 1/2 inch meter		343,300	4.07	1,397
2 inch meter		<u>2,524,000</u>	4.07	<u>10,273</u>
Sub-total		<u>185,415,054</u>		<u>754,640</u>
Billing Adjustments From Billing System		<u>(82,470)</u>		<u>(1,058)</u>
Totals		<u><u>185,332,584</u></u>		<u><u>\$1,205,573</u></u>
Control Period (10/01/14 - 09/01/15)				<u><u>\$1,202,612</u></u>
Variance				<u><u>\$2,961</u></u>
Percent Variance				<u><u>0.25%</u></u>

(1) Current rates effective 04/24/14 per IURC Order in Cause No. 44388. Application of existing rates by CUII approved per IURC Order in Cause No. 44587 dated July 8, 2015.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY**

SUMMARY OF CONTROL PERIOD CONSUMER STUDY FOR WATER SERVICES

(Control Period October 1, 2014 through September 30, 2015)

(All Residential)

		<u>Number of Bills</u>	<u>Billed Consumption (Gallons)</u>	<u>Rate (1)</u>	<u>Revenues</u>
<u>Base Facility Charge:</u>					
5/8	inch meter	37,029		\$11.86	\$439,164
3/4	inch meter	<u>12</u>		11.86	<u>142</u>
	Sub-total	<u><u>37,041</u></u>			<u><u>439,306</u></u>
<u>Volume Charge: per 1,000 gallons</u>					
5/8	inch meter		179,249,794	\$4.07	729,547
3/4	inch meter		<u>62,040</u>	4.07	<u>253</u>
	Sub-total		<u><u>179,311,834</u></u>		<u><u>729,800</u></u>
Billing Adjustments From Billing System			<u>(82,470)</u>		<u>(1,058)</u>
Totals			<u><u>179,229,364</u></u>		<u><u>\$1,168,048</u></u>

(1) Current rates effective 04/24/14 per IURC Order in Cause No. 44388. Application of existing rates by CUII approved per IURC Order in Cause No. 44587 dated July 8, 2015.

(See Accountants' Special Purpose Report)

COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY

SUMMARY OF CONTROL PERIOD CONSUMER STUDY FOR WATER SERVICES
(Control Period October 1, 2014 through September 30, 2015)
(All Commercial)

		Number of Bills	Billed Consumption (Gallons)	Rate (1)	Revenues
<u>Base Facility Charge:</u>					
5/8	inch meter	417		\$11.86	\$4,946
3/4	inch meter	36		11.86	427
1	inch meter	36		29.65	1,067
1 1/2	inch meter	24		59.30	1,423
2	inch meter	47		94.88	4,459
Unmetered Drinking Fountain		22		16.49	363
Sub-total		<u>582</u>			<u>12,685</u>
<u>Volume Charge: per 1,000 gallons</u>					
5/8	inch meter		2,659,790	\$4.07	10,825
3/4	inch meter		183,120	4.07	745
1	inch meter		393,010	4.07	1,600
1 1/2	inch meter		343,300	4.07	1,397
2	inch meter		<u>2,524,000</u>	4.07	<u>10,273</u>
Sub-total			<u>6,103,220</u>		<u>24,840</u>
Totals					<u>\$37,525</u>

(1) Current rates effective 04/24/14 per IURC Order in Cause No. 44388. Application of existing rates by CUH approved per IURC Order in Cause No. 44587 dated July 8, 2015.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY**

CALCULATION OF CONTROL PERIOD EQUIVALENT METERS
(Based upon control period service charge billings)

<u>Meter Size</u>	<u>Control Period Bills</u>	<u>Adjustment (1)</u>	<u>Normalized Annual Bills</u>	<u>Average Connections</u>	<u>Equivalency Factor (2)</u>	<u>Equivalent Meters and Services</u>
<u>Residential:</u>						
5/8 inch meter	37,029	(405)	36,624	3,052	1.0	3,052
3/4 inch meter	12	-	12	1	1.0	1
Sub-totals	37,041	(405)	36,636	3,053		3,053
<u>Commercial:</u>						
5/8 inch meter	417	15	432	36	1.0	36
3/4 inch meter	36	-	36	3	1.0	3
1 inch meter	36	12	48	4	2.5	10
1 1/2 inch meter	24	-	24	2	5.0	10
2 inch meter	47	1	48	4	8.0	32
Unmetered Drinking Fountain	22	2	24	2	1.0	2
Sub-totals	582	30	612	51		93
Totals	37,623	(375)	37,248	3,104		3,146

(1) To normalize control period data to include 12 monthly bills for each active account.

(2) Equivalent Meter Capacity ratios per the sixth edition of the American Water Works Association ("AWWA") Principles of Water Rates, Fees and Charges Manual of Water Supply Practices M1 (the "M1 Manual").

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY**

CALCULATION OF PRO FORMA CONSUMPTION

<u>Meter Size</u>	<u>Adjusted Control Period Consumption (Gallons)</u>	<u>Consumption Adjustment (1) (Gallons)</u>	<u>Pro Forma 9/30/2016 (Gallons)</u>	<u>Consumption Adjustment (1) (Gallons)</u>	<u>Pro Forma 9/30/2017 (Gallons)</u>
<u>Residential:</u>					
5/8"	179,167,324	(5,410,853)	173,756,471	(5,247,445)	168,509,026
3/4"	62,040	(1,874)	60,166	(1,817)	58,349
Sub-totals	179,229,364	(5,412,727)	173,816,637	(5,249,262)	168,567,375
<u>Commercial:</u>					
5/8"	2,659,790	13,831	2,673,621	13,903	2,687,524
3/4"	183,120	952	184,072	957	185,029
1"	393,010	2,044	395,054	2,054	397,108
1 1/2"	343,300	1,785	345,085	1,794	346,879
2"	2,524,000	13,125	2,537,125	13,193	2,550,318
Sub-totals	6,103,220	31,737	6,134,957	31,901	6,166,858
Totals	185,332,584	(5,380,990)	179,951,594	(5,217,361)	174,734,233

(1) Annual consumption trend factors provided by Utility Management:

Residential	-3.02%
Commercial	0.52%

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY**

**PRO FORMA UNITS OF SERVICE
Base-Extra Capacity Method**

Customer Class	Base		Maximum Day			Maximum Hour			Customer	
	Pro Forma Annual Sales (1)	Average Day (2)	Capacity Factor (3) %	Total Capacity (2)	Extra Capacity (4) (2)	Capacity Factor %	Total Capacity (3) (2)	Extra Capacity (5) (2)	Equivalent Connections	Bills
Residential	168,567.4	461.8	190	877.4	415.6	285	1,316.1	438.7	3,053	36,636
Commercial	<u>6,166.9</u>	<u>16.9</u>	245	<u>41.4</u>	<u>24.5</u>	490	<u>82.8</u>	<u>41.4</u>	<u>93</u>	<u>612</u>
Totals	<u>174,734.3</u>	<u>478.7</u>		<u>918.8</u>	<u>440.1</u>		<u>1,398.9</u>	<u>480.1</u>	<u>3,146</u>	<u>37,248</u>

(1) 1,000's of gallons.

(2) 1,000's of gallons per day.

(3) Calculated based on control period usage data.

(4) Capacity in excess of average day usage.

(5) Capacity in excess of maximum day demand.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY**

ALLOCATION OF RATE BASE TO FUNCTIONAL COST COMPONENTS

Base-Extra Capacity Method

	Utility Plant in Service at 09/30/17	Base	Extra Capacity		Customer Meters and Services	Percentage Allocations				Ref.
			Maximum Day	Maximum Hour		BAS	MXD	MXH	CUS	
Source of Supply Plant:										
Land and land rights	\$6,000	\$6,000				100.00%				(1)
Structures and improvements	514,770	514,770				100.00%				(1)
Wells and springs	1,071,449	1,071,449				100.00%				(1)
Supply mains	14,355	14,355				100.00%				(1)
Power generation equipment	1,163	1,163				100.00%				(1)
Pumping equipment	116,263	116,263				100.00%				(1)
Water Treatment:										
Land and land rights	766	399	\$367			52.10%	47.90%			(2)
Structures and improvements	269,923	140,630	129,293			52.10%	47.90%			(2)
Pumping equipment	749,260	390,364	358,896			52.10%	47.90%			(2)
Water Treatment Equipment	772,315	402,376	369,939			52.10%	47.90%			(2)
Other plant and miscellaneous equipment	3,327	1,733	1,594			52.10%	47.90%			(2)
Transmission and Distribution:										
Land and land rights	12,000	1,200		\$10,800		10.00%		90.00%		(4)
Pumping equipment	305,282	104,467	96,042	104,773		34.22%	31.46%	34.32%		(3)
Distribution reservoirs and standpipes	1,405,123	140,512		1,264,611		10.00%		90.00%		(4)
Transmission and distribution mains	1,480,977	506,791	465,915	508,271		34.22%	31.46%	34.32%		(3)
Services	1,421,880				\$1,421,880				100.00%	(5)
Meters and meter installations	869,525				869,525				100.00%	(5)
Hydrants (flush)	314,190	314,190				100.00%				(1)
Backflow prevention devices	2,400				2,400				100.00%	(5)
General Plant:										
Organization	52,714	21,154	8,007	10,638	12,915	40.13%	15.19%	20.18%	24.50%	(6)
Franchise	440	176	67	89	108	40.13%	15.19%	20.18%	24.50%	(6)
Land and land rights	103,550	41,555	15,729	20,896	25,370	40.13%	15.19%	20.18%	24.50%	(6)
Structures and improvements	128,018	51,374	19,446	25,834	31,364	40.13%	15.19%	20.18%	24.50%	(6)
Office furniture and equipment	43,564	17,483	6,617	8,791	10,673	40.13%	15.19%	20.18%	24.50%	(6)
Transportation equipment	202,749	81,363	30,798	40,915	49,673	40.13%	15.19%	20.18%	24.50%	(6)
Stores equipment	126	51	19	25	31	40.13%	15.19%	20.18%	24.50%	(6)
Tools, shop and garage equipment	53,105	21,310	8,067	10,717	13,011	40.13%	15.19%	20.18%	24.50%	(6)
Laboratory equipment	29,482	29,482				100.00%				(1)
Power operated equipment	17,226	6,913	2,617	3,476	4,220	40.13%	15.19%	20.18%	24.50%	(6)
Communication equipment	29,176	11,708	4,432	5,888	7,148	40.13%	15.19%	20.18%	24.50%	(6)
Miscellaneous equipment	10,712	4,299	1,627	2,162	2,624	40.13%	15.19%	20.18%	24.50%	(6)
Gross Plant in Service	<u>\$10,001,830</u>	<u>\$4,013,530</u>	<u>\$1,519,472</u>	<u>\$2,017,886</u>	<u>\$2,450,942</u>	40.13%	15.19%	20.18%	24.50%	

(Continued on next page)

(See Accountants' Special Purpose Report)

COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY

(Cont'd)

ALLOCATION OF RATE BASE TO FUNCTIONAL COST COMPONENTS

Base-Extra Capacity Method

	Utility Plant in Service at 09/30/17	Base	Extra Capacity		Customer Meters and Services	Percentage Allocations				
			Maximum Day	Maximum Hour		BAS	MXD	MXH	CUS	Ref.
Gross Plant in Service (see page 8)	\$10,001,830	\$4,013,530	\$1,519,472	\$2,017,886	\$2,450,942	40.13%	15.19%	20.18%	24.50%	
Accumulated Depreciation	(2,012,466)	(950,475)	(380,524)	(263,506)	(417,961)	47.23%	18.91%	13.09%	20.77%	(7)
Net Plant in Service	7,989,364	3,063,055	1,138,948	1,754,380	2,032,981	38.33%	14.26%	21.96%	25.45%	
Cash Working Capital	95,156	36,474	13,569	20,896	24,217	38.33%	14.26%	21.96%	25.45%	(8)
Net Contributions in Aid of Construction	(2,082,916)	(310,802)	(285,735)	(311,710)	(1,174,669)	14.92%	13.72%	14.97%	56.39%	(7)
Accumulated Deferred Income Taxes	(349,273)	(133,876)	(49,806)	(76,700)	(88,891)	38.33%	14.26%	21.96%	25.45%	(8)
Net Plant Acquisition Adjustment	(365,860)	(140,234)	(52,172)	(80,343)	(93,111)	38.33%	14.26%	21.96%	25.45%	(8)
Customer Deposits	(22,880)	(8,770)	(3,263)	(5,024)	(5,823)	38.33%	14.26%	21.96%	25.45%	(8)
Net Deferred Charges	40,916	15,683	5,835	8,985	10,413	38.33%	14.26%	21.96%	25.45%	(8)
Total Rate Base	<u>\$5,304,507</u>	<u>\$2,521,530</u>	<u>\$767,376</u>	<u>\$1,310,484</u>	<u>\$705,117</u>	47.53%	14.47%	24.71%	13.29%	

(Continued on next page)

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY**

(Cont'd)

ALLOCATION OF RATE BASE TO FUNCTIONAL COST COMPONENTS

Base-Extra Capacity Method

(1) Allocated 100% to base.

(2) Allocated in ratio to maximum day demand.

	<u>1,000's of Gallons</u>	<u>%</u>
Average day demand	478.7	52.10%
Maximum day excess capacity	<u>440.1</u>	<u>47.90%</u>
Totals	<u><u>918.8</u></u>	<u><u>100.00%</u></u>

(3) Allocated in ratio to maximum hour demand.

	<u>1,000's of Gallons</u>	<u>%</u>
Average day demand	478.7	34.22%
Maximum day excess capacity	440.1	31.46%
Maximum hour excess capacity	<u>480.1</u>	<u>34.32%</u>
Totals	<u><u>1,398.9</u></u>	<u><u>100.00%</u></u>

(4) Allocated 10% to base and 90% to maximum hour.

(5) Allocated 100% to meters and services.

(6) Allocated pro rata to all other allocable utility plant.

(7) Allocated to functioned based on information provided by management.

(8) Allocated pro rata to net utility plant.

(See Accountants' Special Purpose Report)

COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY

**ALLOCATION OF PRO FORMA OPERATION AND MAINTENANCE EXPENSES
TO FUNCTIONAL COST COMPONENTS**

Base-Extra Capacity Method

	Pro Forma Expense	Base	Extra Capacity		Customer Class		Percentage Allocation					Ref.
			Maximum Day	Maximum Hour	Meters and Services	Billing and Collection	BAS	MXD	MXH	MET	BILL	
Water treatment:												
Salaries and wages	\$71,240	\$37,116	\$34,124				52.10%	47.90%				(2)
Purchased power	71,464	64,318	7,146				90.00%	10.00%				(10)
Repairs and maintenance	17,696	9,220	8,476				52.10%	47.90%				(2)
Chemicals	37,062	37,062					100.00%					(1)
Maintenance testing	6,288	3,276	3,012				52.10%	47.90%				(2)
Transportation	9,732	5,070	4,662				52.10%	47.90%				(2)
Operating expense charged to plant	(21,457)	(11,179)	(10,278)				52.10%	47.90%				(2)
Outside services - other	502	262	240				52.10%	47.90%				(2)
Transmission and distribution:												
Salaries and wages	71,240	13,080	6,889	\$23,153	\$28,118		18.36%	9.67%	32.50%	39.47%		(3)
Repairs and maintenance	17,696	3,249	1,711	5,751	6,985		18.36%	9.67%	32.50%	39.47%		(3)
Transportation	9,732	1,787	941	3,163	3,841		18.36%	9.67%	32.50%	39.47%		(3)
Operating expense charged to plant	(21,457)	(3,939)	(2,075)	(6,974)	(8,469)		18.36%	9.67%	32.50%	39.47%		(3)
Outside services - other	502	92	49	163	198		18.36%	9.67%	32.50%	39.47%		(3)
Customer accounts:												
Salaries and wages	19,465					\$19,465					100.00%	(4)
Office supplies and other expenses	13,185					13,185					100.00%	(4)
Office utilities	5,089					5,089					100.00%	(4)
Operating expense charged to plant	(5,863)					(5,863)					100.00%	(4)
Bad debt expense	7,539	2,470	1,739	1,162	1,154	1,014	32.76%	23.07%	15.41%	15.31%	13.45%	(8)
Administrative and general:												
Salaries and wages	108,239	33,554	27,418	15,478	18,790	12,999	31.00%	25.33%	14.30%	17.36%	12.01%	(5)
Office supplies and other expenses	17,073	5,593	3,939	2,631	2,614	2,296	32.76%	23.07%	15.41%	15.31%	13.45%	(8)
Regulatory commission expense	43,210	20,539	6,252	10,677	2,873	2,869	47.53%	14.47%	24.71%	6.65%	6.64%	(9)
Pension & other benefits	72,952	22,608	18,479	10,432	12,664	8,769	30.99%	25.33%	14.30%	17.36%	12.02%	(6)
Rent	3,519	1,348	502	773	448	448	38.33%	14.26%	21.96%	12.73%	12.72%	(7)
Insurance	35,564	13,632	5,071	7,810	4,527	4,524	38.33%	14.26%	21.96%	12.73%	12.72%	(7)
Office utilities	20,159	6,604	4,651	3,107	3,086	2,711	32.76%	23.07%	15.41%	15.31%	13.45%	(8)
Operating expense charged to plant	(32,601)	(10,680)	(7,521)	(5,024)	(4,991)	(4,385)	32.76%	23.07%	15.41%	15.31%	13.45%	(8)
Outside services - other	22,199	7,272	5,121	3,421	3,399	2,986	32.76%	23.07%	15.41%	15.31%	13.45%	(8)
Miscellaneous	6,883	2,254	1,588	1,061	1,054	926	32.76%	23.07%	15.41%	15.31%	13.45%	(8)
Total net operating expenses	<u>\$606,852</u>	<u>\$264,608</u>	<u>\$122,136</u>	<u>\$76,784</u>	<u>\$76,291</u>	<u>\$67,033</u>	43.60%	20.13%	12.65%	12.57%	11.05%	

(Continued on next page)

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY**

(Cont'd)

**ALLOCATION OF PRO FORMA OPERATION AND MAINTENANCE EXPENSES
TO FUNCTIONAL COST COMPONENTS
Base-Extra Capacity Method**

(1) Allocated 100% to base.

(2) Allocated in ratio to water treatment plant.

	<u>Water Treatment Plant</u>	<u>%</u>
Average day demand	\$935,502	52.10%
Maximum day excess capacity	<u>860,089</u>	<u>47.90%</u>
Totals	<u><u>\$1,795,591</u></u>	<u><u>100.00%</u></u>

(3) Allocated pro rata based on the allocation of total transmission and distribution plant.

	<u>Transmission and Distribution Plant</u>	<u>%</u>
Average day demand	\$1,067,160	18.36%
Maximum day excess capacity	561,957	9.67%
Maximum hour excess capacity	1,888,455	32.50%
Meters and services	<u>2,293,805</u>	<u>39.47%</u>
Totals	<u><u>\$5,811,377</u></u>	<u><u>100.00%</u></u>

(4) Allocated 100% to billing and collection.

(5) Allocated pro rata based upon all other payroll.

(6) Allocated pro rata based upon total payroll.

(7) Allocated pro rata based upon net utility plant.

(8) Allocated pro rata to all other functionalized expenses
excluding purchased power and chemicals.

(9) Allocated pro rata based upon rate base.

(10) Allocated 90% to base and 10% to maximum day.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY**

**UNIT COSTS OF SERVICE
(Pro Forma Year Ending 9/30/2017)**

	Net Pro Forma Revenue Requirements	Allocable To All Customers					Ref
		Extra Capacity			Customer Costs		
		Base	Maximum Day	Maximum Hour	Meters and Services	Billing and Collection	
		(-----1,000's of Gallons-----)			Equiv. Meters	Bills	
<u>Units of Service</u>		<u>174,734.3</u>	<u>440.1</u>	<u>480.1</u>	<u>3,146</u>	<u>37,248</u>	(1)
<u>Projected Cost of Service</u>							
Net operation and maintenance expense	\$606,852	\$264,608	\$122,136	\$76,784	\$76,291	\$67,033	(2)
Interest on debt	175,049	83,200	25,330	43,255	23,264		(4)
Depreciation	340,275	130,428	48,523	74,724	86,600		(3)
Amortization of PAA	(8,537)	(3,272)	(1,217)	(1,875)	(2,173)		(3)
Taxes other than income	161,933	64,983	24,598	32,678	39,674		(5)
Income taxes - federal	128,434	61,045	18,584	31,736	17,069		(4)
Income taxes - state	24,647	11,715	3,566	6,090	3,276		(4)
Amortization of ITC	(745)	(285)	(106)	(164)	(190)		(3)
Return on rate base	<u>258,595</u>	<u>122,910</u>	<u>37,419</u>	<u>63,899</u>	<u>34,367</u>		(4)
Total Cost of Service	1,686,503	735,332	278,833	327,127	278,178	67,033	
Less miscellaneous revenue	<u>(28,316)</u>	<u>(12,346)</u>	<u>(4,682)</u>	<u>(5,492)</u>	<u>(4,671)</u>	<u>(1,125)</u>	(6)
Total Cost of Service to be Recovered Through Rates and Charges	<u>\$1,658,187</u>	<u>\$722,986</u>	<u>\$274,151</u>	<u>\$321,635</u>	<u>\$273,507</u>	<u>\$65,908</u>	
Total unit cost of service		<u>\$4.1376</u>	<u>\$622.9289</u>	<u>\$669.9333</u>	<u>\$86.9380</u>	<u>\$1.7694</u>	

(1) See "Pro Forma Units of Service", page 36.

(2) As calculated in "Allocation of Pro Forma Operation and Maintenance Expenses to Functional Cost Components", pages 40 - 41.

(3) Allocated based on net plant in service. See page 38.

(4) Allocated based on rate base. See page 38.

(5) Allocated based on gross plant. See page 37.

(6) Allocated pro rata to total cost of service.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY**

COST OF SERVICE ALLOCATED TO CUSTOMER CLASS
(Pro Forma Year Ending 9/30/2017)

Total Costs of Service	Allocable To All Customers				
	Base	Extra Capacity		Customer Costs	
		Maximum Day	Maximum Hour	Meters and Services Equiv. Meters	Billing and Collection Bills
	(-----1,000's of Gallons-----)				
Unit Costs of Service (1)	<u>\$4.1376</u>	<u>\$622.9289</u>	<u>\$669.9333</u>	<u>\$86.9380</u>	<u>\$1.7694</u>
<u>Allocated Costs of Service:</u>					
Residential:					
Units of service	168,567.4	415.6	438.7	3,053	36,636
Cost	\$1,580,506	\$697,470	\$258,889	\$265,422	\$64,825
Commercial:					
Units of service	6,166.9	24.5	41.4	93	612
Cost	<u>77,681</u>	<u>25,516</u>	<u>15,262</u>	<u>8,085</u>	<u>1,083</u>
Total allocated cost of service	<u>\$1,658,187</u>	<u>\$722,986</u>	<u>\$274,151</u>	<u>\$273,507</u>	<u>\$65,908</u>

(1) See page 42.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY**

CALCULATION OF PROPOSED MONTHLY BASE CHARGES

<u>Meter Size</u>	<u>5/8 inch Equivalency Factor</u>	<u>Meter Cost Per Equiv. Unit (1)</u>	<u>Meter Cost Per Unit</u>	<u>Billing Cost Per Unit (2)</u>	<u>Total</u>	<u>Rounded (Use)</u>
5/8 inch meter	1.0	\$7.2448	\$7.2448	\$1.7694	\$9.0142	\$9.00
3/4 inch meter	1.0	7.2448	7.2448	1.7694	9.0142	9.00
1 inch meter	2.5	7.2448	18.1120	1.7694	19.8814	19.90
1 1/2 inch meter	5.0	7.2448	36.2240	1.7694	37.9934	38.00
2 inch meter	8.0	7.2448	57.9584	1.7694	59.7278	59.75
3 inch meter	15.0	7.2448	108.6720	1.7694	110.4414	110.45
4 inch meter	25.0	7.2448	181.1200	1.7694	182.8894	182.90
6 inch meter	50.0	7.2448	362.2400	1.7694	364.0094	364.00
8 inch meter	80.0	7.2448	579.5840	1.7694	581.3534	581.35

(1) Calculated as follows:

Annual charge per equivalent meter (page 42)	\$86.9380
Divided by 12 months	<u>12</u>
Monthly charge per equivalent meter	<u><u>\$7.2448</u></u>

(2) See page 42.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY**

**PRO FORMA ANNUAL OPERATING REVENUE AT ADJUSTED
RATES AND CHARGES BASED UPON ALLOCATED COST OF SERVICE**

	Billing Determinants		Allocated	Pro Forma
	Pro Forma	Bills	Cost of	Revenue
	Consumption		Service Rates	Under Adjusted
	(Gallons)			Rates
<u>Residential:</u>				
Base Charge:				
5/8 inch meter		36,624	\$9.00	\$329,616
3/4 inch meter		12	9.00	108
Volume Charge: (per 1,000 gallons)	168,567.4		\$7.55	1,272,684
Sub-totals	168,567.4	36,636		1,602,408
<u>Commercial:</u>				
Base Charge:				
5/8 inch meter		432	\$9.00	3,888
3/4 inch meter		36	9.00	324
1 inch meter		48	19.90	955
1 1/2 inch meter		24	38.00	912
2 inch meter		48	59.75	2,868
Unmetered Drinking Fountains		24	23.10	554
Volume Charge: (per 1,000 gallons)	6,166.9		\$7.55	46,560
Sub-totals	6,166.9	612		56,061
Totals	174,734.3	37,248		\$1,658,469
Control				\$1,658,187
Variance				\$282
Percent Variance				0.02%

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY**

**COMPARISON OF ALLOCATED COST OF SERVICE WITH
REVENUE UNDER EXISTING AND ADJUSTED RATES**

Customer Classification	Cost of Service	Control Period Revenue Under Existing Rates (1)	Increase/(Decrease)		Cost of Service	Revenue Under Adjusted Rates (2)	Variance Between Adjusted Revenues and Cost of Service	
			%	Amount			%	Amount
Residential	\$1,580,506	\$1,168,048	35.31%	\$412,458	\$1,580,506	\$1,602,408	1.39%	\$21,902
Commercial	<u>77,681</u>	<u>37,525</u>	<u>107.01%</u>	<u>40,156</u>	<u>77,681</u>	<u>56,061</u>	<u>-27.83%</u>	<u>(21,620)</u>
Totals	<u>\$1,658,187</u>	<u>\$1,205,573</u>	<u>37.54%</u>	<u>\$452,614</u>	<u>\$1,658,187</u>	<u>\$1,658,469</u>	<u>0.02%</u>	<u>\$282</u>

(1) See pages 32 through 33.

(2) See page 45.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY**

SCHEDULE OF PRESENT AND PROPOSED RATES AND CHARGES

<u>Monthly Rate for Residential Customers</u>		<u>Present (1)</u>	<u>Proposed</u>
<u>Meter Size</u>			
5/8	inch meter	\$11.86	\$9.00
3/4	inch meter	11.86	9.00
1	inch meter	29.65	19.90
1 1/2	inch meter	59.30	38.00
2	inch meter	94.88	59.75
3	inch meter	177.90	110.45
4	inch meter	296.50	182.90
6	inch meter	593.00	364.00
Residential Usage Charge (per 1,000 gallons)		\$4.07	\$7.55

Monthly Rate for Commercial Customers

<u>Meter Size</u>			
5/8	inch meter	\$11.86	\$9.00
3/4	inch meter	11.86	9.00
1	inch meter	29.65	19.90
1 1/2	inch meter	59.30	38.00
2	inch meter	94.88	59.75
3	inch meter	177.90	110.45
4	inch meter	296.50	182.90
6	inch meter	593.00	364.00
Commercial Usage Charge (per 1,000 gallons)		\$4.07	\$7.55

Unmetered Water Service

Flat rate for unmetered public drinking fountain	\$16.49	\$23.10
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- (1) Current rates effective 04/24/14 per IURC Order in Cause No. 44388.
Application of existing rates by CUII approved per IURC Order
in Cause No. 44587 dated July 8, 2015.

(See Accountants' Special Purpose Report)

COMMUNITY UTILITIES OF INDIANA, INC.
WSCI TERRITORY
WATER SERVICE

**COMMUNITY UTILITIES OF INDIANA, INC.
WSCSI TERRITORY**

SUMMARY OF CONTROL PERIOD CONSUMER STUDY FOR WATER SERVICES
(Control Period October 1, 2014 through September 30, 2015)
(All Customers)

		<u>Number of Bills</u>	<u>Billed Consumption (Gallons)</u>	<u>Rate (1)</u>	<u>Revenues</u>
<u>Base Facility Charge:</u>					
5/8	inch meter	2,207		\$13.31	\$29,375
1	inch meter	12		33.28	399
2	inch meter	<u>36</u>		106.48	<u>3,833</u>
	Sub-total	<u>2,255</u>			<u>33,607</u>
<u>Volume Charge: per 1,000 gallons</u>					
5/8	inch meter		7,155,950	\$5.51	39,429
1	inch meter		63,900	5.51	352
2	inch meter		<u>6,380,800</u>	5.51	<u>35,158</u>
	Sub-total		<u>13,600,650</u>		<u>74,939</u>
Billing Adjustments From Billing System			<u>(86,380)</u>		<u>(772)</u>
Totals			<u>13,514,270</u>		<u>\$107,774</u>
Control Period (10/01/14 - 09/01/15)					<u>\$107,338</u>
Variance					<u>\$436</u>
Percent Variance					<u>0.41%</u>

(1) Current rates effective 04/04/13 per IURC Order in Cause No. 44104. Application of existing rates by CUII approved per IURC Order in Cause No. 44587 dated July 8, 2015.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
WSCIT TERRITORY**

SUMMARY OF CONTROL PERIOD CONSUMER STUDY FOR WATER SERVICES

(Control Period October 1, 2014 through September 30, 2015)

(Residential)

	<u>Number of Bills</u>	<u>Billed Consumption (Gallons)</u>	<u>Rate (1)</u>	<u>Revenues</u>
<u>Base Facility Charge:</u>				
5/8 inch meter	<u>1,947</u>		\$13.31	<u>\$25,915</u>
<u>Volume Charge: per 1,000 gallons</u>				
5/8 inch meter		<u>5,553,880</u>	\$5.51	<u>30,602</u>
Billing Adjustments From Billing System		<u>(86,380)</u>		<u>(772)</u>
Totals		<u>5,467,500</u>		<u>\$55,745</u>

(1) Current rates effective 04/04/13 per IURC Order in Cause No. 44104. Application of existing rates by CUII approved per IURC Order in Cause No. 44587 dated July 8, 2015.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
WSCSI TERRITORY**

SUMMARY OF CONTROL PERIOD CONSUMER STUDY FOR WATER SERVICES
(Control Period October 1, 2014 through September 30, 2015)
(Commercial)

		<u>Number of Bills</u>	<u>Billed Consumption (Gallons)</u>	<u>Rate (1)</u>	<u>Revenues</u>
<u>Base Facility Charge:</u>					
5/8	inch meter	260		\$13.31	\$3,461
1	inch meter	12		33.28	399
2	inch meter	<u>36</u>		106.48	<u>3,833</u>
	Sub-total	<u><u>308</u></u>			<u><u>7,693</u></u>
<u>Volume Charge: per 1,000 gallons</u>					
5/8	inch meter		1,602,070	\$5.51	8,827
1	inch meter		63,900	5.51	352
2	inch meter		<u>6,380,800</u>	5.51	<u>35,157</u>
	Sub-total		<u><u>8,046,770</u></u>		<u><u>44,336</u></u>
	Totals				<u><u>\$52,029</u></u>

(1) Current rates effective 04/04/13 per IURC Order in Cause No. 44104. Application of existing rates by CUII approved per IURC Order in Cause No. 44587 dated July 8, 2015.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
WSCY TERRITORY**

CALCULATION OF CONTROL PERIOD EQUIVALENT METERS
(Based upon control period service charge billings)

<u>Meter Size</u>	<u>Control Period Bills</u>	<u>Adjustment (1)</u>	<u>Normalized Annual Bills</u>	<u>Average Connections</u>	<u>Equivalency Factor (2)</u>	<u>Equivalent Meters and Services</u>
<u>Residential:</u>						
5/8"	<u>1,947</u>	<u>(63)</u>	<u>1,884</u>	<u>157</u>	1.0	<u>157</u>
<u>Commercial:</u>						
5/8"	260	4	264	22	1.0	22
1"	12	-	12	1	2.5	3
2"	<u>36</u>	<u>-</u>	<u>36</u>	<u>3</u>	8.0	<u>24</u>
Sub-totals	<u>308</u>	<u>4</u>	<u>312</u>	<u>26</u>		<u>49</u>
Totals	<u><u>2,255</u></u>	<u><u>(59)</u></u>	<u><u>2,196</u></u>	<u><u>183</u></u>		<u><u>206</u></u>

(1) To normalize control period data to include 12 monthly bills for each active account.

(2) Equivalent Meter Capacity ratios per the sixth edition of the American Water Works Association ("AWWA") Principles of Water Rates, Fees and Charges Manual of Water Supply Practices M1 (the "M1 Manual").

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
WSCITERRITORY**

CALCULATION OF PRO FORMA CONSUMPTION

<u>Meter Size</u>	<u>Adjusted Control Period Consumption (Gallons)</u>	<u>Consumption Adjustment (1) (Gallons)</u>	<u>Pro Forma 9/30/2016 (Gallons)</u>	<u>Consumption Adjustment (1) (Gallons)</u>	<u>Pro Forma 9/30/2017 (Gallons)</u>
<u>Residential:</u>					
5/8"	5,467,500	(218,700)	5,248,800	(209,952)	5,038,848
<u>Commercial:</u>					
5/8"	1,602,070	(76,098)	1,525,972	(72,484)	1,453,488
1"	63,900	(3,035)	60,865	(2,891)	57,974
2"	6,380,800	(303,088)	6,077,712	(288,691)	5,789,021
Sub-totals	8,046,770	(382,221)	7,664,549	(364,066)	7,300,483
Totals	13,514,270	(600,921)	12,913,349	(574,018)	12,339,331

(1) Annual consumption trend factors provided by Utility Management:

Residential	-4.00%
Commercial	-4.75%

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
WSCITERRITORY**

**PRO FORMA UNITS OF SERVICE
Base-Extra Capacity Method**

Customer Class	Base		Maximum Day			Maximum Hour			Customer	
	Pro Forma Annual Sales (1)	Average Day (2)	Capacity Factor (3) %	Total Capacity (2)	Extra Capacity (4) (2)	Capacity Factor %	Total Capacity (3) (2)	Extra Capacity (5) (2)	Equivalent Connections	Bills
Residential	5,038.8	13.8	245	33.8	20.0	375	51.8	18.0	157	1,884
Commercial	7,300.5	20.0	280	56.0	36.0	560	112.0	56.0	49	312
Totals	12,339.3	33.8		89.8	56.0		163.8	74.0	206	2,196

(1) 1,000's of gallons.

(2) 1,000's of gallons per day.

(3) Calculated based on control period usage data.

(4) Capacity in excess of average day usage.

(5) Capacity in excess of maximum day demand.

(See Accountants' Special Purpose Report)

COMMUNITY UTILITIES OF INDIANA, INC.
WSCI TERRITORY

ALLOCATION OF RATE BASE TO FUNCTIONAL COST COMPONENTS

Base-Extra Capacity Method

	Utility Plant in Service at 09/30/17	Base	Extra Capacity		Customer Meters and Services	Percentage Allocations				Ref.
			Maximum Day	Maximum Hour		BAS	MXD	MXH	CUS	
Source of Supply Plant:										
Structures and improvements	\$24,169	\$24,169				100.00%				(1)
Wells and springs	104,936	104,936				100.00%				(1)
Supply mains	1,876	1,876				100.00%				(1)
Power generation equipment	547	547				100.00%				(1)
Pumping equipment	65,901	65,901				100.00%				(1)
Water Treatment:										
Structures and improvements	2,941	1,107	\$1,834			37.64%	62.36%			(2)
Pumping equipment	40,964	15,419	25,545			37.64%	62.36%			(2)
Water treatment equipment	71,870	27,052	44,818			37.64%	62.36%			(2)
Transmission and Distribution:										
Distribution reservoirs and standpipes	150,398	15,040		\$135,358		10.00%		90.00%		(4)
Transmission and distribution mains	136,719	28,205	46,744	61,770		20.63%	34.19%	45.18%		(3)
Services	121,505				\$121,505				100.00%	(5)
Meters and meter installations	68,646				68,646				100.00%	(5)
Hydrants (flush)	36,635	36,635				100.00%				(1)
General Plant:										
Organization	51,819	20,163	7,436	12,328	11,892	38.91%	14.35%	23.79%	22.95%	(6)
Franchises	3,503	1,363	503	833	804	38.91%	14.35%	23.79%	22.95%	(6)
Land and land rights	5,376	2,092	771	1,279	1,234	38.91%	14.35%	23.79%	22.95%	(6)
Structures and improvements	32,439	12,622	4,655	7,717	7,445	38.91%	14.35%	23.79%	22.95%	(6)
Office furniture and equipment	(2,160)	(840)	(310)	(514)	(496)	38.91%	14.35%	23.79%	22.95%	(6)
Transportation equipment	9,483	3,690	1,361	2,256	2,176	38.91%	14.35%	23.79%	22.95%	(6)
Tools, shop and garage equipment	9,661	3,760	1,386	2,298	2,217	38.91%	14.35%	23.79%	22.95%	(6)
Laboratory equipment	1,562	1,562				100.00%				(1)
Power operated equipment	1,643	639	236	391	377	38.91%	14.35%	23.79%	22.95%	(6)
Communication equipment	212	83	30	50	49	38.91%	14.35%	23.79%	22.95%	(6)
Miscellaneous equipment	2,376	925	341	565	545	38.91%	14.35%	23.79%	22.95%	(6)
Gross Plant in Service	943,021	366,946	135,350	224,331	216,394	38.91%	14.35%	23.79%	22.95%	
Accumulated Depreciation	(58,055)	(31,030)	(13,202)	(6,924)	(6,899)	53.45%	22.74%	11.93%	11.88%	(7)
Net Plant in Service	884,966	335,916	122,148	217,407	209,495	37.96%	13.80%	24.57%	23.67%	
Cash Working Capital	5,230	1,985	722	1,285	1,238	37.96%	13.80%	24.57%	23.67%	(8)
Net Contributions in Aid of Construction	(10,972)	(2,264)	(3,751)	(4,957)	-	20.63%	34.19%	45.18%		(3)
Accumulated Deferred Income Taxes	(65,595)	(24,900)	(9,052)	(16,117)	(15,526)	37.96%	13.80%	24.57%	23.67%	(8)
Net Plant Acquisition Adjustment	7,813	2,966	1,078	1,920	1,849	37.96%	13.80%	24.57%	23.67%	(8)
Customer Deposits	(1,829)	(695)	(252)	(449)	(433)	37.96%	13.80%	24.57%	23.67%	(8)
Net Deferred Charges	402	153	55	99	95	37.96%	13.80%	24.57%	23.67%	(8)
Total Rate Base	<u>\$820,015</u>	<u>\$313,161</u>	<u>\$110,948</u>	<u>\$199,188</u>	<u>\$196,718</u>	38.19%	13.53%	24.29%	23.99%	

(Continued on next page)

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
WSCI TERRITORY**

(Cont'd)

ALLOCATION OF RATE BASE TO FUNCTIONAL COST COMPONENTS

Base-Extra Capacity Method

(1) Allocated 100% to base.

(2) Allocated in ratio to maximum day demand.

	<u>1,000's of Gallons</u>	<u>%</u>
Average day demand	33.8	37.64%
Maximum day excess capacity	<u>56.0</u>	<u>62.36%</u>
Totals	<u><u>89.8</u></u>	<u><u>100.00%</u></u>

(3) Allocated in ratio to maximum hour demand.

	<u>1,000's of Gallons</u>	<u>%</u>
Average day demand	33.8	20.63%
Maximum day excess capacity	56.0	34.19%
Maximum hour excess capacity	<u>74.0</u>	<u>45.18%</u>
Totals	<u><u>163.8</u></u>	<u><u>100.00%</u></u>

(4) Allocated 10% to base and 90% to maximum hour.

(5) Allocated 100% to meters and services.

(6) Allocated pro rata to all other allocable utility plant.

(7) Allocated to functioned based on information provided by management.

(8) Allocated pro rata to net utility plant.

(See Accountants' Special Purpose Report)

COMMUNITY UTILITIES OF INDIANA, INC.
WSCJ TERRITORY

**ALLOCATION OF PRO FORMA OPERATION AND MAINTENANCE EXPENSES
TO FUNCTIONAL COST COMPONENTS**

Base-Extra Capacity Method

	Pro Forma Expense	Base	Extra Capacity		Customer Class		Percentage Allocation					Ref
			Maximum Day	Maximum Hour	Meters and Services	Billing and Collection	BAS	MXD	MXH	MET	BILL	
Water treatment:												
Salaries and wages	\$4,106	\$1,545	\$2,561				37.64%	62.36%				(2)
Purchased power	6,651	5,986	665				90.00%	10.00%				(10)
Repairs and maintenance	1,057	398	659				37.64%	62.36%				(2)
Chemicals	2,792	2,792					100.00%					(1)
Maintenance testing	1,199	451	748				37.64%	62.36%				(2)
Transportation	561	211	350				37.64%	62.36%				(2)
Operating expense charged to plant	(2,345)	(883)	(1,462)				37.64%	62.36%				(2)
Transmission and distribution:												
Salaries and wages	4,106	638	374	\$1,575	\$1,519		15.54%	9.10%	38.36%	37.00%		(3)
Repairs and maintenance	1,057	165	96	405	391		15.54%	9.10%	38.36%	37.00%		(3)
Maintenance testing	794	123	72	305	294		15.54%	9.10%	38.36%	37.00%		(3)
Transportation	561	87	51	215	208		15.54%	9.10%	38.36%	37.00%		(3)
Operating expense charged to plant	(2,345)	(364)	(213)	(900)	(868)		15.54%	9.10%	38.36%	37.00%		(3)
Customer accounts:												
Salaries and wages	1,122					\$1,122					100.00%	(4)
Office supplies and other expenses	721					721					100.00%	(4)
Office utilities	679					679					100.00%	(4)
Operating expense charged to plant	(641)					(641)					100.00%	(4)
Bad debt expense	725	185	202	127	107	104	25.57%	27.84%	17.47%	14.77%	14.35%	(8)
Administrative and general:												
Salaries and wages	6,238	1,459	1,962	1,052	1,015	750	23.39%	31.45%	16.87%	16.27%	12.02%	(5)
Office supplies and other expenses	901	231	251	157	133	129	25.57%	27.84%	17.47%	14.77%	14.35%	(8)
Regulatory commission expense	2,357	899	319	573	283	283	38.19%	13.53%	24.29%	12.00%	11.99%	(9)
Pension & other benefits	4,205	985	1,322	709	684	505	23.39%	31.45%	16.87%	16.27%	12.02%	(6)
Rent	203	77	28	50	24	24	37.96%	13.80%	24.57%	11.84%	11.83%	(7)
Insurance	2,050	777	283	504	243	243	37.96%	13.80%	24.57%	11.84%	11.83%	(7)
Office utilities	1,777	455	495	310	262	255	25.57%	27.84%	17.47%	14.77%	14.35%	(8)
Operating expense charged to plant	(3,562)	(911)	(992)	(622)	(526)	(511)	25.57%	27.84%	17.47%	14.77%	14.35%	(8)
Outside services - other	1,309	335	364	229	193	188	25.57%	27.84%	17.47%	14.77%	14.35%	(8)
Miscellaneous	493	126	137	86	73	71	25.57%	27.84%	17.47%	14.77%	14.35%	(8)
Total net operating expenses	<u>\$36,771</u>	<u>\$15,767</u>	<u>\$8,272</u>	<u>\$4,775</u>	<u>\$4,035</u>	<u>\$3,922</u>	42.87%	22.50%	12.99%	10.97%	10.67%	

(Continued on next page)

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
WSCIT TERRITORY**

(Cont'd)

**ALLOCATION OF PRO FORMA OPERATION AND MAINTENANCE EXPENSES
TO FUNCTIONAL COST COMPONENTS
Base-Extra Capacity Method**

(1) Allocated 100% to base.

(2) Allocated in ratio to water treatment plant.

	<u>Water Treatment Plant</u>	<u>%</u>
Average day demand	\$43,578	37.64%
Maximum day excess capacity	<u>72,197</u>	<u>62.36%</u>
Totals	<u><u>\$115,775</u></u>	<u><u>100.00%</u></u>

(3) Allocated pro rata based on the allocation of total transmission and distribution plant.

	<u>Transmission and Distribution Plant</u>	<u>%</u>
Average day demand	\$79,880	15.54%
Maximum day excess capacity	46,744	9.10%
Maximum hour excess capacity	197,128	38.36%
Meters and services	<u>190,151</u>	<u>37.00%</u>
Totals	<u><u>\$513,903</u></u>	<u><u>100.00%</u></u>

(4) Allocated 100% to billing and collection.

(5) Allocated pro rata based upon all other payroll.

(6) Allocated pro rata based upon total payroll.

(7) Allocated pro rata based upon net utility plant.

(8) Allocated pro rata to all other functionalized expenses
excluding purchased power and chemicals.

(9) Allocated pro rata based upon rate base.

(10) Allocated 90% to base and 10% to maximum day.

(See Accountants' Special Purpose Report)

COMMUNITY UTILITIES OF INDIANA, INC.
WSCIT TERRITORY

UNIT COSTS OF SERVICE
(Pro Forma Year Ending 9/30/2017)

	Net Pro Forma Revenue Requirements	Allocable To All Customers				Ref	
		Extra Capacity		Customer Costs			
		Maximum	Maximum	Meters and	Billing and		
		Base	Day	Hour	Services		Collection
		(-----1,000's of Gallons-----)		Equiv. Meters	Bills		
<u>Units of Service</u>		<u>12,339.3</u>	<u>56.0</u>	<u>74.0</u>	<u>206</u>	<u>2,196</u>	(1)
<u>Projected Cost of Service</u>							
Net operation and maintenance expense	\$36,771	\$15,767	\$8,272	\$4,775	\$4,035	\$3,922	(2)
Interest on debt	27,061	10,335	3,661	6,573	6,492		(4)
Depreciation	27,190	10,321	3,752	6,681	6,436		(3)
Taxes other than income	5,796	2,200	800	1,424	1,372		(5)
Income taxes - federal	20,594	7,865	2,786	5,002	4,941		(4)
Income taxes - state	3,952	1,509	535	960	948		(4)
Amortization of CIAC	(433)	(89)	(148)	(196)			(6)
Return on rate base	<u>39,976</u>	<u>15,267</u>	<u>5,409</u>	<u>9,710</u>	<u>9,590</u>		(4)
Total Cost of Service	160,907	63,175	25,067	34,929	33,814	3,922	
Less: Miscellaneous Revenues	<u>(1,406)</u>	<u>(553)</u>	<u>(219)</u>	<u>(305)</u>	<u>(295)</u>	<u>(34)</u>	(7)
Total Cost of Service to be Recovered Through Rates and Charges	<u>\$159,501</u>	<u>\$62,622</u>	<u>\$24,848</u>	<u>\$34,624</u>	<u>\$33,519</u>	<u>\$3,888</u>	
Total unit cost of service		<u>\$5.0750</u>	<u>\$443.7143</u>	<u>\$467.8919</u>	<u>\$162.7136</u>	<u>\$1.7705</u>	

(1) See "Pro Forma Units of Service", page 53.

(2) As calculated in "Allocation of Pro Forma Operation and Maintenance Expenses to Functional Cost Components", pages 56 - 57.

(3) Allocated based on net plant in service. See page 54.

(4) Allocated based on rate base. See page 54.

(5) Allocated based on gross plant. See page 54.

(6) Allocated based on Net Contributions in Aid of Construction. See page 54.

(7) Allocated pro rata to total cost of service.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
WSOI TERRITORY**

COST OF SERVICE ALLOCATED TO CUSTOMER CLASS
(Pro Forma Year Ending 9/30/2017)

Total Costs of Service	Allocable To All Customers				
	Base	Extra Capacity		Customer Costs	
		Maximum	Maximum	Meters and	Billing and
		Day	Hour	Services	Collection
	(-----1,000's of Gallons-----)			Equiv. Meters	Bills
Unit Costs of Service (1)	<u>\$5.0750</u>	<u>\$443.7143</u>	<u>\$467.8919</u>	<u>\$162.7136</u>	<u>\$1.7705</u>
<u>Allocated Costs of Service:</u>					
Residential:					
Units of service	5,038.8	20.0	18.0	157	1,884
Cost	\$71,750	\$25,572	\$8,874	\$25,546	\$3,336
Commercial:					
Units of service	7,300.5	36.0	56.0	49	312
Cost	<u>87,751</u>	<u>37,050</u>	<u>15,974</u>	<u>7,973</u>	<u>552</u>
Total allocated cost of service	<u>\$159,501</u>	<u>\$62,622</u>	<u>\$24,848</u>	<u>\$33,519</u>	<u>\$3,888</u>

(1) See page 58.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
WSCY TERRITORY**

CALCULATION OF PROPOSED MONTHLY BASE CHARGES

<u>Meter Size</u>	<u>5/8 inch Equivalency Factor</u>	<u>Meter Cost Per Equiv. Unit (1)</u>	<u>Meter Cost Per Unit</u>	<u>Billing Cost Per Unit (2)</u>	<u>Total</u>	<u>Rounded (Use)</u>
5/8 inch meter	1.0	\$13.5595	\$13.5595	\$1.7705	\$15.3300	\$15.35
3/4 inch meter	1.0	13.5595	13.5595	1.7705	15.3300	15.35
1 inch meter	2.5	13.5595	33.8988	1.7705	35.6693	35.65
1 1/4 inch meter	4.0	13.5595	54.2380	1.7705	56.0085	56.00
1 1/2 inch meter	5.0	13.5595	67.7975	1.7705	69.5680	69.55
2 inch meter	8.0	13.5595	108.4760	1.7705	110.2465	110.25
3 inch meter	15.0	13.5595	203.3925	1.7705	205.1630	205.15
4 inch meter	25.0	13.5595	338.9875	1.7705	340.7580	340.75
6 inch meter	50.0	13.5595	677.9750	1.7705	679.7455	679.75
8 inch meter	80.0	13.5595	1,084.7600	1.7705	1,086.5305	1,086.55

(1) Calculated as follows:

Annual charge per equivalent meter (page 59)	\$162.7136
Divided by 12 months	<u>12</u>
Monthly charge per equivalent meter	<u><u>\$13.5595</u></u>

(2) See page 59.

(See Accountants' Special Purpose Report)

COMMUNITY UTILITIES OF INDIANA, INC.
WSCJ TERRITORY

**PRO FORMA ANNUAL OPERATING REVENUE AT ADJUSTED
RATES AND CHARGES BASED UPON ALLOCATED COST OF SERVICE**

	Billing Determinants		Allocated Cost of Service Rates	Pro Forma Revenue Under Adjusted Rates
	Pro Forma Consumption (Gallons)	Bills		
<u>Residential:</u>				
Base Charge:				
5/8 inch meter		1,884	\$15.35	\$28,919
Volume Charge: (per 1,000 gallons)	5,038.8		\$9.95	50,136
Sub-totals	5,038.8	1,884		79,055
<u>Commercial:</u>				
Base Charge:				
5/8 inch meter		264	\$15.35	4,052
1 inch meter		12	35.65	428
2 inch meter		36	110.25	3,969
Volume Charge: (per 1,000 gallons)	7,300.5		\$9.95	72,640
Sub-totals	7,300.5	312		81,089
Totals	12,339.3	2,196		\$160,144
Control				\$159,501
Variance				\$643
Percent Variance				0.40%

(See Accountants' Special Purpose Report)

COMMUNITY UTILITIES OF INDIANA, INC.
WSCJ TERRITORY

**COMPARISON OF ALLOCATED COST OF SERVICE WITH
REVENUE UNDER EXISTING AND ADJUSTED RATES**

Customer Classification	Cost of Service	Control Period Revenue Under Existing Rates (1)	Increase/(Decrease)		Cost of Service	Revenue Under Adjusted Rates (2)	Variance Between Adjusted Revenues and Cost of Service	
			%	Amount			%	Amount
Residential	\$71,750	\$55,745	28.71%	\$16,005	\$71,750	\$79,055	10.18%	\$7,305
Commercial	87,751	52,029	68.66%	35,722	87,751	81,089	-7.59%	(6,662)
Totals	<u>\$159,501</u>	<u>\$107,774</u>	<u>48.00%</u>	<u>\$51,727</u>	<u>\$159,501</u>	<u>\$160,144</u>	<u>0.40%</u>	<u>\$643</u>

(1) See pages 49 through 50.

(2) See page 61.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
WSCI TERRITORY**

SCHEDULE OF PRESENT AND PROPOSED RATES AND CHARGES

<u>Monthly Rate for Residential Customers</u>		<u>Present (1)</u>	<u>Proposed</u>
<u>Meter Size</u>			
5/8	inch meter	\$13.31	\$15.35
3/4	inch meter	13.31	15.35
1	inch meter	33.28	35.65
1 1/4	inch meter	49.91	56.00
1 1/2	inch meter	66.55	69.55
2	inch meter	106.48	110.25
3	inch meter	199.65	205.15
4	inch meter	332.75	340.75
6	inch meter	665.50	679.75
Residential Usage Charge (per 1,000 gallons)		\$5.51	\$9.95
 <u>Monthly Rate for Commercial Customers</u>			
<u>Meter Size</u>			
5/8	inch meter	\$13.31	\$15.35
3/4	inch meter	13.31	15.35
1	inch meter	33.28	35.65
1 1/4	inch meter	49.91	56.00
1 1/2	inch meter	66.55	69.55
2	inch meter	106.48	110.25
3	inch meter	199.65	205.15
4	inch meter	332.75	340.75
6	inch meter	665.50	679.75
Commercial Usage Charge (per 1,000 gallons)		\$5.51	\$9.95

- (1) Current rates effective 04/04/13 per IURC Order in Cause No. 44104.
Application of existing rates by CUII approved per IURC Order in Cause No. 44587 dated July 8, 2015.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
IWSI TERRITORY**

WATER SERVICE

**COMMUNITY UTILITIES OF INDIANA, INC.
IWSI TERRITORY**

SUMMARY OF CONTROL PERIOD CONSUMER STUDY FOR WATER SERVICES

(Control Period October 1, 2014 through September 30, 2015)

(All Customers)

	Number of Bills	Billed Consumption (Gallons)	Rate (1)	Revenues
<u>Base Facility Charge:</u>				
5/8 inch meter	19,362		\$6.62	\$128,176
1 inch meter	96		16.55	1,589
1 1/2 inch meter	1,128		33.10	37,337
2 inch meter	48		52.96	2,542
Sub-total	<u>20,634</u>			<u>169,644</u>
<u>Volume Charge: per 1,000 gallons</u>				
5/8 inch meter		95,463,718	\$4.05	386,628
1 inch meter		712,930	4.05	2,887
1 1/2 inch meter		25,397,559	4.05	102,860
2 inch meter		1,578,230	4.05	6,392
Sub-total		<u>123,152,437</u>		<u>498,767</u>
<u>Tracker Revenues (2):</u>				
Consumption: (Gallons)				
Bill date before January 2015		42,261,076	\$0.50	21,131
Bill date after January 2015		80,891,361	0.35	28,312
Sub-total		<u>123,152,437</u>		<u>49,443</u>
<u>DSIC Charges (3):</u>				
		<u>123,152,437</u>	\$0.27	<u>33,251</u>
Billing Adjustments From Billing System		(9,013,700)		(53,902)
Total Consumption		<u>114,138,737</u>		
Variance Between Calculated Bill and Prorated Bill				(950)
DSIC Adjustment (4)		(83,957,042)	\$0.27	(22,668)
Sub-total				<u>(77,520)</u>
Net Calculated Revenues				<u>\$673,585</u>
Control Period (10/01/14 - 09/01/15)				<u>\$668,268</u>
Variance				<u>\$5,317</u>
Percent Variance				<u>0.80%</u>

(1) Current rates effective 11/13/12 per IURC Order in Cause No. 44097. Application of existing rates by CUH approved per IURC Order in Cause No. 44587 dated July 8, 2015.

(2) Wholesale water cost tracking factor approved per IURC Conference Minutes dated January 7, 2015.

(3) Distribution System Improvement Charge effective May 30, 2014 per IURC Order in Cause No. 42743 dated May 28, 2014.

(4) To adjust for consumption in billing detail that does not include a DSIC charge.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
IWSI TERRITORY**

SUMMARY OF CONTROL PERIOD CONSUMER STUDY FOR WATER SERVICES
(Control Period October 1, 2014 through September 30, 2015)
(Residential)

		<u>Number of Bills</u>	<u>Billed Consumption (Gallons)</u>	<u>Rate (1)</u>	<u>Revenues</u>
<u>Base Facility Charge:</u>					
5/8	inch meter	19,194		\$6.62	\$127,064
1	inch meter	60		16.55	993
1 1/2	inch meter	<u>1,032</u>		33.10	<u>34,159</u>
	Sub-total	<u><u>20,286</u></u>			<u><u>162,216</u></u>
<u>Volume Charge: per 1,000 gallons</u>					
5/8	inch meter		92,652,949	\$4.05	375,244
1	inch meter		493,310	4.05	1,998
1 1/2	inch meter		<u>19,998,140</u>	4.05	<u>80,992</u>
	Sub-total		<u><u>113,144,399</u></u>		<u><u>458,234</u></u>
<u>Tracker Revenues (2):</u>					
	Consumption: (Gallons)				
	Bill date before January 2015		39,062,925	\$0.50	19,531
	Bill date after January 2015		<u>74,081,474</u>	0.35	<u>25,929</u>
	Sub-total		<u><u>113,144,399</u></u>		<u><u>45,460</u></u>
<u>DSIC Charges (3):</u>					
			<u>113,144,399</u>	\$0.27	<u>30,549</u>
	Billing Adjustments From Billing System		<u>(8,724,930)</u>		(52,200)
	Total Consumption		<u><u>104,419,469</u></u>		
	Variance Between Calculated Bill and Prorated Bill				(950)
	DSIC Adjustment (4)		(76,890,991)	\$0.27	<u>(20,761)</u>
	Sub-total				<u>(73,911)</u>
	Net Calculated Revenues				<u><u>\$622,548</u></u>

(1) Current rates effective 11/13/12 per IURC Order in Cause No. 44097. Application of existing rates by CUII approved per IURC Order in Cause No. 44587 dated July 8, 2015.

(2) Wholesale water cost tracking factor approved per IURC Conference Minutes dated January 7, 2015.

(3) Distribution System Improvement Charge effective May 30, 2014 per IURC Order in Cause No. 42743 dated May 28, 2014.

(4) To adjust for consumption in billing detail that does not include a DSIC charge.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
IWSI TERRITORY**

SUMMARY OF CONTROL PERIOD CONSUMER STUDY FOR WATER SERVICES

(Control Period October 1, 2014 through September 30, 2015)

(Commercial)

	Number of Bills	Billed Consumption (Gallons)	Rate (1)	Revenues
<u>Base Facility Charge:</u>				
5/8 inch meter	168		\$6.62	\$1,112
1 inch meter	36		16.55	596
1 1/2 inch meter	96		33.10	3,178
2 inch meter	48		52.96	2,542
Sub-total	348			7,428
<u>Volume Charge: per 1,000 gallons</u>				
5/8 inch meter		2,810,769	\$4.05	11,384
1 inch meter		219,620	4.05	889
1 1/2 inch meter		5,399,419	4.05	21,868
2 inch meter		1,578,230	4.05	6,392
Sub-total		10,008,038		40,533
<u>Tracker Revenues (2):</u>				
Consumption: (Gallons)				
Bill date before January 2015		3,198,151	\$0.50	1,600
Bill date after January 2015		6,809,887	0.35	2,383
Sub-total		10,008,038		3,983
<u>DSIC Charges (3):</u>				
		10,008,038	\$0.27	2,702
Billing Adjustments From Billing System		(288,770)		(1,702)
Total Consumption		9,719,268		
DSIC Adjustment (4)		(7,066,051)	\$0.27	(1,907)
Sub-total				(3,609)
Net Calculated Revenues				\$51,037

(1) Current rates effective 11/13/12 per IURC Order in Cause No. 44097. Application of existing rates by CUII approved per IURC Order in Cause No. 44587 dated July 8, 2015.

(2) Wholesale water cost tracking factor approved per IURC Conference Minutes dated January 7, 2015.

(3) Distribution System Improvement Charge effective May 30, 2014 per IURC Order in Cause No. 42743 dated May 28, 2014.

(4) To adjust for consumption in billing detail that does not include a DSIC charge.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
IWSI TERRITORY**

**CALCULATION OF CONTROL PERIOD EQUIVALENT METERS
(Based upon control period service charge billings)**

<u>Meter Size</u>	<u>Control Period Bills</u>	<u>Adjustment (1)</u>	<u>Normalized Annual Bills</u>	<u>Average Connections</u>	<u>Equivalency Factor (2)</u>	<u>Equivalent Meters and Services</u>
<u>Residential:</u>						
5/8"	19,194	(378)	18,816	1,568	1.0	1,568
1"	60	-	60	5	2.5	13
1 1/2"	1,032	(516)	516	43	5.0	215
Sub-totals	20,286	(894)	19,392	1,616		1,796
<u>Commercial:</u>						
5/8"	168	(24)	144	12	1.0	12
1"	36	-	36	3	2.5	8
1 1/2"	96	(12)	84	7	5.0	35
2"	48	-	48	4	8.0	32
Sub-totals	348	(36)	312	26		87
Totals	20,634	(930)	19,704	1,642		1,883

(1) To normalize test year data to include 12 monthly bills for each active account.

(2) Equivalent Meter Capacity ratios per the sixth edition of the American Water Works Association ("AWWA") Principles of Water Rates, Fees and Charges Manual of Water Supply Practices M1 (the "M1 Manual").

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
IWSI TERRITORY**

CALCULATION OF PRO FORMA CONSUMPTION

<u>Meter Size</u>	<u>Adjusted Control Period Consumption (Gallons)</u>	<u>Consumption Adjustment (1) (Gallons)</u>	<u>Pro Forma 9/30/2016 (Gallons)</u>	<u>Consumption Adjustment (1) (Gallons)</u>	<u>Pro Forma 9/30/2017 (Gallons)</u>
<u>Residential:</u>					
5/8"	92,595,019	(2,648,218)	89,946,801	(2,572,479)	87,374,322
1"	493,310	(14,109)	479,201	(13,705)	465,496
1 1/2"	11,331,140	(324,071)	11,007,069	(314,802)	10,692,267
Sub-totals	<u>104,419,469</u>	<u>(2,986,398)</u>	<u>101,433,071</u>	<u>(2,900,986)</u>	<u>98,532,085</u>
<u>Commercial:</u>					
5/8"	2,733,699	229,084	2,962,783	248,281	3,211,064
1"	219,620	18,404	238,024	19,946	257,970
1 1/2"	5,187,719	434,731	5,622,450	471,161	6,093,611
2"	1,578,230	132,256	1,710,486	143,339	1,853,825
Sub-totals	<u>9,719,268</u>	<u>814,475</u>	<u>10,533,743</u>	<u>882,727</u>	<u>11,416,470</u>
Totals	<u><u>114,138,737</u></u>	<u><u>(2,171,923)</u></u>	<u><u>111,966,814</u></u>	<u><u>(2,018,259)</u></u>	<u><u>109,948,555</u></u>

(1) Annual consumption trend factors provided by Utility Management:

Residential	-2.86%
Commercial	8.38%

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
IWSI TERRITORY**

**PRO FORMA UNITS OF SERVICE
Base-Extra Capacity Method**

Customer Class	Base		Maximum Day			Maximum Hour			Customer	
	Pro Forma Annual Sales (1)	Average Day (2)	Capacity Factor (3) %	Total Capacity (2)	Extra Capacity (4) (2)	Capacity Factor %	Total Capacity (3) (2)	Extra Capacity (5) (2)	Equivalent Connections	Bills
Residential	98,532.1	270.0	190	513.0	243.0	285	769.5	256.5	1,796	19,392
Commercial	11,416.5	31.3	205	64.2	32.9	410	128.3	64.1	87	312
Totals	109,948.6	301.3		577.2	275.9		897.8	320.6	1,883	19,704

(1) 1,000's of gallons.

(2) 1,000's of gallons per day.

(3) Calculated based on control period usage data.

(4) Capacity in excess of average day usage.

(5) Capacity in excess of maximum day demand.

(See Accountants' Special Purpose Report)

COMMUNITY UTILITIES OF INDIANA, INC.
IWSI TERRITORY

ALLOCATION OF RATE BASE TO FUNCTIONAL COST COMPONENTS

Base-Extra Capacity Method

	Utility Plant in Service at 09/30/17	Base	Extra Capacity		Customer Meters and Services	Percentage Allocations				Ref.
			Maximum Day	Maximum Hour		BAS	MXD	MXH	CUS	
Source of Supply Plant:										
Land and land rights	\$1,200	\$1,200				100.00%				(1)
Structures and improvements	2,400	2,400				100.00%				(1)
Wells and springs	252	252				100.00%				(1)
Supply mains	13,441	13,441				100.00%				(1)
Water Treatment:										
Pumping equipment	296	155	\$141			52.20%	47.80%			(2)
Water Treatment Equipment	20,009	10,445	9,564			52.20%	47.80%			(2)
Transmission and Distribution:										
Structures and improvements	4,495	1,509	1,381	\$1,605		33.56%	30.73%	35.71%		(3)
Distribution reservoirs and standpipes	2,896	290		2,606		10.00%		90.00%		(4)
Transmission and distribution mains	1,070,552	359,277	328,981	382,294		33.56%	30.73%	35.71%		(3)
Services	444,560				\$444,560				100.00%	(5)
Meters and meter installations	549,091				549,091				100.00%	(5)
Hydrants	2,182	2,182				100.00%				(1)
General Plant:										
Organization	71,947	13,325	11,591	13,173	33,858	18.52%	16.11%	18.31%	47.06%	(6)
Land and land rights	632	117	102	116	297	18.52%	16.11%	18.31%	47.06%	(6)
Structures and improvements	20,109	3,724	3,240	3,682	9,463	18.52%	16.11%	18.31%	47.06%	(6)
Office furniture and equipment	21,600	4,000	3,480	3,955	10,165	18.52%	16.11%	18.31%	47.06%	(6)
Transportation equipment	118,515	21,949	19,093	21,700	55,773	18.52%	16.11%	18.31%	47.06%	(6)
Tools, shop and garage equipment	23,702	4,390	3,818	4,340	11,154	18.52%	16.11%	18.31%	47.06%	(6)
Communication equipment	2,683	497	432	491	1,263	18.52%	16.11%	18.31%	47.06%	(6)
Gross Plant in Service	2,370,562	439,153	381,823	433,962	1,115,624	18.52%	16.11%	18.31%	47.06%	
Accumulated Depreciation	(601,324)	(107,992)	(94,845)	(107,776)	(290,711)	17.96%	15.77%	17.92%	48.35%	(7)
Net Plant in Service	1,769,238	331,161	286,978	326,186	824,913	18.71%	16.22%	18.44%	46.63%	
Cash Working Capital	91,625	17,142	14,862	16,896	42,725	18.71%	16.22%	18.44%	46.63%	(8)
Net Contributions in Aid of Construction	(225,709)	(75,748)	(69,360)	(80,601)		33.56%	30.73%	35.71%		(3)
Accumulated Deferred Income Taxes	(228,258)	(42,707)	(37,023)	(42,091)	(106,437)	18.71%	16.22%	18.44%	46.63%	(8)
Net Plant Acquisition Adjustment	26,000	4,865	4,217	4,794	12,124	18.71%	16.22%	18.44%	46.63%	(8)
Customer Deposits	(15,413)	(2,884)	(2,500)	(2,842)	(7,187)	18.71%	16.22%	18.44%	46.63%	(8)
Total Rate Base	\$1,417,483	\$231,829	\$197,174	\$222,342	\$766,138	16.35%	13.91%	15.69%	54.05%	

(Continued on next page)

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
IWSI TERRITORY**

(Cont'd)

**ALLOCATION OF RATE BASE TO FUNCTIONAL COST COMPONENTS
Base-Extra Capacity Method**

(1) Allocated 100% to base.

(2) Allocated in ratio to maximum day demand.

	<u>1,000's of Gallons</u>	<u>%</u>
Average day demand	301.3	52.20%
Maximum day excess capacity	<u>275.9</u>	<u>47.80%</u>
Totals	<u><u>577.2</u></u>	<u><u>100.00%</u></u>

(3) Allocated in ratio to maximum hour demand.

	<u>1,000's of Gallons</u>	<u>%</u>
Average day demand	301.3	33.56%
Maximum day excess capacity	275.9	30.73%
Maximum hour excess capacity	<u>320.6</u>	<u>35.71%</u>
Totals	<u><u>897.8</u></u>	<u><u>100.00%</u></u>

(4) Allocated 10% to base and 90% to maximum hour.

(5) Allocated 100% to meters and services.

(6) Allocated pro rata to all other allocable utility plant.

(7) Allocated to functioned based on information provided by management.

(8) Allocated pro rata to net utility plant.

(See Accountants' Special Purpose Report)

COMMUNITY UTILITIES OF INDIANA, INC.
IWSI TERRITORY

**ALLOCATION OF PRO FORMA OPERATION AND MAINTENANCE EXPENSES
TO FUNCTIONAL COST COMPONENTS**

Base-Extra Capacity Method

	Pro Forma Expense	Base	Extra Capacity		Customer Class		Percentage Allocation					Ref
			Maximum Day	Maximum Hour	Meters and Services	Billing and Collection	BAS	MXD	MXH	MET	BILL	
Transmission and distribution:												
Salaries and wages	\$83,283	\$14,591	\$13,267	\$15,524	\$39,901		17.52%	15.93%	18.64%	47.91%		(2)
Purchased water	381,398	305,118	38,140	38,140			80.00%	10.00%	10.00%			(8)
Repairs and maintenance	7,333	1,285	1,168	1,367	3,513		17.52%	15.93%	18.64%	47.91%		(2)
Maintenance testing	4,816	844	767	898	2,307		17.52%	15.93%	18.64%	47.91%		(2)
Transportation	11,377	1,993	1,812	2,121	5,451		17.52%	15.93%	18.64%	47.91%		(2)
Operating expense charged to plant	(15,534)	(2,721)	(2,475)	(2,896)	(7,442)		17.52%	15.93%	18.64%	47.91%		(2)
Customer accounts:												
Salaries and wages	11,378					\$11,378					100.00%	(3)
Office supplies and other expenses	9,346					9,346					100.00%	(3)
Operating expense charged to plant	(2,122)					(2,122)					100.00%	(3)
Bad debt expense	4,364					4,364					100.00%	(3)
Administrative and general:												
Salaries and wages	63,269	9,750	8,870	10,376	26,668	7,605	15.41%	14.02%	16.40%	42.15%	12.02%	(4)
Office supplies and other expenses	9,141	4,902	1,049	1,133	1,403	654	53.63%	11.48%	12.39%	15.35%	7.15%	(7)
Regulatory commission expense	18,301	2,992	2,546	2,871	4,946	4,946	16.35%	13.91%	15.69%	27.03%	27.03%	(9)
Pension & other benefits	42,643	6,571	5,979	6,993	17,974	5,126	15.41%	14.02%	16.40%	42.15%	12.02%	(5)
Rent	2,057	385	334	379	480	479	18.71%	16.22%	18.44%	23.32%	23.31%	(6)
Insurance	20,788	3,889	3,372	3,833	4,848	4,846	18.71%	16.22%	18.44%	23.32%	23.31%	(6)
Office utilities	9,947	5,335	1,142	1,232	1,527	711	53.63%	11.48%	12.39%	15.35%	7.15%	(7)
Operating expense charged to plant	(11,802)	(6,329)	(1,355)	(1,462)	(1,812)	(844)	53.63%	11.48%	12.39%	15.35%	7.15%	(7)
Outside services - other	13,411	7,191	1,540	1,662	2,059	959	53.63%	11.48%	12.39%	15.35%	7.15%	(7)
Miscellaneous	4,008	2,149	460	497	615	287	53.63%	11.48%	12.39%	15.35%	7.15%	(7)
Total net operating expenses	<u>\$667,402</u>	<u>\$357,945</u>	<u>\$76,616</u>	<u>\$82,668</u>	<u>\$102,438</u>	<u>\$47,735</u>	<u>53.63%</u>	<u>11.48%</u>	<u>12.39%</u>	<u>15.35%</u>	<u>7.15%</u>	

(Continued on next page)

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
IWSI TERRITORY**

(Cont'd)

**ALLOCATION OF PRO FORMA OPERATION AND MAINTENANCE EXPENSES
TO FUNCTIONAL COST COMPONENTS
Base-Extra Capacity Method**

- (1) Allocated in ratio to water treatment plant.

	<u>Water Treatment Plant</u>	<u>%</u>
Average day demand	\$10,600	52.20%
Maximum day excess capacity	<u>9,705</u>	<u>47.80%</u>
Totals	<u><u>\$20,305</u></u>	<u><u>100.00%</u></u>

- (2) Allocated pro rata based on the allocation of total transmission and distribution plant.

	<u>Transmission and Distribution Plant</u>	<u>%</u>
Average day demand	\$363,258	17.52%
Maximum day excess capacity	330,362	15.93%
Maximum hour excess capacity	386,505	18.64%
Meters and services	<u>993,651</u>	<u>47.91%</u>
Totals	<u><u>\$2,073,776</u></u>	<u><u>100.00%</u></u>

- (3) Allocated 100% to billing and collection.
- (4) Allocated pro rata based upon all other payroll.
- (5) Allocated pro rata based upon total payroll.
- (6) Allocated pro rata based upon net utility plant.
- (7) Allocated pro rata to all other functionalized expenses.
- (8) Allocated 80% to Base, 10% to Max Day and 10% to Max Hour.
- (9) Allocated pro rata based upon rate base.

(See Accountants' Special Purpose Report)

COMMUNITY UTILITIES OF INDIANA, INC.
IWSI TERRITORY

UNIT COSTS OF SERVICE
(Pro Forma Year Ending 9/30/2017)

	Net Pro Forma Revenue Requirements	Allocable To All Customers					Ref
		Extra Capacity			Customer Costs		
		Base	Maximum Day	Maximum Hour	Meters and Services	Billing and Collection	
		(-----1,000's of Gallons-----)			Equiv. Meters	Bills	
<u>Units of Service</u>		<u>109,948.6</u>	<u>275.9</u>	<u>320.6</u>	<u>1,883</u>	<u>19,704</u>	(1)
<u>Projected Cost of Service</u>							
Net operation and maintenance expense	\$667,402	\$357,945	\$76,616	\$82,668	\$102,438	\$47,735	(2)
Interest on debt	46,777	7,648	6,507	7,339	25,283		(4)
Depreciation	103,392	19,345	16,770	19,065	48,212		(3)
Taxes other than income	69,964	12,958	11,271	12,810	32,925		(5)
Income taxes - federal	35,598	5,820	4,952	5,585	19,241		(4)
Income taxes - state	6,831	1,117	950	1,072	3,692		(4)
Amortization of CIAC	(16,783)	(5,633)	(5,157)	(5,993)			(6)
Return on rate base	<u>69,103</u>	<u>11,299</u>	<u>9,612</u>	<u>10,842</u>	<u>37,350</u>		(4)
Total Cost of Service	982,284	410,499	121,521	133,388	269,141	47,735	
Less: Miscellaneous Revenues	<u>(22,402)</u>	<u>(9,362)</u>	<u>(2,771)</u>	<u>(3,042)</u>	<u>(6,138)</u>	<u>(1,089)</u>	(7)
Total Cost of Service to be Recovered Through Rates and Charges	<u>\$959,882</u>	<u>\$401,137</u>	<u>\$118,750</u>	<u>\$130,346</u>	<u>\$263,003</u>	<u>\$46,646</u>	
Total unit cost of service		<u>\$3.6484</u>	<u>\$430.4096</u>	<u>\$406.5689</u>	<u>\$139.6723</u>	<u>\$2.3673</u>	

(1) See "Pro Forma Units of Service", page 69.

(2) As calculated in "Allocation of Pro Forma Operation and Maintenance Expenses to Functional Cost Components", pages 72 - 73.

(3) Allocated based on net plant in service. See page 70.

(4) Allocated based on rate base. See page 70.

(5) Allocated based on gross plant. See page 70.

(6) Allocated based on Net Contributions in Aid of Construction. See page 70.

(7) Allocated pro rata to total cost of service.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
IWSI TERRITORY**

COST OF SERVICE ALLOCATED TO CUSTOMER CLASS
(Pro Forma Year Ending 9/30/2017)

Total Costs of Service	Allocable To All Customers				
	Base	Extra Capacity		Customer Costs	
		Maximum Day	Maximum Hour	Meters and Services Equiv. Meters	Billing and Collection Bills
	(-----1,000's of Gallons-----)				
Unit Costs of Service (1)	<u>\$3.6484</u>	<u>\$430.4096</u>	<u>\$406.5689</u>	<u>\$139.6723</u>	<u>\$2.3673</u>
<u>Allocated Costs of Service:</u>					
Residential:					
Units of service	98,532.1	243.0	256.5	1,796	19,392
Cost	\$865,119	\$359,485	\$104,590	\$250,852	\$45,907
Commercial:					
Units of service	11,416.5	32.9	64.1	87	312
Cost	<u>94,763</u>	<u>41,652</u>	<u>14,160</u>	<u>12,151</u>	<u>739</u>
Total allocated cost of service	<u>\$959,882</u>	<u>\$401,137</u>	<u>\$118,750</u>	<u>\$130,346</u>	<u>\$263,003</u>
				<u>\$46,646</u>	

(1) See page 74.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
IWSI TERRITORY**

CALCULATION OF PROPOSED MONTHLY BASE CHARGES

<u>Meter Size</u>	<u>5/8 inch Equivalency Factor</u>	<u>Meter Cost Per Equiv. Unit (1)</u>	<u>Meter Cost Per Unit</u>	<u>Billing Cost Per Unit (2)</u>	<u>Total</u>	<u>Rounded (Use)</u>
5/8 inch meter	1.0	\$11.6394	\$11.6394	\$2.3673	\$14.0067	\$14.00
3/4 inch meter	1.0	11.6394	11.6394	2.3673	14.0067	14.00
1 inch meter	2.5	11.6394	29.0985	2.3673	31.4658	31.45
1 1/4 inch meter	4.0	11.6394	46.5576	2.3673	48.9249	48.90
1 1/2 inch meter	5.0	11.6394	58.1970	2.3673	60.5643	60.55
2 inch meter	8.0	11.6394	93.1152	2.3673	95.4825	95.50
3 inch meter	15.0	11.6394	174.5910	2.3673	176.9583	176.95
4 inch meter	25.0	11.6394	290.9850	2.3673	293.3523	293.35
6 inch meter	50.0	11.6394	581.9700	2.3673	584.3373	584.35
8 inch meter	80.0	11.6394	931.1520	2.3673	933.5193	933.50

(1) Calculated as follows:

Annual charge per equivalent meter (page 75)	\$139.6723
Divided by 12 months	<u>12</u>
Monthly charge per equivalent meter	<u><u>\$11.6394</u></u>

(2) See page 75.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
IWSI TERRITORY**

**PRO FORMA ANNUAL OPERATING REVENUE AT ADJUSTED
RATES AND CHARGES BASED UPON ALLOCATED COST OF SERVICE**

	<u>Billing Determinants</u>		<u>Allocated</u>	<u>Pro Forma</u>
	<u>Pro Forma</u>	<u>Bills</u>	<u>Cost of</u>	<u>Revenue</u>
	<u>Consumption</u>		<u>Service Rates</u>	<u>Under Adjusted</u>
	<u>(Gallons)</u>			<u>Rates</u>
<u>Residential:</u>				
Base Charge:				
5/8 inch meter		18,816	\$14.00	\$263,424
1 inch meter		60	31.45	1,887
1 1/2 inch meter		516	60.55	31,244
Volume Charge: (per 1,000 gallons)	98,532.1		\$5.95	586,266
Sub-totals	98,532.1	19,392		882,821
<u>Commercial:</u>				
Base Charge:				
5/8 inch meter		144	\$14.00	2,016
1 inch meter		36	31.45	1,132
1 1/2 inch meter		84	60.55	5,086
2 inch meter		48	95.50	4,584
Volume Charge: (per 1,000 gallons)	11,416.5		\$5.95	67,928
Sub-totals	11,416.5	312		80,746
Totals	109,948.6	19,704		\$963,567
Control				\$959,882
Variance				\$3,685
Percent Variance				0.38%

(See Accountants' Special Purpose Report)

COMMUNITY UTILITIES OF INDIANA, INC.
IWSI TERRITORY

COMPARISON OF ALLOCATED COST OF SERVICE WITH
REVENUE UNDER EXISTING AND ADJUSTED RATES

<u>Customer Classification</u>	<u>Cost of Service</u>	<u>Control Period Revenue Under Existing Rates (1)</u>	<u>Increase/(Decrease)</u>		<u>Cost of Service</u>	<u>Revenue Under Adjusted Rates (2)</u>	<u>Variance Between Adjusted Revenues and Cost of Service</u>	
			<u>%</u>	<u>Amount</u>			<u>%</u>	<u>Amount</u>
Residential	\$865,119	\$622,548	28.04%	\$242,571	\$865,119	\$882,821	2.05%	\$17,702
Commercial	94,763	51,037	46.14%	43,726	94,763	80,746	-14.79%	(14,017)
Totals	<u>\$959,882</u>	<u>\$673,585</u>	<u>29.83%</u>	<u>\$286,297</u>	<u>\$959,882</u>	<u>\$963,567</u>	<u>0.38%</u>	<u>\$3,685</u>

(1) See pages 65 through 66.

(2) See page 77.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
IWSI TERRITORY**

SCHEDULE OF PRESENT AND PROPOSED RATES AND CHARGES

<u>Monthly Rate for Residential Customers</u>		<u>Present (1)</u>	<u>Proposed</u>
<u>Meter Size</u>			
5/8	inch meter	\$6.62	\$14.00
3/4	inch meter	6.62	14.00
1	inch meter	16.55	31.45
1 1/4	inch meter	24.83	48.90
1 1/2	inch meter	33.10	60.55
2	inch meter	52.96	95.50
3	inch meter	99.30	176.95
4	inch meter	165.50	293.35
6	inch meter	331.00	584.35
Residential Usage Charge (per 1,000 gallons)		\$4.05 *	\$5.95
 <u>Monthly Rate for Commercial Customers</u>			
<u>Meter Size</u>			
5/8	inch meter	\$6.62	\$14.00
3/4	inch meter	6.62	14.00
1	inch meter	16.55	31.45
1 1/4	inch meter	24.83	48.90
1 1/2	inch meter	33.10	60.55
2	inch meter	52.96	95.50
3	inch meter	99.30	176.95
4	inch meter	165.50	293.35
6	inch meter	331.00	584.35
Commercial Usage Charge (per 1,000 gallons)		\$4.05 *	\$5.95

(1) Current rates effective 11/13/12 per IURC Order in Cause No. 44097. Application of existing rates by CUII approved per IURC Order in Cause No. 44587 dated July 8, 2015.

* Currently subject to a Distribution System Improvement Charge of \$0.27 and a wholesale water tracking factor of \$0.35.

(See Accountants' Special Purpose Report)

COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY
WASTEWATER SERVICE

**COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY**

SUMMARY OF CONTROL PERIOD CONSUMER STUDY FOR SEWAGE SERVICES
(Control Period October 1, 2014 through September 30, 2015)

<u>Meter Size</u>	<u>Flow</u> (Gallons)	<u>Number of Bills</u>	<u>Times Charge (1)</u>	<u>Revenues</u>
<u>Residential:</u>				
5/8"	178,579,253	36,666	\$49.00	\$1,796,634
3/4"	62,040	12	49.00	588
<u>Commercial:</u>				
5/8"	2,659,790	406	\$49.00	19,894
3/4"	183,120	36	49.00	1,764
1"	393,010	36	122.50	4,410
1 1/2"	108,000	12	245.00	2,940
2"	2,524,000	47	392.00	18,424
Unmetered	-	13	49.00	637
Totals	<u>184,509,213</u>	<u>37,228</u>		1,845,291
Billing Adjustments From Billing System				(2,537)
Variance Between Calculated Bill and Prorated Bill				<u>(8,983)</u>
Net Calculated Revenues				<u>\$1,833,771</u>
Control Period (10/01/14 - 09/30/15)				<u>\$1,834,289</u>
Variance				<u>(\$518)</u>
Percent Variance				<u>-0.03%</u>

- (1) Current rates effective 04/24/14 per IURC Order in Cause No. 44388. Application of existing rates by CUII approved per IURC order in Cause No. 44587 dated July 8, 2015.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY**

CALCULATION OF EQUIVALENT ANNUAL BILLS

<u>Meter Size</u>	<u>Control Period Bills</u>	<u>Adjustment (1)</u>	<u>Normalized Annual Bills</u>	<u>Equivalency Factor (2)</u>	<u>Equivalent Annual Bills</u>
<u>Residential:</u>					
5/8"	36,666	(330)	36,336	1.0	36,336
3/4"	<u>12</u>	<u>-</u>	<u>12</u>	1.0	<u>12</u>
Sub-totals	<u>36,678</u>	<u>(330)</u>	<u>36,348</u>		<u>36,348</u>
<u>Commercial:</u>					
5/8"	406	14	420	1.0	420
3/4"	36	-	36	1.0	36
1"	36	12	48	2.5	120
1 1/2"	12	-	12	5.7	68
2"	47	1	48	10.0	480
Unmetered (3)	<u>13</u>	<u>(1)</u>	<u>12</u>	1.0	<u>12</u>
Sub-totals	<u>550</u>	<u>26</u>	<u>576</u>		<u>1,136</u>
Totals	<u><u>37,228</u></u>	<u><u>(304)</u></u>	<u><u>36,924</u></u>		<u><u>37,484</u></u>

(1) To normalize control period data to include 12 monthly bills for each active account.

(2) Based on the cross-sectional diameter of line calculation:

$$\text{Area} = \text{radius}^2 \times \pi$$

$$\text{Area for } 5/8" \text{ meter} = .31$$

(3) Assumes 5/8" equivalency factor.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY**

CALCULATION OF PRO FORMA FLOWS

<u>Meter Size</u>	<u>Control Period 9/30/2015 (Gallons)</u>	<u>Flow Adjustment (1) (Gallons)</u>	<u>Pro Forma 9/30/2016 (Gallons)</u>	<u>Flow Adjustment (1) (Gallons)</u>	<u>Pro Forma 9/30/2017 (Gallons)</u>
<u>Residential:</u>					
5/8"	178,579,253	(5,393,093)	173,186,160	(5,230,222)	167,955,938
3/4"	62,040	(1,874)	60,166	(1,817)	58,349
Sub-totals	178,641,293	(5,394,967)	173,246,326	(5,232,039)	168,014,287
<u>Commercial:</u>					
5/8"	2,659,790	13,831	2,673,621	13,903	2,687,524
3/4"	183,120	952	184,072	957	185,029
1"	393,010	2,044	395,054	2,054	397,108
1 1/2"	108,000	562	108,562	565	109,127
2"	2,524,000	13,125	2,537,125	13,193	2,550,318
Unmetered (2)	113,150	588	113,738	591	114,329
Sub-totals	5,981,070	31,102	6,012,172	31,263	6,043,435
Totals	184,622,363	(5,363,865)	179,258,498	(5,200,776)	174,057,722

(1) Annual consumption trend factors provided by Utility Management:

Residential	-3.02%
Commercial	0.52%

(2) Calculated as follows based upon IDEM Sewage Flow Tables per 327 IAC 3-6-11:

Estimated flow per equivalent unit (gpd)	310
Times 365 days	365
Estimated annual flow	113,150

(See Accountants' Special Purpose Report)

COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY

ALLOCATION OF RATE BASE TO FUNCTIONAL COST COMPONENTS

See Explanation of References, page 84

	Utility Plant in Service at 09/30/17	Allocation				Percentage Allocations				Ref.
		Treatment and Disposal	Collection System	Customer Accounts	Administrative	Treatment and Disposal	Collection System	Customer Accounts	Administrative	
Organization	\$6,159	\$ -	\$ -	\$ -	\$6,159				100.00%	(1)
Land and land rights	154,826	-	-	-	154,826				100.00%	(1)
Structures and improvements	1,021,311	120,531	763,565	-	137,215	11.80%	74.76%		13.44%	(2)
Power generation equipment	46,176	46,176	-	-	-	100.00%				(3)
Collection sewers - force	3,224,015	-	3,224,015	-	-		100.00%			(4)
Collection sewers- gravity	5,168,051	-	5,168,051	-	-		100.00%			(4)
Special collection structures	1,088,950	-	1,088,950	-	-		100.00%			(4)
Services to customers	20,123	-	-	20,123	-			100.00%		(7)
Flow measuring devices	19,465	-	-	19,465	-			100.00%		(7)
Flow measuring installations	2,106	-	-	2,106	-			100.00%		(7)
Pumping equipment	598,176	870	597,306	-	-	0.15%	99.85%			(2)
Reuse transmission and distribution system	530	-	530	-	-		100.00%			(4)
Treatment and disposal equipment	6,934,909	6,934,909	-	-	-	100.00%				(3)
Plant sewers	72,632	72,632	-	-	-	100.00%				(3)
Other plant and miscellaneous equipment	52,453	32,767	19,686	-	-	62.47%	37.53%			(2)
Office furniture and equipment	43,135	-	-	21,567	21,568			50.00%	50.00%	(5)
Transportation equipment	200,749	-	-	-	200,749				100.00%	(1)
Stores equipment	124	-	-	-	124				100.00%	(1)
Tools, shop and garage equipment	52,581	-	-	-	52,581				100.00%	(1)
Laboratory equipment	29,191	29,191	-	-	-	100.00%				(3)
Power operated equipment	17,056	-	-	-	17,056				100.00%	(1)
Communication equipment	28,889	-	-	14,444	14,445			50.00%	50.00%	(5)
Miscellaneous equipment	80,869	-	-	-	80,869				100.00%	(1)
Other tangible plant	10,147	-	-	-	10,147				100.00%	(1)
Gross Plant in Service	18,872,623	7,237,076	10,862,103	77,705	695,739	38.35%	57.55%	0.41%	3.69%	
Reallocate administrative pro rata	-	277,007	415,758	2,974	(695,739)	1.47%	2.20%	0.02%	-3.69%	(6)
Sub-total	18,872,623	7,514,083	11,277,861	80,679	-	39.82%	59.75%	0.43%	0.00%	
Accumulated depreciation	(6,194,231)	(3,246,806)	(2,939,835)	(7,590)	-	52.42%	47.46%	0.12%		(2)
Net plant in service	12,678,392	4,267,277	8,338,026	73,089	-	33.65%	65.77%	0.58%	0.00%	
Cash working capital	121,220	40,791	79,726	703	-	33.65%	65.77%	0.58%	0.00%	(8)
Net contributions in aid of construction	(3,757,502)	(716)	(3,747,465)	(9,321)	-	0.02%	99.73%	0.25%		(2)
Accumulated deferred income taxes	(508,402)	(171,077)	(334,376)	(2,949)	-	33.65%	65.77%	0.58%	0.00%	(8)
Customer deposits	(22,654)	(7,623)	(14,900)	(131)	-	33.65%	65.77%	0.58%	0.00%	(8)
Net deferred charges	33,681	11,334	22,152	195	-	33.65%	65.77%	0.58%	0.00%	(8)
Rate Base	\$8,544,735	\$4,139,986	\$4,343,163	\$61,586	\$ -	48.45%	50.83%	0.72%	0.00%	

(Continued on next page)

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY**

(Cont'd)

ALLOCATION OF RATE BASE TO FUNCTIONAL COST COMPONENTS

(Explanation of References)

- (1) Allocated 100% to admin.
- (2) Direct allocation to function based on accounting records provided by management.
- (3) Allocated 100% to treatment and disposal.
- (4) Allocated 100% to collection system.
- (5) Allocated 50% to customer accounts and 50% to admin.
- (6) Allocated pro rata to all other allocable utility plant.
- (7) Allocated 100% to customer accounts.
- (8) Allocated pro rata to net utility plant.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY**

**PRO FORMA OPERATION AND MAINTENANCE EXPENSE
ALLOCATED TO FUNCTIONAL COST COMPONENTS**

See Explanation of References, page 86

	Pro Forma 9/30/2017	Allocation				
		Treatment and Disposal	Collection System	Customer Accounts	Administrative	Ref.
<u>Operation and Maintenance Expense:</u>						
Maintenance Expenses:						
Salaries and wages	\$210,766	\$70,537	\$70,537	\$ -	\$69,692	(1)
Purchased power	154,301	77,151	77,150	-	-	(5)
Maintenance and repair	129,476	48,203	77,893	-	3,380	(3)
Maintenance testing	33,277	17,701	15,576	-	-	(3)
Chemicals	36,697	36,697	-	-	-	(2)
Transportation	19,271	9,636	9,635	-	-	(3)
Operating expense charged to plant	(80,575)	(21,245)	(21,245)	(5,805)	(32,280)	(4)
Outside services - other	22,975	498	498	-	21,979	(3)
General Expenses:						
Salaries and wages	56,752	-	-	19,273	37,479	(1)
Office supplies and other office expenses	29,959	-	-	13,054	16,905	(3)
Regulatory commission expenses	42,783	-	-	-	42,783	(6)
Pension and other benefits	72,232	19,048	19,048	5,201	28,935	(4)
Rent	3,485	1,173	2,292	20	-	(8)
Insurance	35,214	11,850	23,160	204	-	(8)
Office utilities	24,999	-	-	5,039	19,960	(3)
Miscellaneous	6,815	-	-	-	6,815	(6)
Bad debt expense	10,960	-	-	10,960	-	(7)
Sub-totals	809,387	271,249	274,544	47,946	215,648	
Reallocate administrative pro rata	-	98,519	99,715	17,414	(215,648)	
Total operation and maintenance disbursements	<u>\$809,387</u>	<u>\$369,768</u>	<u>\$374,259</u>	<u>\$65,360</u>	<u>\$ -</u>	

(Continued on next page)

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY**

(Cont'd)

**PRO FORMA OPERATION AND MAINTENANCE EXPENSE
ALLOCATED TO FUNCTIONAL COST COMPONENTS
(Explanation of References)**

- (1) Salaries and wages allocated to function based on nature of daily work.
- (2) Allocated directly to Treatment.
- (3) Allocated based on subaccount descriptions.
- (4) Allocated pro rata based on allocation of salaries and wages.
- (5) Allocated 50% to Treatment and 50% to Collections.
- (6) Allocated directly to Administrative.
- (7) Allocated directly to Customer Accounts.
- (8) Allocated based upon net utility plant in service.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY**

**PRO FORMA ANNUAL REVENUE REQUIREMENTS
ALLOCATED TO FUNCTIONAL COST COMPONENTS**

	Pro Forma 9/30/2017	Allocation Treatment and Disposal	Collection System	Customer Accounts	Administrative	Ref.
Revenue Requirements:						
Operation and maintenance expense	\$809,387	\$369,768	\$374,259	\$65,360	\$ -	(1)
Interest on debt	281,976	136,618	143,328	2,030	-	(3)
Depreciation	505,611	170,138	332,540	2,933	-	(2)
Taxes other than income	171,332	68,224	102,371	737	-	(4)
Income taxes - federal	214,010	103,688	108,781	1,541	-	(3)
Income taxes - state	41,069	19,898	20,875	296	-	(3)
Amortization of ITC	(1,126)	(546)	(572)	(8)	-	(3)
Return on rate base	416,556	201,822	211,735	2,999	-	(3)
Total Cost of Service	2,438,815	1,069,610	1,293,317	75,888	-	
Less: Miscellaneous Revenues	(28,037)	(12,297)	(14,868)	(872)	-	(5)
Total Cost of Service to be Recovered Through Rates and Charges	<u>\$2,410,778</u>	<u>\$1,057,313</u>	<u>\$1,278,449</u>	<u>\$75,016</u>	<u>\$ -</u>	

Explanation of references:

- (1) See page 85.
- (2) Allocated based on net plant in service. See page 83.
- (3) Allocated based on rate base. See page 83.
- (4) Allocated based on gross plant. See page 83.
- (5) Allocated pro rata to total cost of service.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY**

CALCULATION OF PROPOSED RATES AND CHARGES

<u>Monthly Base Charge:</u>	<u>Equivalency Factor</u>	<u>Billing and Collecting</u>	<u>Collection System</u>	<u>Revised Rates</u>
		(1)	(2)	
Meter Size:				
5/8"	1.0	\$2.05	\$34.10	\$36.15
3/4"	1.0	2.05	34.10	36.15
1"	2.5	2.05	85.25	87.30
1 1/2"	5.7	2.05	194.40	196.45
2"	10.0	2.05	341.00	343.05
3"	23.0	2.05	784.30	786.35
4"	40.0	2.05	1,364.00	1,366.05
6"	91.0	2.05	3,103.10	3,105.15

<u>Flow Charge (per 1,000 gallons)</u>		(3)	<u>Revised Rates</u>
All Users		\$6.10	\$6.10

	<u>Gallons</u>		<u>Revised Rates</u>
<u>Unmetered Users</u>	4,600	\$28.06	\$36.15
			\$64.21

<u>Explanation of References</u>	<u>Pro Forma Net Revenue Requirements</u>	<u>Pro Forma Annual Billing Determinants</u>	<u>Rate Per Equivalent</u>	<u>Rounded Use</u>
(1) Billing and collecting	\$75,016	36,924 annual bills	\$2.03	\$2.05
(2) Collection system	1,278,449	37,484 equivalent bills	34.11	34.10
(3) Treatment and disposal	1,057,313	174,057,722 / 1,000 gallons	6.07	6.10
Total	<u>\$2,410,778</u>			

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY**

CALCULATION OF ESTIMATED SEWAGE SERVICE BILLINGS

<u>Base Rate Per Meter Size:</u>	<u>Number of Bills</u>	<u>Base Rate (Per Month)</u>	<u>Calculated Revenues</u>
<u>Residential:</u>			
5/8"	36,336	\$36.15	\$1,313,546
3/4"	12	36.15	434
<u>Commercial:</u>			
5/8"	420	36.15	15,183
3/4"	36	36.15	1,301
1"	48	87.30	4,190
1 1/2"	12	196.45	2,357
2"	48	343.05	16,466
Sub-totals	36,912		1,353,477
<u>Unmetered Users:</u>	12	\$64.21	771
Base Rate Totals	36,924		\$1,354,248
<u>Treatment Rate per 1,000 Gallons:</u>			
	<u>Water Usage (1,000/gal)</u>	<u>Flow Rate (Per 1,000/gal)</u>	<u>Calculated Revenues</u>
Treatment Rate Totals	173,943	\$6.10	\$1,061,052
Annual Estimated Billings			\$2,415,300
Less Pro Forma Net Cost of Service			(2,410,778)
Variance			\$4,522
Percent Variance			0.19%

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY**

COMPARISON OF CONTROL PERIOD REVENUES AND PRO FORMA REVENUES UNDER ADJUSTED RATES

Pro Forma Revenues Under Adjusted Rates										
Meter Size	Flow	Times Flow Rate	Sub-total Flow	Annual Bills	Times Base Rate	Sub-total Base Rate	Total Charges	Control Period Revenues	Increase(Decrease)	
	(Gallons)	(Per 1,000/gal)			(Per Month)				%	Amount
<u>Residential:</u>										
5/8"	167,955,938	\$6.10	\$1,024,531	36,096	\$36.15	\$1,304,870	\$2,329,401	\$1,787,376	30.33%	\$542,025
3/4"	58,349	6.10	356	12	36.15	434	790	588	34.35%	202
Sub-totals	168,014,287		1,024,887	36,108		1,305,304	2,330,191	1,787,964	30.33%	542,227
<u>Commercial:</u>										
5/8"	2,687,524	6.10	16,394	420	36.15	15,183	31,577	19,726	60.08%	11,851
3/4"	185,029	6.10	1,129	36	36.15	1,301	2,430	1,764	37.76%	666
1"	397,108	6.10	2,422	36	87.30	3,143	5,565	4,410	26.19%	1,155
1 1/2"	109,127	6.10	666	12	196.45	2,357	3,023	2,867	5.44%	156
2"	2,550,318	6.10	15,557	48	343.05	16,466	32,023	18,293	75.06%	13,730
Unmetered				12	64.21	771	771	637	21.04%	134
Sub-totals	5,929,106		36,168	564		39,221	75,389	47,697	58.06%	27,692
Adjustment (1)	-		-	-		-	-	(1,372)		1,372
Totals	173,943,393		\$1,061,055	36,672		\$1,344,525	\$2,405,580	\$1,834,289	31.15%	\$571,291

(1) Variance between total general ledger revenue and actual billed revenue for the control period.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
TWIN LAKES TERRITORY**

SCHEDULE OF PRESENT AND PROPOSED RATES AND CHARGES

<u>Monthly Rate for Residential Customers</u>		<u>Present (1)</u>	<u>Proposed</u>
<u>Meter Size</u>			
5/8 & 3/4	inch meter	\$49.00	\$36.15
1	inch meter	122.50	87.30
1 1/2	inch meter	245.00	196.45
2	inch meter	392.00	343.05
3	inch meter	735.00	786.35
4	inch meter	1,225.00	1,366.05
6	inch meter	2,450.00	3,105.15
Unmetered		49.00	64.21
Residential Usage Charge (per 1,000 gallons)		N/A	\$6.10
<u>Monthly Rate for Commercial Customers</u>			
<u>Meter Size</u>			
5/8 & 3/4	inch meter	\$49.00	\$36.15
1	inch meter	122.50	87.30
1 1/2	inch meter	245.00	196.45
2	inch meter	392.00	343.05
3	inch meter	735.00	786.35
4	inch meter	1,225.00	1,366.05
6	inch meter	2,450.00	3,105.15
Unmetered		49.00	64.21
Commercial Usage Charge (per 1,000 gallons)		N/A	\$6.10

- (1) Current rates effective 04/24/14 per IURC Order in Cause No. 44388. Application of existing rates by CUUI approved per IURC order in Cause No. 44587 dated July 8, 2015.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
WSCITERRITORY**

WASTEWATER SERVICE

**COMMUNITY UTILITIES OF INDIANA, INC.
WSCSI TERRITORY**

SUMMARY OF CONTROL PERIOD CONSUMER STUDY FOR SEWAGE SERVICES
(Control Period October 1, 2014 through September 30, 2015)

<u>Meter Size</u>	<u>Number of Bills</u>	<u>Billed Flow (Gallons)</u>	<u>Times Rate (1)</u>	<u>Revenues</u>
<u>Residential:</u>				
<u>Base Charge:</u>				
5/8"	1,942		\$25.79	\$50,084
<u>Usage Charge: per 1,000 gallons</u>				
5/8"		5,667,200	\$14.69	83,251
Sub-totals	1,942	5,667,200		133,335
<u>Commercial:</u>				
<u>Base Charge:</u>				
5/8"	260		\$25.79	\$6,705
1"	12		64.48	774
2"	36		206.32	7,428
<u>Usage Charge: per 1,000 gallons</u>				
5/8"		1,602,070	\$14.69	23,534
1"		63,900	14.69	939
2"		6,380,800	14.69	93,734
Sub-totals	308	8,046,770		133,114
<u>Campgrounds: (2)</u>	4,784		\$18.64	89,174
Billing Adjustments From Billing System		(86,380)		(1,843)
Variance Between Calculated Bill and Prorated Bill				(14,967)
Totals	7,034	13,627,590		\$338,813
Control Period (10/01/14 - 09/30/15)				\$336,835
Variance				\$1,978
Percent Variance				0.59%

(1) Current rates effective 04/04/13 per IURC Order in Cause No. 44104.
Application of existing rates by CUII approved per IURC order in
Cause No. 44587 dated July 8, 2015.

(2) Campgrounds are billed monthly from April through October. The
unmetered rate for campgrounds is \$18.64 times the number of
total campsites. The number of bills reflects the actual number
of campsites billed during the control period.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
WSCITERRITORY**

CALCULATION OF EQUIVALENT ANNUAL BILLS

<u>Meter Size</u>	<u>Control Period Bills</u>	<u>Adjustment (1)</u>	<u>Normalized Annual Bills</u>	<u>Equivalency Factor (2)</u>	<u>Equivalent Annual Bills</u>
<u>Residential:</u>					
5/8"	1,942	(34)	1,908	1.0	1,908
<u>Commercial:</u>					
5/8"	260	4	264	1.0	264
1"	12	-	12	2.5	30
2"	36	-	36	10.0	360
Sub-totals	308	4	312		654
<u>Campgrounds: (3)</u>	17	4	21	230.0	4,830
Totals	2,267	(26)	2,241		7,392

(1) To normalize control period data to include 12 monthly bills for each active account.
Campgrounds have been normalized to include 7 monthly bills.

(2) Based on cross-sectional diameter of line calculation:
 $\text{Area} = \text{radius}^2 \times \pi$
 Area for 5/8" meter = .31
 Campgrounds are based on the number of base charges assessed per month.

(3) Assumes a total of 690 sites are billed for the three campgrounds.

(See Accountants' Special Purpose Report)

COMMUNITY UTILITIES OF INDIANA, INC.
WSCI TERRITORY

CALCULATION OF PRO FORMA FLOWS

<u>Meter Size</u>	<u>Control Period</u> 9/30/2015 (Gallons)	<u>Flow</u> <u>Adjustment (1)</u> (Gallons)	<u>Pro Forma</u> 9/30/2016 (Gallons)	<u>Flow</u> <u>Adjustment (1)</u> (Gallons)	<u>Pro Forma</u> 9/30/2017 (Gallons)
<u>Residential:</u>					
5/8"	5,580,820	(223,233)	5,357,587	(214,303)	5,143,284
<u>Commercial:</u>					
5/8"	1,602,070	(76,098)	1,525,972	(72,484)	1,453,488
1"	63,900	(3,035)	60,865	(2,891)	57,974
2"	6,380,800	(303,088)	6,077,712	(288,691)	5,789,021
Sub-totals	8,046,770	(382,221)	7,664,549	(364,066)	7,300,483
<u>Unmetered:</u>					
Campgrounds (2)	3,208,500	(128,340)	3,080,160	(123,206)	2,956,954
Totals	16,836,090	(733,794)	16,102,296	(701,575)	15,400,721

(1) Annual consumption trend factors provided by Utility Management:

Residential	-4.00%
Commercial	-4.75%

(2) Calculated as follows based upon IDEM Sewage Flow Tables per 327 IAC 3-6-11:

Total days in season (April - October)	214
Times estimated usage rate*	43.5%
Estimated days used	93
Times number of campsites	690
Sub-total	64,170
Times gallons per day per campsite	50
Estimated gallons	3,208,500

*Assumes 31 weekends during season
times 3 days divided by total days in
season.

(See Accountants' Special Purpose Report)

COMMUNITY UTILITIES OF INDIANA, INC.
WSCITERRITORY

ALLOCATION OF RATE BASE TO FUNCTIONAL COST COMPONENTS

See Explanation of References, page 96

	Utility Plant in Service at 09/30/17	Allocation				Percentage Allocations				Ref.
		Treatment and Disposal	Collection System	Customer Accounts	Administrative	Treatment and Disposal	Collection System	Customer Accounts	Administrative	
Organization	\$23,704	\$ -	\$ -	\$ -	\$23,704				100.00%	(1)
Franchises	3,503	-	-	-	3,503				100.00%	(1)
Land and land rights	3,000	-	-	-	3,000				100.00%	(1)
Structures and improvements	1,669,798	1,600,730	54,535	-	14,533	95.86%	3.27%		0.87%	(2)
Power generation equipment	2,291	2,291	-	-	-	100.00%				(3)
Collection sewers - force	9,252	-	9,252	-	-		100.00%			(4)
Collection sewers- gravity	542,615	-	542,615	-	-		100.00%			(4)
Special collection structures	5,123	-	5,123	-	-		100.00%			(4)
Services to customers	1,443	-	-	1,443	-			100.00%		(7)
Flow measuring devices	436	-	-	436	-			100.00%		(7)
Pumping equipment	66,745	-	66,745	-	-		100.00%			(4)
Reuse distribution reservoirs	765	765	-	-	-	100.00%				(3)
Reuse transmission and distribution system	1,034	-	1,034	-	-		100.00%			(4)
Treatment and disposal equipment	69,671	69,671	-	-	-	100.00%				(3)
Plant sewers	2,067	2,067	-	-	-	100.00%				(3)
Other plant and miscellaneous equipment	2,038	2,038	-	-	-	100.00%				(3)
Office furniture and equipment	(3,280)	-	-	-	(3,280)				100.00%	(1)
Transportation equipment	14,398	-	-	-	14,398				100.00%	(1)
Tools, shop and garage equipment	14,668	-	-	-	14,668				100.00%	(1)
Laboratory equipment	2,372	2,372	-	-	-	100.00%				(3)
Power operated equipment	2,495	-	-	-	2,495				100.00%	(1)
Communication equipment	322	-	-	161	161			50.00%	50.00%	(5)
Miscellaneous equipment	18,784	-	-	-	18,784				100.00%	(1)
Other tangible plant	89,700	-	-	-	89,700				100.00%	(1)
Gross plant in service	2,542,944	1,679,934	679,304	2,040	181,666	66.07%	26.71%	0.08%	7.14%	
Reallocate administrative pro rata	-	129,246	52,263	157	(181,666)	5.08%	2.05%	0.01%	-7.14%	(6)
Sub-total	2,542,944	1,809,180	731,567	2,197	-	71.15%	28.76%	0.09%	0.00%	
Accumulated depreciation	(486,561)	(221,525)	(264,657)	(379)	-	45.53%	54.39%	0.08%		(2)
Net plant in service	2,056,383	1,587,655	466,910	1,818	-	77.20%	22.71%	0.09%	0.00%	
Cash working capital	16,980	13,109	3,856	15	-	77.20%	22.71%	0.09%	0.00%	(8)
Net contributions in aid of construction	(15,797)	-	(15,797)	-	-		100.00%			(2)
Accumulated deferred income taxes	(161,494)	(124,674)	(36,675)	(145)	-	77.20%	22.71%	0.09%	0.00%	(8)
Customer deposits	(2,777)	(2,144)	(631)	(2)	-	77.20%	22.71%	0.09%	0.00%	(8)
Rate Base	<u>\$1,893,295</u>	<u>\$1,473,946</u>	<u>\$417,663</u>	<u>\$1,686</u>	<u>\$0</u>	77.85%	22.06%	0.09%	0.00%	

(Continued on next page)

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
WSCITERRITORY**

(Cont'd)

ALLOCATION OF RATE BASE TO FUNCTIONAL COST COMPONENTS

(Explanation of References)

- (1) Allocated 100% to admin.
- (2) Direct allocation to function based on accounting records provided by management.
- (3) Allocated 100% to treatment and disposal.
- (4) Allocated 100% to collection system.
- (5) Allocated 50% to customer accounts and 50% to admin.
- (6) Allocated pro rata to all other allocable utility plant.
- (7) Allocated 100% to customer accounts.
- (8) Allocated pro rata to net utility plant.

(See Accountants' Special Purpose Report)

COMMUNITY UTILITIES OF INDIANA, INC.
WSCIT TERRITORY

PRO FORMA OPERATION AND MAINTENANCE EXPENSE
ALLOCATED TO FUNCTIONAL COST COMPONENTS

See Explanation of References, page 98

	Pro Forma 9/30/2017	Allocation				
		Treatment and Disposal	Collection System	Customer Accounts	Administrative	Ref.
<u>Operation and Maintenance disbursements:</u>						
Maintenance Expenses:						
Salaries and wages	\$18,628	\$6,234	\$6,234	\$ -	\$6,160	(1)
Purchased power	59,965	29,983	29,982	-	-	(5)
Repairs and maintenance	14,595	8,124	6,322	-	149	(3)
Maintenance testing	11,124	5,869	5,255	-	-	(3)
Chemicals	4,239	4,239	-	-	-	(2)
Transportation	1,703	851	852	-	-	(5)
Operating expense charged to plant	(13,501)	(3,560)	(3,560)	(973)	(5,408)	(4)
Outside services - other	1,988	-	-	-	1,988	(3)
General Expenses:						
Salaries and wages	5,016	-	-	1,703	3,313	(1)
Office supplies and other office expenses	2,464	-	-	1,095	1,369	(3)
Regulatory commission expenses	3,578	-	-	-	3,578	(6)
Pension and other benefits	6,384	1,683	1,683	460	2,558	(4)
Rent	308	238	70	-	-	(8)
Insurance	3,112	2,402	707	3	-	(8)
Office utilities	3,729	-	-	1,032	2,697	(3)
Miscellaneous	600	-	-	-	600	(6)
Bad debt expense	1,955	-	-	1,955	-	(7)
Sub-totals	125,887	56,063	47,545	5,275	17,004	
Reallocate administrative pro rata	-	8,755	7,425	824	(17,004)	
Total operation and maintenance disbursements	<u>\$125,887</u>	<u>\$64,818</u>	<u>\$54,970</u>	<u>\$6,099</u>	<u>\$ -</u>	

(Continued on next page)

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
WSCI TERRITORY**

(Cont'd)

**PRO FORMA OPERATION AND MAINTENANCE EXPENSE
ALLOCATED TO FUNCTIONAL COST COMPONENTS
(Explanation of References)**

- (1) Salaries and wages allocated to function based on nature of daily work.
- (2) Allocated directly to Treatment.
- (3) Allocated based on subaccount descriptions.
- (4) Allocated pro rata based on allocation of salaries and wages.
- (5) Allocated 50% to Treatment and 50% to Collections.
- (6) Allocated directly to Administrative.
- (7) Allocated directly to Customer Accounts.
- (8) Allocated based upon net utility plant in service.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
WSCSI TERRITORY**

**PRO FORMA ANNUAL REVENUE REQUIREMENTS
ALLOCATED TO FUNCTION**

	Pro Forma 9/30/2017	Allocation				
		Treatment and Disposal	Collection System	Customer Accounts	Administrative	Ref.
Revenue Requirements:						
Operation and maintenance expense	\$125,887	\$64,818	\$54,970	\$6,099	\$ -	(1)
Interest on debt	62,479	48,640	13,783	56	-	(3)
Depreciation	83,156	64,196	18,885	75	-	(2)
Taxes other than income	11,904	8,469	3,424	11	-	(4)
Income taxes - federal	47,547	37,015	10,489	43	-	(3)
Income taxes - state	9,124	7,103	2,013	8	-	(3)
Amortization of CIAC	(343)	-	(343)	-	-	(5)
Return on rate base	92,298	71,854	20,361	83	-	(3)
Total Cost of Service	432,052	302,095	123,582	6,375	-	
Less: Miscellaneous Revenues	(2,135)	(1,492)	(611)	(32)	-	(6)
Less: Pro Forma Campground Revenues	(99,015)	(69,232)	(28,322)	(1,461)	-	(7)
Total Cost of Service to be Recovered Through Rates and Charges	<u>\$330,902</u>	<u>\$231,371</u>	<u>\$94,649</u>	<u>\$4,882</u>	<u>\$ -</u>	

Explanation of references:

- (1) See page 97.
- (2) Allocated based on net plant in service. See page 95.
- (3) Allocated based on rate base. See page 95.
- (4) Allocated based on gross plant. See page 95.
- (5) Allocated based on CIAC. See page 95.
- (6) Allocated pro rata to total cost of service.
- (7) Allocated pro rata to total cost of service. Assumes the Campgrounds receive a 10% across-the-board increase.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
WSCSI TERRITORY**

CALCULATION OF PROPOSED RATES AND CHARGES

<u>Monthly Base Charge:</u>	<u>Equivalency Factor</u>	<u>Billing and Collecting</u>	<u>Collection System</u>	<u>Revised Rates</u>
		(1)	(2)	
Meter Size:				
5/8"	1.0	\$2.20	\$27.70	\$29.90
3/4"	1.0	2.20	27.70	29.90
1"	2.5	2.20	69.25	71.45
1 1/4"	4.0	2.20	110.80	113.00
1 1/2"	5.7	2.20	157.90	160.10
2"	10.0	2.20	277.00	279.20
3"	23.0	2.20	637.10	639.30
4"	40.0	2.20	1,108.00	1,110.20
6"	91.0	2.20	2,520.70	2,522.90

<u>Flow Charge (per 1,000 gallons)</u>	(3)	(4)	<u>Revised Rates</u>
All Users	\$1.90	\$18.60	\$20.50

<u>Unmetered Users</u>	<u>Revised Rates</u>
Campgrounds (per campsite)	\$20.50

<u>Explanation of References</u>	<u>Pro Forma Net Revenue Requirements</u>	<u>Pro Forma Annual Billing Determinants</u>	<u>Rate Per Equivalent</u>	<u>Rounded Use</u>
(1) Billing and collecting	\$4,882	2,220 bills*	\$2.20	\$2.20
(2) Collection system (75%)	70,987	2,562 equivalent bills*	27.71	27.70
(3) Collection system (25%)	23,662	12,443,767 / 1,000 gallons*	1.90	1.90
(4) Treatment and disposal	<u>231,371</u>	<u>12,443,767 / 1,000 gallons*</u>	18.59	18.60
Total	<u>\$330,902</u>			

* Estimated pro forma Campground billing determinants have been eliminated from the proposed rate calculations assuming the Campgrounds receive a 10% across-the-board increase.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
WSOI TERRITORY**

CALCULATION OF ESTIMATED SEWAGE SERVICE BILLINGS

	<u>Number of Bills</u>	<u>Base Rate (Per Month)</u>	<u>Calculated Revenues</u>
<u>Base Rate Per Meter Size:</u>			
<u>Residential:</u>			
5/8"	1,908	\$29.90	\$57,049
<u>Commercial:</u>			
5/8"	264	\$29.90	7,894
1"	12	71.45	857
2"	36	279.20	10,051
Sub-totals	<u>2,220</u>		<u>75,851</u>
<u>Unmetered Users:</u>			
Campgrounds	<u>4,830</u>	\$20.50	<u>99,015</u>
Base Rate Totals	<u><u>7,050</u></u>		<u><u>\$174,866</u></u>
<u>Treatment Rate per 1,000 Gallons:</u>			
	<u>Water Usage (1,000/gal)</u>	<u>Flow Rate (Per 1,000/gal)</u>	<u>Calculated Revenues</u>
Treatment Rate Totals	<u><u>12,443.8</u></u>	\$20.50	<u><u>\$255,098</u></u>
Annual Estimated Billings			\$429,964
Less Pro Forma Net Cost of Service			<u>(429,917)</u>
Variance			<u><u>\$47</u></u>
Percent Variance			<u><u>0.01%</u></u>

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
WSCV TERRITORY**

COMPARISON OF CONTROL PERIOD REVENUES AND PRO FORMA REVENUES UNDER ADJUSTED RATES

Pro Forma Revenues Under Adjusted Rates								Control Period Revenues	Increase(Decrease)	
Meter Size	Flow (Gallons)	Times Flow Rate (Per 1,000/gal)	Sub-total Flow	Annual Bills	Times Base Rate (Per Month)	Sub-total Base Rate	Total Charges		%	Amount
<u>Residential:</u>										
5/8"	5,143,284	\$20.50	\$105,437	1,908	\$29.90	\$57,049	\$162,486	\$129,732	25.25%	\$32,754
<u>Commercial:</u>										
5/8"	1,453,488	\$20.50	29,797	264	\$29.90	7,894	37,691	30,233	24.67%	7,458
1"	57,974	20.50	1,188	12	71.45	857	2,045	1,712	19.45%	333
2"	5,789,021	20.50	118,675	36	279.20	10,051	128,726	101,161	27.25%	27,565
Sub-totals	7,300,483		149,660	312		18,802	168,462	133,106	26.56%	35,356
<u>Campgrounds: (1)</u>	-		-	4,830	\$20.50	99,015	99,015	74,784	32.40%	24,231
Adjustment (2)	-		-	-		-	-	(787)		787
Totals	12,443,767		\$255,097	7,050		\$174,866	\$429,963	\$336,835	27.65%	\$93,128

(1) Annual bills are based on 7 bills times a multiple factor of 690.

(2) Variance between total general ledger revenue and actual billed revenue for the control period.

(See Accountants' Special Purpose Report)

**COMMUNITY UTILITIES OF INDIANA, INC.
WSOI TERRITORY**

SCHEDULE OF PRESENT AND PROPOSED RATES AND CHARGES

<u>Monthly Rate for Residential Customers</u>		<u>Present (1)</u>	<u>Proposed</u>
<u>Meter Size</u>			
5/8	inch meter	\$25.79	\$29.90
3/4	inch meter	25.79	29.90
1	inch meter	64.48	71.45
1 1/4	inch meter	96.71	113.00
1 1/2	inch meter	128.95	160.10
2	inch meter	206.32	279.20
3	inch meter	386.85	639.30
4	inch meter	644.75	1,110.20
6	inch meter	1,289.50	2,522.90
Residential Usage Charge (per 1,000 gallons)		\$14.69	\$20.50

Monthly Rate for Commercial Customers

<u>Meter Size</u>			
5/8	inch meter	\$25.79	\$29.90
3/4	inch meter	25.79	29.90
1	inch meter	64.48	71.45
1 1/4	inch meter	96.71	113.00
1 1/2	inch meter	128.95	160.10
2	inch meter	206.32	279.20
3	inch meter	386.85	639.30
4	inch meter	644.75	1,110.20
6	inch meter	1,289.50	2,522.90
Commercial Usage Charge (per 1,000 gallons)		\$14.69	\$20.50
Campground Charge per Month (for each month April - October)		\$18.64	\$20.50

- (1) Current rates effective 04/04/13 per IURC Order in Cause No. 44104.
Application of existing rates by CUII approved per IURC order in
Cause No. 44587 dated July 8, 2015.

(See Accountants' Special Purpose Report)