

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

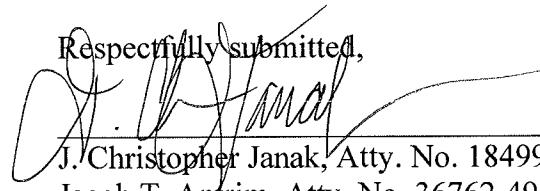
PETITION OF JACKSON COUNTY WATER
AUTHORITY FOR AUTHORITY TO ISSUE
LONG-TERM DEBT AND ADJUST ITS
RATES AND CHARGES

CAUSE NO. 46156

**JACKSON COUNTY WATER AUTHORITY'S
SUBMISSION OF JOINT STIPULATION AND SETTLEMENT AGREEMENT**

Petitioner, Jackson County Water Authority ("JCWA"), by counsel, hereby submits its
Joint Stipulation and Settlement Agreement.

Respectfully submitted,



J. Christopher Janak, Atty. No. 18499-49
Jacob T. Antrim, Atty. No. 36762-49
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*Counsel for Petitioner, Jackson County
Water Utility, Inc.*

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served via electronic mail this 7th

day of March, 2025, upon the following:

Indiana Office of Utility Consumer Counselor

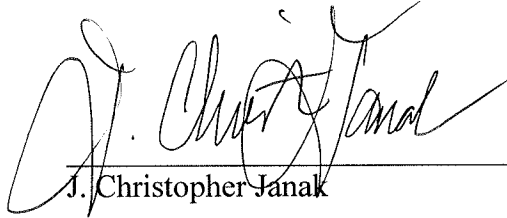
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**BEFORE THE
INDIANA UTILITY REGULATORY COMMISSION**

**PETITION OF JACKSON COUNTY WATER
AUTHORITY FOR AUTHORITY TO ISSUE
LONG-TERM DEBT AND ADJUST ITS
RATES AND CHARGES**

CAUSE NO. 46156

JOINT STIPULATION AND SETTLEMENT AGREEMENT

This Joint Stipulation and Settlement Agreement (“Settlement Agreement”) is entered into this 7th day of March, 2025, by and between the Jackson County Water Authority (“JCWA”) and the Indiana Office of Utility Consumer Counselor (“OUCC”), who stipulate and agree for purposes of settling all matters in this Cause that the terms and conditions set forth below represent a fair and reasonable resolution of all issues in this Cause, subject to their incorporation in a final order (“Order”) from the Indiana Utility Regulatory Commission (“Commission”) without modification or the addition of further conditions that may be unacceptable to either party. If the Commission does not approve the Settlement Agreement in its entirety and incorporate the conclusions herein in its Order, the entire Settlement Agreement shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by the Settling Parties (as defined below).

Terms and Conditions of Settlement Agreement

1. **Requested Relief.** On November 1, 2024, JCWA initiated this Cause by filing its Verified Petition (“Petition”) with the Commission requesting authority to issue long term debt and adjust its rates and charges.

2. **Prefiled Evidence of Parties.** In support of its Petition, JCWA filed the Prefiled Testimony and Exhibits of Lori A. Young, P.E., Earl Ridlen, C.P.A., and Larry McIntosh on November 1, 2024. On February 6, 2025, the OUCC filed the Settling Parties’ Notice of Settlement in Principle and Joint Motion as to Revised Procedural Schedule. On March 7, 2025,

JCWA filed this Settlement Agreement along with the Testimony of Mr. McIntosh and the OUCC pre-filed the Settlement Testimony and Exhibits of Carla F. Sullivan.

3. **Settlement.** Through analysis, discussion, and negotiation, as aided by their respective technical staff and experts, JCWA and the OUCC (“Settling Parties”) agree on the terms and conditions as described herein that resolve all issues between them in this Cause. Attached to the Settlement Agreement as Exhibit A are the accounting schedules (“Schedules”) that reflect the agreed upon revenue requirement and resulting final rates and charges.

4. **Revenue Requirement and Rates.** The Settling Parties agree that JCWA should be authorized an overall increase to its rates and charges for water service to reflect ongoing net revenue requirements in the amount of \$5,074,759 inclusive of gross-up, resulting in an annual increase of \$775,040 inclusive of gross-up or 18.35% over JCWA’s current revenues at existing rates. The agreed overall increase shall be implemented in two phases. The Settling Parties agree the initial increase in rates (“Phase I”) will take effect on a services rendered basis upon the issuance of an order by the Commission approving the settlement and approving new base rates and the filing of approved tariffs. Phase 1 is a \$681,664 (inclusive of gross-up) increase over current revenues at exiting rates, or a 16.14% increase. Phase 2 is a \$93,371 (inclusive of gross-up) increase over Phase 1 revenues, or a 1.90% increase.

Once JCWA has completed its projects to construct new water wells, as it has proposed, JCWA shall submit a compliance filing certifying its constructed wells are in service and used and useful, and setting forth the retirement of certain of its existing wells along with the original cost of each of the retired wells. Specifically, JCWA shall provide actual costs incurred and added to utility plant in service and the reductions to utility plant in service from retirements in the same format as reflected in Settlement Schedule 6, Adjustment 10 - Phase 2. The OUCC will have thirty

(30) days from the date of filing and service of the compliance filing to review and respond to the compliance filing. The Phase 2 increase will take effect after the compliance filing has been approved by the Commission's Water and Wastewater Division.

5. **Operating and Maintenance Expense Adjustments.** The Settling Parties agree, for purposes of settlement only, to remove from JCWA's proposed revenue requirement \$36,580 of various expenses identified and agreed upon by the Settling Parties. The specific adjustment to operating and maintenance expenses is summarized on Schedule 6 in Exhibit A.

6. **Depreciation Expense.** The Settling Parties agree for the purposes of settlement only to a Phase 1 depreciation expense revenue requirement of \$853,828 which represents a \$252,840 reduction from the depreciation expense proposed by JCWA in its case-in-chief. The calculation of the depreciation expense revenue requirement is summarized on Schedule 6 in Exhibit A. The Parties further agree that once the JCWA's project is finally approved by the Indiana Department of Environmental Management ("IDEM") and is constructed in final form, JCWA will remove certain well facilities from service and will adjust its calculation of the Phase 2 depreciation expense revenue requirement will in accordance with the formula on Schedule 6 of Exhibit A. Within thirty (30) days of such event, JCWA shall provide notice to the OUCC and submit its compliance filing as set forth in Section 4 of the Settlement Agreement. Such filing shall set forth JCWA's Phase II rates based on an updated calculation of depreciation using the final, actual cost of JCWA's project and the cost of the wells being removed from service.

7. **Financing Terms.** The Settling Parties agree that JCWA shall have the authority to issue debt in an amount not to exceed \$8,000,000 as proposed by JCWA, subject to the following terms and conditions:

- a. The interest rate on the proposed debt shall not exceed five percent (5%).

- b. The Settling Parties agree that JCWA's revenue requirement shall include an amount of \$1,481,587 per year for principal and interest payments and \$79,813 per year to fund the debt service reserve. For purposes of settlement, the: (i) amount for the debt service reserve represents a \$31,773 reduction from the amount proposed by JCWA in its prefiled testimony; and (ii) average annual debt service requirement shall be calculated based upon the average annual debt service requirement on the long-term debt proposed to be issued to the SRF Program.
- c. Upon receiving the Order, JCWA shall move expeditiously towards closing with the Indiana State Revolving Loan Fund Program ("SRF Program"). If the closing occurs more than ninety (90) days after the issuance of the Order, JCWA shall place that portion of its rates and charges that include principal and interest on the proposed long-term debt in a dedicated account that will be used to reduce the amount of the final debt.
- d. Within thirty (30) days' after closing on the issuance of long-term debt to the SRF program, JCWA shall file in this Cause, and serve on the OUCC, a true-up report describing the final terms of the debt, the amount of debt service reserve, and the amortization schedule for the debt. The true-up report shall note that the OUCC will have twenty one (21) days from the date of service to object to the true-up report. If there is no objection to the true-up report and the annual debt service and debt service reserve look materially different from the originally estimated amount of \$1,481,587 and \$79,813, respectively, then JCWA shall file with the Commission a revised tariff adjusting its rates and charges to include the final amount of the annual principal and interest on the debt and the annual debt service

reserve. However, if the actual terms of the financing are such that the debt payment is less than \$1,481,587 per year, JCWA need not file a revised tariff if the Settling Parties agree in writing the difference is immaterial for purposes of determining whether JCWA tariffs should be revised. In lieu of a revised tariff, JCWA shall file a notice of that consensus which shall include a written statement by the OUCC to that effect. If either of the Settling Parties deem the difference to be material, JCWA shall file with the Commission a revised tariff consistent with the true-up. If the cost of the debt is more than \$1,481,587 per year, JCWA may, in its sole discretion, elect not to file a revised tariff reflecting a higher principal and interest payment for the debt.

8. **Settlement. Through analysis and arms' length discussions and negotiation, as** aided by the respective staff and experts, the Settling Parties have agreed on the terms and conditions described in this Settlement Agreement that resolve all issues between them in this Cause.

9. **Filing of Tariff.** The Settling Parties agree that JCWA may expeditiously file a new tariff after issuance of the Order approving an adjustment to JCWA's rates that is consistent with the Settlement Agreement and Exhibit A.

10. **Admissibility and Sufficiency of Evidence.** The Settling Parties hereby stipulate that the prefiled testimony and exhibits of JCWA and OUCC should be admitted into the record without objection or cross examination by any party. The Settling Parties agree that such evidence constitutes substantial evidence sufficient to support the Settlement Agreement and provides an adequate evidentiary basis upon which the Commission can make all findings of fact and conclusions of law necessary for the approval of this Settlement Agreement as filed.

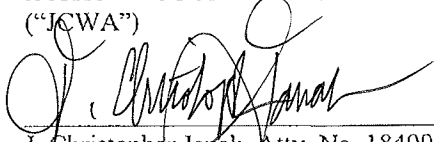
11. **Non-Precedential Effect of Settlement.** The Settling Parties agree that the facts in this Cause are unique and all issues presented are fact specific. Therefore, the Settlement Agreement shall not constitute nor be cited as precedent by any person or deemed an admission by any party in any other proceeding except as necessary to enforce its terms before the Commission or any court of competent jurisdiction. This Settlement Agreement is solely the result of compromise in the settlement process, except as provided herein, is without prejudice to and shall not constitute a waiver of any position that any party may take with respect to any issue in any future regulatory or non-regulatory proceeding.

12. **Authority to Execute.** The undersigned have represented and agreed that they are fully authorized to execute the Settlement Agreement on behalf of the designated parties, who will hereafter be bound thereby.

13. **Approval of Settlement Agreement in its Entirety.** As a condition of this settlement, the Settling Parties specifically agree that if the Commission does not approve this Joint Stipulation and Settlement Agreement in its entirety and incorporate it into the Final Order as provided above, the entire Settlement Agreement shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by the Settling Parties. The Settling Parties further agree that if the Commission does not issue a Final Order in the form that reflects the Agreement described herein, JCWA shall have a reasonable period of time to prepare and file rebuttal testimony and exhibits and this matter should proceed to be heard by the Commission as if no settlement had been reached unless otherwise agreed to by the Settling Parties in a writing that is filed with the Commission.

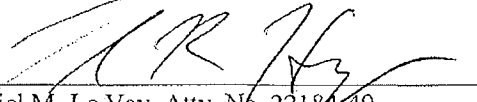
14. **Proposed Order.** The Settling Parties agree to work together in preparing a mutually acceptable proposed order that the Settling Parties agree to file with the Commission on or before March 27, 2025.

JACKSON COUNTY WATER AUTHORITY
("JCWA")



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INDIANA OFFICE OF THE UTILITY CONSUMER
COUNSELOR ("OUCC")



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Exhibit A

Jackson County Water Authority
CAUSE NUMBER 46156

**Comparison of Petitioner's and Settlement's
Revenue Requirements**

	<u>Per Petitioner</u>	<u>Per Settlement</u>	<u>Sch Ref</u>	<u>Settlement More (Less)</u>
1 Operating Expenses	\$ 2,817,306	\$ 2,780,726	4	\$ (36,580)
2 Depreciation	1,106,668	947,063	6	(159,605)
3 Debt Service	1,481,587	1,481,587	PET	-
4 Debt Service Reserve	111,586	79,813		(31,773)
5 Total Revenue Requirements	5,517,147	5,289,189		(227,958)
6 Less: Interest Income	(201,103)	(201,103)	PET	-
7 Less: Rental Income (Land)	-	(14,490)	3	(14,490)
8 Net Revenue Requirements	5,316,044	5,073,596		(242,448)
9 Less: Revenues at current rates subject to increase	(4,298,580)	(4,223,046)	4	75,534
10 Less: Other revenues at current rates	-	(76,673)	4	(76,673)
11 Net Revenue Increase Required	1,017,464	773,877		(243,587)
12 Add: Additional IURC Fees	1,528	1,163		(365)
13 Recommended Increase	<u>\$ 1,018,992</u>	<u>\$ 775,040</u>		<u>\$ (243,952)</u>
14 Recommended Percentage Increase	<u>23.71%</u>	<u>18.35%</u>		<u>-5.36%</u>

Jackson County Water Authority
CAUSE NUMBER 46156

Reconciliation of Net Operating Income Statement Adjustments
Pro-forma Present Rates

	<u>Per Petitioner</u>	<u>Per Settlement</u>		<u>Settlement More (Less)</u>
1 Operating Revenues				
2 Residential test year normalization	\$ 17,704	\$ 18,843	5-1	\$ 1,139
3 Total Operating Revenues	<u>17,704</u>	<u>18,843</u>		<u>1,139</u>
4 O&M Expense				
5 Salaries and Wages	142,239	104,465	6-1	(37,774)
6 Employee Benefits	7,112	5,223	6-2	(1,889)
7 Payroll Taxes	10,881	9,056	6-3	(1,825)
8 System Delivery Adjustment	-	3,253	6-4	3,253
9 Purchased Water	-	20,013	6-6	20,013
10 Insurance - General Liability	7,149	9,207	6-7	2,058
11 IURC Fee	2,198	907	6-9	(1,291)
12 Miscellaneous Expense	-	(3,750)	6-5	(3,750)
13 Property Taxes	-	(15,374)	6-8	(15,374)
14 IDEM Fees	338	338	PET	-
15 Periodic Maintenance	103,091	103,091	PET	-
16 Total O&M Expenses	<u>273,008</u>	<u>185,588</u>		<u>(36,579)</u>
17 Depreciation Expense	126,000	17,236	6-10	(108,764)
18 Amortization Expense - Debt Discount	-	(50,841)	6-11	(50,841)
19 Total Operating Expenses	<u>399,008</u>	<u>202,824</u>		<u>(196,184)</u>
20 Net Operating Income	<u>\$ (381,304)</u>	<u>\$ (183,981)</u>		<u>\$ 197,323</u>

Jackson County Water Authority
CAUSE NUMBER 46156

**Comparison of Petitioner's and Settlement's
Phased In Revenue Requirements**

	Phase 1			Phase 2		
	Per Petitioner	Per Settlement	Sch Ref	Per Petitioner	Per Settlement	Sch Ref
1 Operating Expenses	\$ 2,817,306	\$ 2,780,726	4	\$ -	\$ 2,781,748	4
2 Depreciation	1,106,668	853,828	6	-	947,063	6
3 Debt Service	1,481,587	1,481,587	PET	-	1,481,587	PET
4 Debt Service Reserve	111,586	79,813		-	79,813	
5 Total Revenue Requirements	5,517,147	5,195,954		-	5,290,211	
6 Less: Interest Income	(201,103)	(201,103)	3	-	(201,103)	3
7 Less: Other Income	-	(14,490)	3	-	(14,490)	3
8 Net Revenue Requirements	5,316,044	4,980,361		-	5,074,618	
9 Less: Revenues at current rates subject to increase	(4,298,580)	(4,223,046)	4	-	(4,904,711)	4
10 Less: Other revenues at current rates	-	(76,673)	4	-	(76,673)	4
11 Net Revenue Increase Required	1,017,464	680,642		-	93,234	
12 Add: Additional IURC Fees	1,528	1,022		-	140	
13 Recommended Increase	\$ 1,018,992	\$ 681,664		\$ -	\$ 93,374	
14 Recommended Percentage Increase	23.71%	16.14%		0.00%	1.90%	

Phase 1			Phase 2		
Per Petitioner	Per Settlement	Sch Ref	Per Petitioner	Per Settlement	Sch Ref
\$ 62.35	\$ 58.54		\$ 62.35	\$ 59.65	
	\$ (3.81)			\$ (2.70)	

Rate For Average Residential Customer
Current Rate for 4,000 gallons of Water - \$50.40

Jackson County Water Authority
CAUSE NUMBER 46156

COMPARATIVE BALANCE SHEET
As of December 31,

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Utility Plant:			
Utility Plant in Service	\$ 42,748,051	\$ 39,186,400	\$ 37,451,229
Less: Accumulated Depreciation	15,560,083	14,663,341	13,791,125
Net Utility Plant in Service	<u>27,187,968</u>	<u>24,523,059</u>	<u>23,660,104</u>
1992 Acquisition of Sygo Water Co.	457,428	457,428	457,428
Less: Accumulated Amortization on Acquisition	277,287	270,460	263,632
Net Acquisition Adjustment	<u>180,141</u>	<u>186,968</u>	<u>193,796</u>
Property Held for Future Use	33,227	33,227	33,227
Net Utility Plant	<u>27,401,336</u>	<u>24,743,254</u>	<u>23,887,127</u>
Other Property & Investments			
Rental Property	71,773	71,774	71,773
Restricted Assets:			
USDA - Rural Development, Note DSR	315,617	315,556	315,486
Indiana Finance Authority, Note DSR	767,213	685,538	617,346
Series 2013 Bonds	-	-	519,725
Task Maintenance, IURC	445,289	611,627	609,966
2018 SRF Construction Fund	1,669	169,711	907,048
2022 SRF Bond	1,508,432	3,817,854	
Total Restricted Assets	<u>3,038,220</u>	<u>5,600,286</u>	<u>2,969,571</u>
Current Assets:			
Cash and Cash Equivalents	570,402	818,454	373,459
Special Deposits (Debt Service)	813,320	687,424	858,746
Customer Accounts Receivable	332,788	291,277	334,388
Less: Provision for Uncollectible Accounts	(20,000)	(20,000)	(20,000)
Materials and Supplies	365,028	272,400	261,275
Prepayments	65,495	55,553	45,035
Total Current Assets	<u>2,127,033</u>	<u>2,105,108</u>	<u>1,852,903</u>
Deferred Debits			
Unamortized Debt Discount and Expense	528,091	578,933	454,495
Deferred Rate Case Expense	340,801	138,137	109,718
Total Deferred Debits	<u>868,892</u>	<u>717,070</u>	<u>564,213</u>
Total Assets	<u><u>\$ 33,507,254</u></u>	<u><u>\$ 33,237,492</u></u>	<u><u>\$ 29,345,587</u></u>

Jackson County Water Authority
CAUSE NUMBER 46156

COMPARATIVE BALANCE SHEET
As of December 31,

<u>LIABILITIES</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Equity			
Paid in Capital - Memberships	\$ 885,883	\$ 865,283	\$ 843,283
Retained Earnings	7,867,823	7,353,212	7,204,206
Total Equity	<u>8,753,706</u>	<u>8,218,495</u>	<u>8,047,489</u>
Contributions in Aid of Construction			
Contributions in Aid of Construction, net	6,159,958	5,813,336	5,714,735
Accumulated Amortization of CIAC	-	-	-
Net Contributions-in-aid of Construction	<u>6,159,958</u>	<u>5,813,336</u>	<u>5,714,735</u>
Long-term Debt			
Bonds Payable - Series 2013			235,000
RD Note 2003	3,770,755	3,892,860	4,009,474
SRF Note Payable	631,000	724,000	814,001
2018 SRF Payable	6,134,000	6,275,000	6,413,000
2014 SRF Payable	3,345,000	3,590,000	3,829,936
Bonds Payable - Series 2022	4,300,000	4,300,000	-
Total Long-term Debt	<u>18,180,755</u>	<u>18,781,860</u>	<u>15,301,411</u>
Current Liabilities			
Notes Payable	205,342	198,683	85,193
Customer Deposits	5,025	5,025	5,025
Accrued Taxes	54,907	55,752	52,964
Accrued Interest	147,561	164,341	138,770
Other Current Liabilities	412,835	423,801	281,952
Total Liabilities	<u>\$ 33,507,254</u>	<u>\$ 33,237,492</u>	<u>\$ 29,345,587</u>

Jackson County Water Authority
CAUSE NUMBER 46156

COMPARATIVE INCOME STATEMENT
Twelve Months Ended December 31,

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating Revenue			
Unmetered	\$ 12,581	\$ 77,791	\$ 87,153
Residential	3,098,613	2,872,394	2,842,562
Commercial	670,995	633,251	543,064
Industrial	8,215	12,871	11,132
Public Authority	70,898	22,674	14,882
Sales for Resale	159,765	136,341	146,086
Metered Church	33,430	34,211	34,163
Metered Schools	36,963	37,648	35,494
Fire Protection			
Public	65,953	62,595	62,595
Private	33,423	23,386	22,017
Late Payment Fees	13,367	18,034	291
Miscellaneous Service Revenue	76,673	56,606	9,993
Total Operating Revenues	<u>4,280,876</u>	<u>3,987,802</u>	<u>3,809,432</u>
Operating Expenses			
Salaries and Wages	819,151	731,954	717,775
Officers	24,800	28,600	14,625
Employee Benefits	224,978	263,478	279,122
Payroll Taxes	61,601	59,334	53,624
Purchased Water	82,001	75,172	61,651
Purchased Power	227,076	261,507	210,191
Chemicals	351,652	359,332	245,843
Materials and Supplies	170,101	171,658	143,780
Contractual Services			
Accounting	30,951	30,652	34,874
Engineering	1,740	4,400	4,517
Legal	21,784	5,647	38,140
Testing	274,661	243,936	227,416
Transportation Expense	70,810	85,581	70,521
Insurance			
General Liability	46,659	41,775	26,241
Workers' Compensation	6,128	7,459	35,943
Other	667	1,307	1,596
Regulatory	36,906	4,250	4,645
Bad Debt Expense	3,300	12,023	7,051
Miscellaneous Expense	89,331	86,777	68,153
Total O&M Expense	<u>2,544,297</u>	<u>2,474,842</u>	<u>2,245,708</u>

Jackson County Water Authority
CAUSE NUMBER 46156

COMPARATIVE INCOME STATEMENT
Twelve Months Ended December 31,

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Depreciation Expense	923,000	872,216	860,219
Amortization Adjustment	6,827	6,828	6,828
Amortization Expense	50,841	95,920	95,771
Total Operating Expenses	<u>3,524,965</u>	<u>3,449,806</u>	<u>3,208,526</u>
Net Operating Income	755,911	537,996	600,906
Other Income (Expense)			
Interest & Dividend Income	201,103	57,318	5,313
Gain (Loss) on Sale of Assets	8,900		
Non-Utility Income	14,490	13,927	13,140
Miscellaneous Non-Utility Expenses	-		5,799
Total Other Income (Expenses)	<u>224,493</u>	<u>71,245</u>	<u>24,252</u>
Interest Expenses			
Interest Expense	<u>465,793</u>	<u>460,232</u>	<u>447,235</u>
Total Interest Expense	<u>465,793</u>	<u>460,232</u>	<u>447,235</u>
Net Income	<u>\$ 514,611</u>	<u>\$ 149,009</u>	<u>\$ 177,923</u>

Jackson County Water Authority
CAUSE NUMBER 46156

Pro Forma Net Operating Income Statement

	Test Year Ended 12/31/2023	Adjustments	Sch Ref	Pro Forma Present Rates	Phase 1 Adjustments	Sch Ref	Pro Forma Proposed Rates
1 Operating Revenues							
2 Water Sales	\$4,091,460	\$ 18,843	5-01	\$4,110,303	\$ 663,466		\$4,773,769
3 Fire Protection	99,376			99,376	16,041		115,417
4 Late Payment Fees	13,367			13,367	2,158		15,525
5 Miscellaneous Service Revenue	76,673			76,673	-		76,673
6 Total Operating Revenues	<u>4,280,876</u>	<u>18,843</u>		<u>4,299,719</u>	<u>681,664</u>	1	<u>4,981,384</u>
7 O&M Expense							
8 Salaries and Wages	819,151	104,465	6-1	923,616			923,616
9 Officers Salaries	24,800	-		24,800			24,800
10 Employee Benefits	224,978	5,223	6-2	230,201			230,201
11 Payroll Taxes	61,601	9,056	6-3	70,657			70,657
12 Purchased Water							
13 INAWC	74,614	20,013	6-5	94,627			94,627
14 Crothersville	7,387	-		7,387			7,387
15 Purchased Power	227,076	813	6-4(A)	227,889			227,889
16 Chemicals	351,652	1,259	6-4(B)	352,911			352,911
17 Materials and Supplies	170,101	-		170,101			170,101
18 Contractual Services							
19 Accounting	30,951	-		30,951			30,951
20 Engineering	1,740	-		1,740			1,740
21 Legal	21,784	-		21,784			21,784
22 Testing	274,661	-		274,661			274,661
23 Transportation Expense	70,810	-		70,810			70,810
24 Insurance							
25 General Liability	46,659	9,207	6-6	55,866			55,866
26 Workers' Compensation	6,128	-		6,128			6,128
27 Other	667	-		667			667
28 IURC Fee	36,906	907	6-9	37,813	1,022	1	38,835
29 Bad Debt Expense	3,300	-		3,300			3,300
30 Miscellaneous Expense	89,331	(3,750)	6-7	71,726			71,726
31 Property Taxes		(15,374)	6-8				-
32 IDEM Fees		338	PET				-
33 System Delivery - Postage		1,181	6-4(C)				-
34 Periodic Maintenance		103,091	PET	103,091			103,091
35 Total O&M Expense	<u>2,544,297</u>	<u>236,429</u>		<u>2,780,726</u>	<u>1,022</u>		<u>2,781,748</u>
36 Depreciation Expense	923,000	(75,999)	6-10	847,001			847,001
37 Amortization Expense	50,841	(50,841)	6-11	-			-
38 Amortization Adjustment	6,827	-		6,827			6,827
39 Total Operating Expenses	<u>3,524,965</u>	<u>109,589</u>		<u>3,634,554</u>	<u>1,022</u>		<u>3,635,576</u>
40 Net Operating Income	<u>\$ 755,911</u>	<u>\$ (90,746)</u>		<u>\$ 665,165</u>	<u>\$ 680,642</u>		<u>\$1,345,808</u>

Jackson County Water Authority
CAUSE NUMBER 46156

Pro Forma Net Operating Income Statement

	Phase 1		Sch	Pro Forma	Phase 2	Sch	Pro Forma
	Ended	Adjustments	Ref	Present	Adjustments	Ref	Proposed
	12/31/2024			Rates			Rates
1 Operating Revenues							
2 Water Sales	4,773,769	\$ -		\$4,773,769	\$ 90,881		\$4,864,650
3 Fire Protection	115,417	-		115,417	2,197		117,614
4 Late Payment Fees	15,525	-		15,525	296		15,821
5 Miscellaneous Service Revenue	76,673	-		76,673			76,673
6 Total Operating Revenues	<u>4,981,384</u>	<u>-</u>		<u>4,981,384</u>	<u>93,374</u>	1	<u>5,074,758</u>
7 Total O&M Expense	2,781,748	-		2,781,748	140	1	2,781,888
8 Depreciation Expense	847,001	93,235	6-10	940,236			940,236
9 Amortization Adjustment	6,827	-		6,827			6,827
10 Total Operating Expenses	<u>3,635,576</u>	<u>93,235</u>		<u>3,728,811</u>	<u>140</u>		<u>3,728,951</u>
11 Net Operating Income	<u>\$1,345,808</u>	<u>\$ (93,235)</u>		<u>\$1,252,573</u>	<u>\$ 93,234</u>		<u>\$1,345,807</u>

Jackson County Water Authority
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OUCC Revenue Adjustments

(1)

Test Year Normalization

Description of Adjustment.

Number of Billings as of December 31, 2023	5,709	
Times: Months in Test Year	12	
Normalized Billing Count	68,508	
Less: Actual Number of Billings	68,078	
Increase in Number of Billings	430	
Average Residential Customer Bill	\$ 43.82	
Adjustment Increase (Decrease)		<u>\$ 18,843</u>

<i>Test Year Billings</i>	
January	5,619
February	5,608
March	5,834
April	5,626
May	5,640
June	5,649
July	5,664
August	5,669
September	5,669
October	5,685
November	5,706
December	5,709
	68,078

Test Year Residential Consumption	235,085,500	
Divided: Number of Billings	68,078	
Average Usage	3,453	
First 3,000 gallons		\$ 38.37
Next 7,000 gallons		5.45
		\$ 43.82

Jackson County Water Authority
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OUCG Expense Adjustments

(1)

Salaries and Wages

To normalize test year's salaries and wages expense to 15 full-time staff members.

	<u>Current Hourly Rate</u>	<u>Regular Hours</u>	<u>Regular Wages</u>	
Payroll / AP	\$ 24.30	2,080	\$ 50,544	
Accounts Receivable	20.50	2,080	42,640	
Billing	21.50	2,080	44,720	
Mapping / Meter Reading	20.80	2,080	43,264	
Mapping	28.80	2,080	59,904	
Locates	27.00	2,080	56,160	
Plant Operator	29.25	2,080	60,840	
Field Manager	30.90	2,080	64,272	
Field	25.85	2,080	53,768	
Field	24.00	2,080	49,920	
Field	24.75	2,080	51,480	
Field	24.50	2,080	50,960	
Field	23.00	2,080	47,840	
Field	24.00	2,080	49,920	
Petitioner's Over Time Wages			85,964	
Petitioner's On Call Wages			7,900	
Estimated Bonuses (\$300 per employee)			4,200	
Manager	1,910.00	52.00	<u>99,320</u>	
Normalized test year's salaries and wages				\$ 923,616
Less: Test Year's expense				<u>(819,151)</u>
				<u>\$ 104,465</u>

Jackson County Water Authority
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OUCG Expense Adjustments

(2)

Pension Expense

To increase pension expense related to increase salaries and wages.

Normalized Salaries and Wages	923,616.00	
Times: Pension Rate	<u>5%</u>	
		46,180.80
Less: Test Year Pension Expense		<u>(40,957.55)</u>
	Adjustment Increase (Decrease)	<u>\$ 5,223</u>

(3)

Payroll Taxes

To increase payroll tax expense related to normalized salaries and wages.

Normalized Salaries and Wages	\$ 923,616	
Times: Payroll Tax Rate	<u>7.65%</u>	
		\$ 70,657
Less: Test Year Payroll Tax Expense		<u>(61,601)</u>
	Adjustment Increase (Decrease)	<u>\$ 9,056</u>

Jackson County Water Authority
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OUCG Expense Adjustments

(4)

System Delivery Expense

To increase system delivery costs associated with customer growth.

(A) Purchased Power

Test Year Purchased Power Expense	\$ 227,076		
Divide: Test Year Gallons Sold	414,713,000		
Variable Cost per Gallon Sold		0.00054755	
Times: Additional Gallons Required Due to Growth		1,484,790	
			813

(B) Chemicals

Add: Test Year Chemical Expense	351,652		
Divide: Test Year Gallons Sold	414,713,000		
Variable Cost per Gallon Sold		0.000847941	
Times: Additional Gallons Required Due to Growth		1,484,790	
			\$ 1,259

(C) Postage

Postage per billing	\$ 0.73		
Times: Number of Additional Billings	1,618		
Additional Postage Expense Due to Growth			
			\$ 1,181

<u>Additional Gallons Required</u>	
Test Year Normalization:	
Additional Billings	430
Times: Average Consumption	3453
Additional Consumption	1,484,790

Jackson County Water Authority
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OUCG Expense Adjustments

(5)

Purchased Water

To increase test year purchased water expense due to Indiana American Water Company's rate increase (Cause No. 45870 - Phase 2).

Water Service Charge	\$ 879.20		
Times: Number of Months	<u>12</u>	\$ 10,550	
Water Usage Charge	\$ 3.69230		
Times: Gallons Purchased	<u>22,771</u>	<u>84,077</u>	
			\$ 94,627
			<u>(74,614)</u>
			<u>\$ 20,013</u>

(6)

Disallowed Expenses

To remove Christmas party and gifts from test year operating expenses.

Honey Baked Ham	\$ (1,200)		
Vat & Barrel	<u>(2,550)</u>		
			<u>\$ (3,750)</u>

Jackson County Water Authority
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OUCG Expense Adjustments

(7)

General Insurance

To adjust test year general insurance expense to reflect 2024 premiums paid.

ISU - Stahl Insurance Company - 2024 Invoice	\$ 55,865.88
Less: Test Year	<u>(46,659.00)</u>

Adjustment Increase (Decrease) \$ 9,207

(8)

Property Taxes

To remove 2022 property taxes paid in 2023 and recorded to miscellaneous expenses. These expense are non-recurring due to change to a Water Authority. Petitioner will no longer incur these costs going forward.

Property Taxes Payable in 2024	-
Less: Test Year Property Taxes	<u>15,374</u>

Adjustment Increase (Decrease) \$ (15,374)

(9)

IURC Fees

To increase test year's IURC fees related to test year normalization and post test year growth adjustments.

IURC Fee

<i>Pro forma</i> Revenues at Present Rates	\$ 4,299,719
IURC Rate	<u>0.150%</u>
<i>Pro Forma</i> IURC Fee	6,449.58
Less: Test Year IURC Fee Expenses	<u>(5,542.87)</u>

Adjustment Increase (Decrease) \$ 907

Jackson County Water Authority
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OUCG Expense Adjustments

(10)

Depreciation

To reduce test year depreciation to the IURC composite rate and increase Phase 2 depreciation for assets added to the system after the adjustment period.

Phase 1

Utility Plant In Service (UPIS) as of December 31, 2023	\$ 42,748,051		
Less: Land And Land Rights	(398,020)		
Depreciable UPIS		\$ 42,350,031	
Times: Composite Depreciation Rate		<u>2.0%</u>	
Pro Forma Depreciation Expense			\$ 847,001
Less: Test Year Expense			<u>(923,000)</u>
			<u>\$ (75,999)</u>

Phase 2

Total Amount Borrowed	\$ 6,271,000		
Less Land and Land Rights	(357,300)		
Retirement of Existing Wells	(831,954)		
Debt Issuance Costs	(180,000)		
Rate Case Costs	(240,000)		
Additional Depreciable Plant		<u>4,661,746</u>	
Times: Composite Depreciation Rate		<u>2.00%</u>	
			<u>\$ 93,235</u>

(11)

Debt Issuance Costs - Amortization

To remove the amortization of debt issuance cost which is included in debt service.

Amount Eligible for Rate Treatment	\$ -		
Test Year Amortization Expense			<u>50,841</u>
			<u>\$ (50,841)</u>

Jackson County Water Authority
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Current and Proposed Rates and Charges

	<u>Current</u>	<u>Petitioner Proposed</u>	<u>Settlement</u>		
			<u>Phase 1</u>	<u>Phase 2</u>	<u>Settlement More (Less)</u>
Metered Rates					
First 3,000 gallons	\$ 12.79	\$ 15.82	\$ 14.85	\$ 15.13	\$ (0.69)
Next 7,000 gallons	12.03	14.88	13.97	14.24	(0.64)
Next 15,000 gallons	9.14	11.31	10.62	10.82	(0.49)
Next 75,000 gallons	7.34	9.08	8.52	8.68	(0.40)
Next 100,000 gallons	5.58	6.90	6.48	6.60	(0.30)
Over 200,000 gallons	4.48	5.54	5.20	5.30	(0.24)
Minimum Charge					
5/8" Meter (2,000 gallons)	25.57	31.63	29.70	30.27	(1.36)
3/4" Meter (3,000 gallons)	38.37	47.47	44.56	45.41	(2.06)
1" Meter (5,000 gallons)	62.45	77.26	72.53	73.91	(3.35)
1.5" Meter (12,000 gallons)	140.91	174.32	163.65	166.77	(7.55)
2" Meter (20,000 gallons)	214.06	264.81	248.61	253.34	(11.47)
3" Meter (30,000 gallons)	296.49	366.79	344.35	350.91	(15.88)
4" Meter (50,000 gallons)	443.34	548.46	514.90	524.70	(23.76)
6" Meter (100,000 gallons)	810.47	1,002.63	941.29	959.21	(43.42)
Industrial Rate					
Cost Per 1,000 gallons	2.50	3.09	2.90	2.96	(0.13)
Monthly Meter Charge	17.33	21.44	20.13	20.51	(0.93)
Fire- Protection Services					
Public Fire Hydrants	1,051.55	1,300.87	1,221.29	1,244.54	(56.33)
Private Fire Hydrants	1,051.55	1,300.87	1,221.29	1,244.54	(56.33)
Private Fire Service					
2" Meter	157.66	195.04	183.11	186.60	(8.44)
3" Meter	354.94	439.10	412.23	420.08	(19.02)
4" Meter	631.05	780.67	732.91	746.86	(33.81)
6" Meter	1,419.71	1,756.32	1,648.87	1,680.26	(76.06)
8" Meter	2,523.70	3,122.07	2,931.06	2,986.86	(135.21)
10" Meter	3,943.40	4,878.38	4,579.92	4,667.11	(211.27)
12" Meter	5,678.42	7,024.77	6,595.00	6,720.56	(304.21)