

**STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION**

**PETITION OF THE CITY OF COLUMBUS,)
INDIANA, FOR (1) AUTHORITY TO ISSUE)
BONDS, NOTES, OR OTHER)
OBLIGATIONS, (2) AUTHORITY TO)
INCREASE ITS RATES AND CHARGES)
FOR WATER SERVICE, (3) APPROVAL)
OF NEW SCHEDULES OF WATER RATES)
AND CHARGES, AND (4) AUTHORITY TO)
ESTABLISH AND IMPLEMENT SYSTEM)
DEVELOPMENT CHARGES.)**

CAUSE NO. 45427

**FILED
January 13, 2021
INDIANA UTILITY
REGULATORY COMMISSION**

STIPULATION AND SETTLEMENT AGREEMENT

1. The City of Columbus, Indiana (“Petitioner” or “Columbus”), the Indiana Office of Utility Consumer Counselor (“OUCC”) and Southwestern Bartholomew Water Corporation (“SBWC”) (collectively, the “Settling Parties”), by their respective counsel, respectfully request the Indiana Utility Regulatory Commission (“Commission”) to 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 without any modification or condition that is not acceptable to the Settling Parties.

2. In this proceeding, this Stipulation follows the Settling Parties’ prefiled testimony and attachments and coincides with the Settling Parties’ filing of supplemental testimony in support of this Stipulation. Since the time of Petitioner’s filing of its case-in-chief in this Cause, the OUCC and SBWC have conducted discovery and filed their respective cases, and the parties have engaged in discussions to address items the OUCC and SBWC identified as their primary issues in this Cause. Those interactions 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 result produced collectively by all of the concessions. As set forth below and in Attachment DLB-1S, the parties have negotiated terms that resolve all issues in this proceeding. In all cases, the agreed upon terms are founded upon documented positions filed in this proceeding, including what is included in Settlement Testimony, that the Settling Parties have agreed each of them will file in support of this Stipulation.

3. The impact on Columbus's revenue requirement and the relief requested in this case is reflected more fully in Attachment DLB-1S included with Mr. Douglas L. Baldessari's Settlement Testimony and attached hereto. All issues not specifically addressed in the enumerated paragraphs below are as reflected in Attachment DLB-1S and incorporated herein by reference.

4. For purposes of settlement, the Settling Parties stipulate and agree as follows:

- A. **Revenue Requirement.** For purposes of settlement, the Settling Parties agree that Columbus's overall pro forma revenue increase shall be \$3,311,396, which represents an overall rate increase of 74.80%. The Settling Parties further agree such increase should be implemented in the following three phases: (1) a 44.30% Phase 1 increase to become effective when an order is issued in this Cause; (2) a 12.99% Phase 2 increase to be implemented on January 1, 2023; and (3) a 7.21% Phase 3 increase to be implemented on January 1, 2024.
- B. **Financing Matters.** For purposes of settlement, the Settling Parties agree:

- i. **Debt Issuance.** Columbus should be authorized to issue \$22,200,000 of long-term debt in two tranches at interest rates of 2.5% and 2.8%, subject to true-up.
- ii. **True-Up Report and Process.** Petitioner shall file a report within thirty (30) days of closing on each of its long term debt issuances explaining the terms of the new loan, the amount of debt service reserve and an itemized account of all issuance costs. The report should include a revised tariff, amortization schedule and indicate the effect on rates. Within fourteen (14) calendar days of service of the true-up report, the OUCC shall state whether it objects or disagrees with the true-up report. Petitioner similarly has fourteen (14) days to file a response to the OUCC. If the Settling Parties state in writing that the increase or decrease indicated by the true-up report need not occur because the increase or decrease would be immaterial, the true-up need not be implemented.
- iii. **Debt Service Annual Revenue Requirement.** For purposes of calculating the revenue requirement, Columbus's debt service annual revenue requirement shall be \$577,425 for Phase 1 and \$1,276,511 beginning with Phase 2, which amounts shall be subject to the true-up.
- iv. **Debt Service Reserve Requirement.** The Commission should approve a Debt Service Reserve Revenue Requirement of \$255,302 for each Phase, subject to true-up. For purposes of settlement, the Settling Parties agree that once the Debt Service Reserve Requirement has been fully funded, Petitioner shall annually spend the amount of money no longer

needed for debt service reserve to augment infrastructure replacement or reserve such funds to offset future borrowing.

C. **Depreciation Issues.** For purposes of settlement, the Settling Parties agree that Intervenor SBWC shall withdraw the testimony of SBWC witness Ben Foley.

5. **Other Rates and Charges.**

A. **System Development Charges.** The Settling Parties stipulate that Columbus should be authorized to implement a system development charge (“SDC”) to be applied to new or expanding customers of Columbus’s water utility operations in the amount of \$990 per residential customer. For all other meters, the charges shall be as follows:

Meter Size	System Development Charge
1 inch	\$2,475
1 1/2 inch	\$4,950
2 inch	\$7,920
3 inch	\$15,840
4 inch	\$24,750
6 inch	\$49,500
8 inch	\$79,200
10 inch	\$207,900
12 inch	\$262,350*

*reflects corrected charge as identified in OUCC witness Mierzwa’s testimony.

B. **Irrigation Rate.** OUCC witness Jerome D. Mierzwa recommended that Columbus consider establishing a separate rate schedule for irrigation customers. The Settling Parties agree Columbus should consider establishing a separate rate schedule for irrigation customers and, if Columbus determines it is appropriate

to establish a separate rate schedule for irrigation customers, Columbus shall request approval from the Commission to do so in its next rate case.

6. **Cost of Service Study and Rate Design.** The Settling Parties accept the cost of service study performed by OUCC witness Mierzwa and filed with his direct testimony; however, the Settling Parties agree that all customer classes shall be capped at an approximate 113% revenue increase (with no customer receiving more than a 112.9% increase) for each customer class. The Settling Parties further agree that the revenue offset for the large commercial and industrial customers and Eastern Bartholomew Water Corporation (“EBWC”) should be allocated to the residential class. The resulting rates and charges which the Settling Parties stipulate and agree should be approved by the Commission are set forth in Attachment DLB-1S.

7. **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 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 10 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.

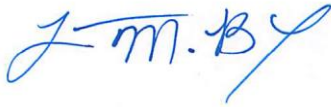
The communications and discussions and materials produced and exchanged during the negotiation of the Stipulation relate to offers of settlement and shall be privileged and confidential.

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.

ACCEPTED and AGREED this 13th day of January, 2021.

City of Columbus, Indiana



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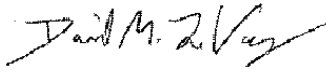
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COLUMBUS (INDIANA) MUNICIPAL WATER UTILITY

Proposed Settlement

**PRO FORMA ANNUAL REVENUE REQUIREMENTS
AND ANNUAL OPERATING REVENUES**

	Phase I Pro Forma <u>8/1/2021</u>	Phase II Pro Forma <u>1/1/2023</u>	Phase III Pro Forma <u>1/1/2024</u>
<u>Annual Revenue Requirements:</u>			
Operation and Maintenance Expenses	\$4,905,722	\$4,905,722	\$4,905,722
Additional Utility Receipts Tax (1.4%)	<u>24,394</u>	<u>34,717</u>	<u>41,210</u>
Total Operating Expenses	4,930,116	4,940,439	4,946,932
Debt Service: Proposed 2021 Bonds	577,425	1,276,511	1,276,511
Debt Service Reserve	255,302	255,302	255,302
Depreciation Expense	<u>1,018,327</u>	<u>1,138,880</u>	<u>1,652,480</u>
Total Annual Revenue Requirements	6,781,170	7,611,132	8,131,225
Less Penalties	(18,783)	(18,783)	(18,783)
Less Reconnect Fees	(61,120)	(61,120)	(61,120)
Less Miscellaneous Revenues	(212,864)	(212,864)	(212,864)
Less Interest Income	(14,824)	(14,824)	(14,824)
Less Rental Income	<u>(85,200)</u>	<u>(85,200)</u>	<u>(85,200)</u>
Net Annual Revenue Requirements	<u>\$6,388,379</u>	<u>\$7,218,341</u>	<u>\$7,738,434</u>
<u>Annual Revenues:</u>			
Water Sales	\$3,672,802	\$3,672,802	\$3,672,802
Fire Protection	754,236	754,236	754,236
Plus revenues from rate increase	<u>-</u>	<u>1,961,341</u>	<u>2,791,303</u>
Total Annual Operating Revenues	<u>\$4,427,038</u>	<u>\$6,388,379</u>	<u>\$7,218,341</u>
Additional Revenue Required	<u>\$1,961,341</u>	<u>\$829,962</u>	<u>\$520,093</u>
Percentage Increase	<u>44.30%</u>	<u>12.99%</u>	<u>7.21%</u>

COLUMBUS (INDIANA) MUNICIPAL WATER UTILITY

Proposed Settlement

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

Customer Classification	Cost of Service	Normalized Revenue Under Existing Rates (1)	Revenue Under Adjusted Rates	Adjusted Rates Increase/(Decrease)		Variance Between Adjusted Revenues and Cost of Service	
				%	Amount	%	Amount
Residential	\$3,320,473	\$1,996,499	\$3,404,409	70.52%	\$1,407,910	2.53%	\$83,936
Small Commercial	912,447	460,591	911,470	97.89%	450,879	-0.11%	(977)
Large Commercial	973,935	451,486	961,225	112.90%	509,739	-1.31%	(12,710)
Industrial	1,280,401	576,970	1,222,712	111.92%	645,742	-4.51%	(57,689)
Eastern Bartholomew Water	30,362	11,219	23,823	112.35%	12,604	-21.54%	(6,539)
Southwestern Bartholomew Water	454,814	176,037	372,426	111.56%	196,389	-18.11%	(82,388)
Fire Protection	766,002	754,236	844,407	11.96%	90,171	10.24%	78,405
Totals	\$7,738,434	\$4,427,038	\$7,740,472	74.85%	\$3,313,434	0.03%	\$2,038

(1) Assumes the calculated test year revenues adjusted for; 1) the normalization adjustments on pages 20 to 27; 2) OUCC's normalization adjustment for Eastern Bartholomew Water Corporation; 3) pro rata allocation of the \$41,267 consumer study variance between the residential, small commercial, large commercial and industrial customer classes.

COLUMBUS (INDIANA) MUNICIPAL WATER UTILITY

SCHEDULE OF PRESENT AND PROPOSED RATES AND CHARGES

		<u>Present (1)</u>	<u>Proposed</u>		
			<u>Phase I</u>	<u>Phase II</u>	<u>Phase III</u>
<u>Monthly Metered Flow Rate (per 1,000 gallons)</u>					
First	10,000 gallons	\$1.61			
Next	40,000 gallons	1.34			
Next	250,000 gallons	1.11			
Next	700,000 gallons	1.03			
Over	1,000,000 gallons	0.88			
First	15,000 gallons		\$2.54	\$2.87	\$3.08
Next	285,000 gallons		2.17	2.45	2.63
Over	300,000 gallons		1.61	1.82	1.95
<u>Monthly Charge (per bill)</u>		\$0.74	\$0.00	\$0.00	\$0.00
<u>Meter Charge (per month)</u>					
5/8 - 3/4	inch meter	\$2.64	\$3.63	\$4.10	\$4.40
1	inch meter	3.68	7.31	8.26	8.85
1 1/2	inch meter	4.41	13.42	15.16	16.25
2	inch meter	7.35	20.76	23.46	25.15
3	inch meter	29.41	37.90	42.82	45.90
4	inch meter	36.76	62.38	70.48	75.55
6	inch meter	55.87	123.56	139.61	149.65
8	inch meter	77.93	197.00	222.59	238.60
10	inch meter	107.33	282.70	319.42	342.40
12	inch meter	148.76	527.46	595.98	638.85
<u>Private Hydrants (per year)</u>		\$289.65	\$133.26	\$150.57	\$161.40

(1) Present rates and charges pursuant to IURC Order in Cause No. 39425 dated August 13, 1992.

(Continued on next page)

COLUMBUS (INDIANA) MUNICIPAL WATER UTILITY

(Cont'd)

SCHEDULE OF PRESENT AND PROPOSED RATES AND CHARGES

		Present (1)	Proposed		
			Phase I	Phase II	Phase III
<u>Fire Protection Charges (per month)</u>					
5/8 - 3/4	inch meter	\$1.65	\$2.11	\$2.38	\$2.55
1	inch meter	4.22	5.27	5.95	6.38
1 1/2	inch meter	9.50	10.53	11.90	12.75
2	inch meter	16.90	16.84	19.03	20.40
3	inch meter	38.02	31.58	35.68	38.25
4	inch meter	67.58	52.63	59.47	63.75
6	inch meter	152.06	105.27	118.94	127.50
8	inch meter	270.34	168.43	190.31	204.00
10	inch meter	422.40	242.12	273.57	293.25
12	inch meter	608.26	452.65	511.45	548.25
<u>Automatic Sprinkler Systems (per year)</u>					
2	inch connection	\$29.41	\$7.41	\$8.37	\$8.98
3	inch connection	72.04	21.52	24.32	26.07
4	inch connection	130.86	45.87	51.83	55.56
5	inch connection	199.96	0.00	0.00	0.00
6	inch connection	289.65	133.26	150.57	161.40
8	inch connection	516.08	283.98	320.87	343.95
10	inch connection	802.78	510.69	577.03	618.54
12	inch connection	1,156.00	824.90	932.05	999.11
<u>Wholesale Rates (per 1,000 gallons)</u>					
Eastern Bartholomew Water Corp.		\$1.55	\$2.30	\$2.60	\$2.78
Southwestern Bartholomew Water Corp.		0.84	1.47	1.66	1.78
<u>System Development Charges</u>					
5/8 - 3/4	inch meter		\$990.00	\$990.00	\$990.00
1	inch meter		2,475.00	2,475.00	2,475.00
1 1/2	inch meter		4,950.00	4,950.00	4,950.00
2	inch meter		7,920.00	7,920.00	7,920.00
3	inch meter		15,840.00	15,840.00	15,840.00
4	inch meter		24,750.00	24,750.00	24,750.00
6	inch meter		49,500.00	49,500.00	49,500.00
8	inch meter		79,200.00	79,200.00	79,200.00
10	inch meter		207,900.00	207,900.00	207,900.00
12	inch meter		262,350.00	262,350.00	262,350.00

(1) Present rates and charges pursuant to IURC Order in Cause No. 39425 dated August 13, 1992.

COLUMBUS (INDIANA) MUNICIPAL WATER UTILITY

Proposed Settlement

COMPARISON OF PRESENT AND PROPOSED RATES AND CHARGES

<u>Meter Size</u>	<u>Monthly Usage</u>	<u>Monthly Bill</u>			
		<u>Current</u>	<u>CCU Revised Proposed</u>	<u>Increase/Decrease</u>	
				<u>(Dollars)</u>	<u>(%)</u>
Metered Users					
5/8 inch meter	0 gallons	\$3.38	\$4.40	\$1.02	30.2%
	1,000 gallons	4.99	7.48	2.49	49.9%
	2,000 gallons	6.60	10.56	3.96	60.0%
	3,000 gallons	8.21	13.64	5.43	66.1%
	4,000 gallons	9.82	16.72	6.90	70.3%
	5,000 gallons	11.43	19.80	8.37	73.2%
	10,000 gallons	19.48	35.20	15.72	80.7%
1 inch meter	25,000 gallons	40.62	81.35	40.73	100.3%
	50,000 gallons	74.12	147.10	72.98	98.5%
	100,000 gallons	129.62	278.60	148.98	114.9%
6 inch meter	1,000,000 gallons	1,124.81	2,310.40	1,185.59	105.4%
	10,000,000 gallons	9,044.81	19,860.40	10,815.59	119.6%
	20,000,000 gallons	17,844.81	39,360.40	21,515.59	120.6%
	30,000,000 gallons	26,644.81	58,860.40	32,215.59	120.9%
Eastern Bartholomew Water					
4 inch meter	159,000 gallons	245.97	517.57	271.60	110.4%
6 inch meter	300,000 gallons	464.10	983.65	519.55	111.9%
Southwestern Bartholomew Water					
6 inch meter	1,000,000 gallons	899.61	1,929.65	1,030.04	114.5%
	5,000,000 gallons	4,271.61	9,049.65	4,778.04	111.9%
	10,000,000 gallons	8,486.61	17,949.65	9,463.04	111.5%

COLUMBUS (INDIANA) MUNICIPAL WATER UTILITY

Proposed Settlement

COMPARISON OF REVISED CCU PROPOSAL AND OUCC PROPOSED RATES AND CHARGES

<u>Meter Size</u>	<u>Monthly Usage</u>	<u>Monthly Bill</u>			
		<u>OUCC Proposed</u>	<u>CCU Revised Proposed</u>	<u>Increase/Decrease</u>	
				<u>(Dollars)</u>	<u>(%)</u>
Metered Users					
5/8 inch meter	0 gallons	\$4.40	\$4.40	\$0.00	0.0%
	1,000 gallons	7.36	7.48	0.12	1.6%
	2,000 gallons	10.32	10.56	0.24	2.3%
	3,000 gallons	13.28	13.64	0.36	2.7%
	4,000 gallons	16.24	16.72	0.48	3.0%
	5,000 gallons	19.20	19.80	0.60	3.1%
	10,000 gallons	34.00	35.20	1.20	3.5%
1 inch meter	25,000 gallons	80.25	81.35	1.10	1.4%
	50,000 gallons	147.75	147.10	(0.65)	-0.4%
	100,000 gallons	282.75	278.60	(4.15)	-1.5%
6 inch meter	1,000,000 gallons	2,412.55	2,310.40	(102.15)	-4.2%
	10,000,000 gallons	21,042.55	19,860.40	(1,182.15)	-5.6%
	20,000,000 gallons	41,742.55	39,360.40	(2,382.15)	-5.7%
	30,000,000 gallons	62,442.55	58,860.40	(3,582.15)	-5.7%
Eastern Bartholomew Water					
4 inch meter	159,000 gallons	663.85	517.57	(146.28)	-22.0%
6 inch meter	300,000 gallons	1,259.65	983.65	(276.00)	-21.9%
Southwestern Bartholomew Water					
6 inch meter	1,000,000 gallons	1,959.65	1,929.65	(30.00)	-1.5%
	5,000,000 gallons	9,199.65	9,049.65	(150.00)	-1.6%
	10,000,000 gallons	18,249.65	17,949.65	(300.00)	-1.6%