

Verified Phase 2 Settlement Testimony of Ben Foley  
on behalf of  
Brown County Water Utility, Inc.  
Phase 2 of Cause No. 45210

OFFICIAL  
EXHIBITS

**Q1. Please state your name and business address for the record.**

A1. My name is Ben Foley and my business address is 210 West Third Street, Madison, Indiana 47250.

**Q2. Are you the same Ben Foley who previously gave Direct Testimony on behalf of Brown County Water Utility, Inc. ("BCW") in Phase 1 of this proceeding?**

A2. Yes.

**Q3. Mr. Foley, what have you done to prepare to give your Phase 2 Settlement testimony?**

A3. I have reviewed the Phase 1 Stipulation and Settlement Agreement, the Phase 2 Stipulation and Settlement Agreement ("Phase 2 Settlement") between BCW, the Town of Nashville ("Nashville") and the Indiana Office of Utility Consumer Counselor ("OUCC") (collectively, the "Settling Parties"). I have reviewed the Phase 2 Settlement Testimony of Darrell Baker. I have also reviewed the October 22, 2019, Agreement of Settlement between BCW and Nashville which is attached to Mr. Baker's Phase 2 Settlement Testimony.

**Q4. Mr. Foley, did you propose a rate design for BCW based on a Cost of Service Study ("COSS") which you prepared for BCW?**

A4. Yes. My original rate design proposal is set forth on page 15 of Exhibit 4-B, which is attached to Petitioner's Exhibit 4.

**Q5. Did the Settling Parties agree how any rate increase approved in Phase 1 of this Cause would be implemented in Phase 2 of this Cause?**

A5. Yes. The Phase 1 Settlement Agreement provided that any rate increase approved for BCW in Phase 1 would be implemented according to the COSS and rate design approved in Phase 2.

**Q6. Have you recalculated BCW's rate design, as agreed by the Phase 2 Settlement, showing the implementation of the agreed Phase 1 increase (assuming its approval by the Commission) using the methodology set forth in Exhibit 4-B, which is attached to Petitioner's Exhibit 4?**

A6. Yes.

**Q7. What was the result of that calculation?**

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PETITIONER'S  
EXHIBIT NO. 8  
1-9-20  
DATE REPORTER

A7. The result of that calculation is:

Residential	( 1.25)%
Small Commercial	35.56%
Wholesale	34.00%

The detail of this calculation is set forth on attached Exhibit 8-A.

**Q8. Mr. Foley, do you have an opinion regarding the rate design agreed to by the Settling Parties in the Phase 2 Settlement?**

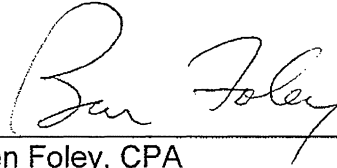
A8. Yes. The rate design set forth in the Phase 2 Settlement represents a negotiated result by all of the Settling Parties. It moves the rates paid by Nashville toward a cost of service based rate. It also mitigates the potential for rate shock to the wholesale customer and incorporates the ratemaking principle of gradualism. The agreed rate design is within the range of results supported by the evidence. This rate design adequately and fairly provides for the current needs of BCW and its ratepayers. The agreed rate design is reasonable and should be approved.

**Q9. Does this conclude your Settlement Testimony?**

A9. Yes.

## VERIFICATION

I hereby affirm, under the penalties of perjury, that the foregoing statements, are true and correct to the best of my knowledge and belief.

A handwritten signature in cursive script, reading "Ben Foley", written in black ink.

Ben Foley, CPA

Date:

11/12/19

**BROWN COUNTY WATER UTILITY, INC.**  
**COMPARISON OF ALLOCATED COST OF SERVICE WITH RECEIPTS UNDER ADJUSTED RATES**

Customer Classification	Cost of Service	Normalized Receipts Under Existing Rates	Increase/(Decrease)		Cost of Service	Receipts Under Adjusted Rates	Variance Between Adjusted Receipts and Cost of Service	
			%	Amount			%	Amount
Residential	\$2,414,484	\$2,815,351	-14.24%	-\$400,867	\$2,414,484	\$2,425,322	0.45%	\$10,838
Small Commercial/Industrial	299,530	220,950	35.56%	78,580	299,530	303,341	1.26%	\$3,811
Wholesale	841,591	331,231	154.08%	510,360	841,591	841,619	0.00%	\$28
Totals	<u>\$3,555,605</u>	<u>\$3,367,532</u>	<u>5.58%</u>	<u>\$188,073</u>	<u>\$3,555,605</u>	<u>\$3,570,282</u>	<u>0.41%</u>	<u>\$14,677</u>
Residential	2,780,254	2,815,351	-1.25%	-\$35,097	\$2,780,254			
Small Commercial/Industrial	299,530	220,950	35.56%	78,580	299,530			
Wholesale	443,850	331,231	34.00%	112,619	443,850			
Totals	<u>\$3,523,634</u>	<u>\$3,367,532</u>	<u>4.64%</u>	<u>\$156,102</u>	\$3,523,634			
Other revenues per Phase I Settlement					<u>87,096</u>			
Net Revenue Requirements per Phase I Settlement					<u>\$3,610,730</u>			