

**FILED
MARCH 29, 2017
INDIANA UTILITY
REGULATORY COMMISSION**

Petitioner's Exhibit No. 4

CITY OF FRANKFORT, INDIANA
INDIANA UTILITY REGULATORY COMMISSION
CAUSE NO. 44856

SETTLEMENT TESTIMONY
OF
ERIC REEDY

1 **Q. Please state your name and business address.**

2 A. My name is Eric Reedy and my business address is 211 N. Chestnut Street, Seymour,
3 Indiana.

4 **Q. What is your profession and where are you employed?**

5 A. I am the founder and President of Reedy Financial Group P.C. ("RFG"), a certified public
6 accounting and consulting firm. RFG provides local government accounting and
7 financial services throughout Indiana, including (but not limited to) utility rate and
8 financing consulting services.

9 **Q. Please describe your area of expertise.**

10 A. My primary practice is in the area of municipal consulting with local units of government
11 within the State of Indiana. I am a Certified Public Accountant. Specifically, my areas
12 of expertise are in municipal utility consulting, municipal debt consulting, and
13 redevelopment/economic development consulting. I have been providing municipal
14 consulting services throughout Indiana for nearly 22 years. With respect to utilities, my
15 responsibilities include supervising staff and performing analysis on various rate and
16 financing engagements, feasibility studies, revenue requirement calculations, cost of
17 service studies, utility financial analysis, accounting software conversions, management
18 reporting, accounting and bookkeeping services, long-term operating and capital
19 planning, annual budgeting and cash flow analysis, revenue bond financial advising,
20 temporary financing advising, and various utility ad-hoc reporting and consulting
21 services.

22 **Q. Please summarize your educational background and professional experience.**

1 A. I graduated from Ball State University with a Bachelor of Science degree concentrating
2 in Accounting. I have 24 years of professional experience which includes 2 years on the
3 State Tax Board, 7 years at CL Coonrod and Co., 7 years at Reedy and Peters, LLC,
4 where I was partner, and now 8 years as the owner of Reedy Financial Group, PC.

5 **Q. Are you a member of any professional associations or organizations?**

6 A. Yes, I am a member of the following organizations: American Water Works Association –
7 Cost of Service and Rate Making, Government Finance Officers Association –
8 Budgeting, Financial Planning, Bone Sales, Accounting, Association of Indiana
9 Municipalities (formally known as Indiana Association of Cities and Towns), Association
10 of Indiana Counties, Alliance of Indiana Rural Water, Indiana CPA Society, Indiana
11 Rural Water Association and attend the Utility Rate School hosted by the National
12 Association of Regulatory Utility Commissioners.

13 **Q. Have you previously testified before the Indiana Utility Regulatory Commission**
14 **(“Commission”)?**

15 A. No.

16 **Q. What is the purpose of your settlement testimony in this Cause?**

17 A. The purpose of my testimony is to support the agreed revenue requirement set forth in the
18 Stipulation and Settlement Agreement (the “Stipulation”) entered between the City of
19 Frankfort, Indiana (“Frankfort” or “Petitioner”) and the Indiana Office of Utility
20 Consumer Counselor (“OUCC”) in this Cause. In addition, I offer additional support for
21 the Rate and Financing Report sponsored by Andrew Lanam and attached to his direct
22 testimony in this Cause. Mr. Lanam is no longer employed with RFG. However, I am

1 familiar with the Rate and Financing Report and the work done by RFG in connection
2 therewith. To the extent there are any questions from the Commission related to the Rate
3 and Financing Report, I am available to address them.

4 **Q. What have you done to prepare your settlement testimony?**

5 A. In preparation for filing this testimony, I have reviewed all of Frankfort's prefiled
6 testimony and attachments, the supplemental testimony of Scott D. Bowles on behalf of
7 Frankfort, the settlement testimony of OUCC witnesses Boerger and Ramaraj in support
8 of the Stipulation, and the Stipulation itself, along with all appendices and attachments
9 thereto.

10 **Q. What agreement did Frankfort and the OUCC reach with respect to Frankfort's**
11 **pro forma revenue requirement for the electric utility?**

12 A. Appendix A to the Stipulation sets the utility's revenue requirement at \$33,390,504.

13 **Q. What increase in operating revenues is needed for the utility to meet the agreed pro**
14 **forma revenue requirements?**

15 A. The resulting increase in annual operating revenues as agreed in the Stipulation is
16 \$2,616,027, representing an increase of 8.63% in metered sales revenues.

17 **Q. Mr. Reedy, do you believe the Stipulation represents a fair, reasonable and just**
18 **resolution of all the issues in this Cause and is in the public interest?**

19 A. Yes, I do.

20 **Q. Do the stipulated revenues provide adequate debt service coverage for Frankfort's**
21 **proposed bond issue as required by IC 8-1.5-2-19(b)?**

22 A. Yes.

1 **Q. Is it your opinion that the rates proposed pursuant to the Stipulation are fair, just,**
2 **non-discriminatory and reasonable and necessary to meet the agreed revenue**
3 **requirements of the utility?**

4 **A. Yes.**

5 **Q. Does this conclude your direct testimony in this Cause?**

6 **A. Yes it does.**

VERIFICATION

The undersigned affirms under the penalties for perjury that the foregoing testimony is true to the best of his knowledge, information and belief.

Dated: 3/29/17

A handwritten signature in black ink, appearing to be 'Eric Reedy', written over a horizontal line.

Eric Reedy