

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF KINGSBURY) CAUSE NO. 44589 U
UTILITY CORPORATION FOR A NEW SCHEDULE OF)
RATES AND CHARGES FOR WATER SERVICE) APPROVED: JAN 17 2018

INTERIM ORDER OF THE COMMISSION

Presiding Officers:

James F. Huston, Commissioner

Loraine L. Seyfried, Chief Administrative Law Judge

On February 9, 2015, Kingsbury Utility Corporation ("KUC") filed a Small Utility Rate Application. The Commission issued a Phase 1 Order on March 9, 2016 ("Phase 1 Order"), authorizing KUC to increase its rates and charges for water service in two phases. KUC implemented its authorized Phase 1 rates on April 1, 2016.

On September 1, 2017, KUC filed its Capital Project Completion Report, Report on Loan Closing and Terms, Phase 2 Rates Schedules, and an affidavit of its professional engineer, Zachary Baker. KUC filed Revised Phase 2 Rate Schedules on September 21, 2017.

On October 13, 2017, the Indiana Office of Utility Consumer Counselor ("OUCC") filed its Notice of Objection to KUC's filings. On October 23, 2017, KUC filed another affidavit of Mr. Baker. In accordance with an October 25, 2017 Docket Entry, the parties met with Commission staff on November 6, 2017, to discuss the OUCC's objections to KUC's filings.

On December 5, 2017, KUC filed its Report and Request for Interim Phase 2 Rates requesting authority to implement interim Phase 2 rates based on matters not disputed by the OUCC while the parties continued to discuss the disputed issues. KUC indicated it would calculate and file those interim rates within 10 days. The OUCC filed its Response on December 20, 2017, indicating that it did not oppose KUC's request for interim Phase 2 rates. On January 5, 2018, KUC filed its Request for Interim Phase 2 Rates with its proposed interim Phase 2 rates and supporting schedules. The OUCC did not file any opposition.

Based on the applicable law and the evidence presented, the Commission finds:

1. **Notice and Jurisdiction.** KUC is a public utility as that term is defined in Ind. Code § 8-1-2-1(a) and qualifies for treatment as a small utility under Ind. Code § 8-1-2-61.5. Under Ind. Code § 8-1-2-61.5, the Commission may enter an order affecting a utility's rates and charges for service without a formal public hearing. Accordingly, the Commission has jurisdiction over KUC and the subject matter of this proceeding.

2. **KUC's Characteristics.** KUC is a for-profit, combined water and wastewater utility that serves approximately 95 residential, commercial, and small-industrial water customers

in LaPorte County. KUC's water and wastewater infrastructure is over 60 years old and was originally installed to serve a United States Army munitions plant covering an area of approximately 3,000 acres.

3. Background and Relief Requested. The Phase 1 Order authorized KUC to increase its rates in Phase 2 by 5.18% across the board to produce additional operating revenues of \$12,674. Prior to implementing the Phase 2 rate increase, KUC was required to complete certain approved capital projects and place the new utility plant in service. Upon completion of the projects, KUC was to identify the capital improvements made and provide specific detailed invoices to support the project costs. KUC was also required to file revised schedules reflecting actual project costs, the actual amount and cost of long-term debt, the updated Phase 2 cost of capital, and any other changes to the amount reflected in KUC's original and revised schedules.

4. Commission Discussion and Findings. In accordance with the Phase 1 Order, KUC has identified the capital projects it has completed and the new utility plant is in service. KUC has also filed revised schedules purporting to reflect the actual project costs, the actual amount and cost of long-term debt, and the updated Phase 2 cost of capital.

The OUCC asserts that KUC's Phase 2 rate increase is limited to the capital projects and amounts, including a 15% contingency per project, authorized by the Commission under this Cause. Consequently, the OUCC takes issue with certain project costs and the inclusion of additional projects that were not authorized.

KUC indicates that it would like to continue discussions with the OUCC about the concerns raised and attempt to resolve any differences. Given the OUCC's agreement with certain projects and actual costs, KUC requests the Commission grant on an interim basis the authority to implement Phase 2 rates that are based on the undisputed amounts.

Based on the evidence presented by the parties in their filings, we find that KUC's proposed interim Phase 2 rates are reasonable and in compliance with the Phase 1 Order. Therefore, we approve KUC's request to implement, on an interim basis, a Phase 2 rate increase of 10.72% to produce additional operating revenues of \$26,225.

Within 30 days from the date of this Order, KUC shall file: (1) a settlement agreement with the OUCC concerning any remaining issues associated with its Phase 2 rates, or (2) the documentation necessary to support its final proposed Phase 2 rates. If a settlement agreement is not filed, the OUCC shall file its response to KUC's proposed Phase 2 rates within 20 days of KUC's filing. Within 10 days thereafter, KUC may file its reply to the OUCC's response.

Finally, in all future filings under this Cause, KUC shall use only the caption and Cause No. indicated on this Order.

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION, that:


1. KUC's request for interim Phase 2 rates as reflected in its January 5, 2018 filing is approved.
2. Within 30 days of the date of this Order, KUC shall file a settlement agreement with the OUCC or the documentation necessary to support its final proposed Phase 2 rates.
3. This order shall be effective on and after the date of its approval.

HUSTON, FREEMAN, AND ZIEGNER CONCUR; WEBER ABSENT:

JAN 17 2018

APPROVED:

**I hereby certify that the above is a true
and correct copy of the Order as approved.**


Mary M. Becerra
Secretary of the Commission