

Excerpts from:

Indiana Utility Regulatory Commission

Indiana Water Service, Inc.

Cause No. 44097 filed on June 14, 2012.

Settlement Testimony of Margaret A. Stull,

on Behalf of

the Indiana Office of Utility Consumer Counselor

Public's Exhibit #1

FILED
June 14, 2012
**INDIANA UTILITY
REGULATORY COMMISSION**

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**PETITION OF INDIANA WATER)
SERVICE, INC. FOR AUTHORITY TO)
INCREASE ITS WATER RATES AND) CAUSE NO. 44097
CHARGES AND FOR APPROVAL OF A)
NEW SCHEDULE OF RATES AND)
CHARGES APPLICABLE THERETO)**

THE INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

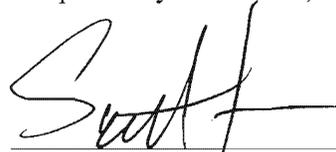
SETTLEMENT TESTIMONY

OF

MARGARET A. STULL – PUBLIC’S EXHIBIT #1

JUNE 14, 2012

Respectfully submitted,



Scott C. Fransor
Deputy Consumer Counselor

Table MAS-2: Rate Base Comparison

	<u>Petitioner</u>	<u>OUCC</u>	<u>Settlement</u>
Utility Plant in Service as of 06/30/11	\$ 1,644,449	\$ 1,572,502	\$ 1,644,449
Accumulated Depreciation at 06/30/11	462,100	462,100	474,331
Net Utility Plant in Service at 06/30/11	1,182,349	1,110,402	1,170,118
Contributions-in-aid-of Construction, net	320,448	320,448	320,448
Utility Plant in Service net of CIAC	861,901	789,954	849,670
Add: Acquisition Adjustment, net	33,161	29,768	29,768
Working Capital	74,255	24,737	25,700
Less: Customer Deposits	15,125	15,125	15,125
Deferred Income Taxes	159,351	159,351	159,351
Total Original Cost Rate Base	<u>\$ 794,843</u>	<u>\$ 669,983</u>	<u>\$ 730,662</u>

C. Rate Case Expense

1 **Q: What Rate Case Expense did each party propose in its case-in-chief?**

2 A: Petitioner proposed total rate case expense of \$151,639 amortized over three (3)
3 years for an annual revenue requirement of \$50,546. The OUCC proposed total
4 rate case expense of \$38,496 amortized over seven (7) years for an annual
5 revenue requirement of \$5,499.

6 **Q: What have the parties agreed to regarding Rate Case Expense?**

7 A: The parties have agreed to total rate case expense of \$80,084 amortized over four
8 (4) years for an annual revenue requirement of \$20,021. Total rate case expense
9 represents Petitioner's expenditures to date plus an estimate of costs related to
10 settlement activities.

11 **Q: Are there any other changes to the accounting schedules related to Rate Case
12 Expense?**

13 A: Yes. The OUCC eliminated all internal labor costs from rate case expense and,
14 instead, increased operating expenses by \$6,817 to represent Petitioner's annual

1 share of these costs. In settlement, the OUCC agreed to include internal labor
2 costs in rate case expense and, therefore, operating expense were correspondingly
3 reduced by \$6,817. The net change to operating expenses as a result of the
4 parties' settlement of rate case expense is an increase of \$7,705.

5 **Table MAS-3: Net Increase to Operating Expenses**

Settlement - Annual Rate Case Expense	\$ 20,021
OUCC - Annual Rate Case Expense	(5,499)
OUCC - Additional Internal Labor	(6,817)
Net Increase to Operating Expenses	<u>\$ 7,705</u>

D. Non-Recurring Charges

6 **Q: How does the settlement on non-recurring charges differ from the OUCC's**
7 **position set forth in its case-in-chief?**

8 A: In settlement, the OUCC has accepted Petitioner's proposed language for its
9 Reconnection Fee. Petitioner has agreed to notify all customers of this specific
10 modification in the tariff to insure they are aware of this change.

III. CONCLUSION

11 **Q: Does the OUCC consider the terms agreed upon to be reasonable and**
12 **otherwise in the public interest?**

13 A: Yes. The OUCC recommends the Commission approve the settlement, which it
14 considers to be in the public interest.

15 **Q: Does this conclude your Supplemental Testimony?**

16 A: Yes.