

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF
GIBSON WATER AUTHORITY FOR
AUTHORITY TO ISSUE LONG-TERM DEBT
AND ADJUST ITS RATES AND CHARGES

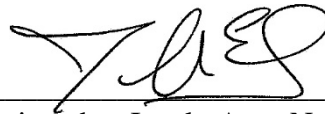
CAUSE NO. 45535

VERIFIED SETTLEMENT TESTIMONY AND EXHIBITS OF STEVE JENKINS

Settlement Testimony of Steve Jenkins

Petitioner's Exhibit 20

Respectfully submitted,



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CERTIFICATE OF SERVICE

I certify that on September 3, 2021, the foregoing was filed electronically with the Indiana Utility Regulatory Commission using the Commission's electronic filing system and was served electronically on the parties below:

Indiana Office of Utility Consumer Counselor

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VERIFIED SETTLEMENT TESTIMONY

OF

STEVE JENKINS

ON BEHALF OF PETITIONER,

GIBSON WATER AUTHORITY

1 **Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A1. My name is Steve Jenkins and my business address is 517 East 1250 South, Haubstadt,
3 Indiana, 47639.

4 **Q2. ARE YOU THE SAME STEVE JENKINS WHO FILED DIRECT AND**
5 **SUPPLEMENTAL TESTIMONY IN THIS CAUSE?**

6 A2. Yes, I am.

7 **Q3. WHAT IS THE PURPOSE OF YOUR SETTLEMENT TESTIMONY?**

8 A3. My testimony supports the Stipulation and Settlement Agreement (Settlement
9 Agreement) entered into by Gibson Water Authority (Gibson Water) and the Indiana
10 Office of Utility Consumer Counselor (OUCC). Petitioner's Exhibit 18.

11 **Q4. HAVE YOU REVIEWED THE SETTLEMENT AGREEMENT AND ITS TERMS**
12 **AND CONDITIONS?**

13 A4. Yes, I have reviewed the Settlement Agreement personally and I have also discussed the
14 Settlement Agreement with Gibson Water's Board. The specific terms and conditions of
15 the settlement are discussed in detail by Mr. Miller in his Settlement Testimony.

16 **Q5. HAS GIBSON WATER'S BOARD APPROVED THE SETTLEMENT**
17 **AGREEMENT?**

18 A5. Yes. At the Board's regularly scheduled monthly board meeting on August 18, 2021, the
19 Board discussed the proposed terms of the settlement with the OUCC. After discussion
20 of the terms and conditions in the Settlement Agreement, the Board approved it by a
21 unanimous vote.

22

1 **Q6. WHY IS IT IMPORTANT FOR GIBSON WATER TO RECEIVE**
2 **AUTHORIZATION FOR ITS PROPOSED FINANCING IN THIS CAUSE?**

3 A6. As I discussed in my direct testimony (Petitioner's Exhibit 1), Toyota Motor
4 Manufacturing Indiana, Inc. (Toyota) is Gibson Water's largest retail water customer. In
5 order to allow it to increase its operations, Toyota requires Gibson Water to provide
6 increased capacity. In order to meet the increased demand, Gibson Water must complete
7 certain system improvements and was required to renegotiate its Water Supply
8 Agreement with the City of Evansville, Indiana ("Evansville"), to obtain sufficient
9 additional quantities of water. Gibson Water must issue additional debt to pay the
10 capacity fee demanded by Evansville.

11 **Q7. WHY IS IT IMPORTANT TO PROVIDE THE ADDITIONAL CAPACITY**
12 **REQUESTED BY TOYOTA?**

13 A7. Gibson Water and its customers benefit from Toyota's contribution through rates to the
14 utility's fixed and variable costs of service. In addition, the local community, and the
15 state as a whole, benefit from the jobs provided by Toyota and Toyota's overall
16 contributions to the economy. It is important that Gibson Water have the ability to
17 provide the additional capacity required by Toyota so that Toyota will continue to operate
18 its facilities. Further, the fact that Toyota will fund most of the fee paid to Evansville for
19 the additional capacity, as discussed in my direct testimony, mitigates the impact of the
20 costs of the necessary system improvements and capacity charge to Gibson Water's other
21 rate payers.

22

1 **Q8. ARE THERE TIMING CONSIDERATIONS FOR GIBSON WATER'S**
2 **PROPOSED DEBT?**

3 A8. Yes. As explained by Mr. Miller in his testimony, there are some timing considerations
4 or deadlines that Gibson Water must meet. With respect to financing being sought from
5 the Indiana State Revolving Loan Fund (SRF Program), Gibson Water is seeking to
6 participate in the SRF Pool Program, which requires Gibson Water to close on its
7 financing before the end of 2021. After closing, Gibson Water will use the proceeds
8 from the SRF Program loan to timely pay the additional capacity payment to Evansville.
9 With respect to the loan from U.S. Department of Agriculture – Rural Development
10 (RD), Gibson Water received a Letter of Conditions (from RD) dated March 18, 2018,
11 which obligates funds to Gibson Water. In the Letter of Conditions, however, RD
12 requires Gibson Water to complete its projects and use all loan proceeds by March 18,
13 2023. In order to complete the projects and use all loan funds by March, 2023, Gibson
14 Water must obtain all RD approvals, solicit bids, award the bids, and initiate construction
15 by approximately April 2022.

16 **Q9. ARE YOU REQUESTING A COMMISSION ORDER BY A CERTAIN DATE?**

17 A9. I understand that there are many factors that affect the timing of the approval of a final
18 order by the Commission, and as such, the Commission cannot guarantee the issuance of
19 an order by any particular date. But to the extent that Gibson Water could receive an
20 order approving its requested relief as modified by the Settlement Agreement in this
21 Cause by November 24, 2021, it would be greatly appreciated and would allow Gibson
22 Water to close its SRF loan before the end of year (as required by an SRF Program).

1 Gibson Water is committed to providing any documentation or information required by
2 the Commission to assist in the order process.

3 **Q10. IN YOUR OPINION, IS THE SETTLEMENT AGREEMENT REASONABLE**
4 **AND IN THE PUBLIC INTEREST?**

5 A10. Yes. The Settlement Agreement makes small changes to Gibson Water's authorized
6 revenue requirement to remove revenues and expenses challenged by the OUCC but still
7 will provide adequate revenues to allow Gibson Water to provide safe, efficient, and
8 reliable water utility service. The Settlement Agreement also provides reasonable
9 restrictions on the terms of the debt issuance and the use of the contingency borrowing
10 authority.

11 **Q11. DOES THIS CONCLUDE YOUR SETTLEMENT TESTIMONY?**

12 A11. Yes.

VERIFICATION

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



Steve Jenkins

3 September 2021
Date