

STATE OF INDIANA

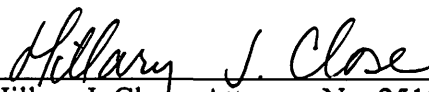
INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE INDIANA )  
UTILITY REGULATORY )  
COMMISSION'S INVESTIGATION )  
INTO THE IMPACTS OF THE TAX ) CAUSE NO. 45032 S 4  
CUTS AND JOBS ACT OF 2017 AND )  
POSSIBLE RATE IMPLICATIONS )  
UNDER PHASE 1 )  
AND PHASE 2 FOR INDIANA )  
AMERICAN WATER )  
COMPANY, INC. )

**SUBMISSION OF SETTLEMENT AGREEMENT AND  
SUPPORTING TESTIMONY**

Respondent, Indiana-American Water Company, Inc. ("IAWC"), by counsel and on behalf of itself and the Office of Utility Consumer Counselor ("OUCC"), and Intervenor Indiana Industrial Group ("Industrial Group"), United States Steel Corporation ("US Steel"), Town of Schererville, Indiana ("Schererville"), and City of Crown Point, Indiana ("Crown Point") (collectively the "Settling Parties" in this subdocket), submits herewith the parties' Settlement Agreement and Testimony of Gregory D. Shimansky in support thereof.

Respectfully submitted,

  
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**CERTIFICATE OF SERVICE**

The undersigned attorney hereby certifies that a copy of the foregoing has been served upon the following via electronic mail this 18th day of March, 2019 to:

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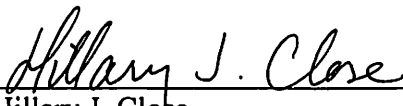
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\_\_\_\_\_  
Hillary J. Close

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF INDIANA-AMERICAN )  
WATER COMPANY, INC. FOR (1) )  
AUTHORITY TO INCREASE ITS RATES )  
AND CHARGES FOR WATER UTILITY )  
SERVICE, (2) REVIEW OF ITS RATES )  
AND CHARGES FOR WASTEWATER )  
UTILITY SERVICE, (3) APPROVAL OF )  
NEW SCHEDULES OF RATES AND )  
CHARGES APPLICABLE TO WATER )  
AND WASTEWATER UTILITY )  
SERVICE, AND (4) AUTHORITY TO )  
IMPLEMENT A LOW INCOME PILOT )  
PROGRAM.

CAUSE NO. 45142

**STIPULATION AND SETTLEMENT AGREEMENT**

Indiana-American Water Company, Inc. (“Indiana American” or “Petitioner”), the Indiana Office of Utility Consumer Counselor (“OUCC”), the Indiana American Industrial Group (“Industrial Group”), City of Crown Point, Town of Schererville, Town of Whiteland, Sullivan-Vigo Rural Water Corporation, Citizens Action Coalition, and Indiana Community Action Association, Inc. (collectively, the “Settling Parties”)<sup>1</sup>, by their respective counsel, respectfully request that the Indiana Utility Regulatory Commission (“Commission”) approve this Stipulation and Settlement Agreement (“Stipulation”). The Settling Parties agree that the terms and conditions set forth below represent a fair and reasonable resolution of the issues described herein, subject to incorporation into a final order of the Commission which approves this Stipulation – both in Cause No. 45032 S4 in the case of the terms set forth in Paragraph 3 below and in Cause 45142 in the case of the remainder of the terms of this Stipulation -- without any modification or condition that is not

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<sup>1</sup> The Settling Parties listed are all of the parties to this general rate case proceeding. The Indiana Industrial Group and U.S. Steel are separate parties to the tax subdocket proceeding (Cause No. 45032 S4) and join in and agree to be bound by Paragraph 3 of this Stipulation for purposes of that proceeding.

acceptable to the Settling Parties. The Settling Parties will cooperate to jointly submit to the Commission a form of a proposed order that would approve this Stipulation.

This Stipulation has been reached subsequent to the filing of Indiana American's case-in-chief, the OUCC and other intervenors' respective cases-in-chief, Indiana American's rebuttal evidence, and OUCC and other intervenors' respective cross-answering testimony and evidence in this proceeding. Those filings have framed the discussions among the Settling Parties, and formed the basis for the Settling Parties to reach agreement on the terms reflected in this Stipulation. A basic component of each party's willingness to enter this agreement is the overall result that is achieved hereby. The Settling Parties have agreed to concessions on individual issues to which the Settling Parties would not be willing to agree but for the overall result produced by this Stipulation and Settlement Agreement. In other words, each party is agreeing to forego or compromise on positions on individual issues in exchange for the overall settlement result produced collectively by all of the concessions. As set forth in Appendices A (Pro Forma Income Statement) , B (Revenue Requirement and supporting schedules), and C (Revenue Allocation and Rate Design), the parties have negotiated terms that resolve all issues in this proceeding. The agreed upon adjustments to pro forma results of operations, rate base, and cost of capital are founded upon documented prefiled positions that are in the record in this proceeding. The Settling Parties have agreed that the Company and the OUCC will, and the other Settling Parties may, file Settlement Testimony in support of this Stipulation.

All issues not specifically addressed in the enumerated paragraphs below are as reflected in Appendices A through C attached hereto and incorporated herein by reference.

The Settling Parties stipulate and agree as follows:

**1. Rate Increase.**

Petitioner shall be authorized to increase its basic rates and charges (collectively “rates”) for water service in two steps as described in this Stipulation. Subject to and as adjusted for the Step 1 and Step 2 rate certification set forth in Paragraph 2(d) below, the rates shall be designed to produce, after completion of both steps of implementation, additional annual revenues of \$17,500,000. The increase produces total annual operating revenues after Step 2 (total company) of \$240,249,127. The stipulated increase produces total net operating income after Step 2 of \$74,268,732, which the Parties stipulate is a fair return on the fair value of Petitioner’s rate base for purposes of this case. The calculation is set forth in Appendix B. Based on projected additional revenues of \$17,500,000, the overall increase over total operating revenues is approximately 7.86%.

The agreed upon rate increase reflects the following forecasted original cost rate base, cost of capital, operating expenses, and revenues (See Appendices A & B), which the Parties agree are reasonable for purposes of compromise and settlement:

**Table 1. Rate Base as of April 30, 2019 and 2020**

Components of Original Cost Rate Base	Per Books				
	as of December 31, 2017	Adjustments (as of April 30, 2019)	Step 1 (as of April 30, 2019)	Adjustments (as of April 30, 2020)	Step 2 (as of April 30, 2020)
<b>Utility Plant:</b>	\$1,664,347,710	\$124,674,531	\$1,789,022,241	\$151,301,687	\$1,940,323,928
<b>Accumulated Depreciation:</b>	\$494,134,121	\$21,734,090	\$515,868,211	\$21,715,025	\$537,583,236
<b>Net Utility Plant:</b>	<u>\$1,170,213,589</u>	<u>\$102,940,441</u>	<u>\$1,273,154,030</u>	<u>\$129,586,662</u>	<u>\$1,402,740,692</u>
<b>Deduct:</b>					
Contributions in aid of construction	\$161,238,063	\$6,361,977	\$167,600,040	\$3,905,896	\$171,505,936
Customer advances for construction	40,281,702	5,779,981	46,061,683	4,169,604	50,231,287
Northwest Billing Change - Bi-Monthly to Monthly	295,547	0	295,547	(98,516)	197,031
Capacity Adjustment - Somerset	217,962	62,224	280,186	(7,671)	272,515
Total Deductions:	<u>\$202,033,274</u>	<u>\$12,204,182</u>	<u>\$214,237,456</u>	<u>\$7,969,313</u>	<u>\$222,206,769</u>
<b>Add:</b>					
Acquisition Adjustment (net)	\$14,234	(\$1,364)	\$12,870	(\$1,023)	\$11,847
Wabash Billing Change - Area Two to Area One	293,861	0	293,861	(97,954)	195,907
Materials and supplies	1,409,855	18,620	1,428,475	0	1,428,475
Total Additions:	<u>\$1,717,950</u>	<u>\$17,256</u>	<u>\$1,735,206</u>	<u>(\$98,977)</u>	<u>\$1,636,229</u>
<b>Original Cost Rate Base - Total Company:</b>	<u>\$969,898,265</u>	<u>\$90,753,515</u>	<u>\$1,060,651,780</u>	<u>\$121,518,372</u>	<u>\$1,182,170,152</u>

Note: Adjusted Rate Base reflects the elimination of Southern Indiana High Service Pumps as per Cause No. 43680 and the elimination of Northwest Tunnel's outstanding easement payments as per Cause No. 44450

**Table 2. Pro Forma Proposed Rates –Step 1 and Step 2**

Description	Base Year Ended 12/31/2017		Present Rates		Proposed Rate		Present Rates		Proposed Rate	
	12/31/2017	Adjustments	Step 1	Adjustments	Step 1	Adjustments	Step 2	Adjustments	Step 2	
<b>Operating Revenues:</b>	\$222,515,256	\$233,871	\$222,749,127	\$3,836,226	\$226,585,353	\$0	\$226,585,353	\$13,663,774	\$240,249,127	
<b>Total Operation &amp; Maintenance Expense:</b>	73,076,551	7,244,103	80,320,654	39,007	80,359,661	(2,354,422)	78,005,239	138,920	78,144,159	
<b>Depreciation</b>	48,054,562	67,805	48,122,367	0	48,122,367	4,406,608	52,528,975	0	52,528,975	
<b>Amortization</b>	535,287	(260,588)	274,699	0	274,699	0	274,699	0	274,699	
<b>General Taxes</b>	15,684,056	1,579,538	17,263,594	55,038	17,318,632	0	17,318,632	207,717	17,526,349	
<b>Income Taxes</b>	25,812,897	(12,142,257)	13,670,640	951,894	14,622,534	(495,084)	14,127,450	3,378,763	17,506,213	
<b>Total Operating Expenses:</b>	\$163,163,353	(\$3,511,399)	\$159,651,954	\$1,045,939	\$160,697,893	\$1,557,102	\$162,254,995	\$3,725,400	\$165,980,395	
<b>Net Utility Operating Income:</b>	\$59,351,903	\$3,745,270	\$63,097,173	\$2,790,287	\$65,887,460	(\$1,557,102)	\$64,330,358	\$9,938,374	\$74,268,732	

**Table 3. Capital Structure – Step 1 and Step 2**

		Settlement Figures				CapStr.		Settlement Figures				CapStr.
		Step 1		Step 2				Step 1		Step 2		
		%	Cost	Wt Cost		%	Cost	Wt Cost				
Long Term Debt	\$ 413,259,859	37.41%	5.26%	1.97%	46.6%	\$ 463,799,134	38.03%	5.19%	1.97%	46.6%		
ADIT	\$ 217,647,012	19.70%	0.00%	0.00%		\$ 223,526,407	18.33%	0.00%	0.00%			
Other Zero	\$ (299,202)	-0.03%	0.00%	0.00%		\$ 80,657	0.01%	0.00%	0.00%			
JDIT	\$ 381,500	0.03%	8.39%	0.00%		\$ 344,492	0.03%	8.35%	0.00%			
Common Equity	\$ 473,706,090	42.88%	9.80%	4.20%	53.41%	\$ 531,771,238	43.60%	9.80%	4.27%	53.41%		
	\$ 1,104,695,259	100.00%		6.17%		\$ 1,219,521,928	100.00%		6.25%			

## 2. Resolution of Issues Impacting Rate Increase.

All agreed upon revenue requirement components are detailed in Appendices A and B. As a result of settlement negotiations, the Company agrees to decrease its overall rate request by \$21.25 million. The attached Appendices show the resolution and comparison of positions for Operating Income (Appendix A) and Rate Base (Appendix B), as well as explanations of the settlement positions for cost of capital and overall rate increase (Appendices A and B respectively).

The material pro forma reductions as a result of settlement discussions are described specifically below. While an explanation of these individual adjustments is provided, the negotiated

amounts represent agreements reached by the Parties as part of the overall settlement package of terms.

(a) Revenues

Total company pro forma revenues at present rates for the test year for purposes of settlement will be \$222,749,127. That figure represents the amount the Settling Parties agree is reasonable for purposes of compromise and settlement, and is not based on a particular calculation methodology or percentage of declining usage. Total pro forma revenues at present rates are detailed in the attached schedules.

(b) Capital Structure and Cost of Equity

For purposes of settlement, the Company has agreed to change its forecasted capital structure that will be used to set rates for the future test period as shown in Table 3 above, reflecting a level of equity as a percentage of total investor-supplied capital of 53.41%. The Settling Parties have agreed to a cost of common equity of 9.8%, producing a weighted cost of capital of 6.17% in Step 1 and 6.25% in Step 2 based on the above-described capital structure, which the Settling Parties stipulate and agree is both reasonable and within the range of the evidence that has been submitted.

(c) Rate Base

As discussed in more detail below, the Settling Parties agree that Indiana American's actual net original cost rate base at Step 2, upon which it is authorized to earn a reasonable return, will not exceed \$1,182,170,152, representing a \$40 million reduction from Indiana American's forecasted Step 2 rate base in its testimony in this



Cause. The \$40 million reduction to the forecast is composed of non-DSIC eligible assets.

(d) Rate Base Certification

For purposes of this section, Petitioner shall certify it has completed the amount of net plant indicated in its certification and the corresponding net plant additions have been placed in service and are used and useful in providing utility service as of the date of certification. Petitioner will serve all Settling Parties with its certification.

(i) *Certification – Step 1 Rates*

The Company will certify its net utility plant in service as of April 30, 2019 and calculate the resulting Step 1 rates using the capital structure reflected in Table 3 above. Step 1 rates will become effective upon the later of the date of the Commission’s order in this case or July 1, 2019. Indiana American will serve all Settling Parties with its Step 1 certification as soon as possible after the closing of its books following April 30, 2019.

(ii) *Certification – Step 2 Rates*

The Company will certify its net utility plant in service as of the end of the test year (April 30, 2020) and calculate the resulting Step 2 rates using the capital structure reflected in Table 3 above. Step 2 rates will be based upon actual net original cost rate base that does not exceed \$1,182,170,152 (the “Rate Base Cap”) and actual depreciation expense associated with the Rate Base Cap; however, the total increase shall not exceed \$17,500,000 over pro forma revenues at present rates.

Step 2 rates will become effective upon the later of the date the Company certifies its end of test year net plant in service or May 1, 2020.

The OUCC and intervening parties will have 60 days from the date of certification to state any objections to the Company's certified test-year-end net plant in service.

If objections cannot be resolved informally, a hearing will be held to determine the Company's actual test-year-end net plant in service, and rates will be trued-up (with carrying charges) retroactive to the date that the Company's Step 2 rates became effective as stated above in this Paragraph 2(d)(ii).

To the extent the Company's actual net original cost rate base as of April 30, 2020 exceeds the Rate Base Cap, the Company is not foreclosed from including those additional investments in rate base in a future general rate case. In forecasting its rate base, the Company has forecasted investment from the end of the period covered by the Company's most recent DSIC filing (November 30, 2017) through the end of the test year (April 30, 2020) totaling \$ 114,004,218 (excluding costs of removals and retirements) in improvements that might qualify for a distribution system improvement charge (DSIC) pursuant to IC 8-1-31 but for their inclusion in rate base in this Cause. Accordingly, Petitioner may not apply for a DSIC for improvements placed in service before April 30, 2020, unless the Company shall have invested more than \$114,004,218 (excluding costs of removals and retirements) in distribution system improvements during the period between November 30, 2017 and April 30, 2020. An application under IC § 8-1-31-1 et seq. that includes in-service distribution system improvements shall only include distribution system

improvement costs that exceed the \$114,004,218 (excluding costs of removals and retirements) projected to be made during the period between November 30, 2017 and April 30, 2020. In any application for DSIC including improvements placed in service before April 30, 2020, Petitioner shall identify the plant additions composing the \$114,004,218 (excluding costs of removals and retirements) of distribution system additions as well as those plant additions that qualify for and for which DSIC recovery is sought.

The Settling Parties agree there will be no deferred asset reflecting post-in-service allowance for funds used during construction and deferred depreciation associated with the major projects included in this Cause within the Company's certified rate base in either Step 1 or Step 2. This Stipulation does not affect the Company's ability to file a petition seeking such accounting treatment and to include the resulting regulatory asset in rate base in future general rate cases or the rights of the parties to oppose such relief.

(e) Operating Expenses, Depreciation and Amortization

For purposes of settlement, the Settling Parties agree to a forecasted level of Operating Expenses at Step 2 of \$165,980,395 including forecasted Depreciation Expense at Step 2 of \$52,528,975, forecasted Amortization Expense at Step 2 of \$274,699, and forecasted Taxes Other than Income Tax Expense at Step 2 of \$17,526,349. The detailed stipulations underlying these forecast adjustments are set forth in Appendix A, which is incorporated herein by reference.

With respect to the reduction to deferred Federal income tax expense, the Settling Parties agree that for purposes of Step 1 rates in the pending rate case (Cause

No. 45142), the Company will use the estimate provided in the Company's rebuttal in Cause No. 45142. Subject to the provisions of Paragraph 3 below, which are to be submitted for Commission approval in Cause No. 45032 S4, if the Internal Revenue Service issues a Private Letter Ruling that determines amortization of repairs-related excess accumulated deferred income taxes ("EADIT") cannot be faster than under the Average Rate Assumption Method ("ARAM") without causing a normalization violation, then the Settling Parties agree for purposes of Cause 45142, the estimate producing annual amortization of \$1.7 million will continue to be used for purposes of Step 2 rates until the Company's next general rate case at which point the EADIT amortization will be trued up using the actual ARAM calculation.

**3. Tax Cuts and Jobs Act of 2017 ("TCJA") - Cause No. 45032 S4**

The following terms of this Stipulation address pending issues in the Company's subdocket proceeding in the Commission's investigation into the impact of the TCJA (Cause No. 45032 S4, referred to herein as the "tax subdocket"). The Settling Parties agree the terms and conditions set forth herein represent a fair and reasonable resolution of the remaining issues in the tax subdocket based on the record as it currently exists in that proceeding, subject to incorporation into a final order of the Commission in the tax subdocket which approves Paragraphs 3(a) and 3(b) of this Stipulation without any modification or condition that is not acceptable to the Settling Parties. The Settling Parties will cooperate to submit jointly to the Commission a form of a proposed order that would approve Paragraphs 3(a) and 3(b) of this Stipulation in Cause No. 45032 S4.

(a) Excess Accumulated Deferred Income Taxes

The Settling Parties have agreed in the pending rate case (Cause No. 45142) that, for purposes of Step 1 rates, the Company will use the estimate of excess

accumulated deferred income taxes (“EADIT”) provided in the Company’s rebuttal in Cause No. 45142, which produces a result that is approximately the same as an estimate using the average rate assumption method (“ARAM”) to the entirety of Indiana American’s EADIT.

The Settling Parties further agree that the Company will seek a Private Letter Ruling (“PLR”) from the Internal Revenue Service (“IRS”) requesting a determination whether the Commission has the discretion to order an amortization for EADIT related to the Company’s repairs deduction that is faster than ARAM. The Settling Parties agree the PLR request is not an opportunity for advocacy for one outcome or another and that the PLR request will be drafted using neutral and unbiased language. The Settling Parties will confer on the wording of the draft PLR request to objectively frame the issue while adhering to IRS guidelines and requirements (Rev. Proc. 2017-1, Part III, Section 7) before the PLR request is submitted to the IRS for resolution. If the IRS requires additional information, the Company shall use reasonable efforts to coordinate any response with the non-Company Settling Parties prior to responding to any such request within the confines of IRS requirements and deadlines. The Company will file notice of the results of the ruling with the Commission and all parties to the tax subdocket within ten (10) business days of receipt of the Private Letter Ruling. No Settling Party shall be deemed to have waived any position in any subsequent case as to whether Indiana American may recover the costs it incurs associated with the PLR request. For purposes of permitting the Commission to make the necessary findings consistent with the terms of this Stipulation, the Company will waive confidential treatment of

(1) the fact of its request for a Private Letter Ruling and (2) the overall results of the ruling.

If the IRS issues a Private Letter Ruling that amortization of repairs related EADIT cannot be faster than ARAM without causing a normalization violation, the Settling Parties have agreed Indiana American will continue to use the estimate producing annual amortization of \$1.7 million for purposes of Step 1 and Step 2 rates in Cause No. 45142 until the Company's next general rate case, at which point the EADIT amortization will be trued up using the actual ARAM calculation. In that event, the Commission shall issue an order to dismiss the tax subdocket proceeding.

If the IRS issues a Private Letter Ruling determining that the Commission has discretion to order amortization for EADIT related to the Company's repairs deduction that is faster than ARAM, or otherwise determining that amortization using non-normalized accounting would be appropriate, the Settling Parties agree and hereby request that the Commission establish, by order in the tax subdocket, the appropriate amortization period for such non-normalized EADIT and order the Company to file revised rates to reflect the revised amortization for the non-normalized EADIT along with the true-up for the actual ARAM calculation for all EADIT required to be normalized.

(b) Regulatory Liability – Deferral

The \$5,821,888.14 balance of Indiana American's regulatory liability created as a result of the Commission's January 3, 2018 order in Cause No. 45032 shall be flowed to customers as a bill credit commencing with implementation of Step 2 rates ratably over a twelve-month period allocated among customer classes in accordance

with the allocation methodology associated with the underlying rates that generated the regulatory liability.

#### **4. Low Income Pilot Program**

The Company agrees to add the Gary, Indiana service territory as a third location for inclusion in the Low Income Pilot Program (“LIPP”). The Settling Parties agree that the total program cost for the LIPP will be borne evenly (50/50) between the deferred asset and non-deferred contribution established herein.

For every year of the LIPP except for Year One and Two, the Settling Parties agree that the Company will contribute up to \$300,000 per year to the LIPP, allocated equally among the three pilot locations (ie, up to \$100,000 per location). The actual amount contributed will depend on participation with the requirement that the total contribution not to exceed \$300,000 annually, except for Year Two when the total contribution will not exceed \$450,000, and will continue until the earlier of the next general rate case filing, or termination of the LIPP. Of the maximum annual contribution amount, an amount not to exceed \$150,000 per year will be accrued in a deferred asset, without carrying charges, for recovery in the Company’s next general rate case.

The Company’s contribution obligation will commence with the commencement of the LIPP; however, in Year One of the LIPP, only the \$150,000 deferred asset will be contributed, with the remaining non-deferred portion of the first year’s contribution to be made at the time of the second year’s contribution. Accordingly, for Year Two of the LIPP, the maximum contribution to be made by the Company could be as high as \$450,000, with \$300,000 from the Company’s non-deferred contribution and \$150,000 in the deferred asset. All subsequent annual contributions under this provision will not exceed \$300,000.

The Settling Parties have agreed to a reservation of rights with respect to the allocation among customer classes of the deferral, and the Settling Parties may raise any and all arguments concerning the allocation among customer classes of the deferral in the Company's next base rate case.

## **5. Conservation**

Indiana American will conduct a good faith review of market potential and customer impact of a utility-sponsored water conservation program in its service territory. Indiana American agrees such a utility-sponsored water conservation program proposal could include non-behavioral, measure-based conservation efforts, such as device distribution programs, direct installation programs, manufacturer buy down programs, and rebate and voucher programs for water conservation measures and services. Indiana American agrees to meet and discuss preliminary and final findings of its efforts under this Paragraph 5 with interested Settling Parties at mutually agreeable times.

## **6. Effect of Stipulation In Future Proceedings**

As a part of this Stipulation and Settlement Agreement and for purposes of Petitioner's next general rate case and thereafter, the parties stipulate and agree to the following terms and conditions. Other than as stated in this Paragraph 6, the Settling Parties reserve the right to take positions in future cases, including but not limited to, positions that may be inconsistent with the revenue requirements, cost of capital, rate base, cost of service, revenue allocation, rate design, and other matters set forth in this Stipulation and Settlement Agreement:

- (a) Information Regarding Capital Projects



The parties have resolved their dispute regarding the support for Petitioner's forecasted capital projects for purposes of the current case and stipulate that an agreement among the parties regarding information to be included in future cases will mitigate the risk of future similar disputes. Accordingly, for purposes of future general rate cases involving a forward looking test period, Indiana American will, to the extent such information exists, include the following information in its workpapers supporting its case-in-chief; *provided, however*, that if the Commission promulgates rules amending or adapting the minimum standard filing requirements for a rate case utilizing a forward-looking test period, then those promulgated rules shall supersede the parties' agreement in this Paragraph 6(a). To the extent the following information does not exist, Indiana American will explain in testimony or exhibits how it determined the forecasted capital additions by subaccount and how it calculated the cost of the capital additions it forecasted by subaccount. If any of the Settling Parties believes Indiana American has failed to provide the required information, that party must file a deficiency notice within the timeframe as set forth in 170 IAC 1-5-4; otherwise, Indiana American is deemed to have filed a complete case-in-chief for purposes of a motion to dismiss based on a failure to meet the Minimum Standard Filing Requirements ("MSFRs"). Nothing herein shall be construed to establish, alter, or amend any party's burden of proof in any subsequent rate case. No Settling Party shall be deemed to have waived the ability to request additional information nor shall Petitioner be deemed to have waived any objection to discovery in excess of the information promised below. The foregoing promises shall not constitute a basis for objecting to a data request or other method of discovery in any subsequent proceeding.

(i) ***Projects Greater than \$500,000.***

- a. Project name
- b. Project number, including Comprehensive Planning Study project number (if applicable)
- c. Project cost or cost estimate, including contingency allowance and non-construction costs (with identification of the amounts and percentages allocated for (or other basis for determining) non-construction costs)
- d. Actual or projected project construction start and in-service date
- e. Location
- f. Dollar amount of additions
- g. Amount and derivation of cost of removals
- h. Total dollar amount of additions and cost of removals
- i. Project description and purpose (including, if applicable, a list of major components of new construction, treatment and pumping capacities, and storage volumes)
- j. Project benefits
- k. Project background (including identification of any studies, reports, or analyses which provided background, input, or which were considered in developing the project scope, including any alternatives that were considered.)

(ii) ***Recurring Capital Investments That Are Individually Less Than \$500,000***

- a. Categories of recurring projects
- b. Cost projections by category

- c. Identification in testimony, attachment(s), or workpaper(s) of the historic operating experience and assumptions, including applicable unit costs, quantities and contingency and non-construction costs used to build the cost projections for known and anticipated recurring investments

***(iii) Access to Studies Including Comprehensive Planning Studies***

Subject to the terms of this Paragraph 6(a)(iii), contemporaneous with the filing of its case in chief in a general rate case, Indiana American will provide the OUCC with copies of the studies, reports, or analyses -- including Comprehensive Planning Studies if applicable -- for operations that are projected to include an individual project that would qualify as a “major project” pursuant to the MSFRs. The Parties will work cooperatively to find reasonable solutions to afford timely access to the materials related to the case. Nothing herein shall be construed as prohibiting the OUCC or any other intervenor from specifically identifying and asking for more detail, documents, or information other than what Indiana American has agreed to provide in this section, including other or historical reports previously conducted and nothing shall be construed as estopping the Company from interposing any objection to such requests.

**(b) Deferral and Amortization of Comprehensive Planning Studies**

Following issuance of an Order approving this Stipulation, all costs of conducting comprehensive planning studies shall be deferred and amortized over a 15-year period.

**(c) Acquisition Journal Entries**

Based upon the evidence and filings in the respective causes, Indiana American will revise the journal entry to record the acquisitions for Yankeetown and Merom to reflect the journal entry submitted in Petitioner's Exhibit JCH-6 (Cause No. 44400) and Petitioner's Exhibit JCH-5 (Cause No. 44399), respectively. The journal entry to record the Russiaville acquisition matches the journal entry ordered in Cause No. 44584 and thus will not be changed.

#### **7. Next General Rate Increase**

It is anticipated that this settlement will allow Indiana American to operate without seeking a general increase in base water rates and charges before January 2022. While not anticipated, circumstances, short of emergency rate relief under IC § 8-1-2-113, could justify an earlier filing. Nothing in this Stipulation affects the Company's ability to file a petition seeking an increase in its base rates and charges for sewer service or the timing thereof. Should Indiana American deem it necessary to seek a base rate increase before January 2022, it agrees to provide the Settling Parties and the Commission with 60 days notice in advance of such filing, including a statement as to why the rates set by this Settlement are no longer just and reasonable.

#### **8. Revenue Allocation and Rate Design**

The agreed allocation of the stipulated increase is set forth in Appendix C. The Settling Parties agree that the Commission should proceed to approve the rate design set forth in Appendix C, which resets the DSIC to zero and accomplishes the agreed allocation. Given the efforts to gradualize impacts on the various customer classes, the Settling Parties agree that in light of the proposed and agreed upon rate design and allocation among customer classes, the various cost of service study and allocation disputes raised in this case are moot, and do not need to be resolved at this time, and request that the Commission not issue any finding approving any particular cost of

service study. The Parties retain all rights to advocate for alternative cost of service studies and rate designs different from those in this Settlement in future proceedings. The rates set forth in the attached Appendix C are the rates that would be in effect after the filing of the April 30, 2020 certification described in Paragraph 2(d)(ii) of this Stipulation.

**9. Stipulation Effect, Scope and Approval.**

The Stipulation is conditioned upon and subject to its acceptance and approval by the Commission in its entirety without any change or condition that is unacceptable to any Settling Party. Each term of the Stipulation is in consideration and support of each and every other term. If the Commission does not approve the Stipulation in its entirety – with Paragraph 3 to be approved in Cause No. 45032 S4 -- or if the Commission makes modifications that are unacceptable to any Settling Party, the Stipulation shall be null and void and shall be deemed withdrawn upon notice in writing by any party within 15 days after the date of the final order stating that a modification made by the Commission is unacceptable to the Settling Party.

The Stipulation is the result of compromise in the settlement process and neither the making of the Stipulation nor any of its provisions shall constitute an admission or waiver by any Settling Party in any other proceeding, now or in the future. The Stipulation shall not be used as precedent in any other current or future proceeding or for any other purpose except to the extent provided for herein or to the extent necessary to implement or enforce its terms.

The evidence to be submitted in support of the Stipulation, together with evidence already admitted, constitutes substantial evidence sufficient to support the Stipulation and provides an adequate evidentiary basis upon which the Commission can make any findings of fact and conclusions of law necessary for the approval of the Stipulation.

The communications and discussions and materials produced and exchanged during the negotiation of the Stipulation relate to offers of settlement and shall be privileged and confidential.

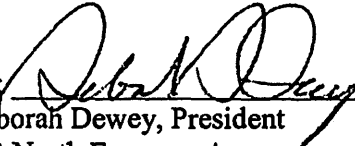
The undersigned represent and agree that they are fully authorized to execute the Stipulation on behalf of the designated party who will be bound thereby.

The Settling Parties will either support or not oppose on rehearing, reconsideration and/or appeal, an IURC Order accepting and approving this Stipulation in accordance with its terms.

*(signature page follows)*

**ACCEPTED and AGREED this 18th day of March, 2019.**

Indiana-American Water Company, Inc.

By:   
Deborah Dewey, President  
153 North Emerson Avenue  
Greenwood, Indiana 46143

Office of Utility Consumer Counselor

By: \_\_\_\_\_  
Daniel LeVay, Attorney No. 28916-49  
Scott Franson, Attorney No. 27839-49  
Tiffany Murray, Attorney No. 28916-49  
T. Jason Haas, Attorney No. 29971-53  
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Indiana-American Water Co. Industrial Group

By: \_\_\_\_\_  
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Town of Schererville

By: \_\_\_\_\_  
Kristina Kern Wheeler Attorney #20957-49A  
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City of Crown Point

By: \_\_\_\_\_  
Robert M. Glennon, Attorney No. 8321-49  
36979 N. County Road 500 E.  
Danville, Indiana 46122

Sullivan-Vigo Rural Water Corporation

By: \_\_\_\_\_  
Jeffery A. Earl, Attorney No. 27821-64  
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Citizens Action Coalition

By: \_\_\_\_\_  
Jennifer Washburn, Attorney No. 30462-49  
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Town of Whiteland

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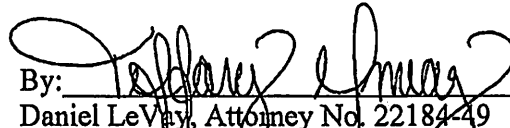
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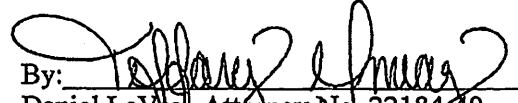
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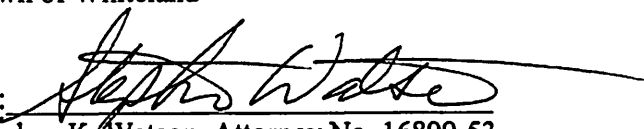
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**ACCEPTED and AGREED as to paragraphs 3 and 9 this 18th day of March, 2019.**

Indiana Industrial Group

United States Steel Corporation

By:   
Todd A. Richardson, Attorney No. 16620-49  
Aaron A. Schmoll, Attorney No. 20359-49  
Joseph P. Rompala, Attorney No. 25078-49  
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By: \_\_\_\_\_  
Nikki G. Shoultz, Attorney No. 16509-41  
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Indiana Industrial Group

United States Steel Corporation

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By: s/Jeffery A. Earl  
Nikki G. Shoultz, Attorney No. 16509-41  
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Indianapolis, Indiana 46204

Indiana-American Water Company  
Cause No. 45142  
Pro Forma Income Statement  
For The Total Company

Total Company

17,500,000

13,663,774

3,836,226

Settled Revenue Growth

Line Number	Description	Base Year Ended 12/31/2017	Adjustments	Settlement Changes tied to Declining Use	Settlement Other ISSUES	Present Rate Step 1	Proposed Rate Adjustments Step 1	Present Rate Step 2	Proposed Rate Adjustments Step 2	Present Rates	Proposed Rates	
1	Operating Revenues:	\$222,515,256	(\$332,074)	\$1,519,779	(\$953,834)	\$222,749,127	\$3,836,226	\$226,585,353	\$0	\$226,585,353	\$13,663,774	\$240,249,127
2												
3	Operating Expenses:											
4	Operation and Maintenance:											
5	Purchased Water	378,491	120,295	64,280	(32,078)	466,708	0	466,708	0	466,708	0	466,708
6	Fuel & Power	7,174,327	84,212	17,519	(50,000)	7,272,819	0	7,272,819	0	7,272,819	0	7,272,819
7	Chemicals	1,553,688	404,827			1,976,034	0	1,976,034	0	1,976,034	0	1,976,034
8	Waste Disposal	1,223,370	328,879			1,551,249	0	1,551,249	0	1,551,249	0	1,551,249
9	Salaries and Wages	15,699,420	3,428,771		(514,123)	18,614,068	0	18,614,068	0	18,614,068	0	18,614,068
10	Pension	1,845,048	(738,055)		313,189	1,421,182	626,378	2,047,560	(1,990,876)	1,056,684	0	1,056,684
11	OPEB	255,343	184,769		(810,329)	(370,217)	0	(370,217)	0	(1,990,876)	0	(1,990,876)
12	Group Insurance	3,207,748	707,174		(97,708)	3,817,214	0	3,817,214	0	3,817,214	0	3,817,214
13	Other Benefits	1,101,551	309,908		(95,227)	1,376,232	0	1,376,232	0	1,376,232	0	1,376,232
14	Support Services	19,006,297	1,187,247		(353,887)	19,839,657	0	19,839,657	0	19,839,657	0	19,839,657
15	Contract Services	1,420,029	1,004,436		(507,500)	1,916,965	0	1,916,965	0	1,916,965	0	1,916,965
16	Building Maintenance & Services	1,054,748	53,545			1,108,293	0	1,108,293	0	1,108,293	0	1,108,293
17	Telecommunications	815,801	41,415			857,216	0	857,216	0	857,216	0	857,216
18	Postage, Printing, & Stationery	44,817	3,664			48,481	0	48,481	0	48,481	0	48,481
19	Office Supplies & Services	544,624	102,076			646,700	0	646,700	0	646,700	0	646,700
20	Advertising & Marketing	100,687	(46,298)			54,389	0	54,389	0	54,389	0	54,389
21	Employee Related Expense	407,334	20,694			428,028	0	428,028	0	428,028	0	428,028
22	Miscellaneous Expense	2,522,710	214,417		(214,250)	2,522,877	(1,360,141)	1,162,736	0	1,162,736	0	1,162,736
23	Rents	569,514	(194,423)			375,095	0	375,095	0	375,095	0	375,095
24	Transportation	921,565	(6,628)			914,937	0	914,937	0	914,937	0	914,937
25	Uncollectible Accounts	2,317,269	(58,290)	15,560	(9,698)	2,269,840	39,007	2,308,847	138,920	2,447,767	0	2,447,767
26	Customer Accounting	2,849,836	1,164,204			4,014,040	0	4,014,040	0	4,014,040	0	4,014,040
27	Regulatory Expense	387,854	309,201		(50,000)	647,055	0	647,055	0	647,055	0	647,055
28	Insurance Other Than Group	1,746,379	428,783			2,175,162	0	2,175,162	0	2,175,162	0	2,175,162
29	Maintenance Supplies & Services	5,928,101	453,559			6,381,640	0	6,381,640	0	6,381,640	0	6,381,640
30												
31	Total Operation & Maintenance Expense: (Sum	\$73,076,551	\$9,508,356	\$97,359	(\$2,361,612)	\$80,320,654	\$39,007	\$80,359,661	(\$2,354,422)	\$78,005,239	-\$138,920	\$78,144,159
32												
33	Depreciation	48,054,562	67,805		0	48,122,367	0	48,122,367	4,406,608	52,528,975	0	52,528,975
34	Amortization	535,287	77,412		(338,000)	274,699	0	274,699	0	274,699	0	274,699
35	General Taxes	15,684,056	1,607,739		(28,201)	17,263,594	55,038	17,318,632	207,717	17,526,349	0	17,526,349
36												
37	Operating Expenses before Income Tax: (Sum	\$137,350,456	\$11,261,312	\$97,359	(\$2,777,813)	\$145,981,314	\$94,045	\$146,075,359	\$2,052,186	\$148,127,545	-\$346,637	\$148,474,182
38												
39	Operating Income before Income Tax: (Line 1 -	\$85,164,800	(\$11,593,386)	\$1,422,420	\$1,773,979	\$76,767,813	-\$3,742,181	\$80,509,994	(\$2,052,186)	\$78,457,808	\$13,317,137	\$91,774,945
40												
41	State Income Tax											
42	Current State Income Tax	2,908,627	(784,635)	78,825	97,191	2,300,008	207,377	2,507,385	(113,724)	2,393,661	737,982	3,131,643
43	Deferred State Income Tax	1,269,161	0			1,269,161	0	1,269,161	0	1,269,161	0	1,269,161
44	Federal Tax											
45	Current Federal Income Tax	10,248,509	(10,391,042)	282,155	295,210	434,832	744,517	1,179,350	(881,360)	797,989	2,640,780	3,438,770
46	Deferred Federal Income Tax	11,423,608	(1,719,961)			9,703,647	0	9,703,647	0	9,703,647	0	9,703,647
47	Investment Tax Credits	(37,008)	0			(37,008)	0	(37,008)	0	(37,008)	0	(37,008)
48												
49	Total Operating Expenses: (Line 37 + Sum	\$163,163,353	(\$1,634,326)	\$458,339	(\$2,335,411)	\$159,651,954	\$1,045,939	\$160,697,893	-\$1,557,102	\$162,254,995	-\$3,725,400	\$165,980,395
50												
51	Net Utility Operating Income: (Line 1 -	\$59,351,903	\$1,302,252	\$1,061,440	\$1,381,577	\$63,097,173	-\$2,790,287	\$66,887,460	(\$1,557,102)	\$64,330,358	\$9,938,374	\$74,268,732

- \* Placeholder for Declining Use of \$1,519,779
- \* Offset by DSIC revenue agreed to in revised Rebuttal
- \* -\$32,078 from Purchased water due to Boonville settlement
- \* Changed by \$105k related to declining use, go with IAW number
- \* No Waste Disp decrease - traded for amount of CPS and BT
- \* Reduction for unfilled positions, average \$64,706 per headcount times 10 heads not yet filled (374-364) shown in Salaries, Group Insurance, and Other Benefits
- \* Remove Business Development expenses
- \* Contract Vendor for Line Locities, 50% of ask increase
- \* Includes -\$17,112 in Rebuttal concession
- \* Includes \$14,711 in Charitable Cont in Rebuttal Concession
- \* Includes \$28k in Rebuttal Concess for IURC Fees also includes a \$50,000 reduction from settlement in Rate Case Exp
- \* Changed amortization of BT SOP (\$122k) and CPS (\$216k)



Indiana-American Water Company  
Cause No. 45142  
Pro Forma Income Statement  
For Water

Water

Line Number	Description	Base Year Ended 12/31/2017	Settlement Changes tied to Declining Use	Settlement Other ISSUES	Present Rates		Proposed Rates		Present Rates Step 2 Adjustments	Proposed Rates Step 2 Adjustments	Proposed Rates Step 2
					Step 1	Step 2	Step 1	Step 2			
1.	Operating Revenues:	\$222,066,289	\$1,519,779	(\$955,834)	\$221,379,037	\$3,856,226	\$225,215,263	\$0	\$225,215,263	\$13,663,774	\$238,879,037
2.											
3.	Operating Expenses:										
4.	Operation and Maintenance:										
5.	Purchased Water	378,491	120,295	0	466,708	0	466,708	0	466,708	0	466,708
6.	Fuel & Power	7,170,657	32,504	(50,000)	7,217,441	0	7,217,441	0	7,217,441	0	7,217,441
7.	Chemicals	1,550,885	383,784	0	1,952,188	0	1,952,188	0	1,952,188	0	1,952,188
8.	Waste Disposal	835,129	265,616	0	1,100,745	0	1,100,745	0	1,100,745	0	1,100,745
9.	Salaries and Wages	15,680,048	3,434,097	0	18,600,022	0	18,600,022	0	18,600,022	0	18,600,022
10.	Pension	1,843,752	(737,421)	0	1,419,050	0	1,419,050	625,489	2,044,489	0	2,044,489
11.	OP&B	255,079	184,373	0	(97,708)	0	3,813,500	(1,618,228)	(1,987,890)	0	(1,987,890)
12.	Group Insurance	3,203,875	707,333	0	3,813,500	0	3,813,500	0	3,813,500	0	3,813,500
13.	Other Benefits	1,100,076	310,167	0	1,375,016	0	1,375,016	0	1,375,016	0	1,375,016
14.	Support Services	18,977,787	1,185,467	0	19,809,367	0	19,809,367	0	19,809,367	0	19,809,367
15.	Contract Services	1,392,895	1,003,162	0	1,888,557	0	1,888,557	0	1,888,557	0	1,888,557
16.	Building Maintenance & Services	1,052,714	53,442	0	1,106,156	0	1,106,156	0	1,106,156	0	1,106,156
17.	Telecommunications	815,442	41,397	0	856,839	0	856,839	0	856,839	0	856,839
18.	Postage, Printing, & Stationary	44,783	3,663	0	48,446	0	48,446	0	48,446	0	48,446
19.	Office Supplies & Services	544,072	101,968	0	646,040	0	646,040	0	646,040	0	646,040
20.	Advertising & Marketing	100,549	(46,298)	0	54,251	0	54,251	0	54,251	0	54,251
21.	Employee Related Expense	407,069	20,667	0	427,736	0	427,736	0	427,736	0	427,736
22.	Miscellaneous Expense	2,520,084	186,090	0	2,711,760	0	2,711,760	(1,275,144)	1,436,616	0	1,436,616
23.	Rents	568,893	(194,000)	0	374,893	0	374,893	0	374,893	0	374,893
24.	Transportation	922,012	(7,075)	0	914,937	0	914,937	0	914,937	0	914,937
25.	Uncollectible Accounts	2,313,793	(66,745)	15,560	2,250,909	36,192	2,287,101	0	2,287,101	138,920	2,426,021
26.	Customer Accounting	2,845,563	1,162,581	0	4,008,144	0	4,008,144	0	4,008,144	0	4,008,144
27.	Regulatory Expense	387,272	308,737	0	646,009	0	646,009	0	646,009	0	646,009
28.	Insurance Other Than Group	1,743,822	428,076	0	2,171,898	0	2,171,898	0	2,171,898	0	2,171,898
29.	Maintenance Supplies & Services	5,924,236	403,195	0	6,327,431	0	6,327,431	0	6,327,431	0	6,327,431
30.											
31.	Total Operation & Maintenance Expense: (Sur	\$72,578,978	\$9,283,075	\$97,359	\$79,818,381	\$36,192	\$79,854,573	(\$2,267,893)	\$77,586,640	\$138,920	\$77,725,559
32.											
33.	Depreciation	48,001,119	(157,551)	0	47,844,715	0	47,844,715	4,407,229	52,251,945	0	52,251,945
34.	Amortization	533,631	77,276	0	610,907	0	610,907	0	610,907	0	610,907
35.	General Taxes	15,677,516	1,487,899	0	17,137,214	51,066	17,188,280	0	17,188,280	207,717	17,395,997
36.											
37.	Operating Expenses before Income Tax: (Sum	\$136,791,244	\$10,690,699	\$97,359	\$145,073,217	\$87,258	\$145,160,475	\$2,139,297	\$147,299,772	\$346,637	\$147,646,409
38.											
39.	Operating Income before Income Tax: (Line 1	\$85,275,045	(\$11,943,896)	\$1,422,420	\$76,305,820	\$3,748,968	\$80,054,788	(\$2,139,297)	\$77,915,491	\$13,317,137	\$91,232,628
40.											
41.	State Income Tax										
42.	Current State Income Tax	2,904,264	(785,583)	78,825	2,282,410	192,207	2,474,616	(118,496)	2,356,120	737,982	3,094,102
43.	Deferred State Income Tax	1,267,258	0	0	1,267,258	0	1,267,258	0	1,267,258	0	1,267,258
44.	Federal Tax										
45.	Current Federal Income Tax	10,233,137	(10,377,031)	282,155	388,486	690,981	1,079,467	(398,203)	681,264	2,640,780	3,322,044
46.	Deferred Federal Income Tax	11,406,473	(1,716,709)	0	9,689,764	0	9,689,764	0	9,689,764	0	9,689,764
47.	Investment Tax Credits	(36,952)	0	0	(36,952)	0	(36,952)	0	(36,952)	0	(36,952)
48.											
49.	Total Operating Expenses: (Line 37 + Sum Line	\$162,565,424	(\$2,188,624)	\$458,339	\$158,664,182	\$970,446	\$159,634,628	\$1,622,597	\$161,257,226	\$3,725,400	\$164,982,625
50.											
51.	Net Utility Operating Income: (Line 1 - Line 49	\$59,500,865	\$935,427	\$1,061,440	\$62,714,855	\$2,865,780	\$65,580,635	(\$1,622,597)	\$63,958,037	\$9,938,374	\$73,896,412

Indiana-American Water Company  
Cause No. 45142  
Pro Forma Income Statement  
For Wastewater

Wastewater

Line Number	Description	Base Year Ended 12/31/2017	Settlement Changes Tied to Declining Use	Settlement Other ISSUES	Present Rates		Proposed Rates		Proposed Rates Step 2
					Step 1	Adjustments	Step 1	Adjustments	
1.	Operating Revenues:	\$448,967	\$921,123	\$0	\$1,370,090	\$0	\$1,370,090	\$0	\$1,370,090
2.									
3.	Operating Expenses:								
4.	Operation and Maintenance:								
5.	Purchased Water	0	0	0	0	0	0	0	0
6.	Fuel & Power	3,670	51,708	0	55,378	0	55,378	0	55,378
7.	Chemicals	2,803	21,043	0	23,846	0	23,846	0	23,846
8.	Waste Disposal	387,241	63,263	0	450,504	0	450,504	0	450,504
9.	Salaries and Wages	19,372	(5,326)	0	14,046	0	14,046	0	14,046
10.	Pension	2,296	(634)	0	2,132	0	2,132	0	2,132
11.	OPEB	264	396	0	(555)	(2,431)	(2,986)	0	(2,986)
12.	Group Insurance	3,873	(159)	0	3,714	0	3,714	0	3,714
13.	Other Benefits	1,475	(259)	0	1,216	0	1,216	0	1,216
14.	Support Services	28,510	1,780	0	30,290	0	30,290	0	30,290
15.	Contract Services	27,134	1,274	0	28,408	0	28,408	0	28,408
16.	Building Maintenance & Services	2,034	103	0	2,137	0	2,137	0	2,137
17.	Telecommunications	359	18	0	377	0	377	0	377
18.	Postage, Printing, & Stationary	34	1	0	35	0	35	0	35
19.	Office Supplies & Services	552	108	0	660	0	660	0	660
20.	Advertising & Marketing	138	0	0	138	0	138	0	138
21.	Employee Related Expense	265	27	0	292	0	292	0	292
22.	Miscellaneous Expense	2,626	28,327	0	(188,883)	(84,957)	(273,880)	0	(273,880)
23.	Rents	621	(429)	0	192	0	192	0	192
24.	Transportation	(447)	447	0	0	0	0	0	0
25.	Uncollectible Accounts	3,476	10,455	0	13,931	2,815	16,746	0	16,746
26.	Customer Accounting	4,273	1,623	0	5,896	0	5,896	0	5,896
27.	Regulatory Expense	582	464	0	1,046	0	1,046	0	1,046
28.	Insurance Other Than Group	2,557	707	0	3,264	0	3,264	0	3,264
29.	Maintenance Supplies & Services	3,865	50,344	0	54,209	0	54,209	0	54,209
30.									
31.	<b>Total Operation &amp; Maintenance Expense: (Sum</b>	<b>\$497,573</b>	<b>\$225,281</b>	<b>\$0</b>	<b>(\$220,581)</b>	<b>\$2,815</b>	<b>\$505,088</b>	<b>(\$86,489)</b>	<b>\$418,599</b>
32.									
33.	Depreciation	53,443	225,356	0	(1,147)	0	277,652	(621)	277,030
34.	Amortization	1,656	136	0	1,792	0	1,792	0	1,792
35.	General Taxes	6,540	119,840	0	126,380	3,972	130,352	0	130,352
36.									
37.	<b>Operating Expenses before Income Tax: (Sum</b>	<b>\$559,212</b>	<b>\$570,613</b>	<b>\$0</b>	<b>(\$221,728)</b>	<b>\$6,787</b>	<b>\$914,884</b>	<b>(\$87,110)</b>	<b>\$827,773</b>
38.									
39.	<b>Operating Income before Income Tax: (Line 1</b>	<b>(\$110,245)</b>	<b>\$350,510</b>	<b>\$0</b>	<b>\$221,728</b>	<b>(\$6,787)</b>	<b>\$455,206</b>	<b>\$87,110</b>	<b>\$542,317</b>
40.									
41.	State Income Tax								
42.	Current State Income Tax	4,363	948	0	12,287	15,170	32,768	4,773	37,541
43.	Deferred State Income Tax	1,903	0	0	1,903	0	1,903	0	1,903
44.	Federal Tax								
45.	Current Federal Income Tax	15,372	(14,011)	0	44,986	53,596	99,883	16,843	116,725
46.	Deferred Federal Income Tax	17,135	(3,252)	0	13,883	0	13,883	0	13,883
47.	Investment Tax Credits	(56)	0	0	(56)	0	(56)	0	(56)
48.									
49.	<b>Total Operating Expenses: (Line 37 + Sum Line</b>	<b>\$597,929</b>	<b>\$554,298</b>	<b>\$0</b>	<b>(\$164,455)</b>	<b>\$75,493</b>	<b>\$1,063,265</b>	<b>(\$65,495)</b>	<b>\$997,769</b>
50.									
51.	<b>Net Utility Operating Income: (Line 1 - Line 49</b>	<b>(\$148,962)</b>	<b>\$366,825</b>	<b>\$0</b>	<b>\$164,455</b>	<b>(\$75,493)</b>	<b>\$306,825</b>	<b>\$65,495</b>	<b>\$372,321</b>

Indiana-American Water Company  
Cause No. 45142  
ADJUSTMENTS TO THE Pro Forma Income Statement  
For The Total Company

District: Total Company

3,856,226

13,663,774

Line Number	Description	Base Year		O&M		TCIA EADIT		Declining Use		Remove		Labor		Settlement		Total Settlement		Step 1 Adjs		Present Rates		Proposed Rate		Present Rates		Proposed Rate			
		Ended 12/31/2017	Originally Filed Adjs	Concessions	Total Filled	at 41.5 Years	and Corrections	Adjustments	DSIC Rev Adj	Remove	Remove 10 HC	From Fcst	Issues	Adjustments	Step 1	Step 2	Step 1	Step 2	Step 1	Step 2	Step 1	Step 2	Step 1	Step 2	Step 1	Step 2	Step 1	Step 2	
1.	Operating Revenues:	\$222,515,256	(6332,074)	\$0	\$1,519,779	(9563,834)	\$565,945	\$222,749,127	\$3,836,226	\$226,585,353	\$0	\$226,585,353	\$0	\$226,585,353	\$0	\$226,585,353	\$0	\$226,585,353	\$0	\$226,585,353	\$0	\$226,585,353	\$0	\$226,585,353	\$0	\$226,585,353	\$0	\$226,585,353	
2.	Operating Expenses:																												
3.	Operation and Maintenance:																												
4.	Purchased Water	378,491	120,295				(32,078)	88,217	466,708																				
5.	Fuel & Power	7,174,327	84,212				(50,000)	98,492	7,272,819																				
6.	Chemicals	1,553,688	404,827					17,519	422,346																				
7.	Waste Disposal	1,222,370	328,879					328,879	1,551,249																				
8.	Salaries and Wages	15,659,420	3,428,771					(514,123)	18,614,068																				
9.	Pension	1,846,048	(738,055)					313,189	1,421,182																				
10.	OPEB	255,343	184,769					(810,329)	(97,708)																				
11.	Group Insurance	3,207,748	707,174					(97,708)	609,466																				
12.	Other Benefits	1,101,551	309,908					(35,227)	774,681																				
13.	Support Services	19,006,297	1,887,247					(353,887)	19,839,657																				
14.	Contract Services	1,420,029	1,004,436					(507,500)	496,936																				
15.	Building Maintenance & Services	1,054,748	53,545					53,545	1,108,293																				
16.	Employee Related Expense	815,801	41,415					41,415	857,216																				
17.	Telecommunications	44,817	3,664					3,664	48,481																				
18.	Postage, Printing, & Stationary	544,624	102,076					102,076	646,700																				
19.	Office Supplies & Services	100,687	(29,186)					(46,298)	54,389																				
20.	Advertising & Marketing	407,334	20,694					20,694	428,028																				
21.	Miscellaneous Expense	2,527,710	229,128					167	2,522,877																				
22.	Rents	569,514	(194,429)					(194,429)	167																				
23.	Transportation	921,565	(6,628)					(6,628)	914,937																				
24.	Uncollectible Accounts	2,317,289	(58,183)					(107)	15,560																				
25.	Customer Accounting	2,849,836	1,164,204					(107)	15,560																				
26.	Regulatory Expense	1,746,379	428,783					(107)	15,560																				
27.	Insurance Other Than Group	1,463,379	428,783					(107)	15,560																				
28.	Maintenance Supplies & Services	5,928,101	453,539					(107)	15,560																				
29.	Total Operation & Maintenance Expense: (Sum	\$73,076,551	\$9,569,052	\$0	(\$60,696)	(\$60,696)	(\$1,704,855)	(\$647,058)	(\$9,698)	(\$9,698)	(\$647,058)	(\$1,704,855)	(\$2,264,253)	\$7,244,103	\$80,320,654	\$39,007	\$80,359,661	(\$2,354,422)	\$78,005,239	\$138,920	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
30.	Depreciation	48,054,562	67,805					67,805	48,122,367																				
31.	Amortization	535,287	77,412					77,412	274,699																				
32.	General Taxes	15,684,056	1,635,706					(27,967)	17,263,594																				
33.	Operating Expenses before Income Tax: (Sum)	\$137,350,456	\$11,949,975	\$0	(\$88,663)	(\$88,663)	(\$2,071,056)	(\$647,058)	(\$9,698)	(\$9,698)	(\$647,058)	(\$2,071,056)	(\$2,630,454)	\$8,650,888	\$145,981,314	\$94,045	\$146,075,359	(\$2,052,186)	\$148,127,545	\$396,637	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
34.	Operating Income before Income Tax: (Line 1 -	\$85,164,800	(\$11,602,049)	\$0	\$88,663	\$88,663	\$2,071,056	\$647,058	(\$944,136)	(\$944,136)	\$647,058	\$2,071,056	\$3,196,399	(\$8,396,987)	\$76,767,813	\$3,742,181	\$80,509,994	(\$2,052,186)	\$78,457,808	\$131,137	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
35.	State Income Tax																												
36.	Current State Income Tax	2,908,627	(721,527)					(66,022)	4,914																				
37.	Deferred State Income Tax	1,269,161	0					63,108	(63,108)																				
38.	Federal Tax																												
39.	Current Federal Income Tax	10,248,509	(10,476,652)					85,610	85,610																				
40.	Deferred Federal Income Tax	11,423,608	0					(1,719,961)	(1,719,961)																				
41.	Investment Tax Credits	(37,008)	0					0	0																				
42.	Total Operating Expenses: (Line 37 + Sum Line:	\$163,163,353	\$151,796	\$1,861	(\$1,787,933)	\$1,861	(\$1,786,122)	\$458,339	(\$249,300)	(\$249,300)	\$458,339	(\$1,786,122)	(\$1,877,073)	(\$3,511,369)	\$159,651,954	\$1,045,959	\$160,697,893	(\$1,557,102)	\$162,254,995	\$3,725,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
43.	Net Utility Operating Income: (Line 1 - Line 49)	\$59,351,903	(\$483,970)	\$1,787,933	(\$1,861)	\$1,786,122	\$1,061,440	(\$704,534)	\$482,849	(\$482,849)	\$1,061,440	\$1,603,263	\$2,443,018	\$3,745,270	\$65,097,173	\$2,790,287	\$65,887,460	(\$1,557,102)	\$64,330,358	\$9,988,470	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	

Settlement INAWC 2018 Rate Case - Pro Forma Income Statement Ver 11  
Schedule REVREQ1  
Page 1 of 1

Indiana-American Water Company  
Cause No. 45142  
Calculation of Proposed Revenue Increase  
Based on Pro Forma Operating Results  
and Rate Base

Prepared for Settlement

Line Number	Description	Step 1		Step 2	
		Total Company	Total Water	Total Company	Total Water
2	<b>Present Rate Utility Operating Income:</b>				
3					
4	<b>Operating Revenue at Present Rates:</b>	\$222,749,127	\$221,379,037	\$226,585,353	\$225,215,263
5			\$1,370,090		\$1,370,090
6	<b>Less: Deductions:</b>				
7	Operating and Maintenance:	\$80,320,654	\$79,818,381	\$78,005,239	\$77,586,640
8	Depreciation & Cost of Removal	48,122,367	47,844,715	52,528,975	52,251,945
9	Amortization:	274,699	272,907	274,699	272,907
10	General Taxes:	17,263,594	17,137,214	17,318,632	17,188,280
11	State Income Taxes:	3,569,169	3,549,668	3,662,822	3,623,378
12	Federal Income Taxes:	10,101,471	10,041,298	10,464,628	10,334,076
13	<b>Total Deductions:</b>	\$159,651,954	\$158,664,182	\$162,254,995	\$161,257,226
14			\$987,772		\$997,769
15	<b>Pro Forma Present Rate Utility Operating Income:</b>	<b>\$63,097,173</b>	<b>\$62,714,855</b>	<b>\$64,330,358</b>	<b>\$63,958,037</b>
16			\$382,318		\$372,321
17					
18					
19					
20					
21	<b>Revenue Requirement and Rate Increase Request:</b>				
22					
23	Net Original Cost Rate Base	\$1,060,651,780	\$1,054,497,247	\$1,182,170,152	\$1,176,243,751
24	Rate of Return	6.17%	6.17%	6.25%	6.25%
25					
26	<b>Net Operating Income Required (Line 23 x Line 24)</b>	<b>\$65,473,876</b>	<b>\$65,083,957</b>	<b>\$73,879,238</b>	<b>\$73,508,870</b>
27			\$379,918		\$370,368
28	Add: Fair Value Increment (1993 purchase of Indiana Cities)	413,584	411,184	389,495	387,542
29					
30	<b>Total Fair Value Increment</b>	<b>\$413,584</b>	<b>\$411,184</b>	<b>\$389,495</b>	<b>\$387,542</b>
31			\$2,400		\$1,953
32	<b>Net Operating Income Required, including Fair Value Increment (Line 26 + Line 30)</b>	<b>\$65,887,460</b>	<b>\$65,505,142</b>	<b>\$74,268,733</b>	<b>\$73,896,412</b>
33			\$382,318		\$372,321
34	Less: Pro Forma Net Operating Income Based on Current Rates (Line 15)	\$63,097,173	\$62,714,855	\$64,330,358	\$63,958,037
35	Increase in Net Operating Income Required (Line 32 - Line 34)	\$2,790,287	\$2,790,287	\$9,938,375	\$9,938,375
36			\$0		\$0
37	Gross Revenue Conversion Factor	137,4850%	137,4850%	137,4850%	137,4850%
38					
39					
40	<b>Rate Increase Request (Line 36 x Line 38)</b>	<b>\$9,836,226</b>	<b>\$9,836,226</b>	<b>\$13,663,774</b>	<b>\$13,663,774</b>
41			\$0		\$0
42	<b>Revenue Requirement (Line 40 + Line 4)</b>	<b>\$226,585,353</b>	<b>\$225,215,263</b>	<b>\$240,249,127</b>	<b>\$238,879,037</b>
43			\$1,370,090		\$1,370,090
44	<b>Percentage Increase over Operating Revenue at Present Rates (Line 40 / Line 4)</b>	<b>1.72%</b>	<b>1.73%</b>	<b>6.03%</b>	<b>6.07%</b>
			0.00%		0.00%

Indiana-American Water Company  
 Cause No. 45142  
 Calculation of Gross Revenue Conversion Factor

Line Number	Gross Revenue Conversion Factor Calculation	Step 1		Step 2	
		Total Rate	Gross Revenue Conversion Factor Calculation	Total Rate	Gross Revenue Conversion Factor Calculation
1	Gross revenue Change		100.0000%		100.0000%
2	Less: Bad Debt Rate/ Uncollectible Expense	1.0167%	1.0167%	1.0167%	1.0167%
3	Net Income After Uncollectibles		98.9833%		98.9833%
4	Less: IURC Fee Rate for 2018/2019 Rate: 0.1202041%	0.1202%	0.1190%	0.1202%	0.1190%
5	Net Income After Uncollectibles & IURC Fees		98.8643%		98.8643%
6					
7	Less: State Income Tax	5.5416%	5.4787%	5.5416%	5.4787%
8	Less: Utility Receipts Tax	1.4000%	1.3157%	1.4000%	1.3157% (a)
9	Net Income After Uncollectibles, IURC Fees, and State Taxes		92.0699%		92.0699%
10					
11	Less: Federal Income Tax	21.00%	19.3347%	21.00%	19.3347%
12					
13	Net Income After Uncollectibles, IURC Fees, State Taxes, & Federal Taxes		72.7352%		72.7352%
14					
15	<b>Gross Revenue Conversion Factor (Line 1 / Line 14)</b>		<b>137.4850%</b>		<b>137.4850%</b>

(a) The Utility Receipts Tax calculation has been adjusted to exclude Sales for Resale revenues. Sales for Resale represent 4.9394% of Total Operating Present Rate Revenues. Therefore, Utilities Receipts Tax has been calculated based on 95.0606% (100% - 4.9394%) of Line 5.

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Indiana-American Water Company  
Cause No. 45142

Calculation of Proposed Fair Value Increment

Line Number	Description	Previously Approved Fair Value Increment
1	<b>Acquisition Adjustment:</b>	
2	1993 Purchase of Indiana Cities	\$17,412,009
3	Total Acquisition Adjustment:	<u>\$17,412,009</u>
4		
5	<b>Less:</b>	
6	1993 Purchase of Indiana Cities Accumulated Amortization	10,712,108
7	Total Accumulated Amortization:	<u>10,712,108</u>
8		
9	Acquisition Adjustment Net of Accumulated Amortization as of April 30, 2019:	<u>\$6,699,901</u>
10		
11		
12	1993 Purchase of Indiana Cities Accumulated Amortization	11,179,545
13	Total Accumulated Amortization:	<u>11,179,545</u>
14		
15	Acquisition Adjustment Net of Accumulated Amortization as of April 30, 2020:	<u>\$6,232,464</u>
16		
17	<b>Times:</b>	
18	Rate of Return as of April 30, 2019:	6.17%
19	Rate of Return as of April 30, 2020:	<u>6.25%</u>
20		
21	<b>Fair Value Increment as of April 30, 2019:</b>	<u>\$413,584</u>
22		
23	<b>Fair Value Increment as of April 30, 2020:</b>	<u>\$389,495</u>
24		
25		

Indiana-American Water Company  
Cause No. 45142  
Test Year Operating Revenues at Present Rates & Proposed Rates  
Summary Schedule of all Rate Class Revenues for Water Districts

Line Number	Class/Description (A)	Base Year Revenues 12/31/2017 (B)	Adjustments for Present Rates (C)	Step 1 at Present Rates (D)	Adjustments for Proposed Rates (E)	Step 1 at Proposed Rates (F)	Percent of Revenue To Total (G)	Total Dollar Increase (H)	Total Revenue Increase (%) (I)	Step 2 at Proposed Rates (J)	Percent of Revenue To Total (K)	Total Dollar Increase (L)	Total Revenue Increase (%) (M)
1	Residential	\$112,206,022	\$3,058,532	\$115,264,554	\$619,298	\$115,883,852	51.45%	\$619,298	0.54%	\$123,120,679	51.54%	\$7,236,827	6.24%
2	Commercial	44,190,004	290,623	44,480,627	1,677,525	46,158,152	20.50%	1,677,525	3.77%	48,875,250	20.46%	2,717,098	5.89%
3	Industrial	15,719,359	(1,297,855)	14,421,504	533,951	14,955,455	6.64%	533,951	3.70%	15,973,713	6.69%	1,018,258	6.81%
4	Other Public Authority	8,282,993	(349,724)	7,933,269	310,299	8,243,568	3.66%	310,299	3.91%	8,702,977	3.64%	459,409	5.57%
5	Sale for Resale	12,375,429	(1,695,510)	10,679,919	191,953	10,871,872	4.83%	191,953	1.80%	\$11,542,584	4.83%	\$670,712	6.17%
6	Miscellaneous	107,378	(35,332)	72,046	1,162	73,208	0.03%	1,162	1.61%	73,120	0.03%	(88)	-0.12%
7	Private Fire Service	4,577,914	(133,126)	4,444,788	95,723	4,540,511	2.02%	95,723	2.15%	4,820,648	2.02%	280,107	6.17%
8	Public Fire Service	20,752,127	(687,639)	20,064,488	401,033	20,465,521	9.09%	401,033	2.00%	21,728,054	9.10%	1,262,533	6.17%
9	<b>Total Water Revenues:</b>	<b>\$218,211,226</b>	<b>(\$850,031)</b>	<b>\$217,361,195</b>	<b>\$3,830,944</b>	<b>\$221,191,139</b>	<b>98.21%</b>	<b>\$3,830,944</b>	<b>1.76%</b>	<b>\$234,836,995</b>	<b>98.31%</b>	<b>\$13,644,856</b>	<b>6.17%</b>
10	Late Payment Charge	\$1,301,369	(\$6,710)	\$1,294,659	\$0	\$1,294,659	0.57%	\$0	0.00%	\$1,294,659	0.54%	\$0	0.00%
11	Rent	246,468	24,192	270,660	0	270,660	0.12%	0	0.00%	270,660	0.11%	0	0.00%
12	Collection for Others	0	0	0	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%
13	NSF Check Charge	101,156	1,387	102,543	0	102,543	0.05%	0	0.00%	102,543	0.04%	0	0.00%
14	Usage Data	648,630	2,849	651,479	0	651,479	0.29%	0	0.00%	651,479	0.27%	0	0.00%
15	Reconnection Fee	829,820	100,810	930,630	0	930,630	0.41%	0	0.00%	930,630	0.39%	0	0.00%
16	After Hrs Charge	19,560	2,198	21,758	0	21,758	0.01%	0	0.00%	21,758	0.01%	0	0.00%
17	Misc Service	454,861	346	455,207	0	455,207	0.20%	0	0.00%	455,207	0.19%	0	0.00%
18	Unbilled Revenue	253,198	37,708	290,906	5,282	296,188	0.13%	5,282	1.82%	315,106	0.13%	18,918	6.39%
19	<b>Total Other Revenues:</b>	<b>\$3,855,062</b>	<b>\$162,780</b>	<b>\$4,017,842</b>	<b>\$5,282</b>	<b>\$4,023,124</b>	<b>1.79%</b>	<b>\$5,282</b>	<b>1.82%</b>	<b>\$4,042,042</b>	<b>1.65%</b>	<b>\$18,918</b>	<b>6.39%</b>
20	<b>Total Operating Revenues:</b>	<b>\$222,066,288</b>	<b>(\$687,251)</b>	<b>\$221,379,037</b>	<b>\$3,836,226</b>	<b>\$225,215,263</b>	<b>100.00%</b>	<b>\$3,836,226</b>	<b>1.73%</b>	<b>\$238,879,037</b>	<b>100.00%</b>	<b>\$13,663,774</b>	<b>6.07%</b>

Indiana-American Water Company  
Cause No. 45142  
Test Year Operating Revenues at Present Rates & Proposed Rates  
Summary Schedule of all Rate Class Revenues for Wastewater Districts

Line Number	Class/Description (A)	Base Year Revenues 12/31/2017 (B)	Adjustments for Present Rates (C)	Step 1 at Present Rates (D)	Adjustments for Proposed Rates (E)	Step 1 at Proposed Rates (F)	Percent of Revenue To Total (G)	Total Dollar Increase (H)	Total Revenue Increase (%) (I)	Step 2 at Proposed Rates (J)	Percent of Revenue To Total (K)	Total Dollar Increase (L)	Total Revenue Increase (%) (M)
1	Residential	\$426,430	\$673,009	\$1,099,439	\$0	\$1,099,439	80.25%	\$0	0.00%	\$1,099,439	80.25%	\$0	0.00%
2													
3	Commercial	19,668	148,175	167,843	0	167,843	12.25%	0	0.00%	167,843	12.25%	0	0.00%
4													
5	Industrial	0	66,867	66,867	0	66,867	4.88%	0	0.00%	66,867	4.88%	0	0.00%
6													
7	Other Public Authority	0	27,253	27,253	0	27,253	1.99%	0	0.00%	27,253	1.99%	0	0.00%
8													
9	Sale for Resale	0	0	0	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%
10													
11	Miscellaneous	0	0	0	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%
12													
13	Private Fire Service	0	0	0	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%
14													
15	Public Fire Service	0	0	0	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%
16													
17													
18	<b>Total Water Revenues:</b>	<b>\$446,098</b>	<b>\$915,304</b>	<b>\$1,361,402</b>	<b>\$0</b>	<b>\$1,361,402</b>	<b>99.37%</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$1,361,402</b>	<b>99.37%</b>	<b>\$0</b>	<b>0.00%</b>
19													
20													
21	Late Payment Charge	\$2,847	\$5,841	\$8,688	\$0	\$8,688	0.63%	\$0	0.00%	\$8,688	0.63%	\$0	0.00%
22													
23	Rent	0	0	0	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%
24													
25	Collection for Others	0	0	0	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%
26													
27	NSF Check Charge	0	0	0	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%
28													
29	Usage Data	0	0	0	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%
30													
31	Reconnection Fee	0	0	0	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%
32													
33	After Hrs Charge	0	0	0	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%
34													
35	Misc Service	0	0	0	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%
36													
37	Unbilled Revenue	22	(22)	0	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%
38													
39	<b>Total Other Revenues:</b>	<b>\$2,869</b>	<b>\$5,819</b>	<b>\$8,688</b>	<b>\$0</b>	<b>\$8,688</b>	<b>0.63%</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$8,688</b>	<b>0.63%</b>	<b>\$0</b>	<b>0.00%</b>
40													
41													
42	<b>Total Operating Revenues:</b>	<b>\$448,967</b>	<b>\$921,123</b>	<b>\$1,370,090</b>	<b>\$0</b>	<b>\$1,370,090</b>	<b>100.00%</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$1,370,090</b>	<b>100.00%</b>	<b>\$0</b>	<b>0.00%</b>



Settlement Figures

	Step 1			Step 2		
	%	Cost	Wt Cost	%	Cost	Wt Cost
Long Term Debt		\$ 413,259,859	37.41%		\$ 463,799,134	38.03%
ADIT		\$ 217,647,012	19.70%		\$ 223,526,407	18.33%
Other Zero		\$ (299,202)	-0.03%		\$ 80,657	0.01%
JDIT		\$ 381,500	0.03%		\$ 344,492	0.03%
Common Equity		\$ 473,706,090	42.88%		\$ 531,771,238	43.60%
		\$ 1,104,695,259	100.00%		\$ 1,219,521,928	100.00%
						CapStr. 46.6%

Ratebase, ROE, and Cap Structure together are the primary levers here.

As filed with Petitioner

	Step 1			Step 2		
	%	Cost	Wt Cost	%	Cost	Wt Cost
Long Term Debt		\$ 386,377,967	34.98%		\$ 434,467,491	35.60%
ADIT		217,949,060	19.73%		225,159,739	18.45%
Other Zero		(799,695)	-0.06%		(707,042)	-0.06%
JDIT		381,500	0.03%		344,492	0.03%
Common Equity		500,587,982	45.32%		561,112,881	45.98%
		\$ 1,104,496,814	100.00%		\$ 1,220,377,560	100.00%
						CapStr. 43.6%

Indiana-American Water Company  
 Cause No. 45142  
 Calculation of Proposed Rate Base  
 Based on Pro Forma Operating Results  
 and Rate Base

Line Number	Description	Difference b/w IAW and OUC	Agreed to at Settlement Day 2			Difference b/w IAW and OUC	Agreed to at Settlement Day 2		
			Total Company	Total Water	Total Wastewater		Total Company	Total Water	Total Wastewater
	<u>Ratebase as filed</u>		\$1,065,478,370			\$1,222,170,152			
	BT SOP 98-01	(4,826,590)				(4,826,590)			
	Recurring "Unidentified" Muncie	(92,865,537)				(171,981,310)			
	Richmond Land					(5,000,000)			
	Richmond Plant	(705,441)				(31,000,000)			
	Main "upsizing" Step 1	(7,020,102)				(705,441)			
	Overhead Step 1	(2,045,376)				(10,475,854)			
	Crib Intake	(4,105,314)				(7,518,148)			
	Post-in service AFUDC/Deferred Depreciation					(4,105,314)			
	Computers Step 1	(9,784,502)				(670,311)			
						(17,938,297)			
	Settlement Reduction		(4,826,590)				(40,000,000)		
	<b>New Adjusted Ratebase</b>		<u>\$1,060,651,780</u>			<u>(254,219,265)</u>	<u>\$1,182,170,152</u>		

Line Number	Account Description	4/30/2019 Pro Forma Utility Plant	Pro Forma Depreciation Expense	4/30/2019 Pro Forma Utility Plant	New Depreciation Rate	Pro Forma Depreciation Expense	4/30/2020 Pro Forma Utility Plant	New Depreciation Rate	Pro Forma Depreciation Expense
AS FILED									
	Total Property - New Adjusted Ratebase	\$1,717,710,493	\$48,963,784	\$1,717,710,493	2.55%	\$43,746,160	\$1,895,615,092	2.55%	\$48,333,617
	Total Property- Wastewater	\$6,603,964	\$159,417	\$6,603,964	4.10%	\$270,592	\$6,792,794	4.08%	\$277,301
	Total Property- Corporate	\$49,000,113	\$4,480,172	\$49,000,113	11.16%	\$5,469,293	\$57,153,908	11.00%	\$6,284,672
	<b>Total</b>			<u>\$1,773,314,570</u>	<u>2.79%</u>	<u>\$49,486,045</u>	<u>\$1,959,561,794</u>	<u>2.80%</u>	<u>\$54,895,590</u>

Line Number	Account Description	4/30/2019 Pro Forma Utility Plant	Pro Forma Depreciation Expense	4/30/2019 Pro Forma Utility Plant	New Depreciation Rate	Pro Forma Depreciation Expense	4/30/2020 Pro Forma Utility Plant	New Depreciation Rate	Pro Forma Depreciation Expense
SETTLEMENT									
	Reduced Capital Step One					\$0	(\$4,826,590)		\$0
	Reduced Capital Step Two						(\$36,187,165)		(\$1,013,755)
	Reduced Capital Cumulative						(\$41,013,755)		(\$1,013,755)
	<b>High-Level Net Impact 10 Rate Base</b>					<u>(\$4,826,589.81)</u>			<u>(\$40,000,000)</u>

Line Number	Account Description	As filed	% Total	As filed	% Total	As filed	% Total	As filed	% Total
	Water	1,059,296,983	99.420%	1,059,296,983	99.420%	1,059,296,983	99.420%	1,059,296,983	99.420%
	Waste Water	6,181,387	0.580%	6,181,387	0.580%	6,181,387	0.580%	6,181,387	0.580%
	<b>Total</b>	<u>1,065,478,370</u>		<u>1,065,478,370</u>		<u>1,065,478,370</u>		<u>1,065,478,370</u>	

Line Number	Account Description	Step One Ratebase As Filed	Adjustments From Settlement	New Step One Ratebase from Settlement	Step Two Ratebase As Filed	Adjustments From Settlement	New Step Two Ratebase from Settlement
	Water	1,059,296,983	(\$4,799,736)	\$1,054,497,247	\$1,216,042,881	(\$39,799,130)	\$1,176,243,751
	Waste Water	6,181,387	(\$26,854)	\$6,154,533	\$6,127,271	(\$200,870)	\$5,926,401
	<b>Total</b>	<u>1,065,478,370</u>	<u>(4,826,590)</u>	<u>\$1,060,651,780</u>	<u>1,222,170,152</u>	<u>(40,000,000)</u>	<u>1,182,170,152</u>

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Schedule Ratebase Variations

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Indiana-American Water Company  
Cause No. 45142  
Calculation of Proposed Rate Base  
Based on Pro Forma Operating Results  
and Rate Base

Line Number	Account Description	4/30/2019 Pro Forma Utility Plant	Pro Forma Depreciation Expense	4/30/2019 Pro Forma Utility Plant	New Depreciation Rate	Pro Forma Depreciation Expense	4/30/2020 Pro Forma Utility Plant	New Depreciation Rate	Pro Forma Depreciation Expense
AS FILED									
	Total Property - Water	\$1,717,710,493	\$48,963,784	\$1,717,710,493	2.55%	\$43,746,160	\$1,895,615,092	2.55%	\$48,333,617
	Total Property - Wastewater	\$6,603,964	\$159,417	\$6,603,964	4.10%	\$270,592	\$6,792,794	4.08%	\$277,301
	Total Property- Corporate	\$49,000,113	\$4,480,172	\$49,000,113	11.16%	\$5,462,933	\$71,539,088	100%	\$6,284,672
	<b>Total</b>			<b>\$1,773,314,570</b>	<b>27.9%</b>	<b>\$49,486,045</b>	<b>\$1,959,561,794</b>	<b>2.80%</b>	<b>\$58,955,990</b>
SETTLEMENT									
	Reduced Capital Step One			(\$4,826,590)	Move to amort \$122k	\$0	(\$4,826,590)		\$0
	Reduced Capital Step Two						(\$36,187,165)		(\$1,013,755)
	Reduced Capital Cumulative						(\$41,013,755)		(\$1,013,755)
	Depreciation		Capital change	Depreciation change		Capital change	Depreciation change		
	Water		(\$4,798,688)	\$1,147		(\$36,005,743)	(1,005,348.95)		
	Waste		(\$28,002)	(\$1,147)		(181,422)	(7,406.16)		
	Total		(\$4,826,690)	\$0		(\$36,187,165)	(1,013,755.11)		

Indiana-American Water Company  
Cause No. 45142  
Interest Synchronization Deduction Calculation  
For the Twelve Months Ended April 30, 2020

Settled Step 1

Interest Rate Calculation for Interest Deduction:

Description	Long Term Debt	Customer Deposits	Total
<b>Weighted Cost:</b>			
Percentage of Total Capital	37.41%	0.00%	
Average Cost	5.26%	0.00%	
	1.97%	0.00%	1.97%

Settled Step 2

Interest Rate Calculation for Interest Deduction:

Description	Long Term Debt	Customer Deposits	Total
<b>Weighted Cost:</b>			
Percentage of Total Capital	38.03%	0.00%	
Average Cost	5.19%	0.00%	
	1.97%	0.00%	1.97%

AS FILED

Line No.	District	Pro Forma Original Cost Rate Base	Interest Rate	Interest Deduction
1	Water	\$1,059,296,983	1.84%	\$19,490,514
2	Wastewater	6,181,387		113,734
3				0
4				
5		<u>\$1,065,478,370</u>		<u>\$19,604,248</u>

Line No.	District	Pro Forma Original Cost Rate Base	Interest Rate	Interest Deduction
1	Water	\$1,216,042,881	1.85%	\$22,468,095
2	Wastewater	6,127,271		113,210
3				0
4				
5		<u>\$1,222,170,152</u>		<u>\$22,581,305</u>

AFTER SETTLEMENT

Line No.	District	Pro Forma Original Cost Rate Base	Interest Rate	Interest Deduction
1	Water	\$1,054,497,247	1.97%	\$20,773,596
2	Wastewater	6,154,533		121,244
3				0
4				
5		<u>\$1,060,651,780</u>		<u>\$20,894,840</u>
	Water			\$269,447
	WasteWater			\$1,577
	Difference in Int Synch		21.00%	\$1,290,592
				\$271,024

Line No.	District	Pro Forma Original Cost Rate Base	Interest Rate	Interest Deduction
1	Water	\$1,176,243,751	1.97%	\$23,172,002
2	Wastewater	5,926,401		116,750
3				0
4				
5		<u>\$1,182,170,152</u>		<u>\$23,288,752</u>
	Water			\$147,820
	WasteWater			\$743
	Difference in Int Synch		21.00%	\$707,447
				\$148,564

Prepared for Settlement

Settlement INAWC 2018 Rate Case - Pro Forma Income Statement Ver 11

Pension and OPEB

Page 1 of 3

**For Step One:**

Step One is 8 months of the way we were doing things (as filed) and 4 months of the new numbers.

New numbers consist of revisions based on new Willis Towers Watson actuary report PLUS capturing all pension/OPEB expenses, not just service costs

Expense ratio	66.26%			
<b>As Filed (Service Cost)</b>		Pension	expensed	OPEBs
		<b>\$1,672,189</b>	<b>\$1,107,992</b>	<b>\$664,219</b>
<b>2019 Total Cost</b>		<b>\$2,524,501</b>	<b>\$2,047,560</b>	<b>(\$1,990,877)</b>
<b>Variance - Increase (Decrease) from filing</b>		<b>\$852,312</b>	<b>\$939,567</b>	<b>Total by end of Step two variance from filing</b>
				<b>(\$2,430,988)</b>

	2018		
<b>ASC 715 - Accrual</b>	<b>AW Pension Cost</b>		
	American Water		
	Qualified Pension Plan	INAWC Allocation	Expense Portion
Pension and Postretirement Welfare Cost			
Service cost (OR)	\$32,788,018	\$1,672,189	\$1,107,992
Interest cost (INT)	73,544,346	3,750,762	3,750,762
Expected return on assets (INT)	(95,393,222)	(4,865,054)	(4,865,054)
Amortization			
Transition obligation (asset)	-	-	-
Prior service cost (credit) (OR)	597,587	30,477	30,477
Net loss (gain) (OR)	29,776,882	1,518,621	1,518,621
Pension Cost	<u>\$41,313,611</u>	<u>\$2,106,994</u>	<u>\$1,542,798</u>

INAWC 2018 Allocation Percentage - Pension 5.10%

	2018		
<b>ASC 715 - Accrual</b>	<b>AW Postretirement Welfare Cost</b>		
	Total Retiree Welfare Plans	INAWC Allocation	Expense Portion
Pension and Postretirement Welfare Cost			
Service cost (OR)	\$9,289,778	\$664,219	\$440,112
Interest cost (INT)	22,614,083	1,616,907	\$1,616,907
Expected return on assets (INT)	(26,598,649)	(1,901,803)	(\$1,901,803)
Amortization			
Transition obligation (asset)	-	-	\$0
Prior service cost (credit) (OR)	(15,618,180)	(1,116,700)	(\$1,116,700)
Net loss (gain) (OR)	6,373,979	455,739	\$455,739
Pension Cost	<u>(\$3,938,989)</u>	<u>(\$281,638)</u>	<u>(\$505,745)</u>

INAWC 2018 Allocation Percentage - Postretirement 7.15%  
Expense to Capital Ratio 66.20%

	2019		
<b>ASC 715 - Accrual</b>	<b>AW Pension Cost</b>		
	American Water		
	Qualified Pension Plan	INAWC Allocation	Expense Portion
Pension and Postretirement Welfare Cost			
Service cost (OR)	\$26,874,134	\$1,413,579	\$936,638
Interest cost (INT)	79,061,458	4,158,633	4,158,633
Expected return on assets (INT)	(89,265,261)	(4,695,353)	(4,695,353)
Amortization			
Transition obligation (asset)	-	-	-
Prior service cost (credit) (OR)	(2,910,448)	(153,090)	(153,090)
Net loss (gain) (OR)	34,234,439	1,800,731	1,800,731
Pension Cost	<u>\$47,994,322</u>	<u>\$2,524,501</u>	<u>\$2,047,560</u>

INAWC 2018 Allocation Percentage - Pension 5.26%

	2019		
<b>ASC 715 - Accrual</b>	<b>AW Postretirement Welfare Cost</b>		
	Total Retiree Welfare Plans	INAWC Allocation	Expense Portion
Pension and Postretirement Welfare Cost			
Service cost (OR)	\$3,649,158	\$257,631	\$170,706
Interest cost (INT)	\$14,710,879	1,038,588	1,038,588
Expected return on assets (INT)	(\$17,421,745)	(1,229,975)	(1,229,975)
Amortization			
Transition obligation (asset)	\$0	-	-
Prior service cost (credit) (OR)	(\$32,690,156)	(2,307,925)	(2,307,925)
Net loss (gain) (OR)	\$4,783,702	337,729	337,729
Pension Cost	<u>(\$26,968,162)</u>	<u>(\$1,903,952)</u>	<u>(\$1,990,877)</u>

INAWC 2018 Allocation Percentage - Postretirement 7.06%

INDIANA AMERICAN WATER COMPANY  
TOTAL WATER

COMPARISON OF PROFORMA COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES  
FOR THE TWELVE MONTHS ENDED APRIL 30, 2020

Customer Classification (1)	Proforma Revenues, Under Present Rates (2)		Proforma Revenues, Under Step 1 Rates (3)		Proposed Increase - Step 1 (4)		Proforma Revenues, Under Step 2 Rates (5)		Proposed Increase - Step 2 (6)		Proforma Revenues, Under Step 2 Rates (7)		Proposed Increase - Step 2 (8)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Increase	Amount	Percent of Total	Amount	Percent Increase	Amount	Percent of Total	Amount	Percent Increase
Residential	\$ 115,264,554	53.0%	\$ 115,883,852	52.3%	\$ 619,298	0.5%	\$ 123,120,679	52.43%	\$ 7,856,125	6.8%	\$ 123,120,679	52.43%	\$ 7,856,125	6.8%
Commercial (a)	44,552,673	20.7%	46,231,360	20.9%	1,678,687	3.6%	48,948,370	20.84%	4,395,697	9.9%	48,948,370	20.84%	4,395,697	9.9%
Industrial	14,421,504	6.6%	14,955,455	6.8%	533,951	3.7%	15,973,713	6.80%	1,552,209	10.8%	15,973,713	6.80%	1,552,209	10.8%
Public Authority	7,933,269	3.6%	8,243,568	3.7%	310,299	3.9%	8,702,977	3.71%	769,708	9.7%	8,702,977	3.71%	769,708	9.7%
Sales for Resale	10,679,919	4.9%	10,871,872	4.9%	191,953	1.8%	11,542,584	4.92%	662,665	8.1%	11,542,584	4.92%	662,665	8.1%
Private Fire Service	4,444,788	2.0%	4,540,511	2.1%	95,723	2.2%	4,820,618	2.05%	375,830	8.5%	4,820,618	2.05%	375,830	8.5%
Public Fire	20,064,488	9.2%	20,465,521	9.3%	401,033	2.0%	21,728,054	9.25%	1,663,566	8.3%	21,728,054	9.25%	1,663,566	8.3%
Total Sales	217,361,195	100.0%	221,192,139	100.0%	3,830,944	1.8%	234,836,995	100.00%	17,475,800	8.0%	234,836,995	100.00%	17,475,800	8.0%
Other Revenues	\$ 3,726,936		\$ 3,726,936		\$ -	0.0%	\$ 3,726,936		\$ -	0.0%	\$ 3,726,936		\$ -	0.0%
	\$ 290,902		\$ 296,029		\$ 5,127		\$ 314,722		\$ 23,820		\$ 314,722		\$ 23,820	
Total	\$ 221,379,033		\$ 225,215,104		\$ 3,836,071	1.7%	\$ 238,878,653		\$ 17,499,620	7.9%	\$ 238,878,653		\$ 17,499,620	7.9%
	0		0		(155)		0		(380)		0		(380)	

INDIANA AMERICAN WATER COMPANY  
COMPARISON OF PRESENT AND PROPOSED RATES (Step 1)

Customer Charges:

Meter size	All Except Resale Present Rate Per Month	Resale Present Rate Per Month	All Except Resale Proposed Rate Per Month	Resale Proposed Rate Per Month	Retail Increase	SFR Increase
	5/8 inch	\$18.25	\$21.50	\$15.47	\$21.88	-15.23%
3/4 inch	\$25.86	\$30.86	\$21.92	\$31.40	-15.24%	1.75%
1 inch	\$33.34	\$41.98	\$28.72	\$42.72	-13.86%	1.76%
1 1/2 inch	\$53.79	\$71.84	\$53.79	\$73.11	0.00%	1.77%
2 inch	\$98.27	\$127.49	\$98.27	\$129.74	0.00%	1.76%
3 inch	\$154.90	\$206.99	\$154.90	\$210.64	0.00%	1.76%
4 inch	\$240.80	\$329.76	\$240.80	\$335.57	0.00%	1.76%
6 inch	\$436.17	\$620.92	\$436.17	\$631.86	0.00%	1.76%
8 inch	\$672.41	\$971.76	\$672.41	\$988.89	0.00%	1.76%
10 inch	\$1,061.76	\$1,552.94	\$1,061.76	\$1,580.31	0.00%	1.76%
12 inch	\$1,699.19	\$2,521.02	\$1,699.19	\$2,565.45	0.00%	1.76%

Consumption Charges:

Rate Block Gallons Per Month	All Except Resale Present Rate Per 1000 gallons	Resale Present Rate Per 1000 gallons	All Except Resale Proposed Rate Per 1000 gallons	Resale Proposed Rate Per 1000 gallons	Retail Increase	SFR Increase
	Area 1:					
1st block	\$4,1819		\$4,9144		17.52%	
2nd block	\$3,3731		\$3,4869		3.37%	
3rd block	\$1,9230		\$1,9886		3.41%	
Area 2 - Winchester:						
1st block	\$3,6259		\$3,9083		7.79%	
2nd block	\$2,6600		\$3,0406		14.31%	
3rd block	\$1,7484		\$1,9028		8.83%	
Area 2 - Mooresville:						
1st block	\$3,6259		\$3,8483		6.13%	
2nd block	\$2,6600		\$3,0406		14.31%	
3rd block	\$1,7484		\$1,9028		8.83%	
Resale						
1st block		\$2,7075		\$2,7552		1.76%
2nd block		\$2,4838		\$2,5276		1.76%

INDIANA AMERICAN WATER COMPANY  
COMPARISON OF PRESENT AND PROPOSED RATES (Step 1)

Private Fire Service

<u>Service Size</u>	<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Retail Increase</u>
2"	\$3.04	\$3.11	2.15%
2-1/2"	\$5.45	\$5.57	2.15%
3"	\$8.80	\$8.99	2.15%
4"	\$18.76	\$19.16	2.15%
6"	\$54.47	\$55.64	2.15%
8"	\$116.10	\$118.60	2.15%
10"	\$208.78	\$213.28	2.15%
12"	\$337.24	\$344.50	2.15%
Hydrants	\$54.47	\$55.64	2.15%

	<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Retail Increase</u>
<u>Public Fire Service - Annual Area 1&amp;2:</u>			
Hydrant Rental	\$63.12	\$64.38	2.00%

	<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Retail Increase</u>
<u>Public Fire Surcharge - Annual Area 1 &amp; 2</u>			
5/8"	\$4.54	\$4.63	2.00%
3/4"	\$6.81	\$6.95	2.00%
1"	\$11.33	\$11.56	2.00%
1 1/2"	\$22.69	\$23.14	2.00%
2"	\$36.29	\$37.02	2.00%
3"	\$68.04	\$69.40	2.00%
4"	\$113.40	\$115.67	2.00%
6"	\$226.81	\$231.34	2.00%
8"	\$362.89	\$370.14	2.00%
10"	\$589.69	\$601.48	2.00%
12"	\$975.27	\$994.76	2.00%

	<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Retail Increase</u>
<u>Public Fire Surcharge - Annual West Lafayette</u>			
5/8"	\$3.18	\$3.24	2.00%
3/4"	\$4.76	\$4.86	2.00%
1"	\$7.94	\$8.10	2.00%
1 1/2"	\$15.87	\$16.19	2.00%
2"	\$25.40	\$25.91	2.00%
3"	\$47.62	\$48.57	2.00%
4"	\$79.37	\$80.96	2.00%
6"	\$158.73	\$161.90	2.00%
8"	\$253.98	\$259.06	2.00%
10"	\$412.73	\$420.98	2.00%
12"	\$682.58	\$696.22	2.00%

	<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Retail Increase</u>
<u>Public Fire Surcharge - Annual Seymour</u>			
5/8"	\$3.98	\$4.06	2.00%
3/4"	\$5.97	\$6.09	2.00%
1"	\$9.95	\$10.15	2.00%
1 1/2"	\$19.89	\$20.29	2.00%
2"	\$31.82	\$32.46	2.00%
3"	\$59.66	\$60.85	2.00%
4"	\$99.43	\$101.42	2.00%
6"	\$198.86	\$202.83	2.00%
8"	\$318.17	\$324.53	2.00%
10"	\$517.02	\$527.35	2.00%
12"	\$855.08	\$872.17	2.00%

	<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Retail Increase</u>
<u>Public Fire Surcharge - Annual Sheridan</u>			
5/8"	\$4.54	\$4.63	2.00%
1"	\$11.33	\$11.56	2.00%
1 1/2"	\$22.69	\$23.14	2.00%
4"	\$113.40	\$115.67	2.00%



INDIANAAMERICAN WATER COMPANY  
COMPARISON OF PRESENT AND PROPOSED RATES (Step 2)

Customer Charges:

Meter size	All Except Resale Present Rate	Resale Present Rate	All Except Resale Proposed Rate	Resale Proposed Rate	Retail Increase	SFR Increase
	Per Month	Per Month	Per Month	Per Month		
5/8 inch	\$18.25	\$21.50	\$15.47	\$23.23	-15.23%	8.05%
3/4 inch	\$25.86	\$30.86	\$21.92	\$33.34	-15.24%	8.04%
1 inch	\$33.34	\$41.98	\$28.72	\$45.36	-13.86%	8.05%
1 1/2 inch	\$53.79	\$71.84	\$53.79	\$77.62	0.00%	8.05%
2 inch	\$98.27	\$127.49	\$98.27	\$137.74	0.00%	8.04%
3 inch	\$154.90	\$206.99	\$154.90	\$223.63	0.00%	8.04%
4 inch	\$240.80	\$329.76	\$240.80	\$356.27	0.00%	8.04%
6 inch	\$436.17	\$620.92	\$436.17	\$670.84	0.00%	8.04%
8 inch	\$672.41	\$971.76	\$672.41	\$1,049.89	0.00%	8.04%
10 inch	\$1,061.76	\$1,552.94	\$1,061.76	\$1,677.80	0.00%	8.04%
12 inch	\$1,699.19	\$2,521.02	\$1,699.19	\$2,723.72	0.00%	8.04%

Consumption Charges:

Rate Block Gallons Per Month	All Except Resale Present Rate	Resale Present Rate	All Except Resale Proposed Rate	Resale Proposed Rate	Retail Increase	SFR Increase
	Per 1000 gallons	Per 1000 gallons	Per 1000 gallons	Per 1000 gallons		
Area 1:						
1st block	\$4.1819		\$5.4798		31.04%	
2nd block	\$3.3731		\$3.7058		9.86%	
3rd block	\$1.9230		\$2.1720		12.95%	
Area 2 - Winchester:						
1st block	\$3.6259		\$4.3855		20.95%	
2nd block	\$2.6600		\$3.2173		20.95%	
3rd block	\$1.7484		\$2.1147		20.95%	
Area 2 - Mooresville:						
1st block	\$3.6259		\$4.3855		20.95%	
2nd block	\$2.6600		\$3.2173		20.95%	
3rd block	\$1.7484		\$2.1147		20.95%	
Resale						
1st block		\$2.7075		\$2.9252		8.04%
2nd block		\$2.4838		\$2.6835		8.04%

INDIANA AMERICAN WATER COMPANY  
COMPARISON OF PRESENT AND PROPOSED RATES (Step 2)

Private Fire Service

<u>Service Size</u>	<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Retail Increase</u>
2"	\$3.04	\$3.30	8.46%
2-1/2"	\$5.45	\$5.91	8.46%
3"	\$8.80	\$9.54	8.46%
4"	\$18.76	\$20.35	8.46%
6"	\$54.47	\$59.08	8.46%
8"	\$116.10	\$125.92	8.46%
10"	\$208.78	\$228.43	8.46%
12"	\$337.24	\$365.76	8.46%
Hydrants	\$54.47	\$59.08	8.46%

	<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Retail Increase</u>
<u>Public Fire Service - Annual Area 1&amp;2</u>			
Hydrant Rental	\$83.12	\$68.35	8.29%

	<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Retail Increase</u>
<u>Public Fire Surcharge - Annual Area 1 &amp; 2</u>			
5/8"	\$4.54	\$4.92	8.29%
3/4"	\$6.81	\$7.37	8.29%
1"	\$11.33	\$12.27	8.29%
1 1/2"	\$22.69	\$24.57	8.29%
2"	\$36.29	\$39.30	8.29%
3"	\$68.04	\$73.68	8.29%
4"	\$113.40	\$122.80	8.29%
6"	\$226.81	\$245.62	8.29%
8"	\$362.89	\$392.98	8.29%
10"	\$589.69	\$638.58	8.29%
12"	\$975.27	\$1,056.13	8.29%

	<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Retail Increase</u>
<u>Public Fire Surcharge - Annual West Lafayette</u>			
5/8"	\$3.18	\$3.44	8.29%
3/4"	\$4.76	\$5.15	8.29%
1"	\$7.94	\$8.60	8.29%
1 1/2"	\$15.87	\$17.19	8.29%
2"	\$25.40	\$27.51	8.29%
3"	\$47.62	\$51.57	8.29%
4"	\$79.37	\$85.95	8.29%
6"	\$158.73	\$171.89	8.29%
8"	\$253.98	\$275.04	8.29%
10"	\$412.73	\$446.95	8.29%
12"	\$682.58	\$739.17	8.29%

	<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Retail Increase</u>
<u>Public Fire Surcharge - Annual Seymour</u>			
5/8"	\$3.98	\$4.31	8.29%
3/4"	\$5.97	\$6.46	8.29%
1"	\$9.95	\$10.77	8.29%
1 1/2"	\$19.89	\$21.54	8.29%
2"	\$31.82	\$34.46	8.29%
3"	\$59.66	\$64.61	8.29%
4"	\$99.43	\$107.67	8.29%
6"	\$198.86	\$215.35	8.29%
8"	\$318.17	\$344.55	8.29%
10"	\$517.02	\$559.89	8.29%
12"	\$855.08	\$925.98	8.29%

	<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Retail Increase</u>
<u>Public Fire Surcharge - Annual Sheridan</u>			
5/8"	\$4.54	\$4.92	8.29%
1"	\$11.33	\$12.27	8.29%
1 1/2"	\$22.69	\$24.57	8.29%
4"	\$113.40	\$122.80	8.29%

Indiana-American Water Company  
Forecast Year Operating Revenues at Proposed Rates (Step 1)

REV2 WP1  
F.Y. - Proposed Rates Step 1

I. General Service and Resale

	Projected		Projected		Projected		Projected		Projected		Resale Rates	Projected Resale
	G.S. Rates	Residential	Commercial	Industrial	Public Auth.	Miscellaneous	Resale Rates	Projected Resale				
<b>Area 1 Customer Charges:</b>												
5/8 inch	\$15.47	3,176,411	184,066	971	4,611	10	\$21.88	0				0
3/4 inch	\$21.92	2,967	1,828	0	60	0	\$31.40	0				0
1 inch	\$28.72	43,000	77,680	1,727	4,676	0	\$42.72	12				12
1 1/2 inch	\$53.79	971	12,347	289	1,073	0	\$73.11	0				0
2 inch	\$98.27	2,654	47,915	3,541	9,432	99	\$129.74	0				0
3 inch	\$154.90	48	3,381	318	625	263	\$210.64	0				0
4 inch	\$240.80	36	1,336	1,163	729	0	\$335.57	60				60
6 inch	\$436.17	0	624	385	261	21	\$631.86	192				192
8 inch	\$672.41	0	131	84	72	0	\$988.89	24				24
10 inch	\$1,061.76	0	0	0	24	0	\$1,580.31	36				36
12 inch	\$1,699.19	0	0	0	0	0	\$2,565.45	0				0
<b>Area 1 Consumption Charges:</b>												
1st block	\$4,9144	12,273,847	2,150,860	77,313	159,771	1,630	\$2,7552	2,324,629				
2nd block	\$3,4869	798,287	6,653,974	2,618,149	1,556,126	1,899	\$2,5276	1,679,247				
3rd block	\$1,9886	131	36,228	2,103,002	111,700	0						
<b>Area 2 Customer Charges Winchester:</b>												
5/8 inch	\$15.47	23,026	2,068	48	121	0						
3/4 inch	\$21.92	0	0	0	0	0						
1 inch	\$28.72	149	542	36	49	0						
1 1/2 inch	\$53.79	0	85	24	12	0						
2 inch	\$98.27	84	432	84	87	0						
3 inch	\$154.90	0	18	0	47	0						
4 inch	\$240.80	0	0	0	0	0						
6 inch	\$436.17	0	0	12	0	0						
8 inch	\$672.41	0	0	0	0	0						
10 inch	\$1,061.76	0	0	0	0	0						
12 inch	\$1,699.19	0	0	0	0	0						
<b>Area 2 Consumption Charges Winchester:</b>												
1st block	\$3,9083	78,407	17,943	1,521	1,912	0						
2nd block	\$3,0406	3,823	30,253	46,547	7,263	0						
3rd block	\$1,9028	0	0	0	0	0						

Area 2 Cust Chrgs Mooresville:	G.S. Rates	Projected Residential	Projected Commercial	Projected Industrial	Projected Public Auth.	Projected Miscellaneous	Projected Resale Rates	Projected Resale
5/8 inch	\$15.47	41,107	3,176	0	126	0		
3/4 inch	\$21.92	44	133	0	1	0		
1 inch	\$28.72	24	616	12	63	0		
1 1/2 inch	\$53.79	0	381	0	35	0		
2 inch	\$98.27	0	234	0	68	0		
3 inch	\$154.90	0	12	0	24	0		
4 inch	\$240.80	0	12	12	0	0		
6 inch	\$436.17	0	0	0	12	0		
8 inch	\$672.41	0	0	0	0	0		
10 inch	\$1,061.76	0	0	0	0	0		
12 inch	\$1,699.19	0	0	0	0	0		

Area 2 Consumption Charges Mooresville:

1st block	\$3.8483	155,362	27,595	329	2,212	0		
2nd block	\$3.0406	4,939	43,269	37,436	25,851	0		
3rd block	\$1.9028	0	0	0	0	0		
Yankeetown Surcharge	\$10.00	7,594	49	0	23	0		

Miscellaneous Adjustments	Projected Residential	Projected Commercial	Projected Industrial	Projected Public Auth.	Projected Miscellaneous	Projected Resale	Total
Watson Rural Water Company	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revenue	\$115,883,852	\$46,156,690	\$14,955,455	\$8,243,568	\$74,670	\$11,167,901	\$196,482,136
Usage	13,154,495	8,889,258	4,846,532	1,836,773	3,530	4,003,876	32,734,463
Services Charges	3,249,345	332,452	8,681	21,879	393	324	

Indiana-American Water Company  
 Forecast Year Operating Revenues at Proposed Rates (Step 1)

REV2 WP1  
 F.Y. - Proposed Rates Step 1

II. Fire Protection

Private Fire Service - Annual Area 1 & 2:

	Proposed Rates	Billing Determinants
2"	\$3.11	1,950
2-1/2"	\$5.57	948
3"	\$8.99	731
4"	\$19.16	9,681
6"	\$55.64	25,126
8"	\$118.60	13,025
10"	\$213.28	1,513
12"	\$344.50	780
Hydrants	\$55.64	14,429
Adjustments	\$0	\$0

Private Fire Protection Revenue

\$4,540,511

Public Fire Service - Annual Area 1 & 2:

Hydrant Rental

\$64.38

4,308

Public Fire Surcharge - Annual Area 1 & 2

5/8"	\$4.63	3,065,378
3/4"	\$6.95	4,950
1"	\$11.56	117,433
1 1/2"	\$23.14	13,105
2"	\$37.02	56,735
3"	\$69.40	3,815
4"	\$115.67	2,797
6"	\$231.34	1,258
8"	\$370.14	264
10"	\$601.48	24
12"	\$994.76	0

Public Fire Surcharge - Annual West Lafayette

5/8 "	\$3.24	137,610
3/4 "	\$4.86	0
1 "	\$8.10	5,367
1 1/2 "	\$16.19	1,967
2 "	\$25.91	3,772
3 "	\$48.57	350
4 "	\$80.96	144
6 "	\$161.90	0
8 "	\$259.06	24
10 "	\$420.98	0
12 "	\$696.22	0

Public Fire Surcharge - Annual Seymour

5/8 "	\$4.06	82,672
3/4 "	\$6.09	0
1 "	\$10.15	2,094
1 1/2 "	\$20.29	578
2 "	\$32.46	1,995
3 "	\$60.85	203
4 "	\$101.42	60
6 "	\$202.83	48
8 "	\$324.53	0
10 "	\$527.35	0
12 "	\$872.17	0

Public Fire Surcharge - Annual Sheridan

5/8 "	\$4.63	14,148
1 "	\$11.56	936
1 1/2 "	\$23.14	276
4 "	\$115.67	72

Adjustments

\$0

Public Fire Protection Revenue

\$20,465,521

III. Miscellaneous Revenues

Late Payment Fees	\$1,294,659
Rents	\$270,660
NSF Charges	\$102,543
Usage Data	\$651,479
Reconnection Fees	\$930,630
After Hours Charges	\$21,758
Miscellaneous Services	\$455,207
Unbilled Revenue	\$0

Revenue **\$3,726,936**

IV. Total Revenue

General Service & Resale	<u>Proposed</u>	<u>Present</u>	
Public Fire Protection	\$196,482,136	\$193,142,821	20.9502%
Private Fire Protection	\$20,465,521	\$20,064,488	1.9987%
Miscellaneous Revenue	\$4,540,511	\$4,444,788	2.1536%
<b>Total</b>	<b>\$3,726,936</b>	<b>\$3,726,936</b>	<b>0.0000%</b>
	<b>\$225,215,104</b>	<b>\$221,379,033</b>	<b>1.7329%</b>

Indiana-American Water Company  
Forecast Year Operating Revenues at Proposed Rates (Step 1)

REVZ WP1  
F.Y. - Proposed Rates Step 2

i. General Service and Resale

Area 1 Customer Charges:	G.S. Rates	Projected				Projected Public Auth.	Projected Miscellaneous	Resale Rates	Projected Resale
		Residential	Commercial	Industrial	Projected				
5/8 inch	\$15.47	3,176,411	184,066	971	4,611	10	\$23.23	0	
3/4 inch	\$21.92	2,967	1,828	0	60	0	\$33.34	0	
1 inch	\$28.72	43,000	77,680	1,727	4,676	0	\$45.36	12	
1 1/2 inch	\$53.79	971	12,347	289	1,073	0	\$77.62	0	
2 inch	\$98.27	2,654	47,915	3,541	9,432	99	\$137.74	0	
3 inch	\$154.90	48	3,381	318	263	263	\$223.63	0	
4 inch	\$240.80	36	1,336	1,163	729	0	\$356.27	60	
6 inch	\$436.17	0	624	385	261	21	\$670.84	192	
8 inch	\$672.41	0	131	84	72	0	\$1,049.89	24	
10 inch	\$1,061.76	0	0	0	24	0	\$1,677.80	36	
12 inch	\$1,699.19	0	0	0	0	0	\$2,723.72	0	
<b>Area 1 Consumption Charges:</b>									
1st block	\$5,4798	12,273,847	2,150,860	77,313	159,771	1,630	\$2,9252	2,324,629	
2nd block	\$3,7058	798,287	6,653,974	2,618,149	1,556,126	1,899	\$2,6835	1,679,247	
3rd block	\$2,1720	131	36,228	2,103,002	111,700	0			
<b>Area 2 Customer Charges Winchester:</b>									
5/8 inch	\$15.47	23,026	2,068	48	121	0			
3/4 inch	\$21.92	0	0	0	0	0			
1 inch	\$28.72	149	542	36	49	0			
1 1/2 inch	\$53.79	0	85	24	12	0			
2 inch	\$98.27	84	432	84	87	0			
3 inch	\$154.90	0	18	0	47	0			
4 inch	\$240.80	0	0	0	0	0			
6 inch	\$436.17	0	0	12	0	0			
8 inch	\$672.41	0	0	0	0	0			
10 inch	\$1,061.76	0	0	0	0	0			
12 inch	\$1,699.19	0	0	0	0	0			
<b>Area 2 Consumption Charges Winchester:</b>									
1st block	\$4,3855	78,407	17,943	1,521	1,912	0			
2nd block	\$3,2173	3,823	30,253	46,547	7,263	0			
3rd block	\$2,1147	0	0	0	0	0			



Indiana-American Water Company  
 Forecast Year Operating Revenues at Proposed Rates (Step 1)

REV2 WP1  
 F.Y. - Proposed Rates Step 2

Area 2 Cust Chrgs Mooresville:	G.S. Rates	Projected Residential	Projected Commercial	Projected Industrial	Projected Public Auth.	Projected Miscellaneous	Resale Rates	Projected Resale
5/8 inch	\$15.47	41,107	3,176	0	126	0	---	---
3/4 inch	\$21.92	44	133	0	1	0	---	---
1 inch	\$28.72	24	616	12	63	0	---	---
1 1/2 inch	\$53.79	0	381	0	35	0	---	---
2 inch	\$98.27	0	234	0	68	0	---	---
3 inch	\$154.90	0	12	0	24	0	---	---
4 inch	\$240.80	0	12	12	0	0	---	---
6 inch	\$436.17	0	0	0	12	0	---	---
8 inch	\$672.41	0	0	0	0	0	---	---
10 inch	\$1,061.76	0	0	0	0	0	---	---
12 inch	\$1,699.19	0	0	0	0	0	---	---
<b>Area 2 Consumption Charges Mooresville:</b>								
1st block	\$4,3855	155,362	27,595	329	2,212	0	---	---
2nd block	\$3,2173	4,939	43,269	37,436	25,851	0	---	---
3rd block	\$2,1147	0	0	0	0	0	---	---
Yankeetown Surcharge	\$10.00	7,594	49	0	23	0	---	---

Miscellaneous Adjustments	Projected Residential	Projected Commercial	Projected Industrial	Projected Public Auth.	Projected Miscellaneous	Projected Resale	Total
Watson Rural Water Company	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revenue	\$123,120,679	\$48,872,363	\$15,973,713	\$8,702,977	\$76,007	\$11,857,306	\$208,603,045
Usage	13,154,495	8,889,258	4,846,532	1,836,773	3,530	4,003,876	32,734,463
Services Charges	3,249,345	332,452	8,681	21,879	393	324	

Indiana-American Water Company  
Forecast Year Operating Revenues at Proposed Rates (Step 1)

II. Fire Protection

Private Fire Service - Annual Area 1 & 2:

	Proposed Rates	Billing Determinants
2"	\$3.30	1,950
2-1/2"	\$5.91	948
3"	\$9.54	731
4"	\$20.35	9,681
6"	\$59.08	25,126
8"	\$125.92	13,025
10"	\$226.43	1,513
12"	\$365.76	780
Hydrants	\$59.08	14,429
Adjustments	\$0	\$0

Private Fire Protection Revenue

\$4,820,618

Public Fire Service - Annual Area 1 & 2:

Hydrant Rental

\$68.35

4,308

Public Fire Surcharge - Annual Area 1 & 2

5/8 "	\$4.92	3,065,378
3/4 "	\$7.37	4,950
1 "	\$12.27	117,433
1 1/2 "	\$24.57	13,105
2 "	\$39.30	56,735
3 "	\$73.68	3,815
4 "	\$122.80	2,797
6 "	\$245.62	1,258
8 "	\$392.98	264
10 "	\$638.58	24
12 "	\$1,056.13	0

**Public Fire Surcharge - Annual West Lafayette**

5/8 "	\$3.44	137,610
3/4 "	\$5.15	0
1 "	\$8.60	5,367
1 1/2 "	\$17.19	1,967
2 "	\$27.51	3,772
3 "	\$51.57	350
4 "	\$85.95	144
6 "	\$171.89	0
8 "	\$275.04	24
10 "	\$446.95	0
12 "	\$739.17	0

**Public Fire Surcharge - Annual Seymour**

5/8 "	\$4.31	82,672
3/4 "	\$6.46	0
1 "	\$10.77	2,094
1 1/2 "	\$21.54	578
2 "	\$34.46	1,995
3 "	\$64.61	203
4 "	\$107.67	60
6 "	\$215.35	48
8 "	\$344.55	0
10 "	\$559.89	0
12 "	\$925.98	0

**Public Fire Surcharge - Annual Sheridan**

5/8 "	\$4.92	14,148
1 "	\$12.27	936
1 1/2 "	\$24.57	276
4 "	\$122.80	72

Adjustments

\$0

Public Fire Protection Revenue

\$21,728,054

III. Miscellaneous Revenues

Late Payment Fees	\$1,294,659
Rents	\$270,660
NSF Charges	\$102,543
Usage Data	\$651,479
Reconnection Fees	\$930,630
After Hours Charges	\$21,758
Miscellaneous Services	\$455,207
Unbilled Revenue	\$0
Revenue	<u>\$3,726,936</u>

IV. Total Revenue

General Service & Resale	<u>Proposed</u>	<u>Present</u>	
Public Fire Protection	\$208,603,045	\$193,142,821	20.9502%
Private Fire Protection	\$21,728,054	\$20,064,488	8.2911%
Miscellaneous Revenue	\$4,820,618	\$4,444,788	8.4555%
Total	<u>\$3,726,936</u>	<u>\$3,726,936</u>	0.0000%
	<b>\$238,878,653</b>	<b>\$221,379,033</b>	<b>7.9050%</b>