

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**PETITION OF INDIANA-AMERICAN WATER)
COMPANY, INC. FOR (1) AUTHORITY TO)
INCREASE ITS RATES AND CHARGES FOR)
WATER AND WASTEWATER UTILITY)
SERVICE THROUGH A THREE-STEP RATE)
IMPLEMENTATION, (2) APPROVAL OF NEW)
SCHEDULES OF RATES AND CHARGES)
APPLICABLE TO WATER AND WASTEWATER)
UTILITY SERVICE, INCLUDING A NEW)
UNIVERSAL AFFORDABILITY RATE, (3))
APPROVAL OF REVISED DEPRECIATION)
RATES APPLICABLE TO WATER AND)
WASTEWATER PLANT IN SERVICE, (4))
APPROVAL OF NECESSARY AND)
APPROPRIATE ACCOUNTING RELIEF, (5))
APPROVAL OF THE EXTENSION OF)
SERVICE TO AN INFRASTRUCTURE)
DEVELOPMENT ZONE IN MONTGOMERY)
COUNTY, INDIANA AND AUTHORITY TO)
IMPLEMENT A SURCHARGE UNDER IND.)
CODE § 8-1-2-46.2, AND (6) APPROVAL OF)
PETITIONER’S PLANS TO DEVELOP FUTURE)
WATER SOURCES OF SUPPLY UNDER IND.)
CODE § 8-1-2-23.5.)**

CAUSE NO. 45870

PUBLIC’S EXHIBIT NO. 2

TESTIMONY OF CARLA F. SULLIVAN

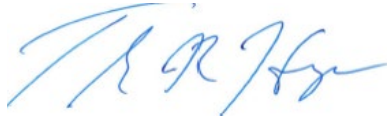
ON BEHALF OF

THE INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

July 21, 2023

Respectfully submitted,

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CERTIFICATE OF SERVICE

This is to certify that a copy of the *Public's Exhibit No. 2 - OUCC's Testimony of Carla F. Sullivan on behalf of the OUCC* has been served upon the following in the captioned proceeding by electronic service on July 21, 2023.

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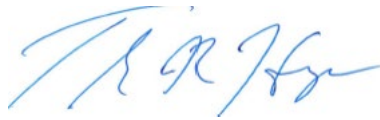
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**TESTIMONY OF OUCC WITNESS CARLA F. SULLIVAN
CAUSE NO. 45870
INDIANA-AMERICAN WATER COMPANY, INC.**

I. INTRODUCTION

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

2 A: My name is Carla F. Sullivan, and my business address is 115 W. Washington St.,
3 Suite 1500 South, Indianapolis, Indiana 46204.

4 **Q: By whom are you employed and in what capacity?**

5 A: I am employed by the Indiana Office of Utility Consumer Counselor ("OUCC") as
6 a Utility Analyst in the Water/Wastewater Division. My qualifications are set forth
7 in Appendix A.

8 **Q: What is the purpose of your testimony?**

9 A: Indiana-American Water Company, Inc. ("Indiana American", "Petitioner", or
10 "INAWC") requested an overall total company revenue increase of 31.1%, or
11 \$86,741,505¹ to be implemented in three steps. The purpose of my testimony is to
12 present the overall results of the OUCC's analysis of Petitioner's proposed revenue
13 increase. The OUCC's analysis of Petitioner's evidence and discovery responses
14 shows that an overall total company revenue increase of 6.60%, or \$18,558,410 is
15 justified in this proceeding.

16 I present the OUCC's accounting schedules and discuss the OUCC's overall
17 recommendation for operating revenue and expense adjustments. I discuss and

¹ OUCC Attachment CFS-1: INAWC's response to OUCC Date Request No. 14-037. OUCC Schedule 1TC, page 1.

1 support various operating revenue adjustments including results from (1) changes
2 in average customer consumption; (2) customer growth; (3) capital trackers; and
3 (4) Utility Receipts Tax repeal. I discuss and support operating expense adjustments
4 for rate case expense, bad debt expense, and IURC fee expense.

5 **Q: In general, what review and analysis did you perform?**

6 A: I read Petitioner's case-in-chief testimony and reviewed the schedules and
7 workpapers Petitioner filed with its case-in-chief. I reviewed Petitioner's general
8 ledger as it relates to this case and prepared discovery questions. I reviewed
9 Petitioner's responses to discovery questions to gain a better understanding of its
10 operations and relief sought in this cause.

11 **Q: Please explain how your testimony is arranged.**

12 A: My testimony provides a summary of Indiana American's proposed revenue
13 increase, followed by the OUCC's recommendation. Next, I provide a detailed
14 discussion of operating revenue adjustments and a summary of the OUCC's
15 recommended operating expense adjustments. I discuss bad debt expense, rate case
16 expense, and the IURC fee. I also discuss non-recurring charges and tariff issues.

17 **Q: Are any schedules, attachments or workpapers submitted with your**
18 **testimony?**

19 A: Yes. Appendix B lists each of the OUCC's accounting schedules and my
20 workpapers and attachments. The OUCC's accounting schedules include schedules
21 for the total company and separate schedules for water and wastewater.

1 **Q: If you do not discuss a specific topic or adjustment, does that mean you agree**
2 **with Petitioner?**

3 A: No. My silence on any specific topic or adjustment does not indicate my approval
4 or agreement. My testimony is limited to only the matters I discuss herein.

II. PRIOR AUTHORIZED OPERATING REVENUE CHANGES

SINCE CAUSE NO. 45142

5 **Q: What level of operating revenue did the Commission authorize in Indiana**
6 **American's last general rate case?**

7 A: The Commission authorized \$240,249,127 of total annual operating revenue in its
8 Final Order for Cause No. 45412 dated June 26, 2019.

9 **Q: Has Indiana American's authorized annual operating revenue changed since**
10 **its last general rate case?**

11 A: Yes. Petitioner's authorized revenue has changed several times since its last general
12 rate case. Table CFS-1 summarizes the changes in Indiana American's authorized
13 annual operating revenue from June 26, 2019 to present, as well as the cumulative
14 total increase.

Table CFS-1: Changes in Authorized Revenue

| Cause No. | Total Company | Authorized | Increase (Decrease) | Cumulative Increase (Decrease) | Percent Revenue Increase |
|--|-------------------------------------|-----------------------|----------------------------|---------------------------------------|---------------------------------|
| 45142 | Authorized Revenues - Step Two | \$ 240,249,127 | | | |
| 45032 | TCJA - Federal Income Tax Reduction | 233,622,618 | (6,626,509) | (6,626,509) | -2.76% |
| TD50604 | URT Repeal | 230,508,121 | (3,114,497) | (9,741,006) | -4.05% |
| Baseline - after Tax adjustments | | \$ 230,508,121 | | \$ (9,741,006) | -4.05% |
| 42351 | Capital Tracker DSIC 12 | 238,063,836 | \$ 7,555,715 | \$ 7,555,715 | 3.28% |
| 42351 | Capital Tracker DSIC 13 | 245,529,036 | 7,465,200 | 15,020,915 | 6.52% |
| 42351 | Capital Tracker DSIC 14 | 266,142,813 | 20,613,777 | 35,634,692 | 15.46% |
| 45609 | Capital Tracker SEI 1 | 271,683,496 | 4,432,546 | 40,067,238 | 17.38% |
| 45609 | Capital Tracker SEI 1 S1 | 272,580,931 | 717,948 | 40,785,186 | 17.69% |
| Net Increase in Authorized Revenues | | \$ 272,580,931 | \$ 5,150,494 | \$ 40,785,186 | 17.69% |
| 45870 | Proposed Increase | \$ 366,190,227 | \$ 86,741,493 | \$ 127,526,679 | 55.32% |

1 **Q: Please provide a brief description of the individual authorized revenue**
2 **changes.**

3 A: The Tax Cut and Jobs Act of 2017 (“TCJA”), which reduced the Federal tax rate to
4 21%, resulted in a \$6,626,509 decrease in authorized annual operating revenue.
5 Indiana House Bill 1002 (“URT repeal”), which repealed the 1.4%² Indiana Utility
6 Receipts Tax, effective July 1, 2022, resulted in a \$3,114,497 decrease to authorized
7 annual operating revenue.

8 Indiana American filed five capital trackers since Cause No. 45142.
9 Petitioner’s authorized revenue increased \$35,634,692 under the DSIC statute and
10 \$5,150,494 under the SEI statute, yielding current authorized revenue of
11 \$272,580,931. After adjusting for tax reductions, Indiana American’s authorized
12 revenue has increased 17.69%³ since the issuance of the Final Order in Cause No.
13 45142.

14 **Q: How do capital trackers affect residential customer rates?**

15 A: Indiana American currently has two (2) capital tracker surcharges. Residential
16 Customers who are served via a 5/8” meter pay an additional \$9.03 per month in
17 fixed charges for the DSIC and SEI. These trackers have increased Area One
18 residential customer charges by approximately 18.16% since INAWC’s last base
19 rate order, assuming consumption of 4,000 gallons.⁴

² While the actual utility receipts tax rate was 1.46% at the time the legislature repealed this tax, most utilities, including INAWC, had 1.4% embedded in their revenue requirement.

³ Percent calculation: $\$40,785,186 / \$230,508,121 = 17.6936\%$

⁴ OUCC Attachment CFS-2: Rate Calculation.

III. OVERALL REVENUE REQUIREMENT

A. Overview of Indiana American's Case

1 **Q: What revenue increase does Indiana American seek in this Cause?**

2 A: Petitioner seeks an overall 31.1% increase to its operating revenue to produce
3 additional revenue of \$86,741,505 per year.⁵ Petitioner's proposed revenue
4 increase is based on a forward-looking test year. Petitioner used historic data for
5 the twelve-months ending September 30, 2022 ("Base Period") to project the results
6 of operations for the twelve-months ending April 30, 2025 ("Test Year"). Petitioner
7 has conducted a cost-of-service study ("COSS") and proposes a new rate design
8 based on the results of its COSS.

9 **Q: How does Indiana American propose to implement its proposed revenue**
10 **increase?**

11 A: Petitioner proposes to implement its revenue increase in three steps.⁶ The Step 1
12 revenue increase, effective upon the issuance of the Final Order (estimated
13 February 1, 2024), is based on Petitioner's actual rate base and capital structure as
14 of July 31, 2023 and forecasted results of operations through December 31, 2023.
15 The Step 2 revenue increase, effective May 1, 2024, is based on Petitioner's actual
16 rate base and capital structure as of April 30, 2024 and forecasted results of
17 operation through April 30, 2025. The Step 3 revenue increase is based on

⁵ OUCC Attachment CFS-1: INAWC's response to OUCC Date Request No. 14-037. OUCC Schedule 1TC, page 1.

⁶ Indiana American Petition, page 6, Section 11.

1 Petitioner's actual rate base, capital structure, and forecasted results of operations
2 through April 30, 2025.

3 **Q: Does Indiana American's proposal include a wastewater subsidy?**

4 A: Yes. Petitioner's response to OUCC's Data Request No. 38-011⁷ provides the
5 amount of wastewater operating revenue Petitioner plans to recover through water
6 rates. The subsidy is 35% of Petitioner's proposed wastewater revenue requirement.
7 As of Step 3, the subsidy will be \$1,631,770.

8 **Q: Please summarize Indiana American's proposed revenue increase without the
9 wastewater subsidy?**

10 A: Table CFS-2 summarizes Petitioner's proposed revenue increase for water and
11 wastewater by Step, including the wastewater subsidy.

Table CFS-2: Petitioner's Proposed Revenue Increase – With Subsidy

| | <u>Step 1</u> | <u>Step 2</u> | <u>Step 3</u> | <u>Overall</u> |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Water | | | | |
| Revenue Requirement | \$ 318,016,725 | \$ 336,369,141 | \$ 361,527,932 | \$ 361,527,932 |
| Add: Wastewater Subsidy | <u>1,337,173</u> | <u>1,492,521</u> | <u>1,631,770</u> | <u>1,631,770</u> |
| Adjusted Revenue Requirement | 319,353,898 | 337,861,662 | 363,159,702 | 363,159,702 |
| Operating Revenue at Present Rates | <u>277,034,291</u> | <u>319,880,126</u> | <u>336,369,136</u> | <u>277,034,291</u> |
| Revenue Requirement Increase | \$ 42,319,607 | \$ 17,981,536 | \$ 26,790,566 | \$ 86,125,411 |
| Percent Increase | 15.28% | 5.62% | 7.96% | 31.09% |
| Wastewater | | | | |
| Revenue Requirement | \$ 4,005,572 | \$ 4,429,564 | \$ 4,662,295 | \$ 4,662,295 |
| Less: Wastewater Subsidy | <u>(1,337,173)</u> | <u>(1,492,521)</u> | <u>(1,631,770)</u> | <u>(1,631,770)</u> |
| Adjusted Revenue Requirement | 2,668,399 | 2,937,043 | 3,030,525 | 3,030,525 |
| Operating Revenue at Present Rates | <u>1,802,375</u> | <u>2,754,239</u> | <u>2,937,043</u> | <u>1,802,375</u> |
| Revenue Requirement Increase | \$ 866,024 | \$ 182,804 | \$ 93,482 | \$ 1,228,150 |
| Percent Increase | 48.05% | 6.64% | 3.18% | 68.14% |

⁷ OUCC Attachment CFS-3: Indiana American's responses to OUCC's Data Request No. 38-011.

B. Overview of OUCC Case

1 **Q: What overall revenue increase does the OUCC recommend in this Cause?**

2 A: Based on the OUCC's due diligence, an overall total revenue increase of
 3 \$18,558,410 (6.60%)⁸ to Petitioner's base year revenue of \$253,006,012 resulting
 4 in *pro forma* authorized revenue of \$271,564,423 is justified. The OUCC's
 5 recommended overall total company revenue increase is 24.51% less than Indiana
 6 American's proposal. Table CFS-3 compares Petitioner's proposed revenue
 7 increase with the OUCC's recommendation.

Table CFS-3: Total Company Overall Revenue Increase Comparison

| | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More (Less)</u> |
|--|---------------------------|----------------------|-----------------------------|
| Original Cost rate Base | \$ 1,845,347,834 | \$ 1,774,964,039 | \$ (70,383,795) |
| Times: Weighted Cost of Capital | 6.88% | 6.14% | -0.74% |
| Net Operating Income Required for Return on Rate base | 126,959,931 | 108,982,792 | 520,840 |
| Add: Fair Value Increment - Indiana Cities | 267,995 | 239,170 | (28,825) |
| Net Operating Income Required | 127,227,926 | 109,221,962 | 492,015 |
| Less: Adjusted Net Operating income | 62,717,923 | 95,424,206 | 32,706,283 |
| Net Revenue Requirement | 64,510,003 | 13,797,756 | (32,214,268) |
| Gross Revenue Conversion Factor | 134.4621% | 134.5031% | 0.0410% |
| Recommended Revenue Increase | \$ 86,741,505 | \$ 18,558,410 | \$ (68,183,095) |
| Recommended Percentage Increase | 31.1% | 6.6% | -24.51% |

Gross Revenue Conversion Factor

8 **Q: What is the purpose of the gross revenue conversion factor?**

9 A: The gross revenue conversion factor calculates the increase in certain operating
 10 expenses and taxes effected by the revenue increase. These operating expenses and
 11 taxes typically include uncollectable debt ("bad debt expense"), the IURC fee, and

⁸ OUCC Schedule 1TC, page 1 of 7.

1 state and federal income taxes. The revenue increase must be “grossed up” for these
2 expenses and taxes.

3 **Q: Do you accept Indiana American’s proposed gross revenue conversion factor?**

4 A: No. While I accept Petitioner’s methodology, I have updated my recommended
5 gross revenue conversion factor to reflect the IURC fee that went into effect on July
6 1, 2023. The new fee is 0.1467603%. Table CFS-4 compares Petitioner’s proposed
7 gross revenue conversion factor calculation to the OUCC’s recommendation.

Table CFS-4: Gross Revenue Conversion Factor Comparison

| | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More(Less)</u> |
|---|---------------------------|---------------------|----------------------------|
| 1 Gross revenue Change | 100.0000% | 100.0000% | 0.0000% |
| 2 Less: Bad Debt Rate | 0.8945% | 0.8945% | 0.0000% |
| 3 Sub-total | 99.1055% | 99.1055% | 0.0000% |
| 4 Less: IURC Fee (% of Line 3) | 0.1153% | 0.1454% | 0.0301% |
| 5 Income Before State Income taxes | 98.9902% | 98.9601% | -0.0301% |
| 6 Less: State Income Tax (0.049 of Line 5) | 4.8505% | 4.8490% | -0.0015% |
| 7 Income before Federal income Taxes | 94.1397% | 94.1111% | -0.0286% |
| 8 Less: Federal income Tax (0.21 of Line 8) | 19.7693% | 19.7633% | -0.0060% |
| 9 Change in Operating Income | 74.3704% | 74.3478% | -0.0226% |
| 10 Gross Revenue Conversion Factor | 134.4621% | 134.5031% | 0.0410% |

IV. OPERATING REVENUE ADJUSTMENTS

A. Indiana American’s Operating Revenue Adjustments

8 **Q: What level of operating revenue adjustments does Indiana American propose?**

9 A: Petitioner proposes total operating revenue adjustments of \$26,659,857 by Step 3.
10 (See INAWC workpaper IN 2023 Rate Case Pro Forma Revenue Adjustments,
11 Exhibit Step 1 and Exhibit Step 2.) Table CFS-5 summarizes Petitioner’s operating
12 revenue adjustments for the total company and separately by water and wastewater.

Table CFS-5: Petitioner's Proposed Operating Revenue Adjustments

| Operating Revenue Adjustments | Total Company | Water | Wastewater |
|-------------------------------------|---------------------|----------------------|-------------------|
| URT Tax Impact | \$ (3,241,099) | \$ (3,221,822) | \$ (19,277) |
| Normalization of Billings - Usage | (5,921,218) | (5,933,404) | 12,186 |
| Annualization of Lowell | 685,485 | 685,485 | - |
| Customer Normalization | 5,042,335 | 4,895,713 | 146,622 |
| DSIC Revenue Adjustment | 24,035,317 | 24,035,317 | - |
| SEI Revenue Adjustment | 5,150,494 | 5,150,494 | - |
| Yankee Surcharge | (76,056) | (76,056) | - |
| Miscellaneous Adjustments | 416,437 | 411,538 | 4,899 |
| Acquisition Adjustment | 171,633 | 171,633 | - |
| Eliminate 50% of LIPP | 10,262 | 10,262 | - |
| Late Fees | 138,259 | 137,359 | 900 |
| Rate Increase OOR | 217,149 | 206,594 | 10,555 |
| Normalize Other Misc. Billing Units | 30,859 | 30,859 | - |
| | <u>\$26,659,857</u> | <u>\$ 26,503,971</u> | <u>\$ 155,886</u> |

1 **Q: Please explain the operating revenue adjustments Indiana American proposes.**

2 **A:** Petitioner proposes the following operating revenue adjustments:

- 3 1) A \$3,241,099 decrease to reflect the repeal of Utility Receipt Tax ("URT").
4 House Enrolled Act 1002-2022, effective July 1, 2022, eliminated this tax.
- 5 2) A \$5,921,218 decrease to reflect Petitioner's forecasted declining
6 consumption (Normalization of Billings - Usage).
- 7 3) A \$685,485 increase to annualize revenue for the acquisition of Town of
8 Lowell ("Lowell") water utility assets.
- 9 4) A \$5,042,335 increase to revenues reflecting Petitioner's forecasted organic
10 growth from October 31, 2022 to April 30, 2025.
- 11 5) A \$24,035,317 increase to reflect DSIC capital tracker revenues.
- 12 6) A \$5,150,494 increase to reflect authorized SEI tracker revenues.
- 13 7) A \$76,056 decrease to operating revenue for the Yankeetown surcharge that
14 will be eliminated during Step 1 rates.
- 15 8) A \$416,437 increase to reflect various miscellaneous adjustments.
- 16 9) A \$171,633 increase to include additional operating revenues to reflect the
17 acquisitions of Claypool and Sunset Village utility assets.

1 10) A \$10,262 increase to remove the base year discounts provided in
2 Petitioner's Low-Income Pilot Program ("LIPP").

3 11) A \$138,259 increase to late fee revenues.

4 12) A \$217,149 increase to other operating revenue.

5 13) A \$30,859 increase to normalize miscellaneous billing units.

B. OUCC's Recommended Operating Revenue Adjustments

6 **Q: Does the OUCC accept Petitioner's proposed operating revenue adjustments?**

7 A: The OUCC accepts Petitioner's proposed revenue adjustments for (a) URT repeal;
8 (b) annualization of Lowell; (c) SEI revenue adjustment; (d) Yankeetown
9 surcharge; (e) acquisition adjustments; (f) normalization of miscellaneous billing
10 units; and (g) increase to other operating revenue. Table CFS-6 compares
11 Petitioner's proposed revenue adjustments to the OUCC's recommendation.

Table CFS-6: Operating Revenue Adjustments Comparison

| <u>Operating Revenue Adjustment</u> | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More (Less)</u> |
|-------------------------------------|---------------------------|----------------------|-----------------------------|
| URT Tax Impact | \$ (3,241,099) | \$ (3,241,099) | \$ - |
| Normalization of Billings - Usage | (5,921,218) | (452,288) | 5,468,930 |
| Annualization of Lowell | 685,485 | 685,485 | - |
| Customer Normalization | 5,042,335 | 7,341,704 | 2,299,369 |
| DSIC Revenue Adjustment | 24,035,317 | 24,267,923 | 232,606 |
| SEI Revenue Adjustment | 5,150,494 | 5,150,494 | - |
| Yankeetown Surcharge | (76,056) | (76,056) | - |
| Miscellaneous Adjustments | 416,437 | (334,040) | (750,477) |
| Acquisition Adjustment | 171,633 | 171,633 | - |
| Eliminate 50% of LIPP | 10,262 | 25,521 | 15,259 |
| Late Fees | 138,259 | 170,597 | 32,338 |
| Rate Increase | 217,149 | 217,149 | - |
| Normalize Other Misc. Billing Units | 30,859 | 30,859 | - |
| Operating Revenue Adjustments | <u>\$ 26,659,857</u> | <u>\$ 33,957,882</u> | <u>\$ 7,298,025</u> |

1 **Declining Consumption**

2 **Q: What declining consumption adjustment do you recommend?**

3 A: I recommend a \$452,288 decrease to normalize operating revenue due to declining
4 consumption.

5 **Q: How did Indiana American calculate its projected decrease in volume for its**
6 **declining consumption adjustment?**

7 A: Petitioner used two methodologies to calculate the decrease in volume it expects to
8 experience through the end of the test year. A regression analysis was used to
9 project residential customer class future average consumption. A three-year
10 average was used to project non-residential customer class future average
11 consumption. (Rea, page 74, line 18 through page 76, line 9.)

12 **Residential Declining Consumption Adjustment**

13 **Q: Do you accept Indiana American's proposed adjustment for residential**
14 **customer class declining consumption?**

15 A: No. The OUCC disagrees with the results of the regression analysis, which
16 Petitioner used to project changes in residential customer class consumption.
17 OUCC witness Shawn Dellinger addresses Petitioner's regression analysis in his
18 testimony. Mr. Dellinger projected future average residential consumption of 4,019
19 gallons per customer per month for Step 1 and 3,971 gallons for Step 2.

20 **Q: How did you calculate your adjustment for residential declining consumption?**

21 A: I inserted Mr. Dellinger's projected residential consumption into Petitioner's
22 model. The model multiplies the forecasted adjusted volume by the appropriate rate
23 block to calculate the adjustment.⁹ Using this methodology, the OUCC

⁹ OUCC Workpaper CFS-3: IN 2023 Rate Case – Water Workpaper_OUCC and IN 2023 Average Use 2012-2022 Workpaper_OUCC. The updated tabs and cells are highlighted in yellow.

1 recommends a \$861,414 decrease to revenues to reflect residential declining
2 consumption.

3 **Non-Residential Declining Consumption Adjustment**

4 **Q: Do you accept Indiana American's proposed adjustment for non-residential**
5 **customer class declining consumption?**

6 A: No. The OUCC disagrees with Petitioner's use of a three-year average to project
7 changes in non-residential customer class consumption.

8 **Q: Why do you disagree with using a three-year average to project non-**
9 **residential consumption?**

10 A: The primary answer is COVID-19. Petitioner assumes projected average
11 consumption is equal to the average consumption of the past three years, October
12 1, 2019 through September 30, 2022. INAWC witness Charles B. Rea states, "April
13 2020 through December 2021, were impacted by the COVID-19 public health
14 emergency" (Rea Direct, p 61, lines 10-22). Mr. Rea considered this effect in his
15 regression analysis for the residential customer class, but no consideration was
16 given to this effect on non-residential customer classes.

17 **Q: How did you forecast future non-residential consumption?**

18 A: Petitioner's model included ten years of historical non-residential consumption. I
19 calculated a ten-year median from this data to forecast future non-residential
20 consumption.

21 **Q: Why do you recommend using a median value as opposed to an average value?**

22 A: Using the median to predict future consumption eliminates the high and low values
23 from non-typical years, like years with droughts and pandemics. Using an average

1 incorporates the non-typical years. Table CFS-7 compares average customer
2 consumption using a ten-year average to a ten-year median.

Table CFS-7: Comparison of Ten-Year Average and Median

| Average Consumption per Month | | | |
|-------------------------------|----------------|---------------|--------------------|
| <u>Customer Class</u> | <u>Average</u> | <u>Median</u> | <u>More (Less)</u> |
| Residential (Gallons) | 4,203 | 4,172 | (31) |
| Commercial (Gallons) | 26,374 | 26,299 | (75) |
| Industrial (Gallons) | 623,877 | 621,388 | (2,489) |
| Public Authority (Gallons) | 85,275 | 90,915 | 5,640 |

3 **Q: How did you calculate your adjustment for non-residential declining**
4 **consumption?**

5 A: I changed the formula in Petitioner’s model to calculate a ten-year median instead
6 of a three-year average.¹⁰ The model then multiplied the forecasted adjusted
7 volume by the appropriate rate block to calculate the adjustment. With this change,
8 the OUCC recommends a \$1,694,537 increase to revenues to reflect a projected
9 increase in non-residential consumption. Table CFS-8 compares Petitioner’s
10 proposal to my recommendation.

¹⁰ OUCC Workpaper CFS-3: IN 2023 Rate Case – Water Workpaper_OUCC and IN 2023 Average Use 2012-2022 Workpaper_OUCC. Updated tabs and cells are highlighted in yellow.

Table CFS-8: Comparison of Declining Consumption Adjustment

| Customer Class | Per Petitioner | Per OUCC | OUCC More(Less) |
|--------------------------------|---------------------------|---------------------|----------------------------|
| Water | | | |
| Residential - Water | \$ (4,640,641) | \$ (861,414) | \$ 3,779,227 |
| Commercial - Water | (1,381,859) | (1,032,252) | 349,607 |
| Industrial | (156,388) | 422,994 | 579,382 |
| Public Authority - Water | 228,469 | 2,323,082 | 2,094,613 |
| Sale for Resale | 17,015 | (19,287) | (36,301.78) |
| Total Water | \$ (5,933,404) | \$ 833,123 | \$ 6,766,527 |
| Waste water | | | |
| Residential - Wastewater | 13,916 | \$ 13,916 | - |
| Commercial - Wastewater | (3,381) | (3,381) | - |
| Public Authority - Wastewater: | 1,651 | 1,651 | - |
| Total Wastewater | \$ 12,186 | \$ 12,186 | \$ - |
| Total Adjustment | \$ (5,921,218) | \$ 845,309 | \$ 6,766,527 |

1 **Customer Normalization Adjustment (Organic Customer Growth)**

2 **Q: What organic customer growth adjustment does Indiana American propose?**

3 A: Petitioner proposes a \$5,042,335 increase to operating revenue for organic
4 customer growth.

5 **Q: What adjustment does the OUCC recommend for organic customer growth?**

6 A: The OUCC recommends a \$7,341,705 increase to operating revenue for the organic
7 customer growth Petitioner is likely to experience between October 31, 2022 and
8 April 30, 2025.

9 **Q: Do you accept Indiana American's Step 1 organic customer growth
10 adjustment?**

11 A: No. While I accept Petitioner's methodology, my adjustment is different because I
12 used the OUCC's average customer consumption values. I recommend a Step 1
13 \$3,415,200 increase compared to Petitioner's proposed \$2,732,693 increase.

1 **Q: Do you accept Indiana American's Step 2 organic growth adjustment?**

2 A: No. Petitioner did not project any growth for its non-residential customer classes
3 after December 31, 2023 (Step 2). Non-residential growth through the end of the
4 test year should be recognized. My adjustment includes non-residential customer
5 class growth through April 30, 2025 – the end of the test year.¹¹ I recommend a
6 \$3,926,504 increase for Step 2. Table CFS-9 compares Petitioner's proposed
7 organic customer growth adjustment to the OUCC's recommendation.

¹¹ OUCC Workpaper CFS-3: IN 2023 Rate Case – Water Workpaper_OUCC and IN 2023 Average Use 2012-2022 Workpaper_OUCC. The updated tabs and cells are highlighted in yellow.

Table CFS-9: Organic Customer Growth Adjustment

| <u>Customer Class</u> | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More (Less)</u> |
|-----------------------|---------------------------|---------------------|-----------------------------|
| Water | | | |
| Residential | \$ 2,690,597 | \$ 3,192,344 | \$ 501,747 |
| Commercial | 356,864 | 709,205 | 352,341 |
| Industrial | 251,823 | 398,611 | 146,788 |
| Public Authority | 993,924 | 2,174,069 | 1,180,145 |
| Fire | 602,504 | 720,853 | 118,349.00 |
| Water Total | \$ 4,895,712 | \$ 7,195,082 | \$ 2,299,370 |
| Waste Water | | | |
| Residential | \$ 135,936 | \$ 135,936 | \$ - |
| Commercial | 4,007 | 4,007 | - |
| Public Authority | 6,679 | 6,679 | - |
| Wastewater Total | \$ 146,622 | \$ 146,622 | \$ - |
| Total Company | \$ 5,042,334 | \$ 7,341,704 | \$ 2,299,370 |

1 **DSIC Revenue Adjustment**

2 **Q: What is a Distribution System Improvement Charge?**

3 A: A DSIC represents a specific amount of capital tracker revenues a utility is allowed
4 to collect based on additional DSIC eligible capital investments since its last
5 general rate case.

6 **Q: Is there a reconciliation process for DSIC revenues?**

7 A: Yes. These revenues are reconciled every twelve months per the Commission's
8 rules, when the utility calculates the amount of actual DSIC revenues collected
9 during the prior twelve-month period compared to the amount of DSIC revenues
10 approved by the Commission. Any overcollection or under-collection of DSIC
11 revenue is factored into the DSIC rate charged during the next twelve months.
12 Through reconciliation, a utility is not permitted to keep additional DSIC revenues

1 caused by customer growth. Conversely, reconciliation protects a utility from a
2 loss of DSIC revenue due to a decrease in customers.

3 **Q: What DSIC revenue did Indiana American forecast for its test year?**

4 A: Petitioner forecasted \$24,035,317 of DSIC revenues.

5 **Q: Do you accept Indiana American's projected DSIC revenues?**

6 A: No. Petitioner's forecasted DSIC revenues are understated by \$232,606. My
7 proposed increase to forecasted base year operating revenues reflects the authorized
8 level of DSIC revenues as of DSIC-14. Because DSIC revenues are reconciled and
9 adjusted accordingly, the amount of DSIC revenues approved by the Commission
10 is the appropriate amount of *pro forma* revenues to reflect in this case. Any actual
11 over or under-collection will be taken care of in the next reconciliation. To include
12 anything other than the approved amount of DSIC revenues in this case could result
13 in Petitioner's revenues being adjusted twice – once in this case and again when the
14 reconciliation is calculated.

15 **Q: What operating revenue adjustment do you recommend for Petitioner's DSIC**
16 **tracker?**

17 A: I recommend a \$24,267,923 increase to base year operating revenue to reflect total
18 authorized DSIC revenues. My recommendation is based on the total DSIC
19 revenues authorized by the Commission through Cause No. 42351-DSIC14.

20 **Q: How did you calculate your proposed adjustment?**

21 A: From the amount authorized in Cause No. 42351-DSIC14 (\$35,634,692), I
22 subtracted the DSIC revenue included in base year operating revenues

1 (\$11,366,769).¹² The difference (\$24,267,923) is my recommended operating
2 revenue adjustment.

3 **Miscellaneous Items Adjustment**

4 **Q: What operating revenue adjustments does Petitioner propose for**
5 **miscellaneous items?**

6 A: Petitioner proposes a \$416,437 increase to base year operating revenues for
7 miscellaneous items including: (1) over-collected URT; (2) miscellaneous
8 adjustments; (3) variances; and (4) unbilled revenue.

9 **Q: Do you accept Petitioner's proposed miscellaneous items adjustment?**

10 A: I accept all proposed miscellaneous item adjustments except Petitioner's
11 adjustment for URT overcollection.

12 **Q: Why does the OUCC not accept the proposed URT overcollection?**

13 A: Rather than issue refunds to the customers who were overcharged for utility receipts
14 tax, Petitioner proposes a Step 1 revenue adjustment. The OUCC considers a direct
15 refund to be more appropriate. The OUCC recommends Petitioner refund all URT
16 revenue collected after June 30, 2022, including carrying costs, as a separate line-
17 item credit on the customer bill.

18 **Q: Why does the OUCC recommend Petitioner include carrying costs in the**
19 **amounts refunded?**

20 A: Petitioner has held these over-collected funds for more than a year and a half. There
21 was no reason for Petitioner to wait to refund this overcollection. Petitioner has had

¹² OUCC Attachment CFS-4: General Ledger Accounts 40111001, 40121200, 40131200, 40151200, 40161200.

1 the benefit of these funds and should pay customer for the use of the funds at
2 Indiana American's weighted average cost of capital.

3 **Q: Why is a direct refund more appropriate than increasing base year operating**
4 **revenue by the amount over collected during the base year?**

5 A: First, Petitioner's rates included the URT through November 23, 2022. Petitioner's
6 proposed revenue adjustment would only incorporate URT collected through
7 September 30, 2022. Second, Petitioner's proposal does not provide transparency
8 to customers that a refund has been provided. Customers deserve to know that an
9 overcharge has been corrected. A refund with carrying charges, as the OUCC
10 recommends best ensures just and reasonable ratemaking treatment for the
11 overcollection of the URT.

12 **Q: How much should be refunded to customers?**

13 A: The total overcollection is \$1,356,008.¹³ Petitioner should refund this amount plus
14 carrying costs.

15 **Eliminate 50% of LIPP Adjustment**

16 **Q: What Low-Income Pilot Program ("LIPP") adjustment does Indiana**
17 **American propose?**

18 A: Petitioner proposes a \$10,262 increase to base year operating expenses to eliminate
19 the discount provided under its LIPP.

20 **Q: Do you accept Indiana American's proposed \$10,262 increase to operating**
21 **revenue for the elimination of its LIPP?**

22 A: No. I recommend a \$25,521 increase to operating revenue to eliminate the discounts
23 provided under Petitioner's low-income pilot program during the base period.

¹³ OUCC Attachment CFS-5: INAWC's response to OUCC's Data Request 15-011.

1 Petitioner's proposal recognizes only a portion of the discount provided during the
2 base period. I recommend the actual amount of LIPP discounts provided during the
3 base period be added back to operating revenues. Petitioner recorded \$25,521 to its
4 general ledger during the base year.¹⁴ Because Petitioner is discontinuing its LIPP,
5 no future discounts will be provided, and therefore the adjustment should be full
6 amount of base period discounts provided.

7 **Late Fees**

8 **Q: What late fee adjustment does Indiana American propose?**

9 A: Petitioner proposes a \$138,259 increase in late fees. The adjustment is 0.5108% of
10 Petitioner's total operating revenue adjustments.

11 **Q: Do you accept Indiana American's methodology for calculating its proposed**
12 **late fee revenue adjustment?**

13 A: Yes. However, our adjustments differ because I apply the late fee ratio to OUCC's
14 recommended operating revenues. I recommend a \$170,597 increase to operating
15 revenues for late fees.

¹⁴ OUCC Attachment CFS-6: Indiana American general ledger account 40111001 – Residential Sales Billed – Discount.

V. OPERATING EXPENSE ADJUSTMENTS

A. Indiana American's Proposed Operating Expense Adjustments

1 **Q: What level of total company operating expense adjustments does Indiana**
2 **American propose?**

3 A: Petitioner proposes a \$47,525,937 increase to base year operating expenses of
4 \$169,204,883 resulting in *pro forma* operating expense of \$216,730,820.¹⁵

B. OUC's Recommended Operating Expense Adjustments

5 **Q: Does the OUC accept any of Indiana American's operating expense**
6 **adjustments?**

7 A: Yes. The OUC accepts Petitioner's operating expense adjustments for (a)
8 purchased water; (b) fuel and power; (c) waste disposal; (d) pension; (e) OPEB; (f)
9 advertising and marketing; (g) rents; (h) insurance other than group; and (i) capital
10 movement.

11 **Q: Does Indiana American's propose any adjustments that the OUC accepts in**
12 **total but disagree with the allocation per step?**

13 A: Yes. The OUC accepts the total adjustment but not allocation for (a) building
14 maintenance and service; (b) telecommunication; (c) postage, printing, and
15 stationary; (d) office supplies and services; (e) maintenance supplies and services.

¹⁵ Petitioner Workpaper INAWC 2023 Rate Case – Pro Forma Income Statement, Total Company, E69, F69, J69, and N69. (\$169,204,893 + \$32,138,229 + \$9,527,109 + \$5,860,572 = \$216,730,820)

1 **Q: Does the OUCC accept the updated adjustment to chemical expense?**

2 A: Yes. OUCC witness Thomas Malan discusses Indiana American's updated
3 adjustment for chemical expense in testimony and accepts the adjustment as shown
4 in Table CFS-10, below.

5 **Q: Which adjustments does the OUCC disagree with?**

6 A: The OUCC disagrees with Petitioner's following adjustments: (a) salaries and
7 wages; (b) group insurance; (c) other benefits; (d) contract services; (e) building
8 maintenance and services; (f) telecommunications; (g) postage, printing, and
9 stationary; (h) office supplies and services; (i) employee related cost; (j)
10 miscellaneous expenses; (k) transportation; (l) uncollectable accounts; (m)
11 customer accounting; and (n) regulatory expense. Table CFS-10 compares
12 Petitioner's proposed operating expense adjustments on a total company basis with
13 the OUCC's recommendation.

Table CFS-10: Operating Expense Adjustments Comparison

| <u>Operating Expense Adjustment</u> | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More (Less)</u> | <u>OUCC Witness</u> |
|-------------------------------------|---------------------------|----------------------|-----------------------------|-------------------------|
| Chemicals | 2,922,588 | 5,408,425 | 2,485,837 | Malan |
| Salaries and Wages | 4,475,581 | 3,658,666 | (816,915) | Malan |
| Group Insurance | 1,225,042 | 1,040,785 | (184,257) | Malan |
| Other Benefits | 1,102,191 | 458,328 | (643,863) | Malan |
| Support Services | 3,009,413 | 2,758,428 | (250,985) | Stull |
| Contract Services | 4,308,621 | 40,580 | (4,268,041) | Malan |
| Building Maintenance & Supplie | 33,857 | 33,857 | - | Compton |
| Telecommunications | 78,896 | 78,896 | - | Compton |
| Postage, Printing, & Stationary | 778 | 778 | - | Compton |
| Office Supplies & Services | 78,113 | 78,113 | - | Compton |
| Employee Related Expense | 4,830 | (15,915) | (20,745) | Compton |
| Miscellaneous Expense | 20,434 | (192,468) | (212,902) | Compton |
| Transportation | 173,787 | 64,110 | (109,677) | Compton |
| Uncollectible Accounts | 770,307 | 423,668 | (346,638) | Sullivan |
| Customer Accounting | 1,184,915 | 21,268 | (1,163,647) | Compton |
| Regulatory Expense | (186,254) | (654,351) | (468,097) | Sullivan |
| Maintenance Supplies & Services | 1,875,629 | 1,875,629 | - | Compton |
| Total O&M Expenses | 21,078,728 | 15,078,797 | (5,999,930) | |
| Depreciation | 26,791,052 | 13,058,035 | (13,733,017) | Stull |
| Amortization | 742,787 | 497,994 | (244,793) | Stull |
| Property Tax | 6,469,331 | 5,893,347 | (575,984) | Stull |
| Payroll Tax | 369,789 | 307,296 | (62,493) | Malan |
| IURC Fee | 75,286 | 130,462 | 55,176 | Sullivan |
| Federal Tax | (8,131,870) | (12,289,706) | (4,157,836) | Stull |
| State Income Tax | (1,863,259) | (2,744,455) | (881,196) | Stull |
| Total Operating Expenses | <u>\$ 45,531,844</u> | <u>\$ 19,931,770</u> | <u>\$ (25,600,073)</u> | |

1 **Q: What level of total company operating expense adjustments does the OUCC**
2 **recommend?**

3 A: The OUCC recommends a \$19,931,770 increase to base year operating expenses
4 of \$169,204,883 for total *pro forma* operating expenses of \$189,136,653.

5 **Bad Debt Expense (“Uncollectable Accounts”)**

6 **Q: What level of bad debt expense does Indiana American propose?**

7 A: Petitioner proposes a \$770,307 increase to base year bad debt expense.

8 **Q: Do you accept Indiana American’s proposed bad debt expense adjustment?**

9 A: While I accept Petitioner’s proposed bad debt rate of 0.9062%, I apply this rate to
10 the OUCC’s recommended *pro forma* operating revenue of \$280,528,047 resulting

1 in a \$423,668 increase to base year bad debt expense of \$2,118,534 yielding *pro*
2 *forma* bad debt expense of \$2,542,202.¹⁶

3 **Rate Case Expense**

4 **Q: What amount of rate case expense does Indiana American propose?**

5 A: Petitioner proposes total rate case costs of \$1,404,295 to be amortized over three-
6 years, or \$468,098 per year.

7 **Q: Do you accept Petitioner's proposal?**

8 A: I do not oppose Petitioner's proposed rate case costs. While I accept the rate case
9 costs Petitioner has projected in this proceeding, I disagree with the total costs to
10 be amortized as well as the amortization period to be used.

11 **Q: Why do you disagree with Indiana American's calculation of rate case**
12 **expense?**

13 A: Petitioner was authorized to recover \$1,941,165¹⁷ in rate case costs in Cause No.
14 45142, which was amortized over three years but not removed from rates. Petitioner
15 will have collected \$647,055 per year for approximately 4.58 years by the time the
16 rates in this case are implemented (July 2019 through approximately February
17 2024), or \$2,965,669. This would result in an overcollection of at least \$1,024,504.

¹⁶ OUCC Workpaper CFS-4: OUCC's Calculation of Bad Debt, Rate Case Expense, and IURC Fee.

¹⁷ In Cause No. 45142, the Commission approved the Settlement Agreement reached between the parties. The revenue requirement agreed to included \$647,055, which was calculated based on recovery of \$1,941,165 amortized over 3 years.

1 **Q: Has the OUCC accepted the inclusion of unrecovered rate case costs in the**
2 **determination of rate case expense in prior Indiana American rate cases?**

3 A: Yes. Because the OUCC has agreed to include under recovered rate case costs in
4 prior cases, it is only equitable that any over collection of rate case costs should be
5 credited against rate case costs to be incurred in the present docket.

6 **Q: What rate case expense do you recommend in this case?**

7 A: I recommend the \$1,404,295 of rate case costs forecasted in this case be reduced
8 by the over collection of rate case costs from Cause No. 45142 (\$1,024,504). This
9 results in net rate case costs of \$379,791. I recommend this amount be recovered
10 during Step 2 and then be removed from Step 3 rates to avoid any future over
11 collection of rate case costs.¹⁸

12 **Q: What level of rate case expense do you recommend in Steps 1 and 2?**

13 A: In addition to recommending \$379,791 of rate case expense be recovered in Step 2,
14 I recommend all rate case expense be removed from Step 1 resulting in no rate case
15 expense recovery in Step 1. Step 1 may be of indefinite length, so removing rate
16 case expense from Step 1 removes the potential for additional over, or under,
17 recovery of OUCC's recommended net rate case expense.

18 **Q: What amortization period do you recommend if the Commission authorizes**
19 **Petitioner's proposed rate case expense?**

20 A: Under this circumstance, I would recommend a five-year amortization period. Five
21 years is a more appropriate amortization period than the shorter three-year period
22 proposed by Indiana American. The time between rate case filings has been

¹⁸ OUCC Workpaper CFS-4: OUCC's Calculation of Bad Debt, Rate Case Expense, and IURC Fee.

1 approximately five years for the last three rate case filings, including the present
2 case. In the event the Commission does order a three-year amortization of rate case
3 expense, we would recommend the Commission also order rate case expense be
4 removed by tariff filing at the completion of the amortization period.

5 The OUCC's recommendation of a five-year amortization period is also
6 appropriate, because INAWC has been able to extend the period between its rate
7 case filings due to its use of DSIC and SEI trackers under I.C. ch. 8-1-31 and I.C.
8 ch. 8-1-31.7. Assuming an order in this case is issued on February 1, 2024, using a
9 three-year amortization period without removing rate case expense thereafter
10 would allow over collection of amortized expenses if Indiana American does not
11 file its next rate case by February of 2026.

12 **IURC Fee**

13 **Q: What level of IURC fee expense does Indiana American propose?**

14 A: Petitioner proposes a \$75,286 increase to base year IURC fee expense of \$275,452
15 for a total *pro forma* IURC fee of \$350,738.

16 **Q: How does your calculation of the IURC fee expense differ from Petitioner's?**

17 A: Petitioner used the 2021-2022 IURC fee of 0.1163372% and I used the current
18 2022-2023 IURC fee of 0.1467603%. Also, Petitioner and the OUCC project
19 different operating revenue, which is the bases for the IURC fee. I recommend a
20 \$130,462 increase to base year IURC fee expense of \$275,452 for a total *pro forma*
21 IURC fee of \$405,914.¹⁹

¹⁹ OUCC Workpaper CFS-4: OUCC's Calculation of Bad Debt, Rate Case Expense, and IURC Fee.

VI. OTHER ISSUES

A. Non-recurring charges

1 **Q: Does the OUCC have any recommendations for Indiana American's non-**
2 **recurring charges?**

3 A: Yes. Petitioner's non-recurring charges are out-of-date. Reconnection fees were
4 last updated in 30-day filing #3097, approved by the Commission on July 17, 2013.
5 Insufficient funds and after-hours service charges were last up-date in Cause No.
6 43680 (May 2010). The costs of these services have certainly increased over the
7 past 10 to 13 years. All ratepayers are currently subsidizing non-recurring charges
8 because Petitioner has not filed a case to increase the charges.

9 **Q: What does the OUCC recommend concerning non-recurring charges?**

10 A: The OUCC recommends Indiana American include a proposal to adjust its non-
11 recurring charges in its next general rate case or submit a 30-day filing just prior to
12 its next general rate case.

13 **Q: Why does the OUCC recommend waiting to update non-recurring charges in**
14 **until the next rate case?**

15 A: The rate increase recommended in this case includes a subsidy to cover the cost of
16 non-recurring charges that is not otherwise covered by the outdated charge. If
17 Indiana American is authorized to increase non-recurring charges before its next
18 rate case and order, it will double-recover the increased charges - once in rates set
19 in this Cause and again through the updated charge. Waiting until the next general
20 rate case, or just prior to the next general rate case, prevents over collection.

B. Tariff

1 **Q: What recommendations does the OUCC have concerning Indiana American's**
2 **tariff?**

3 A: Petitioner's current tariff is difficult to understand. Moving Area 2 and Area 3
4 ratepayers to Area 1 will eliminate some confusion. The OUCC urges Indiana
5 American to publish a tariff that is easier for a customer to understand. Customers
6 should be able to quickly discern how Indiana American has calculated their bills.

VII. RECOMMENDATIONS

7 **Q: Please summarize your recommendations to the Commission.**

8 A: Based on the OUCC's review, analysis, and recommendations, I recommend
9 limiting the overall revenue increase to 6.6% to generate \$18,558,410 of additional
10 revenues. This is a \$68,183,095 decrease from Indiana American's proposal.

11 **Q: Does this complete your testimony?**

12 A: Yes.

APPENDIX A - QUALIFICATIONS

1 **Q: Please describe your educational background and experience.**

2 A: I graduated from Lipscomb University in June 1989 and received a Bachelor of
3 Science degree in business management. I earned a Master's degree in Business
4 Administration from Phoenix University in 2011 and a Master's degree in
5 Accounting and Financial Management from the Keller Graduate School in 2014.
6 Beginning in 2014, I worked as a balance sheet and payroll accountant for the State
7 of Wisconsin's Department of Health Services. In April of 2019, I joined the staff
8 of the Indiana Office of Utility Consumer Counselor as a Utility Analyst II.

9 **Q: Have you previously testified before the Indiana Utility Regulatory**
10 **Commission?**

11 A: Yes.

APPENDIX B – Workpapers and Attachments

OUCC Workpaper CFS-1: OUCC Schedules

Total Company

Schedule 1TC - Overall
Schedule 1TC - Phased-in
Schedule 1TC - GRCF
Schedule 1TC - Adjustment Reconciliation
Schedule 2TC - Balance Sheet as of September 30, 2022
Schedule 3TC - Income Statement ending September 30, 2022
Schedule 4TC - Pro forma IS
Schedule 8W - Rate Base
Schedule 9W - Capital Structure

Water

Schedule 1W - Overall
Schedule 1W - Phased-in
Schedule 1W - GRCF
Schedule 1W - Adjustments
Schedule 4W - Pro forma IS
Schedule 5W - Inc Adj
Schedule 6W - Exp Adj
Schedule 7W - Tax Adj
Schedule 8W - Rate Base
Schedule 9W - Capital Structure
Schedule 10W - Fair Value Inc

Wastewater

Schedule 1S - Overall
Schedule 1S - Phased-in
Schedule 1S - GRCF
Schedule 1S - Adjustments
Schedule 4S - Pro forma IS
Schedule 5S - Inc Adj
Schedule 6S - Exp Adj
Schedule 7S - Tax Adj
Schedule 8S - Rate Base
Schedule 9S - Capital Structure

OUCC Workpaper CFS-2: INAWC's Summary General Ledger
(Included in OUCC's Schedule File)

OUCC Workpaper CFS-3: IN 2023 Rate Case - Water Workpaper_OUCC and
IN Average Use 2012-2022 Workpaper_OUCC

OUCC Workpaper CFS-4: OUCC's Calculation of Bad Debt, Rate Case Expense,
and IURC Fee.

OUCC Attachments

CFS-1: INAWC's response to OUCC DR No. 14-037

CFS-2: Rate Calculations

CFS-3: INAWC's response to OUCC DR No. 38-011

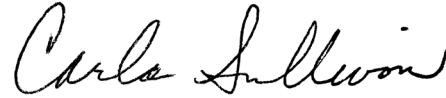
CFS-4: DSIC General Ledger Accounts 40111200, 40121200, 40131200,
40151200, and 40161200.

CFS-5: INAWC's response to OUCC DR No. 15-011

CFS-6: LIPP General Ledger Account 40111001
Residential Sales Billed - Discount

AFFIRMATION

I affirm the representations I made in the foregoing testimony are true to the best of my knowledge, information, and belief.

Handwritten signature of Carla F. Sullivan in cursive script.

By: Carla F. Sullivan
Cause No. 45870
Office of Utility Consumer Counselor (OUCC)

Date: July 21, 2023

CAUSE NUMBER 45870

Office of Utility Consumer Counselor

Workpaper CFS-1: Schedules

Total Company

- Sch 1TC - Overall
- Sch 1TC - Phased-In
- Sch 1TC - GRCF
- Sch 1TC - Adjustment Comparison
- Sch 2TC - Balance Sheet
- Sch 3TC - Income Statement
- Sch 4TC - Pro Forma Income Statement
- Sch 8TC - Rate Base
- Sch 9TC - Capital Structure

Water

- Sch 1W - Overall
- Sch 1W - Phased-In
- Sch 1W - GRCF
- Sch 1W - Adjustments Comparison
- Sch 4W - Pro Forma Income Statement
- Sch 5W - Operating Revenue Adjustments
- Sch 6W - Operating Expense Adjustments
- Sch 7W - Tax Adjustments
- Sch 8W - Rate Base
- Sch 9W - Capital Structure
- Sch 10W - Fair Value Increment Acquisition Adjustment

Wastewater

- Sch 1S - Overall
- Sch 1S - Phased-In
- Sch 1S - GRCF
- Sch 1S - Adjustment Comparison
- Sch 4S - Pro Forma Income Statement
- Sch 5S - Operating Revenue Adjustments
- Sch 6S - Operating Expense Adjustments
- Sch 7S - Tax Adjustments
- Sch 8S - Rate Base
- Sch 9S - Capital Structure

Workpaper CFS-2: Indiana American's Summary General Ledger

October 1, 2021 through September 30, 2022

Indiana American Water Company
CAUSE NUMBER 45870

Comparison of Petitioner's and OUCC's
Total Company Overall Recommended Revenue Requirements

| Line No. | | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>Sch Ref</u> | <u>OUCC More (Less)</u> |
|----------|--|---------------------------|----------------------|--------------------|-----------------------------|
| 1 | Original Cost rate Base | \$ 1,845,347,834 | \$ 1,774,964,039 | | \$(70,383,795) |
| 2 | Times: Weighted Cost of Capital | <u>6.88%</u> | <u>6.14%</u> | | <u>-0.74%</u> |
| 3 | Net Operating Income Required for Return on Rate base | 126,959,931 | 108,982,792 | | (17,977,139) |
| 4 | Add: Fair Value Increment - Indiana Cities | <u>267,995</u> | <u>239,170</u> | | <u>(28,825)</u> |
| 5 | Net Operating Income Required | 127,227,926 | 109,221,962 | | (18,005,964) |
| 6 | Less: Adjusted Net Operating income | <u>62,717,923</u> | <u>95,424,506</u> | | <u>32,706,583</u> |
| 7 | Net Revenue Requirement | 64,510,003 | 13,797,456 | | (50,712,547) |
| 8 | Gross Revenue Conversion Factor | <u>134.4621%</u> | <u>134.5031%</u> | | <u>0.0410%</u> |
| 9 | Recommended Revenue Increase | <u>\$ 86,741,505</u> | <u>\$ 18,558,006</u> | | <u>\$(68,183,499)</u> |
| 10 | Recommended Percentage Increase | <u>31.1%</u> | <u>6.60%</u> | | <u>-24.51%</u> |

Indiana American Water Company
CAUSE NUMBER 45870

Comparison of Petitioner's and OUC's
Total Company Phased-in Recommended Revenue Requirements

| Step 1 | | | | | |
|---------------|--|------------------|----------------|------------------------|------------|
| Line No. | Per Petitioner | Per OUC | Sch Ref | OUC More (Less) | |
| 1 | \$ 1,614,354,218 | \$ 1,606,629,098 | 7 | \$ (7,725,120) | |
| 2 | 6.77% | 6.01% | 8 | -0.76% | |
| 3 | Net Operating Income Required for Return on Rate base | 109,291,781 | 96,558,409 | (12,733,372) | |
| 4 | Add: Fair Value Increment - Indiana Cities | 319,090 | 283,269 | (35,821) | |
| 5 | Net Operating Income Required | 109,610,871 | 96,841,678 | (12,769,193) | |
| 6 | Less: Adjusted Net Operating income | 77,493,543 | 99,264,381 | 4 | 21,770,838 |
| 7 | Net Revenue Increase Required Requirement | 32,117,328 | (2,422,703) | (34,540,031) | |
| 8 | Gross Revenue Conversion Factor | 134.4621% | 134.5031% | 1 | 0.0410% |
| 9 | Recommended Revenue Increase | \$ 43,185,634 | \$ (3,258,611) | \$(46,444,245) | |
| 10 | Recommended Percentage Increase | 15.49% | -1.16% | -16.65% | |

| Step 2 | | | | | |
|---------------|--|------------------|----------------|------------------------|-------------|
| Line No. | Per Petitioner | Per OUC | Sch Ref | OUC More (Less) | |
| 11 | \$ 1,687,559,031 | \$ 1,672,429,431 | 7 | \$(15,129,600) | |
| 12 | 6.75% | 6.01% | 8 | -0.74% | |
| 13 | Net Operating Income Required for Return on Rate base | 113,910,235 | 100,513,009 | (13,397,226) | |
| 14 | Add: Fair Value Increment - Indiana Cities | 294,483 | 262,199 | (32,284) | |
| 15 | Net Operating Income Required | 114,204,718 | 100,775,208 | (13,429,510) | |
| 16 | Less: Adjusted Net Operating income | 100,695,829 | 97,702,385 | 4 | (2,993,444) |
| 17 | Net Revenue Increase Required Requirement | 13,508,889 | 3,072,823 | (10,436,066) | |
| 18 | Gross Revenue Conversion Factor | 1.344621 | 134.5031% | 1 | 0.0410% |
| 19 | Recommended Revenue Increase | \$ 18,164,336 | \$ 4,133,042 | \$(14,031,294) | |
| 20 | Recommended Percentage Increase | 5.63% | 1.47% | -4.16% | |

Indiana American Water Company
CAUSE NUMBER 45870

Comparison of Petitioner's and OUCC's
Total Company Phased-in Recommended Revenue Requirements

| | | Step 3 | | | |
|----------|--|---------------------------|----------------------|--------------------|-----------------------------|
| Line No. | | Per Petitioner | Per OUCC | Sch Ref | OUCC More (Less) |
| 1 | Original Cost rate Base | \$ 1,845,347,834 | \$ 1,774,964,039 | 7 | \$(70,383,795) |
| 2 | Times: Weighted Cost of Capital | 6.88% | 6.14% | 8 | -0.74% |
| 3 | Net Operating Income Required for Return on Rate base | 126,959,931 | 108,982,792 | | (17,977,139) |
| 4 | Add: Fair Value Increment - Indiana Cities | 267,995 | 239,170 | | (28,825) |
| 5 | Net Operating Income Required | 127,227,926 | 109,221,962 | | (18,005,964) |
| 6 | Less: Adjusted Net Operating income | 108,344,145 | 96,074,627 | 4 | (12,269,518) |
| 7 | Net Revenue Increase Required Requirement | 18,883,781 | 13,147,335 | | (5,736,446) |
| 8 | Gross Revenue Conversion Factor | 134.4621% | 134.5031% | 1 | 0.0410% |
| 9 | Recommended Revenue Increase | <u>\$ 25,391,529</u> | <u>\$ 17,683,573</u> | | <u>\$ (7,707,956)</u> |
| 10 | Recommended Percentage Increase | <u>7.45%</u> | <u>6.21%</u> | | <u>-1.24%</u> |

Indiana American Water Company
CAUSE NUMBER 45870

Total Company Gross Revenue Conversion Factor

| Step 1 | | | | | |
|---------------|---|-----------------|------------------------|---------------------------------------|----------------|
| Line No. | Per Petitioner | Per OUCC | OUCC More(Less) | OUCC Proposed Rate Adjustments | |
| 1 | Gross revenue Change | 100.0000% | 100.0000% | 0.0000% | \$ (3,258,611) |
| 2 | Less: Bad Debt Rate | 0.8945% | 0.8945% | 0.0000% | (29,148) |
| 3 | Sub-total | 99.1055% | 99.1055% | 0.0000% | |
| 4 | Less: IURC Fee | 0.1153% | 0.1454% | 0.0301% | (4,740) |
| 5 | Income Before State Income taxes | 98.9902% | 98.9601% | -0.0301% | |
| 6 | Less: State Income Tax (0.049 of Line 5) | 4.8505% | 4.8490% | 0.0301% | (158,010) |
| 7 | Income before Federal income Taxes | 94.1397% | 94.1111% | -0.0301% | |
| 8 | Less: Federal income Tax (0.21 of Line 8) | 19.7693% | 19.7633% | 0.0301% | (644,009) |
| 9 | Change in Operating Income | 74.3704% | 74.3478% | -0.0301% | \$ (2,422,704) |
| 10 | Gross Revenue Conversion Factor | 134.4621% | 134.5031% | | |

| Step 2 | | | | | |
|---------------|---|-----------------|------------------------|---------------------------------------|--------------|
| Line No. | Per Petitioner | Per OUCC | OUCC More(Less) | OUCC Proposed Rate Adjustments | |
| 11 | Gross revenue Change | 100.0000% | 100.0000% | 0.0000% | \$ 4,133,042 |
| 12 | Less: Bad Debt Rate | 0.8945% | 0.8945% | 0.0000% | 36,970 |
| 13 | Sub-total | 99.1055% | 99.1055% | 0.0000% | |
| 14 | Less: IURC Fee | 0.1153% | 0.1454% | 0.0301% | 6,011 |
| 15 | Income Before State Income taxes | 98.9902% | 98.9601% | -0.0301% | |
| 16 | Less: State Income Tax (0.049 of Line 5) | 4.8505% | 4.8490% | 0.0301% | 200,411 |
| 17 | Income before Federal income Taxes | 94.1397% | 94.1111% | -0.0301% | |
| 18 | Less: Federal income Tax (0.21 of Line 8) | 19.7693% | 19.7633% | 0.0301% | 816,825 |
| 19 | Change in Operating Income | 74.3704% | 74.3478% | -0.0301% | \$ 3,072,825 |
| 20 | Gross Revenue Conversion Factor | 134.4621% | 134.5031% | | |

Indiana American Water Company
CAUSE NUMBER 45870

Total Company Gross Revenue Conversion Factor

Line
No.

| Step 3 | | | | | |
|---------------|---|---------------------|----------------------------|---|----------------------|
| | Per Petitioner | Per OUCC | OUCC More(Less) | OUCC Proposed Rate Adjustments | |
| 1 | Gross revenue Change | 100.0000% | 100.0000% | 0.0000% | \$ 17,683,573 |
| 2 | Less: Bad Debt Rate | 0.8945% | 0.8945% | 0.0000% | 158,180 |
| 3 | Sub-total | 99.1055% | 99.1055% | 0.0000% | |
| 4 | Less: IURC Fee | 0.1153% | 0.1454% | 0.0301% | 25,720 |
| 5 | Income Before State Income taxes | 98.9902% | 98.9601% | -0.0301% | |
| 6 | Less: State Income Tax (0.049 of Line 5) | 4.8505% | 4.8490% | 0.0301% | 857,476 |
| 7 | Income before Federal income Taxes | 94.1397% | 94.1111% | -0.0301% | |
| 8 | Less: Federal income Tax (0.21 of Line 8) | 19.7693% | 19.7633% | 0.0301% | 3,494,858 |
| 9 | Change in Operating Income | <u>74.3704%</u> | <u>74.3478%</u> | -0.0301% | <u>\$ 13,147,339</u> |
| 10 | Gross Revenue Conversion Factor | <u>134.4621%</u> | <u>134.5031%</u> | | |

Indiana American Water Company
CAUSE NUMBER 45870

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

| Line No. | Step 1 | | | Step 2 | | | Step 3 | | |
|----------|-----------------------------------|----------------------|----------------------|---------------------|-------------------|---------------------|---------------------|-------------|------------------|
| | Per Petitioner | Per OUCC | OUCC More (Less) | Per Petitioner | Per OUCC | OUCC More (Less) | Per Petitioner | Per OUCC | OUCC More (Less) |
| 1 | Operating Revenue | | | | | | | | |
| 2 | Late Fee Revenue | \$ 135,080 | \$ 157,425 | \$ 22,345 | \$ 3,179 | \$ 13,172 | \$ 9,993 | \$ - | \$ - |
| 3 | Miscellaneous Revenue | - | - | - | - | - | - | - | - |
| 4 | URT Tax Impact | (3,241,099) | (3,241,099) | - | - | - | - | - | - |
| 5 | Normalization of Billings - Usage | (4,201,658) | 845,954 | 5,047,612 | (1,719,560) | (1,298,242) | 421,318 | - | - |
| 6 | Annualization of Lowell | 685,485 | 685,485 | - | - | - | - | - | - |
| 7 | Customer Normalization | 2,732,693 | 3,415,200 | 682,507 | 2,309,642 | 3,926,504 | 1,616,862 | - | - |
| 8 | DSIC Revenue Adjustment | 24,035,317 | 24,267,923 | 232,606 | - | - | - | - | - |
| 9 | SEI Revenue Adjustment | 5,150,494 | 5,150,494 | - | - | - | - | - | - |
| 10 | Yankee Surcharge | - | - | - | (76,056) | (76,056) | - | - | - |
| 11 | Miscellaneous Adjustments | 416,437 | (329,333) | (745,770) | - | - | - | - | - |
| 12 | Acquisition Adjustment | 95,807 | 95,807 | - | 75,826 | 75,826 | - | - | - |
| 13 | Eliminate 50% of LIPP | 10,262 | 25,521 | 15,259 | - | - | - | - | - |
| 14 | Rate Increase OOR | - | - | - | 217,149 | 217,149 | - | - | - |
| 15 | Normalize Misc. Billing Units | 11,835 | 11,835 | - | 19,024 | 19,024 | - | - | - |
| 16 | Total Operating Revenues | \$ 25,830,653 | \$ 31,085,212 | \$ 5,254,559 | \$ 829,204 | \$ 2,877,377 | \$ 2,048,173 | \$ - | \$ - |
| 17 | O&M Expense | | | | | | | | |
| 18 | Purchased Water | \$ (20,137) | \$ (20,137) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 19 | Fuel & Power | 310,160 | 310,160 | - | (479) | (479) | - | - | - |
| 20 | Chemicals | 2,573,775 | 2,981,484 | 407,709 | 348,813 | 2,426,941 | 2,078,128 | - | - |
| 21 | Waste Disposal | 43,743 | 43,743 | - | 147,877 | 147,877 | - | - | - |
| 22 | Salaries and Wages | 3,252,492 | 2,739,834 | (512,658) | 1,223,089 | 918,832 | (304,257) | - | - |
| 23 | Pension | 1,933,527 | 1,933,527 | - | - | - | - | - | - |
| 24 | OPEB | 913,567 | 913,567 | - | - | - | - | - | - |
| 25 | Group Insurance | 912,777 | 798,030 | (114,747) | 312,265 | 242,755 | (69,510) | - | - |
| 26 | Other Benefits | 970,848 | 391,765 | (579,083) | 131,343 | 66,563 | (64,780) | - | - |
| 27 | Support Services | 1,763,917 | 1,522,365 | (241,552) | 1,245,496 | 1,235,763 | (9,733) | - | - |
| 28 | Contract Services | 3,933,528 | (30,742) | (3,964,270) | 375,093 | 71,322 | (303,771) | - | - |
| 29 | Building Maintenance & Services | (21,143) | (49,125) | (27,982) | 55,000 | 82,982 | 27,982 | - | - |
| 30 | Telecommunications | 45,296 | 28,475 | (16,821) | 33,547 | 50,421 | 16,874 | - | - |
| 31 | Postage, Printing, & Stationary | 278 | 24 | (254) | 500 | 754 | 254 | - | - |
| 32 | Office Supplies & Services | 42,456 | 24,765 | (17,691) | 35,657 | 53,348 | 17,691 | - | - |

Indiana American Water Company
CAUSE NUMBER 45870

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

| Line No. | | Step 1 | | | Step 2 | | | Step 3 | | |
|----------|----------------------------------|-------------------|---------------|--------------------|-------------------|--------------|--------------------|-------------------|----------------|--------------------|
| | | Per Petitioner | Per OUC | OUC More (Less) | Per Petitioner | Per OUC | OUC More (Less) | Per Petitioner | Per OUC | OUC More (Less) |
| 1 | Advertising & Marketing | \$ (300) | \$ (300) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2 | Employee Related Expense | (9,753) | (37,833) | (28,080) | 14,583 | 21,918 | 7,335 | - | - | - |
| 3 | Miscellaneous Expense | (57,090) | (309,001) | (251,911) | 77,524 | 116,533 | 39,009 | - | - | - |
| 4 | Rents | (43,749) | (43,749) | - | 6,966 | 6,966 | - | - | - | - |
| 5 | Transportation | 118,811 | 13,487 | (105,324) | 54,976 | 50,623 | (4,353) | - | - | - |
| 6 | Uncollectible Accounts | 375,572 | 428,984 | 53,412 | 770,306 | (5,315) | (775,621) | - | - | - |
| 7 | Customer Accounting | 1,177,433 | 13,786 | (1,163,647) | 7,482 | 7,482 | - | - | - | - |
| 8 | Regulatory Expense | (186,254) | (654,351) | (468,097) | - | 379,791 | 379,791 | - | (379,791) | (379,791) |
| 9 | Insurance Other Than Group | 864,347 | 864,347 | - | 684,250 | 684,250 | - | - | - | - |
| 10 | Maintenance Supplies & Services | 1,674,450 | 1,571,107 | (103,343) | 201,179 | 304,522 | 103,343 | - | - | - |
| 11 | Capital movements | (5) | (5) | - | - | - | - | - | - | - |
| 12 | Depreciation | 12,977,980 | 9,505,143 | (3,472,837) | 4,782,552 | (2,540,258) | (7,322,810) | 9,030,520 | 6,093,150 | (2,937,370) |
| 13 | Amortization | 66,140 | 66,140 | - | 676,647 | 431,854 | (244,793) | - | - | - |
| 14 | Federal income taxes - operating | (2,755,203) | (7,444,815) | (4,689,612) | 5,726,627 | (3,019,967) | (8,746,594) | 1,025,163 | (1,824,924) | (2,850,087) |
| 15 | State income taxes - operating | (613,556) | (1,553,769) | (940,213) | 1,419,167 | (742,000) | (2,161,167) | 276,913 | (448,686) | (725,599) |
| 16 | Amort of investment tax credits | - | - | - | - | - | - | - | - | - |
| 17 | Property Taxes | 4,046,577 | 3,703,354 | (343,223) | 2,422,754 | 929,160 | (1,493,594) | - | 1,260,833 | 1,260,833 |
| 18 | Payroll Taxes | 253,597 | 214,379 | (39,218) | 116,192 | 92,917 | (23,275) | - | - | - |
| 19 | Environmental Tax | 7,148 | 7,148 | - | 1,949 | 1,949 | - | - | - | - |
| 20 | URT | (2,441,122) | (2,441,122) | - | - | - | - | - | - | - |
| 21 | IURC Fee | 28,192 | 131,296 | 103,104 | 47,094 | (834) | (47,928) | - | - | - |
| 22 | Total Expenses | \$ 32,138,298 | \$ 15,621,961 | \$ (16,516,337) | \$ 20,918,449 | \$ 2,016,670 | \$ (18,901,779) | \$ 10,332,596 | \$ 4,700,582 | \$ (5,632,014) |
| 23 | Net Operating Income | \$ (6,307,645) | \$ 15,463,251 | \$ 21,770,896 | \$ (20,089,245) | \$ 860,707 | \$ 20,949,952 | \$ (10,332,596) | \$ (4,700,582) | \$ 5,632,014 |

Indiana American Water Company
CAUSE NUMBER 45870

BALANCE SHEET AS OF SEPTEMBER 30, 2022

| | Water | Wastewater | Combined |
|--|--------------------------------|-----------------------------|-------------------------------|
| <u>ASSETS</u> | | | |
| Utility Plant: | | | |
| Utility Plant in Service | \$ 2,327,290,112 | \$ 14,874,196 | \$2,342,164,308 |
| Construction Work in Progress | 66,508,830 | 427,918 | 66,936,748 |
| Less: Accumulated Depreciation | (523,480,698) | (1,708,819) | (525,189,517) |
| Less: Accumulated Amortization | 64,595 | 476 | 65,071 |
| Net Utility Plant in Service | <u>1,870,382,839</u> | <u>13,593,771</u> | <u>1,883,976,610</u> |
| Utility Plant Acquisition Adjustment (Net) | 17,559,296 | 129,476 | 17,688,772 |
| Total Net Utility Plant in Service | <u>1,887,942,135</u> | <u>13,723,247</u> | <u>1,901,665,382</u> |
| | | | |
| Nonutility Property | 469,504 | 185 | 469,689 |
| Less: Accumulated Depreciation | (264,801) | (142) | (264,943) |
| Net Nonutility Property | <u>204,703</u> | <u>43</u> | <u>204,746</u> |
| | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents | 1,846,427 | 5,511 | 1,851,938 |
| Customer Accounts Receivable | 15,861,665 | 119,080 | 15,980,745 |
| Other Receivables | 7,784,718 | 8,227 | 7,792,945 |
| Provision for Uncollectible Accounts | (1,791,626) | (6,968) | (1,798,594) |
| Unbilled Revenues | 13,568,525 | 98,402 | 13,666,927 |
| Materials and Supplies Inventory | 2,811,672 | 21,530 | 2,833,202 |
| Other Current Assets | 1,969,536 | 108,719 | 2,078,255 |
| Total Current Assets | <u>42,050,917</u> | <u>354,501</u> | <u>42,405,418</u> |
| | | | |
| Deferred Debits | | | |
| Deferred Regulatory Assets | 20,980,323 | 167,169 | 21,147,492 |
| Goodwill | 757,218 | - | 757,218 |
| Operating Lease - Long Term | 6,625,072 | - | 6,625,072 |
| Other Long Term Assets | 163,894 | - | 163,894 |
| Total Deferred Debits | <u>28,526,507</u> | <u>167,169</u> | <u>28,693,676</u> |
| | | | |
| Total Assets | <u><u>\$ 1,958,724,262</u></u> | <u><u>\$ 14,244,960</u></u> | <u><u>\$1,972,969,222</u></u> |

Indiana American Water Company
CAUSE NUMBER 45870

BALANCE SHEET AS OF SEPTEMBER 30, 2022

| | <u>Water</u> | <u>Wastewater</u> | <u>Combined</u> |
|---|-------------------------|---------------------|------------------------|
| Equity | | | |
| Common Stock Issued | \$ 92,093,022 | \$ 667,878 | \$ 92,760,900 |
| Other Paid-in Capital | 331,039,491 | 864,844 | 331,904,335 |
| Retained Earnings | 210,734,425 | 109,735 | 210,844,160 |
| Total Equity | <u>633,866,938</u> | <u>1,642,457</u> | <u>635,509,395</u> |
| Contributions in Aid of Construction | | | |
| Contributions in Aid of Construction | 222,897,513 | 148,197 | 223,045,710 |
| Accumulated Amortization of CIAC | (12,528,843) | (64,113) | (12,592,956) |
| Net Contributions in Aid of Construction | <u>210,368,670</u> | <u>84,084</u> | <u>210,452,754</u> |
| Liabilities | | | |
| Long-term Debt | | | |
| Bonds Payable - Series A | <u>561,599,265</u> | <u>2,292,423</u> | <u>563,891,688</u> |
| Current Liabilities | | | |
| Short Term Debt | 111,711,881 | (62) | 111,711,819 |
| Current Portion of long term debt | 878,063.00 | - | 878,063 |
| Accounts Payable | 45,623,365 | 128,183 | 45,751,548 |
| Accrued Interest | 7,648,150 | - | 7,648,150 |
| Accrued Taxes | 17,101,135 | 144,317 | 17,245,452 |
| Other Current Liabilities | 13,601,357 | 314,479 | 13,915,836 |
| Total Current Liabilities | <u>196,563,951</u> | <u>586,917</u> | <u>197,150,868</u> |
| Deferred Credits | | | |
| Deferred Regulatory Liabilities | 147,470,052 | 203,805 | 147,673,857 |
| Advances for Construction | 51,289,985 | 458,110 | 51,748,095 |
| Accrued Pension | (8,167,603) | 25,188 | (8,142,415) |
| Accrued Postretirement benefit | (7,253,449) | 72,929 | (7,180,520) |
| Operating Lease - Long Term | 7,076,421 | - | 7,076,421 |
| Accumulated Deferred Investment Tax Credits | 614,826 | 6,199 | 621,025 |
| Accumulated Deferred Income Tax | 150,132,205 | 1,057,112 | 151,189,317 |
| Other Deferred credits | 5,119,845 | 88,747 | 5,208,592 |
| Total Deferred credits | <u>346,282,282</u> | <u>1,912,090</u> | <u>348,194,372</u> |
| Total Equity and Liabilities | <u>\$ 1,948,681,106</u> | <u>\$ 6,517,971</u> | <u>\$1,955,199,077</u> |

Indiana American Water Company
CAUSE NUMBER 45870

INCOME STATEMENT
Twelve Months Ending September 30, 2022

| | <u>Water</u> | <u>Wastewater</u> | <u>Total</u> |
|---------------------------------|-----------------------|---------------------|-----------------------|
| Water | | | |
| Residential | \$ 134,483,216 | | \$ 134,483,216 |
| Commercial | 50,901,153 | | 50,901,153 |
| Industrial | 14,804,879 | | 14,804,879 |
| Public Authority | 7,611,452 | | 7,611,452 |
| Sales for Resale | 10,911,299 | | 10,911,299 |
| Miscellaneous Other | 46,972 | | 46,972 |
| Private Fire Protection | 5,118,425 | | 5,118,425 |
| Public Fire Protection | 23,159,671 | | 23,159,671 |
| Late Payment Fees | 1,261,837 | | 1,261,837 |
| Rent | 227,648 | | 227,648 |
| NSF Check Charge | 135,014 | | 135,014 |
| Application Fee | 102 | | 102 |
| Usage Data | 660,315 | | 660,315 |
| Reconnection Fee | 837,868 | | 837,868 |
| After Hours Charge | 17,900 | | 17,900 |
| Mics Service | 320,145 | | 320,145 |
| Unbilled Revenue | 765,233 | | 765,233 |
| Wastewater | | | |
| Residential | | \$ 1,519,050 | 1,519,050 |
| Commercial | | 171,354 | 171,354 |
| Public Authority | | 43,635 | 43,635 |
| Late Payment Fees | | 8,275 | 8,275 |
| NSF Check Charge | | 19 | 19 |
| Unbilled Revenue | | 551 | 551 |
| Total Operating Revenues | <u>\$ 251,263,129</u> | <u>\$ 1,742,884</u> | <u>\$ 253,006,013</u> |

Indiana American Water Company
CAUSE NUMBER 45870

INCOME STATEMENT
Twelve Months Ending September 30, 2022

| | <u>Water</u> | <u>Wastewater</u> | <u>Total</u> |
|---------------------------------|----------------------|---------------------|----------------------|
| O&M Expenses | | | |
| Purchased Water | \$ 381,079 | \$ (856) | \$ 380,223 |
| Fuel & Power | 9,000,139 | 109,626 | 9,109,765 |
| Chemicals | 3,693,252 | 25,860 | 3,719,112 |
| Waste Disposal | 1,497,670 | 717,122 | 2,214,792 |
| Salaries and Wages | 17,643,359 | 201,133 | 17,844,492 |
| Pension | (1,293,003) | (5,356) | (1,298,359) |
| OPEB | (2,645,266) | (18,739) | (2,664,005) |
| Group Insurance | 3,760,196 | 49,112 | 3,809,308 |
| Other Benefits | 1,276,848 | 13,471 | 1,290,319 |
| Support Services | 25,462,958 | 184,663 | 25,647,621 |
| Contract Services | 1,888,538 | 57,136 | 1,945,674 |
| Building Maintenance & Services | 1,634,517 | 57,192 | 1,691,709 |
| Telecommunications | 695,038 | 3,624 | 698,662 |
| Postage, Printing, & Stationary | 51,951 | 184 | 52,135 |
| Office Supplies & Services | 539,344 | 2,834 | 542,178 |
| Advertising & Marketing | 300 | - | 300 |
| Employee Related Expense | 331,016 | 1,705 | 332,721 |
| Miscellaneous Expense | 2,459,436 | 32,421 | 2,491,857 |
| Rents | 353,197 | 1,025 | 354,222 |
| Transportation | 1,225,854 | (925) | 1,224,929 |
| Uncollectible Accounts | 2,103,281 | 15,253 | 2,118,534 |
| Customer Accounting | 290,355 | 2,104 | 292,459 |
| Regulatory Expense | 649,640 | 4,711 | 654,351 |
| Insurance Other Than Group | 3,009,269 | 22,182 | 3,031,451 |
| Maintenance Supplies & Services | 4,343,547 | 60,994 | 4,404,541 |
| Capital movements | - | - | - |
| Total O&M Expense | <u>\$ 78,352,515</u> | <u>\$ 1,536,476</u> | <u>\$ 79,888,991</u> |

Indiana American Water Company
CAUSE NUMBER 45870

INCOME STATEMENT
Twelve Months Ending September 30, 2022

| | <u>Water</u> | <u>Wastewater</u> | <u>Total</u> |
|--|-----------------------|-----------------------|-----------------------|
| Operating Expenses | | | |
| Depreciation | \$ 53,265,802 | \$ 1,350,804 | \$ 54,616,606 |
| Amortization | 285,871 | 2,314 | 288,185 |
| Federal income taxes - operating | 527,956 | 3,829 | 531,785 |
| State income taxes - operating | (226,300) | (1,641) | (227,941) |
| Deferred federal income tax expense | 12,603,360 | 91,402 | 12,694,762 |
| Deferred state income tax expense | 3,928,383 | 28,489 | 3,956,872 |
| Amort of investment tax credits | (39,816) | (289) | (40,105) |
| Property Taxes | 13,137,584 | 296 | 13,137,880 |
| Payroll Taxes | 1,312,233 | 14,727 | 1,326,960 |
| Environmental Tax | 312,051 | 2,263 | 314,314 |
| URT | 2,423,546 | 17,576 | 2,441,122 |
| IURC Fee | 273,469 | 1,983 | 275,452 |
| Total Operating Expenses | <u>\$ 166,156,654</u> | <u>\$ 3,048,229</u> | <u>\$ 169,204,883</u> |
| Utility Operating Income | <u>\$ 85,106,475</u> | <u>\$ (1,305,345)</u> | <u>\$ 83,801,130</u> |
| Other Income and Deductions: | | | |
| Gain/Loss on Sale of Assets | - | - | - |
| Allowance for FUDC | (2,429,106) | (23,680) | (2,452,786) |
| Other miscellaneous income | (22,692) | (200) | (22,892) |
| Total Other Income: | <u>(2,451,798)</u> | <u>(23,880)</u> | <u>(2,475,678)</u> |
| Miscellaneous amortization | 1,258,911 | 9,019 | 1,267,930 |
| Other miscellaneous deductions | 42,677 | 310 | 42,987 |
| Current federal income taxes - non-operating | 125,508 | 910 | 126,418 |
| Current state income taxes - non-operating | 30,341 | 220 | 30,561 |
| Total Other Deductions: | <u>1,457,437</u> | <u>10,459</u> | <u>1,467,896</u> |
| Total Other Income and Deductions: | <u>(3,909,235)</u> | <u>(34,339)</u> | <u>(3,943,574)</u> |
| Income before Interest Charges: | <u>81,197,240</u> | <u>(1,339,684)</u> | <u>79,857,556</u> |

Indiana American Water Company
CAUSE NUMBER 45870

INCOME STATEMENT
Twelve Months Ending September 30, 2022

| | <u>Water</u> | <u>Wastewater</u> | <u>Total</u> |
|------------------------------------|----------------------|-----------------------|----------------------|
| Interest Charges: | | | |
| Interest on long-term debt | \$ 24,614,501 | \$ 178,510 | \$ 24,793,011 |
| Interest on short-term debt | 867,794 | 6,293 | 874,087 |
| Other interest expense | (32) | - | (32) |
| Allowance for borrowed FUDC | (1,284,798) | (18,999) | (1,303,797) |
| Amortization of Debt Expense | 432,818 | 3,139 | 435,957 |
| Total Interest Charges: | <u>24,630,283</u> | <u>168,943</u> | <u>24,799,226</u> |
| Net Income Before Dividend: | 56,566,957 | (1,508,627) | 55,058,330 |
| Common Dividend Declared: | <u>44,386,406.00</u> | <u>321,900.00</u> | <u>44,708,306</u> |
| Net Income | <u>\$ 12,180,551</u> | <u>\$ (1,830,527)</u> | <u>\$ 10,350,024</u> |

Indiana American Water Company
CAUSE NUMBER 45870

Total Company Pro forma Net Operating Income Statement
Step 1

| Line No. | | Base Year Ended 9/30/2022 | Adjustments | Sch Ref | Present Rates Step 1 | Proposed Rate Adjustments | Sch Ref | Proposed Rates Step 1 |
|----------|-----------------------------------|---------------------------|-------------------|---------|----------------------|---------------------------|---------|-----------------------|
| 1 | Total Company | | | | | | | |
| 2 | Operating Revenue | \$ 248,771,106 | \$ - | | \$ 248,771,106 | \$ (3,240,019) | | \$ 245,531,087 |
| 3 | Late Fee Revenue | 1,270,112 | 157,425 | 5W-6 | 1,427,537 | (18,592) | | 1,408,945 |
| 4 | Miscellaneous Revenue | 2,964,795 | - | | 2,964,795 | | | 2,964,795 |
| 5 | URT Tax Impact | - | (3,241,099) | PET | (3,241,099) | | | (3,241,099) |
| 6 | Normalization of Billings - Usage | - | 845,954 | 5W-1 | 845,954 | | | 845,954 |
| 7 | Annualization of Lowell | - | 685,485 | PET | 685,485 | | | 685,485 |
| 8 | Customer Normalization | - | 3,415,200 | | 3,415,200 | | | 3,415,200 |
| 9 | DSIC Revenue Adjustment | - | 24,267,923 | 5W-3 | 24,267,923 | | | 24,267,923 |
| 10 | SEI Revenue Adjustment | - | 5,150,494 | PET | 5,150,494 | | | 5,150,494 |
| 11 | Yankee Surcharge | - | - | | - | | | - |
| 12 | Miscellaneous Adjustments | - | (329,333) | 5W-4 | (329,333) | | | (329,333) |
| 13 | Acquisition Adjustment | - | 95,807 | PET | 95,807 | | | 95,807 |
| 14 | Eliminate 50% of LIPP | - | 25,521 | 5W-5 | 25,521 | | | 25,521 |
| 15 | Rate Increase OOR | - | - | | - | | | - |
| 16 | Normalize Misc. Billing Units | - | 11,835 | PET | 11,835 | | | 11,835 |
| 17 | Total Operating Revenues | <u>253,006,013</u> | <u>31,085,212</u> | | <u>284,091,225</u> | <u>(3,258,611)</u> | 1 | <u>280,832,614</u> |
| 18 | O&M | | | | | | | |
| 19 | Purchased Water | 380,223 | (20,137) | PET | 360,086 | - | | 360,086 |
| 20 | Fuel & Power | 9,109,765 | 310,160 | PET | 9,419,925 | - | | 9,419,925 |
| 21 | Chemicals | 3,719,112 | 2,981,484 | 6W-1 | 6,700,596 | - | | 6,700,596 |
| 22 | Waste Disposal | 2,214,792 | 43,743 | PET | 2,258,535 | - | | 2,258,535 |
| 23 | Salaries and Wages | 17,844,492 | 2,739,834 | 6W-2 | 20,584,326 | - | | 20,584,326 |
| 24 | Pension | (1,298,359) | 1,933,527 | PET | 635,168 | - | | 635,168 |
| 25 | OPEB | (2,664,005) | 913,567 | PET | (1,750,438) | - | | (1,750,438) |
| 26 | Group Insurance | 3,809,308 | 798,030 | 6W-3 | 4,607,338 | - | | 4,607,338 |
| 27 | Other Benefits | 1,290,319 | 391,765 | 6W-4 | 1,682,084 | - | | 1,682,084 |
| 28 | Support Services | 25,647,621 | 1,522,365 | 6W-5 | 27,169,986 | - | | 27,169,986 |
| 29 | Contract Services | 1,945,674 | (30,742) | 6W-6 | 1,914,932 | - | | 1,914,932 |
| 30 | Building Maintenance & Services | 1,691,709 | (49,125) | 6W-7 | 1,642,584 | - | | 1,642,584 |
| 31 | Telecommunications | 698,662 | 28,475 | 6W-8 | 727,137 | - | | 727,137 |
| 32 | Postage, Printing, & Stationary | 52,135 | 24 | 6W-9 | 52,159 | - | | 52,159 |
| 33 | Office Supplies & Services | 542,178 | 24,765 | 6W-10 | 566,943 | - | | 566,943 |
| 34 | Advertising & Marketing | 300 | (300) | PET | - | - | | - |
| 35 | Employee Related Expense | 332,721 | (37,833) | 6W-11 | 294,888 | - | | 294,888 |
| 36 | Miscellaneous Expense | 2,491,857 | (309,001) | 6W-12 | 2,182,856 | - | | 2,182,856 |
| 37 | Rents | 354,222 | (43,749) | PET | 310,473 | - | | 310,473 |
| 38 | Transportation | 1,224,929 | 13,487 | 6W-13 | 1,238,416 | - | | 1,238,416 |
| 39 | Uncollectible Accounts | 2,118,534 | 428,984 | 6W-14 | 2,547,518 | (29,148) | 1 | 2,518,370 |
| 40 | Customer Accounting | 292,459 | 13,786 | 6W-15 | 306,245 | - | | 306,245 |
| 41 | Regulatory Expense | 654,351 | (654,351) | 6W-16 | - | - | | - |
| 42 | Insurance Other Than Group | 3,031,451 | 864,347 | PET | 3,895,798 | - | | 3,895,798 |
| 43 | Maintenance Supplies & Services | 4,404,541 | 1,571,107 | 6W-17 | 5,975,648 | - | | 5,975,648 |
| 44 | Capital movements | - | (5) | PET | (5) | - | | (5) |
| 45 | Total O&M Expenses | <u>79,888,991</u> | <u>13,434,207</u> | | <u>93,323,198</u> | <u>(29,148)</u> | | <u>93,294,050</u> |
| 46 | Other Expenses | | | | | | | |
| 47 | Depreciation | 54,616,606 | 9,505,143 | 6W-18 | 64,121,749 | - | | 64,121,749 |
| 48 | Amortization | 288,185 | 66,140 | 6W-19 | 354,325 | - | | 354,325 |
| 49 | Federal income taxes - operating | 13,226,547 | (7,444,815) | 7W-1 | 5,781,732 | (644,009) | | 5,137,723 |
| 50 | State income taxes - operating | 3,728,931 | (1,553,769) | 7W-1 | 2,175,162 | (158,010) | | 2,017,152 |
| 51 | Amort of investment tax credits | (40,105) | - | | (40,105) | - | | (40,105) |
| 52 | Property Taxes | 13,137,880 | 3,703,354 | 7W-4 | 16,841,234 | - | | 16,841,234 |
| 53 | Payroll Taxes | 1,326,960 | 214,379 | 7W-5 | 1,541,339 | - | | 1,541,339 |
| 54 | Environmental Tax | 314,314 | 7,148 | PET | 321,462 | - | | 321,462 |
| 55 | URT | 2,441,122 | (2,441,122) | PET | - | - | | - |
| 56 | IURC Fee | 275,452 | 131,296 | 7W-6 | 406,748 | (4,740) | | 402,008 |
| 57 | Total Expenses | <u>169,204,883</u> | <u>15,621,961</u> | | <u>184,826,844</u> | <u>(835,907)</u> | | <u>183,990,937</u> |
| 58 | Net Operating Income | <u>\$ 83,801,130</u> | <u>15,463,251</u> | | <u>\$ 99,264,381</u> | <u>(2,422,704)</u> | | <u>\$ 96,841,677</u> |

Indiana American Water Company
CAUSE NUMBER 45870

Total Company Pro forma Net Operating Income Statement
Step 2

| Line No. | | Step 1 Pro Forma Proposed Rates | Adjustments | Sch Ref | Step 2 Pro-forma Present Rates | Proposed Rate Adjustments | Sch Ref | Step 2 Pro Forma Proposed Rates |
|----------|-----------------------------------|--|-------------------|------------|---|---------------------------------|------------|--|
| 1 | Total Company | | | | | | | |
| 2 | Operating Revenue | \$ 245,531,087 | \$ - | | \$ 245,531,087 | \$ 4,109,241 | | \$ 249,640,328 |
| 3 | Late Fee Revenue | 1,408,945 | 13,172 | 5W-6 | 1,422,117 | 23,801 | | 1,445,918 |
| 4 | Miscellaneous Revenue | 2,964,795 | - | | 2,964,795 | | | 2,964,795 |
| 5 | URT Tax Impact | (3,241,099) | - | | (3,241,099) | | | (3,241,099) |
| 6 | Normalization of Billings - Usage | 845,954 | (1,298,242) | 5W-1 | (452,288) | | | (452,288) |
| 7 | Annualization of Lowell | 685,485 | - | | 685,485 | | | 685,485 |
| 8 | Customer Normalization | 3,415,200 | 3,926,504 | 5W-2 | 7,341,704 | | | 7,341,704 |
| 9 | DSIC Revenue Adjustment | 24,267,923 | - | | 24,267,923 | | | 24,267,923 |
| 10 | SEI Revenue Adjustment | 5,150,494 | - | | 5,150,494 | | | 5,150,494 |
| 11 | Yankee Surcharge | - | (76,056) | PET | (76,056) | | | (76,056) |
| 12 | Miscellaneous Adjustments | (329,333) | - | | (329,333) | | | (329,333) |
| 13 | Acquisition Adjustment | 95,807 | 75,826 | PET | 171,633 | | | 171,633 |
| 14 | Eliminate 50% of LIPP | 25,521 | - | | 25,521 | | | 25,521 |
| 15 | Rate Increase OOR | - | 217,149 | PET | 217,149 | | | 217,149 |
| 16 | Normalize Misc. Billing Units | 11,835 | 19,024 | PET | 30,859 | | | 30,859 |
| 17 | Total Operating Revenues | <u>280,832,614</u> | <u>2,877,377</u> | | <u>283,709,991</u> | <u>4,133,042</u> | | <u>287,843,033</u> |
| 18 | O&M | | | | | | | |
| 19 | Purchased Water | 360,086 | - | | 360,086 | - | | 360,086 |
| 20 | Fuel & Power | 9,419,925 | (479) | PET | 9,419,446 | - | | 9,419,446 |
| 21 | Chemicals | 6,700,596 | 2,426,941 | 6W-1 | 9,127,537 | - | | 9,127,537 |
| 22 | Waste Disposal | 2,258,535 | 147,877 | PET | 2,406,412 | - | | 2,406,412 |
| 23 | Salaries and Wages | 20,584,326 | 918,832 | 6W-2 | 21,503,158 | - | | 21,503,158 |
| 24 | Pension | 635,168 | - | | 635,168 | - | | 635,168 |
| 25 | OPEB | (1,750,438) | - | | (1,750,438) | - | | (1,750,438) |
| 26 | Group Insurance | 4,607,338 | 242,755 | 6W-3 | 4,850,093 | - | | 4,850,093 |
| 27 | Other Benefits | 1,682,084 | 66,563 | 6W-4 | 1,748,647 | - | | 1,748,647 |
| 28 | Support Services | 27,169,986 | 1,235,763 | 6W-5 | 28,405,749 | - | | 28,405,749 |
| 29 | Contract Services | 1,914,932 | 71,322 | 6W-5 | 1,986,254 | - | | 1,986,254 |
| 30 | Building Maintenance & Services | 1,642,584 | 82,982 | 6W-6 | 1,725,566 | - | | 1,725,566 |
| 31 | Telecommunications | 727,137 | 50,421 | 6W-7 | 777,558 | - | | 777,558 |
| 32 | Postage, Printing, & Stationary | 52,159 | 754 | 6W-8 | 52,913 | - | | 52,913 |
| 33 | Office Supplies & Services | 566,943 | 53,348 | 6W-9 | 620,291 | - | | 620,291 |
| 34 | Advertising & Marketing | - | - | | - | - | | - |
| 35 | Employee Related Expense | 294,888 | 21,918 | 6W-10 | 316,806 | - | | 316,806 |
| 36 | Miscellaneous Expense | 2,182,856 | 116,533 | 6W-11 | 2,299,389 | - | | 2,299,389 |
| 37 | Rents | 310,473 | 6,966 | PET | 317,439 | - | | 317,439 |
| 38 | Transportation | 1,238,416 | 50,623 | 6W-12 | 1,289,039 | - | | 1,289,039 |
| 39 | Uncollectible Accounts | 2,518,370 | (5,315) | 6W-13 | 2,513,054 | 36,970 | 1 | 2,550,024 |
| 40 | Customer Accounting | 306,245 | 7,482 | 6W-14 | 313,727 | - | | 313,727 |
| 41 | Regulatory Expense | - | 379,791 | 6W-15 | 379,791 | - | | 379,791 |
| 42 | Insurance Other Than Group | 3,895,798 | 684,250 | PET | 4,580,048 | - | | 4,580,048 |
| 43 | Maintenance Supplies & Services | 5,975,648 | 304,522 | 6W-16 | 6,280,170 | - | | 6,280,170 |
| 44 | Capital movements | (5) | - | | (5) | - | | (5) |
| 45 | Total O&M Expenses | <u>93,294,050</u> | <u>6,863,849</u> | | <u>100,157,899</u> | <u>36,970</u> | | <u>100,194,869</u> |
| 46 | Other Expenses | | | | | | | |
| 47 | Depreciation | 64,121,749 | (2,540,258) | 6W-18 | 61,581,491 | - | | 61,581,491 |
| 48 | Amortization | 354,325 | 431,854 | 6W-19 | 786,179 | - | | 786,179 |
| 49 | Federal income taxes - operating | 5,137,723 | (3,019,967) | 7W-2 | 2,117,756 | 816,825 | 1 | 2,934,581 |
| 50 | State income taxes - operating | 2,017,152 | (742,000) | 7W-2 | 1,275,152 | 200,411 | 1 | 1,475,563 |
| 51 | Amort of investment tax credits | (40,105) | - | | (40,105) | - | | (40,105) |
| 52 | Property Taxes | 16,841,234 | 929,160 | 7W-4 | 17,770,394 | - | | 17,770,394 |
| 53 | Payroll Taxes | 1,541,339 | 92,917 | 7W-5 | 1,634,256 | - | | 1,634,256 |
| 54 | Environmental Tax | 321,462 | 1,949 | PET | 323,411 | - | | 323,411 |
| 55 | URT | - | - | | - | - | | - |
| 56 | IURC Fee | 402,008 | (834) | 7W-6 | 401,174 | 6,011 | 1 | 407,185 |
| 57 | Total Expenses | <u>183,990,937</u> | <u>2,016,670</u> | | <u>186,007,607</u> | <u>1,060,217</u> | | <u>187,067,824</u> |
| 58 | Net Operating Income | <u>\$ 96,841,677</u> | <u>\$ 860,707</u> | | <u>\$ 97,702,384</u> | <u>\$ 3,072,825</u> | | <u>\$ 100,775,209</u> |

Indiana American Water Company
CAUSE NUMBER 45870

Total Company Pro forma Net Operating Income Statement
Step 3

| Line No. | | Step 2 Pro Forma Proposed Rates | Adjustments | Sch Ref | Step 3 Pro-forma Present Rates | Proposed Rate Adjustments | Sch Ref | Step 3 Pro Forma Proposed Rates |
|----------|-----------------------------------|--|-----------------------|------------|---|---------------------------------|------------|--|
| 1 | Total Company | | | | | | | |
| 2 | Operating Revenue | \$ 249,640,328 | - | | \$ 249,640,328 | 17,581,739 | | \$ 267,222,067 |
| 3 | Late Fee Revenue | 1,445,918 | - | | 1,445,918 | 101,834 | | 1,547,752 |
| 4 | Miscellaneous Revenue | 2,964,795 | - | | 2,964,795 | | | 2,964,795 |
| 5 | URT Tax Impact | (3,241,099) | - | | (3,241,099) | | | (3,241,099) |
| 6 | Normalization of Billings - Usage | (452,288) | - | | (452,288) | | | (452,288) |
| 7 | Annualization of Lowell | 685,485 | - | | 685,485 | | | 685,485 |
| 8 | Customer Normalization | 7,341,704 | - | | 7,341,704 | | | 7,341,704 |
| 9 | DSIC Revenue Adjustment | 24,267,923 | - | | 24,267,923 | | | 24,267,923 |
| 10 | SEI Revenue Adjustment | 5,150,494 | - | | 5,150,494 | | | 5,150,494 |
| 11 | Yankee Surcharge | (76,056) | - | | (76,056) | | | (76,056) |
| 12 | Miscellaneous Adjustments | (329,333) | - | | (329,333) | | | (329,333) |
| 13 | Acquisition Adjustment | 171,633 | - | | 171,633 | | | 171,633 |
| 14 | Eliminate 50% of LIPP | 25,521 | - | | 25,521 | | | 25,521 |
| 15 | Rate Increase OOR | 217,149 | - | | 217,149 | | | 217,149 |
| 16 | Normalize Misc. Billing Units | 30,859 | - | | 30,859 | | | 30,859 |
| 17 | Total Operating Revenues | <u>287,843,033</u> | <u>-</u> | | <u>287,843,033</u> | <u>17,683,573</u> | | <u>305,526,606</u> |
| 18 | O&M | | | | | | | |
| 19 | Purchased Water | 360,086 | - | | 360,086 | - | | 360,086 |
| 20 | Fuel & Power | 9,419,446 | - | | 9,419,446 | - | | 9,419,446 |
| 21 | Chemicals | 9,127,537 | - | | 9,127,537 | - | | 9,127,537 |
| 22 | Waste Disposal | 2,406,412 | - | | 2,406,412 | - | | 2,406,412 |
| 23 | Salaries and Wages | 21,503,158 | - | | 21,503,158 | - | | 21,503,158 |
| 24 | Pension | 635,168 | - | | 635,168 | - | | 635,168 |
| 25 | OPEB | (1,750,438) | - | | (1,750,438) | - | | (1,750,438) |
| 26 | Group Insurance | 4,850,093 | - | | 4,850,093 | - | | 4,850,093 |
| 27 | Other Benefits | 1,748,647 | - | | 1,748,647 | - | | 1,748,647 |
| 28 | Support Services | 28,405,749 | - | | 28,405,749 | - | | 28,405,749 |
| 29 | Contract Services | 1,986,254 | - | | 1,986,254 | - | | 1,986,254 |
| 30 | Building Maintenance & Services | 1,725,566 | - | | 1,725,566 | - | | 1,725,566 |
| 31 | Telecommunications | 777,558 | - | | 777,558 | - | | 777,558 |
| 32 | Postage, Printing, & Stationary | 52,913 | - | | 52,913 | - | | 52,913 |
| 33 | Office Supplies & Services | 620,291 | - | | 620,291 | - | | 620,291 |
| 34 | Advertising & Marketing | - | - | | - | - | | - |
| 35 | Employee Related Expense | 316,806 | - | | 316,806 | - | | 316,806 |
| 36 | Miscellaneous Expense | 2,299,389 | - | | 2,299,389 | - | | 2,299,389 |
| 37 | Rents | 317,439 | - | | 317,439 | - | | 317,439 |
| 38 | Transportation | 1,289,039 | - | | 1,289,039 | - | | 1,289,039 |
| 39 | Uncollectible Accounts | 2,550,024 | - | | 2,550,024 | 158,180 | 1 | 2,708,204 |
| 40 | Customer Accounting | 313,727 | - | | 313,727 | - | | 313,727 |
| 41 | Regulatory Expense | 379,791 | (379,791) | 6W-15 | - | - | | - |
| 42 | Insurance Other Than Group | 4,580,048 | - | | 4,580,048 | - | | 4,580,048 |
| 43 | Maintenance Supplies & Services | 6,280,170 | - | | 6,280,170 | - | | 6,280,170 |
| 44 | Capital movements | (5) | - | | (5) | - | | (5) |
| 45 | Total O&M Expenses | <u>100,194,869</u> | <u>(379,791)</u> | | <u>99,815,078</u> | <u>158,180</u> | | <u>99,973,258</u> |
| 46 | Other Expenses | | | | | | | |
| 47 | Depreciation | 61,581,491 | 6,093,150 | 6W-18 | 67,674,641 | - | | 67,674,641 |
| 48 | Amortization | 786,179 | - | 6W-19 | 786,179 | - | | 786,179 |
| 49 | Federal income taxes - operating | 2,934,581 | (1,824,924) | 7W-3 | 1,109,657 | 3,494,858 | 1 | 4,604,515 |
| 50 | State income taxes - operating | 1,475,563 | (448,686) | 7W-3 | 1,026,877 | 857,476 | 1 | 1,884,353 |
| 51 | Amort of investment tax credits | (40,105) | - | | (40,105) | - | | (40,105) |
| 52 | Property Taxes | 17,770,394 | 1,260,833 | 7W-4 | 19,031,227 | - | | 19,031,227 |
| 53 | Payroll Taxes | 1,634,256 | - | 7W-5 | 1,634,256 | - | | 1,634,256 |
| 54 | Environmental Tax | 323,411 | - | PET | 323,411 | - | | 323,411 |
| 55 | URT | - | - | PET | - | - | | - |
| 56 | IURC Fee | 407,185 | - | 7W-6 | 407,185 | 25,720 | | 432,905 |
| 57 | Total Expenses | <u>187,067,824</u> | <u>4,700,582</u> | | <u>191,768,406</u> | <u>4,536,234</u> | | <u>196,304,640</u> |
| 58 | Net Operating Income | <u>\$ 100,775,209</u> | <u>\$ (4,700,582)</u> | | <u>\$ 96,074,627</u> | <u>\$ 13,147,339</u> | | <u>\$ 109,221,966</u> |

Indiana American Water Company
CAUSE NUMBER 45870

Calculation of Original Cost Rate Base
Total Company Pro Forma Rate Base As of April 30, 2025

| Line No. | Base Year | | Step 1 | | Step 2 | | Step 3 | |
|----------|---|------------------------|---------------------|------------------------|---------------------|------------------------|----------------------|------------------------|
| | 09/30/2022 | Step 1 Adjustments | 07/31/2023 | Step 2 Adjustments | 4/30/24 | Step 3 Adjustments | 4/30/25 | |
| 1 | Utility Plant: | | | | | | | |
| 2 | Plant in service | \$2,338,385,398 | \$146,537,707 | \$2,484,923,105 | \$110,883,899 | \$2,595,807,004 | \$172,938,299 | \$2,768,745,303 |
| 3 | BT SOP 98-01 | - | - | - | - | - | - | - |
| 4 | Deferred depreciation | 8,311,140 | - | 8,311,140 | - | 8,311,140 | - | 8,311,140 |
| 5 | Post-in-service AFUDC | 7,137,440 | - | 7,137,440 | - | 7,137,440 | - | 7,137,440 |
| 6 | Total Utility Plant: | 2,353,833,978 | 146,537,707 | 2,500,371,685 | 110,883,899 | 2,611,255,584 | 172,938,299 | 2,784,193,883 |
| 7 | Accumulated Depreciation: | | | | | | | |
| 8 | Plant in service | 581,299,134 | 36,770,136 | 618,069,270 | 36,414,708 | 654,483,978 | 58,564,581 | 713,048,559 |
| 9 | BT SOP 98-01 | - | - | - | - | - | - | - |
| 10 | Deferred depreciation | 4,443,811 | 348,093 | 4,791,904 | 311,496 | 5,103,400 | 412,557 | 5,515,957 |
| 11 | Post-in-service AFUDC | 4,010,918 | 195,486 | 4,206,404 | 172,063 | 4,378,467 | 222,203 | 4,600,670 |
| 12 | Total Accum. Depreciation | 589,753,863 | 37,313,715 | 627,067,578 | 36,898,267 | 663,965,844 | 59,199,341 | 723,165,185 |
| 13 | Net Utility Plant: | 1,764,080,115 | 109,223,992 | 1,873,304,107 | 73,985,632 | 1,947,289,740 | 113,738,958 | 2,061,028,698 |
| 14 | Deductions: | | | | | | | |
| 15 | Contributions in aid of construction | 198,322,247 | 12,390,868 | 210,713,115 | 1,227,585 | 211,940,701 | 1,636,284 | 213,576,984 |
| 16 | Customer advances for construction | 53,701,123 | 8,566,722 | 62,267,845 | 6,883,538 | 69,151,383 | 9,422,296 | 78,573,679 |
| 17 | Capacity Adjustment - Somerset | 304,440 | 4,560 | 309,000 | (3,695) | 305,305 | 7,706 | 313,011 |
| 18 | Total Deductions: | 252,327,810 | 20,962,150 | 273,289,960 | 8,107,428 | 281,397,389 | 11,066,286 | 292,463,674 |
| 19 | Additions: | | | | | | | |
| 20 | Acquisition Adjustment (net) | 130,913 | (122,389) | 8,524 | (767) | 7,757 | (1,023) | 6,734 |
| 21 | SEI Deferred Depr, Property Taxes & PISCC | - | 4,364,489 | 4,364,489 | (77,104) | 4,287,385 | (137,041) | 4,150,344 |
| 22 | | 2,832,176 | (590,238) | 2,241,938 | - | 2,241,938 | - | 2,241,938 |
| 23 | Total Additions: | 2,963,089 | 3,651,862 | 6,614,951 | (77,871) | 6,537,080 | (138,064) | 6,399,016 |
| 24 | Total Rate Base - Water | \$1,514,715,394 | \$91,913,704 | \$1,606,629,098 | \$65,800,332 | \$1,672,429,431 | \$102,534,608 | \$1,774,964,039 |

Indiana American Water Company
CAUSE NUMBER 45870

Total Company *Pro forma* Capital Structure - Base Year
As of September 30, 2022

| Line No. | | Amount | Percent of Total | Cost | Weighted Cost |
|----------|--|------------------------|------------------|-------|---------------|
| 1 | Common Equity | \$ 653,279,538 | 45.37% | 9.00% | 4.08% |
| 2 | Long Term Debt | 557,783,013 | 38.74% | 4.73% | 1.83% |
| 3 | Accumulated Deferred Income Taxes | 241,413,228 | 16.77% | 0.00% | 0.00% |
| 4 | Accumulated Depr on Contr Utility Plant for Muncie Sewer | 96,821 | 0.01% | 0.00% | 0.00% |
| 5 | Prepaid OPEBs (Other Post Retirement Employee Benefits) | (6,625,894) | -0.46% | 0.00% | 0.00% |
| 6 | Accumulated Deferred Investment Tax Credits - Pre 1971 | - | 0.00% | 0.00% | 0.00% |
| 7 | Job Development Investment Tax Credits (JDITC) - Post 1970 | 621,025 | 0.04% | 7.47% | 0.00% |
| 8 | Prepaid Pension | (6,785,454) | -0.47% | 0.00% | 0.00% |
| 9 | Total Capital Structure | <u>\$1,439,782,277</u> | <u>100.00%</u> | | <u>5.91%</u> |

Synchronized Interest Calculation

| | | |
|----|-------------------------------|---------------------|
| 10 | Total Original Cost Rate Base | \$1,514,715,394 |
| 11 | Times: Weighted Cost of Debt | <u>1.83%</u> |
| 12 | Synchronized Interest Expense | <u>\$27,719,292</u> |

Indiana American Water Company
CAUSE NUMBER 45870

Total Company *Pro forma* Capital Structure - Step 1
As of July 31, 2023

| Line No. | | Amount | Percent of Total | Cost | Weighted Cost |
|----------|--|------------------------|------------------|-------|---------------|
| 1 | Common Equity | \$ 716,559,651 | 47.41% | 9.00% | 4.27% |
| 2 | Long Term Debt | 557,418,248 | 36.88% | 4.73% | 1.74% |
| 3 | Accumulated Deferred Income Taxes | 253,164,451 | 16.75% | 0.00% | 0.00% |
| 4 | Accumulated Depr on Contr Utility Plant for Muncie Sewer | 98,742 | 0.01% | 0.00% | 0.00% |
| 5 | Prepaid OPEBs (Other Post Retirement Employee Benefits) | (8,264,162) | -0.55% | 0.00% | 0.00% |
| 6 | Accumulated Deferred Investment Tax Credits - Pre 1971 | - | 0.00% | 0.00% | 0.00% |
| 7 | Job Development Investment Tax Credits (JDITC) - Post 1970 | 607,436 | 0.04% | 8.03% | 0.00% |
| 8 | Prepaid Pension | (8,062,051) | -0.53% | 0.00% | 0.00% |
| 9 | Total Capital Structure | <u>\$1,511,522,315</u> | <u>100.01%</u> | | <u>6.01%</u> |

Synchronized Interest Calculation - Water

| | | | | |
|----|-------------------------------|--|--|---------------------|
| 10 | Total Original Cost Rate Base | | | \$1,589,058,845 |
| 11 | Times: Weighted Cost of Debt | | | <u>1.7400%</u> |
| 12 | Synchronized Interest Expense | | | <u>\$27,649,624</u> |

Synchronized Interest Calculation - Wastewater

| | | | | |
|----|-------------------------------|--|--|-------------------|
| 13 | Total Original Cost Rate Base | | | \$ 17,570,254 |
| 14 | Times: Weighted Cost of Debt | | | <u>1.7400%</u> |
| 15 | Synchronized Interest Expense | | | <u>\$ 305,722</u> |

Indiana American Water Company
CAUSE NUMBER 45870

Total Company *Pro forma* Capital Structure - Step 2
As of April 30, 2024

| Line No. | Amount | Percent of | | Weighted Cost |
|----------|------------------------|----------------|-------|---------------|
| | | Total | Cost | |
| 1 | \$ 731,237,765 | 47.40% | 9.00% | 4.27% |
| 2 | 570,746,268 | 36.99% | 4.71% | 1.74% |
| 3 | 258,787,249 | 16.77% | 0.00% | 0.00% |
| 4 | 100,471 | 0.01% | 0.00% | 0.00% |
| 5 | (9,545,695) | -0.62% | 0.00% | 0.00% |
| 6 | - | 0.00% | 0.00% | 0.00% |
| 7 | 597,878 | 0.04% | 8.01% | 0.00% |
| 8 | (9,091,336) | -0.59% | 0.00% | 0.00% |
| 9 | <u>\$1,542,832,600</u> | <u>100.00%</u> | | <u>6.01%</u> |

Synchronized Interest Calculation - Water

| | | |
|----|-------------------------------|---------------------|
| 10 | Total Original Cost Rate Base | \$1,653,525,072 |
| 11 | Times: Weighted Cost of Debt | <u>1.7400%</u> |
| 12 | Synchronized Interest Expense | <u>\$28,771,336</u> |

Synchronized Interest Calculation - Wastewater

| | | |
|----|-------------------------------|-------------------|
| 13 | Total Original Cost Rate Base | \$ 18,904,358 |
| 14 | Times: Weighted Cost of Debt | <u>1.7400%</u> |
| 15 | Synchronized Interest Expense | <u>\$ 328,936</u> |

Indiana American Water Company
CAUSE NUMBER 45870

Total Company *Pro forma* Capital Structure - Step 3
As of April 30, 2025

| Line No. | Amount | Percent of | | Weighted Cost |
|----------|------------------------|----------------|-------|---------------|
| | | Total | Cost | |
| 1 | \$ 834,238,915 | 48.48% | 9.00% | 4.36% |
| 2 | 651,443,865 | 37.86% | 4.71% | 1.78% |
| 3 | 256,136,559 | 14.88% | 0.00% | 0.00% |
| 4 | 102,776 | 0.01% | 0.00% | 0.00% |
| 5 | (11,254,406) | -0.65% | 0.00% | 0.00% |
| 6 | - | 0.00% | 0.00% | 0.00% |
| 7 | 585,133 | 0.03% | 8.02% | 0.00% |
| 8 | (10,463,716) | -0.61% | 0.00% | 0.00% |
| 9 | <u>\$1,720,789,126</u> | <u>100.00%</u> | | <u>6.14%</u> |

Synchronized Interest Calculation - Water

| | | |
|----|-------------------------------|---------------------|
| 10 | Total Original Cost Rate Base | \$1,756,801,284 |
| 11 | Times: Weighted Cost of Debt | <u>1.7800%</u> |
| 12 | Synchronized Interest Expense | <u>\$31,271,063</u> |

Synchronized Interest Calculation - Wastewater

| | | |
|----|-------------------------------|-------------------|
| 10 | Total Original Cost Rate Base | \$ 18,162,755 |
| 11 | Times: Weighted Cost of Debt | <u>1.7800%</u> |
| 12 | Synchronized Interest Expense | <u>\$ 323,297</u> |

CAUSE NUMBER 45870
Office of Utility Consumer Counselor
Workpaper CFS-1- Schedules

Water

- Sch 1W - Overall
- Sch 1W - Phased-In
- Sch 1W - GRCF
- Sch 1W - Adjustments Comparison
- Sch 4W - Pro Forma Income Statement
- Sch 5W - Operating Revenue Adjustments
- Sch 6W - Operating Expense Adjustments
- Sch 7W - Tax Adjustments
- Sch 8W - Rate Base
- Sch 9W - Capital Structure
- Sch 10W - Fair Value Increment Acquisition Adjustment

Indiana American Water Company
CAUSE NUMBER 45870

Comparison of Petitioner's and OUCC's
WATER Overall Recommended Revenue Requirements

| Line No. | | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>Sch Ref</u> | <u>OUCC More (Less)</u> |
|----------|--|---------------------------|----------------------|--------------------|-----------------------------|
| 1 | Original Cost rate Base | \$1,824,855,055 | \$1,756,801,284 | | \$(68,053,770) |
| 2 | Times: Weighted Cost of Capital | 6.88% | 6.14% | | -0.74% |
| 3 | Net Operating Income Required for Return on Rate base | 125,550,028 | 107,867,599 | | (17,682,429) |
| 4 | Add: Wastewater Subsidy | 1,631,770 | 1,631,770 | | - |
| 5 | Fair Value Increment - Indiana Cities | 267,995 | 239,170 | | (28,825) |
| 6 | Net Operating Income Required | 127,449,793 | 109,738,539 | | (17,711,254) |
| 7 | Less: Adjusted Net Operating income | 64,365,574 | 96,045,701 | | 31,680,127 |
| 8 | Net Revenue Requirement | 63,084,219 | 13,692,838 | | (49,391,381) |
| 9 | Gross Revenue Conversion Factor | 134.4621% | 134.5031% | | 0.0410% |
| 10 | Recommended Revenue Increase | <u>\$ 84,824,366</u> | <u>\$ 18,417,291</u> | | <u>\$(66,407,075)</u> |
| 11 | Recommended Percentage Increase | <u>30.62%</u> | <u>6.59%</u> | | <u>-24.02%</u> |

Indiana American Water Company
CAUSE NUMBER 45870

Comparison of Petitioner's and OUC's
WATER Phased-in Recommended Revenue Requirements

Line
No.

| | Step 1 | | | | Step 2 | | | | Step 3 | | | |
|--|-------------------|------------------|------------|--------------------|-------------------|------------------|------------|--------------------|-------------------|------------------|------------|--------------------|
| | Per Petitioner | Per OUC | Sch Ref | OUC More (Less) | Per Petitioner | Per OUC | Sch Ref | OUC More (Less) | Per Petitioner | Per OUC | Sch Ref | OUC More (Less) |
| 1 Original Cost rate Base | \$ 1,596,770,956 | \$ 1,589,058,845 | 7 | \$ (7,712,111) | \$ 1,668,130,257 | \$ 1,653,525,072 | 7 | \$ (14,605,185) | \$ 1,824,855,055 | \$ 1,756,801,284 | 7 | \$ (68,053,770) |
| 2 Times: Weighted Cost of Capital | 6.77% | 6.01% | 8 | -0.76% | 6.75% | 6.01% | 8 | -0.74% | 6.88% | 6.14% | 8 | -0.74% |
| 3 Net Operating Income Required for Return on Rate base | 108,101,394 | 95,502,437 | | (12,598,957) | 112,598,792 | 99,376,857 | | (13,221,935) | 125,550,028 | 107,867,599 | | (17,682,429) |
| 4 Add: Wastewater Subsidy | 1,337,173 | 1,337,173 | | - | 1,493,521 | 1,493,521 | | - | 1,631,770 | 1,631,770 | | - |
| 5 Fair Value Increment - Indiana Cities | 319,090 | 283,269 | | (35,821) | 294,483 | 262,199 | | (32,284) | 267,995 | 239,170 | | (28,825) |
| 6 Net Operating Income Required | 109,757,657 | 97,122,879 | | (12,634,778) | 114,386,796 | 101,132,577 | | (13,254,219) | 127,449,793 | 109,738,539 | | (17,711,254) |
| 7 Less: Adjusted Net Operating income | 75,826,764 | 99,781,775 | 4 | 23,955,011 | 100,630,319 | 98,076,984 | 4 | (2,553,335) | 107,107,325 | 96,442,399 | 4 | (10,664,926) |
| 8 Net Revenue Increase Required Requirement | 33,930,893 | (2,658,896) | | (36,589,789) | 13,756,477 | 3,055,593 | | (15,807,554) | 20,342,468 | 13,296,140 | | (7,046,328) |
| 9 Gross Revenue Conversion Factor | 134.4621% | 134.5031% | 1 | 0.0410% | 134.462% | 134.5031% | 1 | 0.0410% | 134.4621% | 134.5031% | 1 | 0.0410% |
| 10 Recommended Revenue Increase | \$ 45,624,191 | \$ (3,576,298) | | \$ (49,200,489) | \$ 18,497,248 | \$ 4,109,867 | | \$ (14,387,381) | \$ 27,352,910 | \$ 17,883,720 | | \$ (9,469,190) |
| 11 Recommended Percentage Increase | 16.47% | -1.28% | | -17.75% | 5.78% | 1.48% | | -4.31% | 8.13% | 6.33% | | -1.80% |

Indiana American Water Company
CAUSE NUMBER 45870

WATER Gross Revenue Conversion Factor

| Step 1 | | | | | |
|---------------|---|-----------------------|-----------------|------------------------|---------------------------------------|
| Line No. | | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More(Less)</u> | <u>OUCC Proposed Rate Adjustments</u> |
| 1 | Gross revenue Change | 100.0000% | 100.0000% | 0.0000% | \$ (3,576,298) |
| 2 | Less: Bad Debt Rate | 0.8945% | 0.8945% | 0.0000% | (31,990) |
| 3 | Sub-total | 99.1055% | 99.1055% | 0.0000% | |
| 4 | Less: IURC Fee | 0.1153% | 0.1454% | 0.0301% | (5,202) |
| 5 | Income Before State Income taxes | 98.9902% | 98.9601% | -0.0301% | |
| 6 | Less: State Income Tax (0.049 of Line 5) | 4.8505% | 4.8490% | -0.0015% | (173,415) |
| 7 | Income before Federal income Taxes | 94.1397% | 94.1111% | -0.0286% | |
| 8 | Less: Federal income Tax (0.21 of Line 8) | 19.7693% | 19.7633% | -0.0060% | (706,795) |
| 9 | Change in Operating Income | 74.3704% | 74.3478% | -0.0226% | \$ (2,658,896) |
| 10 | Gross Revenue Conversion Factor | 134.4621% | 134.5031% | | |

| Step 2 | | | | | |
|---------------|---|-----------------------|-----------------|------------------------|---------------------------------------|
| Line No. | | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More(Less)</u> | <u>OUCC Proposed Rate Adjustments</u> |
| 11 | Gross revenue Change | 100.0000% | 100.0000% | 0.0000% | \$ 4,109,867 |
| 12 | Less: Bad Debt Rate | 0.8945% | 0.8945% | 0.0000% | 36,763 |
| 13 | Sub-total | 99.1055% | 99.1055% | 0.0000% | |
| 14 | Less: IURC Fee | 0.1153% | 0.1454% | 0.0301% | 5,978 |
| 15 | Income Before State Income taxes | 98.9902% | 98.9601% | -0.0301% | |
| 16 | Less: State Income Tax (0.049 of Line 5) | 4.8505% | 4.8490% | -0.0015% | 199,287 |
| 17 | Income before Federal income Taxes | 94.1397% | 94.1111% | -0.0286% | |
| 18 | Less: Federal income Tax (0.21 of Line 8) | 19.7693% | 19.7633% | -0.0060% | 812,245 |
| 19 | Change in Operating Income | 74.3704% | 74.3478% | 0% | \$ 3,055,594 |
| 20 | Gross Revenue Conversion Factor | 134.4621% | 134.5031% | | |

Indiana American Water Company
CAUSE NUMBER 45870

Gross Revenue Conversion Factor

Line
No.

| Step 3 | | | | | |
|---------------|---|---------------------|----------------------------|---|---------------|
| | Per Petitioner | Per OUCC | OUCC More(Less) | OUCC Proposed Rate Adjustments | |
| 1 | Gross revenue Change | 100.0000% | 100.0000% | 0.0000% | \$ 17,883,720 |
| 2 | Less: Bad Debt Rate | 0.8945% | 0.8945% | 0.0000% | 159,970 |
| 3 | Sub-total | 99.1055% | 99.1055% | 0.0000% | |
| 4 | Less: IURC Fee | 0.1153% | 0.1454% | 0.0301% | 26,011 |
| 5 | Income Before State Income taxes | 98.9902% | 98.9601% | -0.0301% | |
| 6 | Less: State Income Tax (0.049 of Line 5) | 4.8505% | 4.8490% | -0.0015% | 867,182 |
| 7 | Income before Federal income Taxes | 94.1397% | 94.1111% | -0.0286% | |
| 8 | Less: Federal income Tax (0.21 of Line 8) | 19.7693% | 19.7633% | -0.0060% | 3,534,413 |
| 9 | Change in Operating Income | 74.3704% | 74.3478% | -0.0226% | \$ 13,296,144 |
| 10 | Gross Revenue Conversion Factor | <u>134.4621%</u> | <u>134.5031%</u> | | |

Indiana American Water Company
CAUSE NUMBER 45870

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

| Line No. | Step 1 | | | Step 2 | | | Step 3 | | |
|----------|-----------------------------------|-------------|-----------------|----------------|-------------|-----------------|----------------|---------|-----------------|
| | Per Petitioner | Per OUC | OUC More (Less) | Per Petitioner | Per OUC | OUC More (Less) | Per Petitioner | Per OUC | OUC More (Less) |
| 1 | Operating Revenue | | | | | | | | |
| 2 | Late Fee Revenue | \$ 134,795 | \$ 157,140 | \$ 22,345 | \$ 2,564 | \$ 12,557 | \$ 9,993 | \$ - | \$ - |
| 3 | Miscellaneous Revenue | - | - | - | - | - | - | - | - |
| 4 | URT Tax Impact | (3,221,822) | (3,221,822) | - | - | - | - | - | - |
| 5 | Normalization of Billings - Usage | (4,214,489) | 833,123 | 5,047,612 | (1,718,915) | (1,297,597) | 421,318 | - | - |
| 6 | Annualization of Lowell | 685,485 | 685,485 | - | - | - | - | - | - |
| 7 | Customer Normalization | 2,671,941 | 3,354,448 | 682,507 | 2,223,772 | 3,840,634 | 1,616,862 | - | - |
| 8 | DSIC Revenue Adjustment | 24,035,317 | 24,267,923 | 232,606 | - | - | - | - | - |
| 9 | SEI Revenue Adjustment | 5,150,494 | 5,150,494 | - | - | - | - | - | - |
| 10 | Yankee Surcharge | - | - | - | (76,056) | (76,056) | - | - | - |
| 11 | Miscellaneous Adjustments | 411,538 | (334,232) | (745,770) | - | - | - | - | - |
| 12 | Acquisition Adjustment | 95,807 | 95,807 | - | 75,826 | 75,826 | - | - | - |
| 13 | Eliminate 50% of LIPP | 10,262 | 25,521 | 15,259 | - | - | - | - | - |
| 14 | Rate Increase OOR | - | - | - | 206,594 | 206,594 | - | - | - |
| 15 | Normalize Misc. Billing Units | 11,835 | 11,835 | - | 19,024 | 19,024 | - | - | - |
| 16 | Total Operating Revenues | 25,771,163 | 31,025,722 | 5,254,559 | 732,809 | 2,780,982 | 2,048,173 | - | - |
| 17 | O&M Expense | | | | | | | | |
| 18 | Purchased Water | (20,137) | (20,137) | - | - | - | - | - | - |
| 19 | Fuel & Power | 376,686 | 376,686 | - | (398) | (398) | - | - | - |
| 20 | Chemicals | 2,566,895 | 2,974,604 | 407,709 | 340,995 | 2,419,123 | 2,078,128 | - | - |
| 21 | Waste Disposal | 168,744 | 168,744 | - | 109,109 | 109,109 | - | - | - |
| 22 | Salaries and Wages | 3,438,370 | 2,925,321 | (513,049) | 1,223,089 | 919,019 | (304,070) | - | - |
| 23 | Pension | 1,923,598 | 1,923,598 | - | - | - | - | - | - |
| 24 | OPEB | 907,432 | 907,432 | - | - | - | - | - | - |
| 25 | Group Insurance | 958,821 | 843,973 | (114,848) | 312,265 | 242,792 | (69,473) | - | - |
| 26 | Other Benefits | 983,993 | 404,910 | (579,083) | 131,343 | 66,575 | (64,768) | - | - |
| 27 | Support Services | 1,751,217 | 1,511,404 | (239,813) | 1,236,528 | 1,226,865 | (9,663) | - | - |
| 28 | Contract Services | 3,932,272 | (31,998) | (3,964,270) | 372,918 | 69,147 | (303,771) | - | - |
| 29 | Building Maintenance & Services | (2,940) | (30,196) | (27,256) | 53,740 | 81,062 | 27,322 | - | - |
| 30 | Telecommunications | 45,170 | 28,362 | (16,808) | 33,421 | 50,229 | 16,808 | - | - |
| 31 | Postage, Printing, & Stationary | 265 | 11 | (254) | 500 | 754 | 254 | - | - |
| 32 | Office Supplies & Services | 42,241 | 24,646 | (17,595) | 35,474 | 53,069 | 17,595 | - | - |

Indiana American Water Company
CAUSE NUMBER 45870

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

| Line No. | Step 1 | | | Step 2 | | | Step 3 | | | |
|----------|-------------------------------------|----------------|------------------|----------------|-----------------|------------------|----------------|----------------|------------------|--------------|
| | Per Petitioner | Per OUCC | OUCC More (Less) | Per Petitioner | Per OUCC | OUCC More (Less) | Per Petitioner | Per OUCC | OUCC More (Less) | |
| 1 | Advertising & Marketing | (300) | (300) | - | - | - | - | - | - | |
| 2 | Employee Related Expense | (9,864) | (37,903) | (28,039) | 14,501 | 21,795 | 7,294 | - | - | |
| 3 | Miscellaneous Expense | (58,820) | (310,073) | (251,253) | 76,247 | 114,598 | 38,351 | - | - | |
| 4 | Rents | (44,023) | (44,023) | - | 6,950 | 6,950 | - | - | - | |
| 5 | Transportation | 117,885 | 12,525 | (105,360) | 54,976 | 50,623 | (4,353) | - | - | |
| 6 | Uncollectible Accounts | 374,569 | 427,909 | 53,340 | 760,779 | (8,972) | (769,751) | - | - | |
| 7 | Customer Accounting | 1,177,438 | 13,791 | (1,163,647) | 7,482 | 7,482 | - | - | - | |
| 8 | Regulatory Expense | (184,913) | (649,640) | (464,727) | - | 377,056 | 377,056 | (377,056) | (377,056) | |
| 9 | Insurance Other Than Group | 858,478 | 858,478 | - | 679,323 | 679,323 | - | - | - | |
| 10 | Maintenance Supplies & Services | 1,661,096 | 1,558,998 | (102,098) | 198,730 | 300,828 | 102,098 | - | - | |
| 11 | Capital movements | (3) | (3) | - | - | - | - | - | - | |
| 12 | Depreciation | 13,401,162 | 9,825,483 | (3,575,679) | 4,648,432 | (2,541,282) | (7,189,714) | 8,923,801 | 6,093,211 | (2,830,590) |
| 13 | Amortization | 65,831 | 65,831 | - | 675,544 | 432,513 | (243,031) | - | - | - |
| 14 | Federal income taxes - operating | (2,427,414) | (7,095,030) | (4,667,616) | 5,598,483 | (3,072,591) | (8,671,074) | 719,624 | (1,829,370) | (2,548,994) |
| 15 | State income taxes - operating | (536,048) | (1,471,490) | (935,442) | 1,387,795 | (754,901) | (2,142,696) | 202,088 | (449,757) | (651,845) |
| | Deferred federal income tax expense | - | - | - | - | - | - | - | - | - |
| | Deferred state income tax expense | - | - | - | - | - | - | - | - | - |
| 16 | Amort of investment tax credits | - | - | - | - | - | - | - | - | - |
| 17 | Property Taxes | 3,588,085 | 3,244,862 | (343,223) | 5,977,891 | 882,627 | (5,095,264) | - | 1,253,151 | 1,253,151 |
| 18 | Payroll Taxes | 267,651 | 228,461 | (39,190) | 116,192 | 92,931 | (23,261) | - | - | - |
| 19 | Environmental Tax | 8,061 | 8,061 | - | 1,949 | 1,949 | - | - | - | - |
| 20 | URT | (2,423,546) | (2,423,546) | - | - | - | - | - | - | - |
| 21 | IURC Fee | 28,116 | 130,671 | 102,555 | 45,990 | (1,398) | (47,388) | - | - | - |
| 22 | Total Operating Expenses | 32,936,068 | 16,350,422 | (16,585,646) | 24,100,247 | 1,826,877 | (22,273,371) | 9,845,513 | 4,690,179 | (5,155,334) |
| 23 | Net Operating Income | \$ (7,164,905) | \$ 14,675,300 | \$ 21,840,205 | \$ (23,367,438) | \$ 954,105 | \$ 24,321,544 | \$ (9,845,513) | \$ (4,690,179) | \$ 5,155,334 |

Indiana American Water Company
CAUSE NUMBER 45870

WATER Pro forma Net Operating Income Statement
Step 1

| Line No. | Base Year Ended 9/30/2022 | Adjustments | Sch Ref | Present Rates Step 1 | Proposed Rate Adjustments | Sch Ref | Proposed Rates Step 1 |
|----------|-----------------------------------|----------------------|-------------------|----------------------|---------------------------|--------------------|-----------------------|
| 1 | Water | | | | | | |
| 2 | \$ 247,037,067 | | | \$ 247,037,067 | \$ (3,555,873) | | \$ 243,481,194 |
| 3 | Late Fee Revenue | 1,261,837 | 157,140 | 5W-6 | 1,418,977 | (20,425) | 1,398,552 |
| 4 | Miscellaneous Revenue | 2,964,225 | | | 2,964,225 | | 2,964,225 |
| 5 | URT Tax Impact | (3,221,822) | PET | | (3,221,822) | | (3,221,822) |
| 6 | Normalization of Billings - Usage | 833,123 | 5W-1 | | 833,123 | | 833,123 |
| 7 | Annualization of Lowell | 685,485 | PET | | 685,485 | | 685,485 |
| 8 | Customer Normalization | 3,354,448 | 5W-2 | | 3,354,448 | | 3,354,448 |
| 9 | DSIC Revenue Adjustment | 24,267,923 | 5W-3 | | 24,267,923 | | 24,267,923 |
| 10 | SEI Revenue Adjustment | 5,150,494 | PET | | 5,150,494 | | 5,150,494 |
| 11 | Yankee Surcharge | - | | | - | | - |
| 12 | Miscellaneous Adjustments | (334,232) | 5W-4 | | (334,232) | | (334,232) |
| 13 | Acquisition Adjustment | 95,807 | PET | | 95,807 | | 95,807 |
| 14 | Eliminate 50% of LIPP | 25,521 | 5W-5 | | 25,521 | | 25,521 |
| 15 | Rate Increase OOR | - | | | - | | - |
| 16 | Normalize Misc. Billing Units | 11,835 | PET | | 11,835 | | 11,835 |
| 17 | Total Operating Revenues | 251,263,129 | 31,025,722 | | 282,288,851 | (3,576,298) | 278,712,553 |
| 18 | O&M | | | | | | |
| 19 | Purchased Water | 381,079 | (20,137) | PET | 360,942 | | 360,942 |
| 20 | Fuel & Power | 9,000,139 | 376,686 | PET | 9,376,825 | | 9,376,825 |
| 21 | Chemicals | 3,693,252 | 2,974,604 | 6W-1 | 6,667,856 | | 6,667,856 |
| 22 | Waste Disposal | 1,497,670 | 168,744 | PET | 1,666,414 | | 1,666,414 |
| 23 | Salaries and Wages | 17,643,359 | 2,925,321 | 6W-2 | 20,568,680 | | 20,568,680 |
| 24 | Pension | (1,293,003) | 1,923,598 | PET | 630,595 | | 630,595 |
| 25 | OPEB | (2,645,266) | 907,432 | PET | (1,737,834) | | (1,737,834) |
| 26 | Group Insurance | 3,760,196 | 843,973 | 6W-3 | 4,604,169 | | 4,604,169 |
| 27 | Other Benefits | 1,276,848 | 404,910 | 6W-4 | 1,681,758 | | 1,681,758 |
| 28 | Support Services | 25,462,958 | 1,511,404 | 6W-5 | 26,974,362 | | 26,974,362 |
| 29 | Contract Services | 1,888,538 | (31,998) | 6W-6 | 1,856,540 | | 1,856,540 |
| 30 | Building Maintenance & Services | 1,634,517 | (30,196) | 6W-7 | 1,604,321 | | 1,604,321 |
| 31 | Telecommunications | 695,038 | 28,362 | 6W-8 | 723,400 | | 723,400 |
| 32 | Postage, Printing, & Stationary | 51,951 | 11 | 6W-9 | 51,962 | | 51,962 |
| 33 | Office Supplies & Services | 539,344 | 24,646 | 6W-10 | 563,990 | | 563,990 |
| 34 | Advertising & Marketing | 300 | (300) | PET | - | | - |
| 35 | Employee Related Expense | 331,016 | (37,903) | 6W-11 | 293,113 | | 293,113 |
| 36 | Miscellaneous Expense | 2,459,436 | (310,073) | 6W-12 | 2,149,363 | | 2,149,363 |
| 37 | Rents | 353,197 | (44,023) | PET | 309,174 | | 309,174 |
| 38 | Transportation | 1,225,854 | 12,525 | 6W-13 | 1,238,379 | | 1,238,379 |
| 39 | Uncollectible Accounts | 2,103,281 | 427,909 | 6W-14 | 2,531,190 | (31,990) | 2,499,200 |
| 40 | Customer Accounting | 290,355 | 13,791 | 6W-15 | 304,146 | | 304,146 |
| 41 | Regulatory Expense | 649,640 | (649,640) | 6W-16 | - | | - |
| 42 | Insurance Other Than Group | 3,009,269 | 858,478 | PET | 3,867,747 | | 3,867,747 |
| 43 | Maintenance Supplies & Services | 4,343,547 | 1,558,998 | 6W-17 | 5,902,545 | | 5,902,545 |
| 44 | Capital movements | - | (3) | PET | (3) | | (3) |
| 45 | Total O&M Expenses | 78,352,513 | 13,837,119 | | 92,189,634 | (31,990) | 92,157,644 |
| 46 | Other Expenses | | | | | | |
| 47 | Depreciation | 53,265,802 | 9,825,483 | 6W-18 | 63,091,285 | | 63,091,285 |
| 48 | Amortization | 285,871 | 65,831 | 6W-19 | 351,702 | | 351,702 |
| 49 | Federal income taxes - operating | 13,131,316 | (7,095,030) | 7W-1 | 6,036,286 | (706,795) | 5,329,491 |
| 50 | State income taxes - operating | 3,702,083 | (1,471,490) | 7W-1 | 2,230,593 | (173,415) | 2,057,178 |
| 51 | Amort of investment tax credits | (39,816) | | | (39,816) | | (39,816) |
| 52 | Property Taxes | 13,137,584 | 3,244,862 | 7W-4 | 16,382,446 | | 16,382,446 |
| 53 | Payroll Taxes | 1,312,233 | 228,461 | 7W-5 | 1,540,694 | | 1,540,694 |
| 54 | Environmental Tax | 312,051 | 8,061 | PET | 320,112 | | 320,112 |
| 55 | URT | 2,423,546 | (2,423,546) | PET | - | | - |
| 56 | IURC Fee | 273,469 | 130,671 | 7W-6 | 404,140 | (5,202) | 398,938 |
| 57 | Total Expenses | 166,156,652 | 16,350,422 | | 182,507,076 | (917,402) | 181,589,674 |
| 58 | Net Operating Income | \$ 85,106,477 | 14,675,300 | | \$ 99,781,775 | (2,658,896) | \$ 97,122,879 |

Indiana American Water Company
CAUSE NUMBER 45870

WATER Pro forma Net Operating Income Statement
Step 2

| Line No. | Step 1 Pro Forma Proposed Rates | Adjustments | Sch Ref | Step 2 Pro-forma Present Rates | Proposed Rate Adjustments | Sch Ref | Step 2 Pro Forma Proposed Rates |
|----------|--|----------------------|-------------------|---|---------------------------------|------------|--|
| 1 | Water | | | | | | |
| 2 | Operating Revenue | \$ 243,481,194 | | \$ 243,481,194 | \$ 4,086,185 | | \$ 247,567,379 |
| 3 | Late Fee Revenue | 1,398,552 | 12,557 5W-6 | 1,411,109 | 23,682 | | 1,434,791 |
| 4 | Miscellaneous Revenue | 2,964,225 | | 2,964,225 | | | 2,964,225 |
| 5 | URT Tax Impact | (3,221,822) | | (3,221,822) | | | (3,221,822) |
| 6 | Normalization of Billings - Usage | 833,123 | (1,297,597) 5W-1 | (464,474) | | | (464,474) |
| 7 | Annualization of Lowell | 685,485 | | 685,485 | | | 685,485 |
| 8 | Customer Normalization | 3,354,448 | 3,840,634 5W-2 | 7,195,082 | | | 7,195,082 |
| 9 | DSIC Revenue Adjustment | 24,267,923 | | 24,267,923 | | | 24,267,923 |
| 10 | SEI Revenue Adjustment | 5,150,494 | | 5,150,494 | | | 5,150,494 |
| 11 | Yankee Surcharge | - | (76,056) PET | (76,056) | | | (76,056) |
| 12 | Miscellaneous Adjustments | (334,232) | | (334,232) | | | (334,232) |
| 13 | Acquisition Adjustment | 95,807 | 75,826 PET | 171,633 | | | 171,633 |
| 14 | Eliminate 50% of LIPP | 25,521 | | 25,521 | | | 25,521 |
| 15 | Rate Increase OOR | - | 206,594 PET | 206,594 | | | 206,594 |
| 16 | Normalize Misc. Billing Units | 11,835 | 19,024 PET | 30,859 | | | 30,859 |
| 17 | Total Operating Revenues | <u>278,712,553</u> | <u>2,780,982</u> | <u>281,493,535</u> | <u>4,109,867</u> | 1 | <u>285,603,402</u> |
| 18 | O&M | | | | | | |
| 19 | Purchased Water | 360,942 | - | 360,942 | | | 360,942 |
| 20 | Fuel & Power | 9,376,825 | (398) PET | 9,376,427 | | | 9,376,427 |
| 21 | Chemicals | 6,667,856 | 2,419,123 6W-1 | 9,086,979 | | | 9,086,979 |
| 22 | Waste Disposal | 1,666,414 | 109,109 PET | 1,775,523 | | | 1,775,523 |
| 23 | Salaries and Wages | 20,568,680 | 919,019 6W-2 | 21,487,699 | | | 21,487,699 |
| 24 | Pension | 630,595 | - | 630,595 | | | 630,595 |
| 25 | OPEB | (1,737,834) | - | (1,737,834) | | | (1,737,834) |
| 26 | Group Insurance | 4,604,169 | 242,792 6W-3 | 4,846,961 | | | 4,846,961 |
| 27 | Other Benefits | 1,681,758 | 66,575 6W-4 | 1,748,333 | | | 1,748,333 |
| 28 | Support Services | 26,974,362 | 1,226,865 6W-5 | 28,201,227 | | | 28,201,227 |
| 29 | Contract Services | 1,856,540 | 69,147 6W-5 | 1,925,687 | | | 1,925,687 |
| 30 | Building Maintenance & Services | 1,604,321 | 81,062 6W-6 | 1,685,383 | | | 1,685,383 |
| 31 | Telecommunications | 723,400 | 50,229 6W-7 | 773,629 | | | 773,629 |
| 32 | Postage, Printing, & Stationary | 51,962 | 754 6W-8 | 52,716 | | | 52,716 |
| 33 | Office Supplies & Services | 563,990 | 53,069 6W-9 | 617,059 | | | 617,059 |
| 34 | Advertising & Marketing | - | - | - | | | - |
| 35 | Employee Related Expense | 293,113 | 21,795 6W-10 | 314,908 | | | 314,908 |
| 36 | Miscellaneous Expense | 2,149,363 | 114,598 6W-11 | 2,263,961 | | | 2,263,961 |
| 37 | Rents | 309,174 | 6,950 PET | 316,124 | | | 316,124 |
| 38 | Transportation | 1,238,379 | 50,623 6W-12 | 1,289,002 | | | 1,289,002 |
| 39 | Uncollectible Accounts | 2,499,200 | (8,972) 6W-13 | 2,490,227 | 36,763 1 | | 2,526,990 |
| 40 | Customer Accounting | 304,146 | 7,482 6W-14 | 311,628 | | | 311,628 |
| 41 | Regulatory Expense | - | 377,056 6W-15 | 377,056 | | | 377,056 |
| 42 | Insurance Other Than Group | 3,867,747 | 679,323 PET | 4,547,070 | | | 4,547,070 |
| 43 | Maintenance Supplies & Services | 5,902,545 | 300,828 6W-16 | 6,203,373 | | | 6,203,373 |
| 44 | Capital movements | (3) | - | (3) | | | (3) |
| 45 | Total O&M Expenses | <u>92,157,644</u> | <u>6,787,029</u> | <u>98,944,673</u> | <u>36,763</u> | | <u>98,981,436</u> |
| 46 | Other Expenses | | | | | | |
| 47 | Depreciation | 63,091,285 | (2,541,282) 6W-18 | 60,550,003 | | | 60,550,003 |
| 48 | Amortization | 351,702 | 432,513 6W-19 | 784,215 | | | 784,215 |
| 49 | Federal income taxes - operating | 5,329,491 | (3,072,591) 7W-2 | 2,256,900 | 812,245 1 | | 3,069,145 |
| 50 | State income taxes - operating | 2,057,178 | (754,901) 7W-2 | 1,302,277 | 199,287 1 | | 1,501,564 |
| 51 | Amort of investment tax credits | (39,816) | - | (39,816) | | | (39,816) |
| 52 | Property Taxes | 16,382,446 | 882,627 7W-4 | 17,265,073 | | | 17,265,073 |
| 53 | Payroll Taxes | 1,540,694 | 92,931 7W-5 | 1,633,625 | | | 1,633,625 |
| 54 | Environmental Tax | 320,112 | 1,949 PET | 322,061 | | | 322,061 |
| 55 | URT | - | PET | - | | | - |
| 56 | IURC Fee | 398,938 | (1,398) 7W-6 | 397,540 | 5,978 1 | | 403,518 |
| 57 | Total Expenses | <u>181,589,674</u> | <u>1,826,877</u> | <u>183,416,551</u> | <u>1,054,273</u> | | <u>184,470,824</u> |
| 58 | Net Operating Income | <u>\$ 97,122,879</u> | <u>954,105</u> | <u>\$ 98,076,984</u> | <u>3,055,594</u> | | <u>\$ 101,132,578</u> |

Indiana American Water Company
CAUSE NUMBER 45870

WATER Proforma Net Operating Income Statement
Step 3

| Line No. | | Step 2 Pro Forma Proposed Rates | Adjustments | Sch Ref | Step 3 Pro-forma Present Rates | Proposed Rate Adjustments | Sch Ref | Step 3 Pro Forma Proposed Rates |
|----------|-----------------------------------|--|----------------|------------|---|---------------------------------|------------|--|
| 1 | Water | | | | | | | |
| 2 | Operating Revenue | \$ 247,567,379 | | | \$ 247,567,379 | \$ 17,780,671 | | \$ 265,348,050 |
| 3 | Late Fee Revenue | 1,434,791 | | | 1,434,791 | 103,049 | | 1,537,840 |
| 4 | Miscellaneous Revenue | 2,964,225 | | | 2,964,225 | | | 2,964,225 |
| 5 | URT Tax Impact | (3,221,822) | | | (3,221,822) | | | (3,221,822) |
| 6 | Normalization of Billings - Usage | (464,474) | | | (464,474) | | | (464,474) |
| 7 | Annualization of Lowell | 685,485 | | | 685,485 | | | 685,485 |
| 8 | Customer Normalization | 7,195,082 | | | 7,195,082 | | | 7,195,082 |
| 9 | DSIC Revenue Adjustment | 24,267,923 | | | 24,267,923 | | | 24,267,923 |
| 10 | SEI Revenue Adjustment | 5,150,494 | | | 5,150,494 | | | 5,150,494 |
| 11 | Yankee Surcharge | (76,056) | | | (76,056) | | | (76,056) |
| 12 | Miscellaneous Adjustments | (334,232) | | | (334,232) | | | (334,232) |
| 13 | Acquisition Adjustment | 171,633 | | | 171,633 | | | 171,633 |
| 14 | Eliminate 50% of LIPP | 25,521 | | | 25,521 | | | 25,521 |
| 15 | Rate Increase OOR | 206,594 | | | 206,594 | | | 206,594 |
| 16 | Normalize Misc. Billing Units | 30,859 | | | 30,859 | | | 30,859 |
| 17 | Total Operating Revenues | 285,603,402 | - | | 285,603,402 | 17,883,720 | 1 | 303,487,122 |
| 18 | O&M | | | | | | | |
| 19 | Purchased Water | 360,942 | | | 360,942 | | | 360,942 |
| 20 | Fuel & Power | 9,376,427 | | | 9,376,427 | | | 9,376,427 |
| 21 | Chemicals | 9,086,979 | | | 9,086,979 | | | 9,086,979 |
| 22 | Waste Disposal | 1,775,523 | | | 1,775,523 | | | 1,775,523 |
| 23 | Salaries and Wages | 21,487,699 | | | 21,487,699 | | | 21,487,699 |
| 24 | Pension | 630,595 | | | 630,595 | | | 630,595 |
| 25 | OPEB | (1,737,834) | | | (1,737,834) | | | (1,737,834) |
| 26 | Group Insurance | 4,846,961 | | | 4,846,961 | | | 4,846,961 |
| 27 | Other Benefits | 1,748,333 | | | 1,748,333 | | | 1,748,333 |
| 28 | Support Services | 28,201,227 | | | 28,201,227 | | | 28,201,227 |
| 29 | Contract Services | 1,925,687 | | | 1,925,687 | | | 1,925,687 |
| 30 | Building Maintenance & Services | 1,685,383 | | | 1,685,383 | | | 1,685,383 |
| 31 | Telecommunications | 773,629 | | | 773,629 | | | 773,629 |
| 32 | Postage, Printing, & Stationary | 52,716 | | | 52,716 | | | 52,716 |
| 33 | Office Supplies & Services | 617,059 | | | 617,059 | | | 617,059 |
| 34 | Advertising & Marketing | - | | | - | | | - |
| 35 | Employee Related Expense | 314,908 | | | 314,908 | | | 314,908 |
| 36 | Miscellaneous Expense | 2,263,961 | | | 2,263,961 | | | 2,263,961 |
| 37 | Rents | 316,124 | | | 316,124 | | | 316,124 |
| 38 | Transportation | 1,289,002 | | | 1,289,002 | | | 1,289,002 |
| 39 | Uncollectible Accounts | 2,526,990 | | | 2,526,990 | 159,970 | 1 | 2,686,960 |
| 40 | Customer Accounting | 311,628 | | | 311,628 | | | 311,628 |
| 41 | Regulatory Expense | 377,056 | (377,056) | 6W-15 | - | | | - |
| 42 | Insurance Other Than Group | 4,547,070 | | | 4,547,070 | | | 4,547,070 |
| 43 | Maintenance Supplies & Services | 6,203,373 | | | 6,203,373 | | | 6,203,373 |
| 44 | Capital movements | (3) | | | (3) | | | (3) |
| 45 | Total O&M Expenses | 98,981,436 | (377,056) | | 98,604,380 | 159,970 | | 98,764,350 |
| 46 | Other Expenses | | | | | | | |
| 47 | Depreciation | 60,550,003 | 6,093,211 | 6W-18 | 66,643,214 | | | 66,643,214 |
| 48 | Amortization | 784,215 | | 6W-19 | 784,215 | | | 784,215 |
| 49 | Federal income taxes - operating | 3,069,145 | (1,829,370) | 7W-3 | 1,239,775 | 3,534,413 | 1 | 4,774,188 |
| 50 | State income taxes - operating | 1,501,564 | (449,757) | 7W-3 | 1,051,807 | 867,182 | 1 | 1,918,989 |
| 51 | Amort of investment tax credits | (39,816) | | | (39,816) | | | (39,816) |
| 52 | Property Taxes | 17,265,073 | 1,253,151 | 7W-4 | 18,518,224 | | | 18,518,224 |
| 53 | Payroll Taxes | 1,633,625 | | 7W-5 | 1,633,625 | | | 1,633,625 |
| 54 | Environmental Tax | 322,061 | | PET | 322,061 | | | 322,061 |
| 55 | URT | - | | PET | - | | | - |
| 56 | IURC Fee | 403,518 | | 7W-6 | 403,518 | 26,011 | 1 | 429,529 |
| 57 | Total Expenses | 184,470,824 | 4,690,179 | | 189,161,003 | 4,587,576 | | 193,748,579 |
| 58 | Net Operating Income | \$ 101,132,578 | \$ (4,690,179) | | \$ 96,442,399 | 13,296,144 | | \$ 109,738,543 |

Indiana American Water Company
CAUSE NUMBER 45870

WATER OUCC Revenue Adjustments

(5W-1)

Declining Usage ("Normalization of Billings - Usage")

To decrease base year operating revenue to reflect changes in consumption patterns.

| | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More (Less)</u> |
|---|------------------------------|------------------------------|-----------------------------|
| Step 1 Detail of Declining Usage Adjustment: | | | |
| Residential | (2,929,304) | (861,414) | \$2,067,890 |
| Commercial | (1,374,281) | (1,032,252) | 342,029 |
| Industrial | (156,388) | 422,994 | 579,382 |
| Public Authority | 228,469 | 2,323,082 | 2,094,613 |
| Miscellaneous | 0 | 0 | - |
| Sale for Resale | 17,015 | (19,287) | (36,302) |
| Step 1 Adjustment -- Increase (Decrease) | <u>\$ (4,214,489)</u> | <u>\$ 833,123</u> | <u>\$ 5,047,612</u> |
| Step 2 Detail of Declining Usage Adjustment: | | | |
| Residential | (1,711,337) | (1,304,503) | 406,834 |
| Commercial | (7,578) | (8,400) | (822) |
| Industrial | - | 4,614 | 4,614 |
| Public Authority | - | 10,692 | 10,692 |
| Miscellaneous | - | - | - |
| Sale for Resale | - | - | - |
| Step 2 Adjustment -- Increase (Decrease) | <u>\$ (1,718,915)</u> | <u>\$ (1,297,597)</u> | <u>\$ 421,318</u> |

Indiana American Water Company
CAUSE NUMBER 45870

OUCG Water Revenue Adjustments

(5W-2)

Organic Customer Growth ("Customer Normalization")

To increase base year operating revenue to reflect organic customer growth through the end of the test year.

| | <u>Per Petitioner</u> | <u>Per OUCG</u> | <u>OUCG More (Less)</u> |
|---|----------------------------|----------------------------|-----------------------------|
| Step 1 Detail of Customer Growth Adjustment: | | | |
| Residential | \$ 1,024,770 | \$ 1,308,704 | \$ 283,934 |
| Commercial | 103,863 | 313,503 | 209,640 |
| Industrial | 251,823 | 234,831 | (16,992) |
| Public Authority | 993,924 | 1,150,617 | 156,693 |
| Miscellaneous | - | - | - |
| Sale for Resale | - | - | - |
| Fire | 297,561 | 346,793 | 49,232 |
| Step 1 Adjustment -- Increase (Decrease) | <u>\$ 2,671,941</u> | <u>\$ 3,354,448</u> | <u>\$ 682,507</u> |
| Step 2 Detail of Customer Growth Adjustment: | | | |
| Residential | \$ 1,665,828 | \$ 1,883,640 | \$ 217,812 |
| Commercial | 253,001 | 395,702 | 142,701 |
| Industrial | - | 163,780 | 163,780 |
| Public Authority | - | 1,023,453 | 1,023,453 |
| Miscellaneous | - | - | - |
| Sale for Resale | - | - | - |
| Fire | 304,943 | 374,059 | 69,116 |
| Step 2 Adjustment -- Increase (Decrease) | <u>\$ 2,223,772</u> | <u>\$ 3,840,634</u> | <u>\$ 1,616,862</u> |

Indiana American Water Company
CAUSE NUMBER 45870

OUC Water Revenue Adjustments

(5W-3)
DSIC Revenue

To increase base year operating revenue to reflect revenue generated by Cause No. 42351 - DSIC 14.

| | <u>Per Petitioner</u> | <u>Per OUC</u> | <u>OUC More (Less)</u> |
|---|---------------------------|----------------------|----------------------------|
| Step 1 Detail of DSI Revenue Adjustment: | | | |
| Step 1 Adjustment -- Increase (Decrease) | <u>\$24,035,317</u> | <u>\$ 24,267,923</u> | <u>\$ 232,606</u> |

(5W-4)
Miscellaneous Items Adjustment

To reflect a decrease to base year operating revenue for unbilled revenue and miscellaneous adjustments.

| | <u>Per Petitioner</u> | <u>Per OUC</u> | <u>OUC More (Less)</u> |
|---|---------------------------|---------------------|----------------------------|
| Step 1 Detail of Miscellaneous Adjustment: | | | |
| Residential | \$ 414,892 | \$ 47,120 | \$ (367,772) |
| Commercial | 166,782 | 10,983 | (155,799) |
| Industrial | 47,444 | 2,642 | (44,802) |
| Public Authority | 24,349 | 352 | (23,997) |
| Miscellaneous | 157,112 | 28 | (157,084) |
| Sale for Resale | 293,958 | 288,630 | (5,328) |
| Other Revenue | (4,944) | 4,068 | 9,012 |
| Fire | 77,178 | 77,178 | - |
| Unbilled Revenue | <u>(765,233)</u> | <u>(765,233)</u> | <u>-</u> |
| Step 1 Adjustment -- Increase (Decrease) | <u>\$ 411,538</u> | <u>\$ (334,232)</u> | <u>\$ (745,770)</u> |

Indiana American Water Company
CAUSE NUMBER 45870

OUCC Water Revenue Adjustments

(5W-5)

Elimination of LIPP

To increase base year operating revenue to reflect the elimination of Petitioner's low-income pilot program

| | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More (Less)</u> |
|---|---------------------------|---------------------|-----------------------------|
| Step 1 Detail of Elimination of LIPP Adjustment: | | | |
| Step 1 Adjustment -- Increase (Decrease) | \$ 10,262 | \$ 25,521 | \$ 15,259 |

(5W-6)

Late Fees

To increase base year operating revenue to reflect an increase in late fees generated by the increase in revenue.

| | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More (Less)</u> |
|---|---------------------------|---------------------|-----------------------------|
| Step 1 Detail of Late Fees Adjustment: | | | |
| URT Tax Impact | \$ (16,457) | \$ (16,407) | \$ 50 |
| Normalization of Billings - Usage | (21,527) | 4,243 | 25,770 |
| Annualization of Lowell | 3,501 | 3,491 | (10) |
| Customer Normalization | 13,648 | 17,083 | 3,435 |
| DSIC Revenue Adjustment | 122,770 | 123,585 | 815 |
| SEI Revenue Adjustment | 26,308 | 26,229 | (79) |
| Yankee Surcharge | - | - | - |
| Miscellaneous Adjustments | 6,011 | (1,702) | (7,713) |
| Acquisition Adjustment | 489 | 488 | (1) |
| Eliminate 50% of LIPP | 52 | 130 | 78 |
| Step 1 Adjustment -- Increase (Decrease) | \$ 134,795 | \$ 157,140 | \$ 22,345 |

Indiana American Water Company
CAUSE NUMBER 45870

OUC Water Revenue Adjustments
(5W-6)

Late Fees - Continued

Step 2 Detail of Late Fees Adjustment:

| | | | |
|---|------------------------|-------------------------|------------------------|
| Normalization of Billings - Usage | \$ (8,734) | \$ (6,409) | \$ 2,325 |
| Customer Normalization | 11,299 | 18,968 | 7,669 |
| Yankee Surcharge | (386) | (376) | 10 |
| Acquisition Adjustment | <u>385</u> | <u>374</u> | <u>(11)</u> |
| Step 2 Adjustment -- Increase (Decrease) | <u>\$ 2,564</u> | <u>\$ 12,557</u> | <u>\$ 9,993</u> |

Indiana American Water Company
CAUSE NUMBER 45870

WATER OUCC Expense Adjustments

(6W-1)
Chemicals

To adjust base year operating expenses for increase in chemical cost.

| | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More (Less)</u> |
|--|---------------------------|---------------------|-----------------------------|
| Chemical Expense as of 09/30/2022 | \$ 3,693,252 | \$ 3,693,252 | \$ - |
| Step 1 Detail of Contracted Services Expense Adj: | | | |
| Change in System Delivery | 38,034 | (20,120) | (58,154) |
| Change in Chemical Pricing and Usages | 2,527,831 | 2,993,694 | 465,863 |
| Acquisitions | 1,030 | 1,030 | - |
| Step 1 Adjustment -- Increase (Decrease) | \$ 2,566,895 | \$ 2,974,604 | \$ 407,709 |
| Chemical Expense as of 12/31/2023 | 6,260,147 | 6,667,856 | 407,709 |
| Step 2 Detail of Contracted Services Expense Adj: | | | |
| Change in System Delivery | (9,660) | (6,556) | 3,104 |
| Change in Chemical Pricing and Usages | 350,599 | 2,425,623 | 2,075,024 |
| Acquisitions | 56 | 56 | - |
| Step 2 Adjustment -- Increase (Decrease) | \$ 340,995 | \$ 2,419,123 | \$ 2,078,128 |
| Chemical Expense as of 04/30/2024 | <u>\$ 6,601,142</u> | <u>\$ 9,086,979</u> | <u>\$ 2,485,837</u> |

Indiana American Water Company
CAUSE NUMBER 45870

WATER OUC Expense Adjustments

(6W-2)
Salaries & Wages

To adjust forward-looking test year operating expenses for increase cost of salaries & wages.

| | <u>Per Petitioner</u> | <u>Per OUC</u> | <u>OUC More (Less)</u> |
|---|---------------------------|---------------------|----------------------------|
| Salaries & Wages Expense as of 09/30/2022 | \$ 17,643,359 | \$ 17,643,359 | \$ - |
| Sep 1 Detail of Salary & Wages Expense Adjustment: | | | |
| Base Wages Existing Positions | 859,495 | 858,785 | (710) |
| APP | 279,127 | 279,074 | (53) |
| LTPP | 82,843 | 82,843 | - |
| Overtime | 622,220 | 622,220 | - |
| Wages New Positions | 1,594,685 | 1,594,685 | - |
| Adjustment for vacant positions (3.66%) | - | (512,286) | (512,286) |
| Step 1 Adjustment -- Increase (Decrease) | \$ 3,438,370 | \$ 2,925,321 | \$ (513,049) |
| Salaries & Wages Expense as of 12/31/2023 | 21,081,729 | 20,568,680 | (513,049) |
| Sep 2 Detail of Salary & Wages Expense Adjustment: | | | |
| Base Wages Existing Positions | 724,565 | 724,565 | - |
| APP | 91,878 | 91,878 | - |
| LTPP | 7,636 | 7,636 | - |
| Overtime | 109,879 | 109,879 | - |
| Wages New Positions | 289,131 | 289,131 | - |
| Adjustment for vacant positions (3.66%) | - | (304,070) | (304,070) |
| Step 2 Adjustment -- Increase (Decrease) | \$ 1,223,089 | \$ 919,019 | \$ (304,070) |
| Salaries & Wages Expense 04/30/2025 | \$ 22,304,818 | \$ 21,487,699 | \$ (817,119) |

Indiana American Water Company
CAUSE NUMBER 45870

WATER OUCC Expense Adjustments

(6W-3)

Group Insurance

To adjust forward-looking test year operating expenses for increase cost of group insurance.

| | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More (Less)</u> |
|---|---------------------------|---------------------|-----------------------------|
| Group Insurance Expense as of 09/30/2022 | \$ 3,760,196 | \$ 3,760,196 | \$ - |
| Step 1 Detail of Group Insurance Expense Adjustment: | | | |
| Group Insurance Existing Positions | 383,426 | 383,250 | (176) |
| Group Insurance New Positions | 575,395 | 575,395 | - |
| Adjustment for vacant positions (3.66%) | | (114,672) | (114,672) |
| Step 1 Adjustment -- Increase (Decrease) | \$ 958,821 | \$ 843,973 | \$ (114,848) |
| Group Insurance Expense as of 12/31/2023 | 4,719,017 | 4,604,169 | (114,848) |
| Step 2 Detail of Group Insurance Expense Adjustment: | | | |
| Group Insurance Existing Positions | 274,192 | 274,192 | - |
| Group Insurance New Positions | 38,073 | 38,073 | - |
| Adjustment for vacant positions (3.66%) | - | (69,473) | (69,473) |
| Step 2 Adjustment -- Increase (Decrease) | \$ 312,265 | \$ 242,792 | \$ (69,473) |
| Group Insurance Expense as of 04/30/2025 | <u>\$ 5,031,282</u> | <u>\$ 4,846,961</u> | <u>\$ (184,321)</u> |

Indiana American Water Company
CAUSE NUMBER 45870

WATER OUCG Expense Adjustments

(6W-4)
Other Benefits

To adjust base year operating expenses for increase cost of other benefits.

| | <u>Per Petitioner</u> | <u>Per OUCG</u> | <u>OUCG More (Less)</u> |
|--|---------------------------|---------------------|-----------------------------|
| Base Year Other Benefits as of 9/30/2022: | \$ 1,276,848 | \$ 1,276,848 | \$ - |
| Step 1 Detail of Other Benefits Expense Adjustment: | | | |
| DCP Adjustment from wastewater | - | - | - |
| 401K | 35,383 | 35,383 | - |
| DCP | 276,136 | 276,109 | (27) |
| ESPP | 462,844 | (6,515) | (469,359) |
| VEBA | 22,369 | 22,369 | - |
| Other Benefits Existing Positions | 1,555 | 1,555 | - |
| Other Benefits Acquisitions | - | - | - |
| Other Benefits New Positions | 185,706 | 117,894 | (67,812) |
| Adjust for Vacant Positions | - | (41,885) | (41,885) |
| Step 1 Adjustment -- Increase (Decrease) | \$ 983,993 | \$ 404,910 | \$ (579,083) |
| Other Benefits Expense as of 12/30/2023 | 2,260,841 | 1,681,758 | (579,083) |
| Step 2 Detail of Other Benefits Expense Adjustment: | | | |
| 401K | 92,229 | 89,603 | (2,626) |
| DCP | 97,197 | 97,197 | - |
| ESPP | 99,833 | 13,229 | (86,604) |
| VEBA | 9,820 | 9,820 | - |
| Other Benefits Existing Positions | (97) | (97) | - |
| Other Benefits Acquisitions | - | - | - |
| Other Benefits New Positions | (167,639) | (118,633) | 49,006 |
| Adjustment for vacant positions (3.66%) | - | (24,544) | (24,544) |
| Step 2 Adjustment -- Increase (Decrease) | \$ 131,343 | \$ 66,575 | \$ (64,768) |
| Other Benefits Expense as of 04/30/2025 | \$ 2,392,184 | \$ 1,748,333 | \$ (643,851) |

Indiana American Water Company
CAUSE NUMBER 45870

WATER OUC Expense Adjustments

(6W-5)
Support Services

To adjust base year support services expense for increased cost .

| | <u>Per Petitioner</u> | <u>Per OUC</u> | <u>OUC More (Less)</u> |
|--|---------------------------|---------------------|----------------------------|
| Base Year Support Services as of 09/30/2022 | \$ 25,462,958 | \$ 25,462,958 | \$ - |
| Step 1 - Detail of Contract Services Expense Adjustments: | | | |
| Annualize merit increase for base year | 19,767 | 19,767 | - |
| Removed severance from base year | (251,089) | (251,089) | - |
| Removed one-time payment from base year | (111,931) | (111,931) | - |
| Adjust 2022 Base Year Pension Expense | 559,535 | 559,535 | - |
| Adjust 2022 Base Year OPEB Expense | 90,998 | 90,998 | - |
| Adjustment for salary and labor-related items | 442,006 | 442,006 | - |
| Removal of base year non-allowed costs | 295,543 | 295,543 | - |
| Inflation Adjustment of Other Non-Labor Costs | 358,468 | 358,468 | - |
| Adjustment for Depreciation | 331,809 | 331,809 | - |
| Adjustment for LOP capital lease interest | 16,109 | 16,109 | - |
| Rounding | 2 | 2 | - |
| Remove business development costs | - | (239,813) | (239,813) |
| Step 1 Adjustment -- Increase (Decrease) | \$ 1,751,217 | \$ 1,511,404 | \$ (239,813) |
| Support Services as of December 31, 2023 | 27,214,175 | 26,974,362 | (239,813) |
| Step 2 - Detail of Contract Services Expense Adjustments: | | | |
| Adjustment for salary and labor-related items | 605,552 | 605,552 | - |
| Inflation Adjustment of Other Non-Labor Costs | 398,204 | 398,204 | - |
| Adjustment for Depreciation | 214,508 | 214,508 | - |
| Adjustment for LOP capital lease interest | 18,264 | 18,264 | - |
| Remove business development costs | - | (9,663) | (9,663) |
| Step 2 Adjustment -- Increase (Decrease) | \$ 1,236,528 | \$ 1,226,865 | \$ (9,663) |
| Support Services as of April 30, 2025 | \$ 28,450,703 | \$ 28,201,227 | \$ (249,476) |

\$ -

OUCC
Schedule 6W
Page 6 of 19

Indiana American Water Company
CAUSE NUMBER 45870

WATER OUCC Expense Adjustments

(6W-6)
Contract Services

To adjust base year operating expenses for increase cost of contract services.

| | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More (Less)</u> |
|---|---------------------------|---------------------|-----------------------------|
| Contracted Services as of 9/30/2022: | \$ 1,888,538 | \$ 1,888,538 | \$ - |
| Step 1 Detail of Contracted Services Expense Adjustment: | | | |
| Removal of Lobbying Expense (A) | - | (71,930) | (71,930) |
| Additional Contracted Line Locates | 3,890,759 | - | (3,890,759) |
| Adjustment for Inflation | 41,513 | 39,932 | (1,581) |
| Step 1 Adjustment -- Increase (Decrease) | \$ 3,932,272 | \$ (31,998) | \$ (3,964,270) |
| Contracted Services as of 12/31/2023 | 5,820,810 | 1,856,540 | (3,964,270) |
| Step 2 Detail of Contracted Services Expense Adjustment: | | | |
| Additional Contracted Line Locates | 303,771 | - | (303,771) |
| Adjustment for Inflation | 69,147 | 69,147 | - |
| Step 2 Adjustment -- Increase (Decrease) | \$ 372,918 | \$ 69,147 | \$ (303,771) |
| Contracted Services as of 04/30/2025 | \$ 6,193,728 | \$ 1,925,687 | \$ (4,268,041) |

Indiana American Water Company
CAUSE NUMBER 45870

WATER OUC Expense Adjustments

(6W-7)

Building Maintenance & Supplies Expense

To adjust base year operating expenses for increase cost of building maintenance & supplies expenses.

| | <u>Per Petitioner</u> | <u>Per OUC</u> | <u>OUC More (Less)</u> |
|---|---------------------------|--------------------|----------------------------|
| Building Maintenance & Services as of 9/30/2022 | \$1,634,517 | \$1,634,517 | \$ - |
| Step 1 Detail of Building Maintenance & Services Expense Adjustment: | | | |
| Removal of One Time Expenses | (38,718) | (38,718) | - |
| Removal of Miscoded Waste Disposal Expenses | (41,246) | (41,246) | - |
| Reclass of Miscoded Waste Disposal Expenses | 3,336 | 3,336 | - |
| Adjustment for Inflation | 46,366 | 46,366 | - |
| Adjustment for Normalization/Annualization Adj | 27,322 | - | (27,322) |
| Reallocation of Expenses | - | 66 | 66 |
| Step 1 Adjustment -- Increase (Decrease) | \$ (2,940) | \$ (30,196) | \$ (27,256) |
| Building Maintenance & Services as of 12/31/2023 | 1,631,577 | 1,604,321 | (27,256) |
| Step 2 Detail of Building Maintenance & Services Adjustment: | | | |
| Adjustment for Normalization/Annualization Adj | (27,322) | - | 27,322 |
| Adjustment for Inflation | 81,062 | 81,062 | - |
| Step 2 Adjustment -- Increase (Decrease) | \$ 53,740 | \$ 81,062 | \$ 27,322 |
| Building Maintenance & Services as of 4/30/2025 | \$1,685,317 | 1,685,383 | \$66 |

Indiana American Water Company
CAUSE NUMBER 45870

WATER OUC Expense Adjustments

(6W-8)

Telecommunication Expense

To adjust base year operating expenses for increase cost of telecommunication expenses.

| | <u>Per Petitioner</u> | <u>Per OUC</u> | <u>OUC More (Less)</u> |
|---|---------------------------|--------------------|----------------------------|
| Telecommunication Expense as of 9/30/2022 | \$ 695,038 | \$ 695,038 | \$ - |
| Step 1 Detail of Telecommunication Expense Adjustment: | | | |
| Adjustment for Inflation | 28,362 | 28,362 | - |
| Adjustment for Normalization/Annualization Adj | 16,808 | - | (16,808) |
| Step 1 Adjustment -- Increase (Decrease) | \$ 45,170 | \$ 28,362 | \$ (16,808) |
| Telecommunication Expense as of 12/31/2023 | 740,208 | 723,400 | (16,808) |
| Step 2 Detail of Telecommunication Expense Adjustment: | | | |
| Adjustment for Normalization/Annualization Adj | (16,808) | - | 16,808 |
| Adjustment for Inflation | 50,229 | 50,229 | - |
| Step 2 Adjustment -- Increase (Decrease) | \$ 33,421 | \$ 50,229 | \$ 16,808 |
| Telecommunication Expense as of 4/30/2025 | \$ 773,629 | \$ 773,629 | \$ - |

Indiana American Water Company
CAUSE NUMBER 45870

WATER OUC Expense Adjustments

(6W-9)

Postage, Printing, & Stationary Expense

To adjust base year operating expenses for increase cost of postage, printing, & stationary expenses.

| | <u>Per Petitioner</u> | <u>Per OUC</u> | <u>OUC More (Less)</u> |
|--|---------------------------|--------------------|----------------------------|
| Postage, Printing, & Stationary as of 9/30/2022 | \$ 51,951 | \$ 51,951 | \$ - |
| Step 1 Detail to Postage, Printing & Stationary Adjustment: | | | |
| Removal of Accrual Reversal | (2,692) | (2,692) | - |
| Removal of Miscoded Transaction | (136) | (136) | - |
| Adjustment for Inflation | 2,839 | 2,839 | - |
| Adjustment for Normalization/Annualization Adj | 254 | - | (254) |
| Step 1 Adjustment -- Increase (Decrease) | \$ 265 | \$ 11 | \$ (254) |
| Postage, Printing and Stationary as of 12/31/2023 | 52,216 | 51,962 | (254) |
| Step 2 Detail to Postage, Printing & Stationary Expense Adjustment: | | | |
| Adjustment for Normalization/Annualization Adj | (254) | - | - |
| Adjustment for Inflation | 754 | 754 | - |
| Step 2 Adjustment -- Increase (Decrease) | \$ 500 | \$ 754 | \$ 254 |
| Postage, Printing, & Stationary as of 4/30/2025 | <u>\$ 52,716</u> | <u>\$ 52,716</u> | <u>\$ -</u> |

Indiana American Water Company
CAUSE NUMBER 45870

WATER OUC Expense Adjustments

(6W-10)

Office Supplies & Services Expense

To adjust base year operating expenses for increase cost of office supplies & services expenses.

| | <u>Per Petitioner</u> | <u>Per OUC</u> | <u>OUC More (Less)</u> |
|--|---------------------------|--------------------|----------------------------|
| Office Supplies & Services as of 9/30/2022 | \$ 539,344 | \$ 539,344 | \$ - |
| Step 1 Detail of Office Supplies & Services Expense Adjustment: | | | |
| Adjustment for Inflation | 29,422 | 29,422 | - |
| Removal of Accrual Reversal | (4,776) | (4,776) | - |
| Adjustment for Normalization/Annualization Adj | 17,595 | - | (17,595) |
| Step 1 Adjustment -- Increase (Decrease) | \$ 42,241 | \$ 24,646 | \$ (17,595) |
| Office Supplies & Services Expense as of 12/31/2023 | 581,585 | 563,990 | (17,595) |
| Step 2 Detail of Office Supplies and Services Expense Adjustment: | | | |
| Adjustment for Normalization/Annualization Adj | (17,595) | - | 17,595 |
| Adjustment for Inflation | 53,069 | 53,069 | - |
| Step 2 Adjustment -- Increase (Decrease) | \$ 35,474 | \$ 53,069 | \$ 17,595 |
| Office Supplies & Services Expense as of 4/30/2025 | \$ 617,059 | \$ 617,059 | \$ - |

Indiana American Water Company
CAUSE NUMBER 45870

WATER OUC Expense Adjustments

(6W-11)

Employee Related Expense

To adjust base year operating expenses for increase cost of employee related expenses.

| | <u>Per Petitioner</u> | <u>Per OUC</u> | <u>OUC More (Less)</u> |
|--|---------------------------|--------------------|----------------------------|
| Employee Related Costs as of 9/30/2022 | \$ 331,016 | \$ 331,016 | \$ - |
| Step 1 Detail of Employee Related Costs Expense Adjustment: | | | |
| Removal of Expenses - Miscoded | (29,454) | (29,454) | - |
| Remove of Indiana Pacers Entertainment Expenses | - | (20,745) | (20,745) |
| Adjustment for Inflation | 12,296 | 12,296 | - |
| Adjustment for Normalization/Annualization Adj | 7,294 | - | (7,294) |
| Step 1 Adjustment -- Increase (Decrease) | \$ (9,864) | \$ (37,903) | \$ (28,039) |
| Employee Related Costs as of 12/31/2023 | 321,152 | 293,113 | (28,039) |
| Step 2 Detail of Employee Related Costs Expense Adjustment: | | | |
| Adjustment for Normalization/Annualization Adj | (7,294) | - | 7,294 |
| Adjustment for Inflation | 21,795 | 21,795 | - |
| Step 2 Adjustment -- Increase (Decrease) | \$ 14,501 | \$ 21,795 | \$ 7,294 |
| Employee Related Costs as of 4/30/2025 | <u>\$ 335,653</u> | <u>\$ 314,908</u> | <u>\$ (20,745)</u> |

Indiana American Water Company
CAUSE NUMBER 45870

WATER OUC Expense Adjustments

6W-12

Miscellaneous Expenses

To adjust base year operating expenses for increase cost of miscellaneous expenses.

| | <u>Per Petitioner</u> | <u>Per OUC</u> | <u>OUC More (Less)</u> |
|---|---------------------------|---------------------|----------------------------|
| Miscellaneous Expense as of 9/30/2022: | \$ 2,459,436 | \$ 2,459,436 | \$ - |
| Step 1 Detail of Miscellaneous Expense Adjustment: | | | |
| Removal of Charitable Contributions | (124,722) | (124,722) | - |
| Removal of Lobbying Expense | (46) | (46) | - |
| Remove Lobbying Exp from Comp Dues/Member | (22,954) | (188,933) | (165,979) |
| Removal of Penalties | (42,000) | (42,000) | - |
| Remove IN Pacers Expenses from Comm Relation | - | (38,023) | (38,023) |
| Removal of Environmental Grant Program | - | (8,900) | (8,900) |
| Adjust BT SOP 98-1 Amortization | - | - | - |
| Minor Adjustment Transfer From OM16 | 300 | 300 | - |
| Minor Adjustment Transfer From OM17 | 27,594 | 27,594 | - |
| Adjustment for Inflation | 64,657 | 64,657 | - |
| Adjustment for Normalization/Annualization Adj | 38,351 | - | (38,351) |
| Step 1 Adjustment -- Increase (Decrease) | \$ (58,820) | \$ (310,073) | \$ (251,253) |
| Miscellaneous Expense as of 12/31/2023 | 2,400,616 | 2,149,363 | (251,253) |
| Step 2 Detail of Miscellaneous Expense Adjustment: | | | |
| Adjustment for Normalization/Annualization Adj | (38,351) | - | 38,351 |
| Adjustment for Inflation | 114,598 | 114,598 | - |
| Step 2 Adjustment -- Increase (Decrease) | \$ 76,247 | \$ 114,598 | \$ 38,351 |
| Miscellaneous Expense as of 4/30/2025 | \$ 2,476,863 | \$ 2,263,961 | \$ (212,902) |

Indiana American Water Company
CAUSE NUMBER 45870

WATER OUC Expense Adjustments

(6W-13)

Transportation Expense

To adjust base year operating expenses for increase cost of transportation expenses.

| | <u>Per Petitioner</u> | <u>Per OUC</u> | <u>OUC More (Less)</u> |
|--|---------------------------|---------------------|----------------------------|
| Transportation as of 9/30/2022 | \$1,225,854 | \$1,225,854 | \$ - |
| Step 1 Detail of Transportation Expense Adjustment: | | | |
| Holman/ARI Charges adj for going level of vehicles | 13,986 | 13,986 | - |
| Misc Transportation purchases inflation adj | 16,418 | 16,418 | - |
| Reimburse employee business mileage inflation adj | 3,957 | 3,957 | - |
| Removal of Salvage Value Reclass | - | (99,421) | (99,421) |
| Salvage Value reclass inflation adj | 5,903 | - | (5,903) |
| Capitalization | (186) | (186) | - |
| Accrual/Reversal offset | 77,807 | 77,807 | - |
| Reallocation of Accrual | - | (36) | (36) |
| Step 1 Adjustment -- Increase (Decrease) | \$ 117,885 | \$ 12,525 | \$ (105,360) |
| Transportation Expense as of 12/31/2023 | 1,343,739 | 1,238,379 | (105,360) |
| Step 2 Detail of Transportation Expense Adjustment: | | | |
| Holman/ARI Charges adj for going level of vehicles | 75,643 | 75,643 | - |
| Misc Transportation purchases inflation adj | 11,479 | 11,479 | - |
| Reimburse employee business mileage inflation adj | 2,919 | 2,919 | - |
| Salvage Value reclass inflation adj | 4,353 | - | (4,353) |
| Capitalization | (39,418) | (39,418) | - |
| Step 2 Adjustment -- Increase (Decrease) | \$ 54,976 | \$ 50,623 | \$ (4,353) |
| Transportation Expense as of 4/30/2025 | <u>\$ 1,398,715</u> | <u>\$ 1,289,002</u> | <u>\$ (109,713)</u> |

Indiana American Water Company
CAUSE NUMBER 45870

WATER OUC Expense Adjustments

(6W-14)

Uncollectable Accounts

To adjust base year operating expenses for increase cost of bad debt ("Uncollectable Accounts").

| | <u>Per Petitioner</u> | <u>Per OUC</u> | <u>OUC More (Less)</u> |
|--|---------------------------|--------------------|----------------------------|
| Step 1 Detail of Bad Debt Expense Adjustment: | | | |
| Present Rate Operating Revenue as of 12/31/2023 | 273,426,831 | 279,312,791 | 5,885,960 |
| Bad Debt expense rate | 0.9062% | 0.9062% | - |
| Present Rate Bad Debt Expense | 2,477,850 | 2,531,190 | 53,340 |
| Less: Base Year Bad Debt Expense | (2,103,281) | (2,103,281) | - |
| Step 1 Adjustment -- Increase (Decrease) | \$ 374,569 | \$ 427,909 | \$ 53,340 |
| Bad Debt Expense as of 12/31/2023: | 2,477,850 | 2,531,190 | 53,340 |
| Step 2 Detail of Bad Debt Expense Adjustment: | | | |
| Present Rate Operating Revenue as of 04/30/2024 | 316,044,470 | 278,322,716 | (37,721,754) |
| Bad Debt expense rate | 0.9062% | 0.9062% | - |
| Present Rate Bad Debt Expense | 2,864,060 | 2,522,217 | (341,842) |
| Less: Bad Debt Expense as of 12/31/2023 | (2,103,281) | (2,531,190) | (427,909) |
| Step 2 Adjustment -- Increase (Decrease) | \$ 760,779 | \$ (8,972) | \$ (769,751) |
| Bad Debt Expense as of 4/30/2025 | \$ 3,238,628 | \$ 2,522,217 | \$ (716,411) |

Indiana American Water Company
CAUSE NUMBER 45870

WATER OUC Expense Adjustments

(6W-15)

Customer Accounting Expense

To adjust base year operating expenses for increase cost of customer accounting expenses.

| | <u>Per Petitioner</u> | <u>Per OUC</u> | <u>OUC More (Less)</u> |
|---|---------------------------|--------------------|----------------------------|
| Employee Related Costs as of 9/30/2022 | \$ 290,355 | \$ 290,355 | \$ - |
| Step 1 Detail Employee Related Costs Expense Adjustment: | | | |
| Bank Service Charge Adjustment/Credit Card Fees | \$ 1,173,891 | \$ 10,244 | \$ (1,163,647) |
| Acquisitions | 1,932 | 1,932 | - |
| Reversal of Accrual Adjustment | 1,615 | 1,615 | - |
| Step 1 Adjustment -- Increase (Decrease) | \$ 1,177,438 | \$ 13,791 | \$ (1,163,647) |
| Employee Related Costs Expense as of 12/31/2023: | 1,467,793 | 304,146 | (1,163,647) |
| Step 2 Detail Employee Related Costs Expense Adjustment: | | | |
| Bank Service Charge Adjustment/Credit Card Fees | 7,434 | 7,434 | - |
| Acquisitions | 48 | 48 | - |
| Step 2 Adjustment -- Increase (Decrease) | \$ 7,482 | \$ 7,482 | \$ - |
| Employee Related Costs Expense as of 4/30/2025 | <u>\$ 1,475,275</u> | <u>\$ 311,628</u> | <u>\$ (1,163,647)</u> |

Indiana American Water Company
CAUSE NUMBER 45870

WATER OUCC Expense Adjustments

(6W-16)

Regulatory Expense

To adjust base year operating expenses for decrease cost of rate case expenses.

| | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More (Less)</u> |
|--|---------------------------|---------------------|-----------------------------|
| Rate Case Expense as of 09/30/2022 | \$ 649,640 | \$ 649,640 | \$ - |
| Step 1 Detail Rate Case Expense Adjustment: | | | |
| Adjust <i>Pro forma</i> rate case expense | (184,913) | (649,640) | (464,727) |
| Step 1 Adjustment -- Increase (Decrease) | \$ (184,913) | \$ (649,640) | \$ (464,727) |
| Rate Case Expense as of 04/30/2024 | 464,727 | - | (464,727) |
| Step 2 Detail Rate Case Expense Adjustment: | | | |
| Adjust <i>Pro forma</i> rate case expense | - | 377,056 | 377,056 |
| Step 2 Adjustment -- Increase (Decrease) | \$ - | \$ 377,056 | \$ 377,056 |
| Rate Case Expense as of 04/30/2025 | 464,727 | 377,056 | (87,671) |
| Step 3 Detail Rate Case Expense Adjustment: | | | |
| Adjust <i>Pro forma</i> rate case expense | - | (377,056) | (377,056) |
| Step 3 Adjustment -- Increase (Decrease) | \$ - | \$ (377,056) | \$ (377,056) |
| <i>Pro forma</i> Rate Case Expense | <u>\$ 464,727</u> | - | <u>\$ (464,727)</u> |

Indiana American Water Company
CAUSE NUMBER 45870

WATER OUC Expense Adjustments

(6W-17)

Maintenance Supplies & Services Expense

To adjust base year operating expenses for increase cost of maintenance supplies & services expenses.

| | <u>Per Petitioner</u> | <u>Per OUC</u> | <u>OUC More (Less)</u> |
|---|---------------------------|---------------------|----------------------------|
| Maintenance Supplies & Services as of 9/30/2022 | \$ 4,343,547 | \$ 4,343,547 | \$ - |
| Step 1 Detail of Maintenance Supplies & Services Adjustment: | | | |
| Adjustment for Inflation | 170,351 | 170,351 | - |
| Acquisition Adjustment | 8,510 | 8,510 | - |
| Adjustment for Actuals/Forecasted Activity | 1,378,277 | 1,378,277 | - |
| Minor Adjustment Transfer From OM17 | 1,860 | 1,860 | - |
| Adjustment for Normalization/Annualization Adj | 102,098 | - | (102,098) |
| Step 1 Adjustment -- Increase (Decrease) | \$ 1,661,096 | \$ 1,558,998 | \$ (102,098) |
| Maintenance Supplies & Services as of 12/31/2023: | 6,004,643 | 5,902,545 | (102,098) |
| Step 2 Detail of Maintenance Supplies & Services Adjustment: | | | |
| Adjustment for Normalization/Annualization Adj | (102,098) | - | 102,098 |
| Adjustment for Inflation | 297,854 | 297,854 | - |
| Acquisition Adjustment | 2,974 | 2,974 | - |
| Step 2 Adjustment -- Increase (Decrease) | \$ 198,730 | \$ 300,828 | \$ 102,098 |
| Maintenance Supplies & Services as of 4/30/2025 | \$ 6,203,373 | \$ 6,203,373 | \$ - |

Indiana American Water Company
CAUSE NUMBER 45870

WATER OUC Expense Adjustments

(6W-18)
Depreciation

To adjust base year operating expenses for depreciation expense.

| | <u>Per Petitioner</u> | <u>Per OUC</u> | <u>OUC More (Less)</u> |
|---|---------------------------|-----------------------|----------------------------|
| Base Year Depreciation Expense as of 09/30/2022 | \$ 53,265,802 | \$ 53,265,802 | \$ - |
| Step 1 Detail of Depreciation Expense Adjustments: | | | |
| Increase to reflect depr exp on UPIS as of 7/31/2023 | 15,236,796 | 11,661,117 | (3,575,679) |
| Reg Asset-AFUDC-Debt | (118,408) | (118,408) | - |
| UPAA Depr Amortization | 11,742 | 11,742 | - |
| Deferred Depreciation | 5,353 | 5,353 | - |
| CIAC Amortization | (1,545,840) | (1,545,840) | - |
| Vehicle Capitalization (Cap. of Transportation Exp) | (188,481) | (188,481) | - |
| Step 1 Adjustment -- Increase (Decrease) | \$ 13,401,162 | \$ 9,825,483 | \$ (3,575,679) |
| Depreciation Expense as of July 31, 2023 | 66,666,964 | 63,091,285 | (3,575,679) |
| Step 2 Detail of Depreciation Expense Adjustments: | | | |
| Increase to reflect depr exp on UPIS as of 04/30/2024 | 4,682,425 | (2,507,289) | (7,189,714) |
| Deferred Depreciation | (1,789) | (1,789) | - |
| CIAC Amortization | (32,204) | (32,204) | - |
| Vehicle Capitalization (Cap. of Transportation Exp) | - | - | - |
| Step 2 Adjustment -- Increase (Decrease) | \$ 4,648,432 | \$ (2,541,282) | \$ (7,189,714) |
| Depreciation Expense as of April 30, 2024 | 71,315,396 | 60,550,003 | (10,765,393) |
| Step 3 Detail of Depreciation Expense Adjustments: | | | |
| Increase to reflect depr exp on UPIS as of 04/30/2025 | 8,970,089 | 6,139,499 | (2,830,590) |
| Deferred Depreciation | (3,366) | (3,366) | - |
| CIAC Amortization | (42,922) | (42,922) | - |
| Vehicle Capitalization (Cap. of Transportation Exp) | - | - | - |
| Step 3 Adjustment -- Increase (Decrease) | \$ 8,923,801 | \$ 6,093,211 | \$ (2,830,590) |
| Depreciation Expense as of April 30, 2025 | <u>\$ 80,239,197</u> | <u>\$ 66,643,214</u> | <u>\$ (13,595,983)</u> |

Indiana American Water Company
CAUSE NUMBER 45870

WATER OUC Expense Adjustments

(6W-19)
Amortization

To adjust base year operating amortization expense.

| | Per Petitioner | Per OUC | OUC More (Less) |
|---|---------------------------|--------------------|----------------------------|
| Base Year Amortization Expense as of 09/30/2022 | \$ 285,871 | \$ 285,871 | \$ - |
| Step 1 Detail of Amortization Expense Adjustments: | | | |
| Warsaw CPS WTP | 6,167 | 6,167 | - |
| Reg Asset AFUDC Equity | (68,694) | (68,694) | - |
| Deferred Post In-Service AFUDC | 17,419 | 17,419 | - |
| EPA Risk and Resiliency Assessment | 110,939 | 110,939 | - |
| Step 1 Adjustment -- Increase (Decrease) | \$ 65,831 | \$ 65,831 | \$ - |
| Amortization Expense as of December 31, 2023 | 351,702 | 351,702 | - |
| Step 2 Detail of Amortization Expense Adjustments: | | | |
| Deferred Post In-Service AFUDC | (11,339) | (11,339) | - |
| EPA Risk and Resiliency Assessment | (379) | (379) | - |
| Pandemic Costs | 127,023 | (105,803) | (232,826) |
| Low Income Program Costs | 25,519 | 15,314 | (10,205) |
| SEI 20% Revenue Requirement | 397,680 | 397,680 | - |
| SEI Deferred Depreciation, Property Taxes & PISCC | 137,040 | 137,040 | - |
| Step 2 Adjustment -- Increase (Decrease) | \$ 675,544 | \$ 432,513 | \$ (243,031) |
| Amortization Expense as of April 30, 2025 | <u>\$ 1,027,246</u> | <u>\$ 784,215</u> | <u>\$ (243,031)</u> |

**Indiana American Water Company
CAUSE NUMBER 45870**

WATER OUCC Tax Adjustments

(7W-1)

Federal & State Income Taxes - Step 1

To adjust base year federal and state income taxes to *pro forma* present rates levels as of 12/31/2023.

| | | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More (Less)</u> |
|---|-------|---------------------------|-----------------------|-----------------------------|
| Step 1 Federal Income Tax Adjustment | | | | |
| <i>Pro forma</i> Present Rate Revenues as of 12/31/2023 | Sch 4 | \$ 277,034,291 | \$ 282,288,851 | \$ 5,254,560 |
| Less: <i>Pro forma</i> Operating & Maintenance Expenses | Sch 4 | 99,316,693 | 92,189,634 | (7,127,059) |
| Additional Repair Deduction | | - | 35,135,595 | 35,135,595 |
| Depreciation-Tax Normalized | Sch 7 | 66,666,964 | 63,091,285 | (3,575,679) |
| Amortization | Sch 4 | 25,435 | 351,702 | 326,267 |
| General Taxes | Sch 4 | 18,927,129 | 18,647,392 | (279,737) |
| Amortization of ITC | Pet | - | - | - |
| Permanent Taxable Differences | Pet | (298,675) | (298,675) | - |
| Synchronized Interest | Sch 7 | 27,783,815 | 27,649,624 | (134,191) |
| Federal Taxable Income (Before State Taxes) | | 64,612,930 | 45,522,294 | (19,090,636) |
| Federal Taxable Income (Before State Taxes) | | 64,612,930 | 45,522,294 | (19,090,636) |
| Less: State Income Taxes | | 3,166,034 | 2,230,593 | (935,441) |
| Allocation of Parent Company Interest | Sch 7 | 8,270,404 | 8,270,404 | - |
| Add: Amortization of Reg. Assets/Liab. | Pet | - | - | - |
| Federal Taxable Income | | 53,176,492 | 35,021,297 | (18,155,195) |
| Times: Federal Tax Rate | | 21.00% | 21.0% | 21.0% |
| Sub-Total | | 11,167,064 | 7,354,469 | (3,812,595) |
| Add: R&D Credit | | - | - | - |
| SFAS 109 Amortization to FIT | Pet | (455,317) | (1,310,339) | (855,022) |
| Investment Credit Amortization | Pet | (47,660) | (47,660) | - |
| <i>Pro forma</i> Federal Income Taxes | | 10,664,087 | 5,996,470 | (4,667,617) |
| Less: Base Period Expense | | (13,091,500) | (13,091,500) | - |
| Step 1 Adjustment -- Increase (Decrease) | | \$ (2,427,414) | \$ (7,095,030) | \$ (4,667,617) |
| Step 1 State Income Tax Adjustment | | | | |
| Federal Taxable Income (Before State Taxes) | | \$ 64,612,930 | \$ 45,522,294 | \$ (19,090,636) |
| Add: Amortization of Reg. Assets/Liab. | Pet | - | - | - |
| State Taxable Income | | 64,612,930 | 45,522,294 | (19,090,636) |
| Times: Supplemental Income Tax Rate | | 4.9000% | 4.90000% | 0.00000% |
| State Supplemental Income Tax | | 3,166,034 | 2,230,592 | (935,442) |
| Add: SFAS Amortization to SIT | Pet | - | - | - |
| <i>Pro forma</i> State Income Taxes | | 3,166,034 | 2,230,593 | (935,441) |
| Less: Base Period Expense | | (3,702,083) | (3,702,083) | - |
| Step 1 Adjustment -- Increase (Decrease) | | \$ (536,048) | \$ (1,471,490) | \$ (935,441) |

Indiana American Water Company
CAUSE NUMBER 45870

WATER OUCC Tax Adjustments

(7W-2)

Federal & State Income Taxes - Step 2

To adjust federal and state income taxes to *pro forma* present rates levels as of 04/30/2024.

| | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More (Less)</u> |
|---|---------------------------|-----------------------|-----------------------------|
| Step 2 Federal Income Tax Adjustment | | | |
| <i>Pro forma</i> Present Rate Revenues as of 04/30/2024 | \$ 319,880,126 | \$ 281,493,535 | \$ (38,386,591) |
| Less: <i>Pro forma</i> Operating & Maintenance Expenses | 104,592,837 | 98,944,673 | \$ (5,648,165) |
| Additional Repair Deduction | - | 43,007,543 | 43,007,543 |
| Depreciation-Tax Normalized | 71,315,396 | 60,550,003 | (10,765,393) |
| Amortization | 811,918 | 784,215 | (27,703) |
| General Taxes | 21,497,914 | 19,618,299 | (1,879,615) |
| Amortization of ITC | (298,675) | (298,675) | - |
| Permanent Taxable Differences | - | - | - |
| Synchronized Interest | 29,025,466 | 28,771,336 | (254,130) |
| Federal Taxable Income (Before State Taxes) | 92,935,268 | 30,116,140 | (62,819,128) |
| Federal Taxable Income (Before State Taxes) | 92,935,268 | 30,116,140 | (62,819,128) |
| Less: State Income Taxes | 4,553,828 | 1,475,692 | (3,078,136) |
| Allocation of Parent Company Interest | 8,270,404 | 8,270,404 | - |
| Add: Amortization of Reg. Assets/Liab. | - | - | - |
| Federal Taxable Income | 80,111,036 | 20,370,044 | (59,740,992) |
| Times: Federal Tax Rate | 21.00% | 21.0% | 21.0% |
| Sub-Total | 16,823,318 | 4,277,706 | (12,545,612) |
| Add: R&D Credit | - | - | - |
| SFAS 109 Amortization to FIT | (513,087) | (1,306,167) | (793,080) |
| Investment Credit Amortization | (47,660) | (47,660) | - |
| <i>Pro forma</i> Federal Income Taxes | 16,262,571 | 2,923,879 | (793,080) |
| Less: Federal Income Tax Expense as of 12/31/2023 | (10,664,087) | (5,996,470) | 4,667,617 |
| Step 2 Adjustment -- Increase (Decrease) | \$ 5,598,483 | \$ (3,072,591) | \$ 3,874,537 |
| Step 2 State Income Tax Adjustment | | | |
| Federal Taxable Income (Before State Taxes) | \$ 92,935,268 | \$ 30,116,140 | \$ (62,819,128) |
| Add: Amortization of Reg. Assets/Liab. | - | - | - |
| State Taxable Income | 92,935,268 | 30,116,140 | (62,819,128) |
| Times: Supplemental Income Tax Rate | 4.9000% | 4.90000% | |
| State Supplemental Income Tax | 4,553,828 | 1,475,691 | (3,078,137) |
| Add: SFAS Amortization to SIT | - | - | - |
| <i>Pro forma</i> State Income Taxes | 4,553,828 | 1,475,692 | (3,078,136) |
| Less: State Income Tax Expense as of 12/31/2023 | (3,166,034) | (2,230,593) | 935,441 |
| Step 2 Adjustment -- Increase (Decrease) | \$ 1,387,795 | \$ (754,901) | (2,142,696) |

Indiana American Water Company
CAUSE NUMBER 45870

WATER OUCC Tax Adjustments

(7W-3)

Federal & State Income Taxes - Step 3

To adjust federal and state income taxes to *pro forma* present rates levels as of 04/30/2025.

| | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More (Less)</u> |
|---|---------------------------|-----------------------|-----------------------------|
| Step 3 Federal Income Tax Adjustment | | | |
| <i>Pro forma</i> Present Rate Revenues as of 04/30/2025 | \$ 336,369,136 | \$ 285,603,402 | \$ (50,765,734) |
| Less: <i>Pro forma</i> Operating & Maintenance Expenses | 104,740,331 | 98,604,380 | \$ (6,135,952) |
| Additional Repair Deduction | - | 46,525,494 | 46,525,494 |
| Depreciation-Tax Normalized | 80,239,197 | 66,643,214 | (13,595,983) |
| Amortization | 811,918 | 784,215 | (27,703) |
| General Taxes | 21,516,926 | 20,877,428 | (639,498) |
| Amortization of ITC | (298,675) | (39,816) | 258,859 |
| Permanent Taxable Differences | - | - | - |
| Synchronized Interest | 32,299,934 | 31,271,063 | (1,028,871) |
| Federal Taxable Income (Before State Taxes) | 97,059,504 | 20,937,424 | (76,122,079) |
| Federal Taxable Income (Before State Taxes) | 97,059,504 | 20,937,424 | (76,122,079) |
| Less: State Income Taxes | 4,755,909 | 1,025,935 | (3,729,974) |
| Allocation of Parent Company Interest | 8,270,404 | 8,270,404 | - |
| Add: Amortization of Reg. Assets/Liab. | - | - | - |
| Federal Taxable Income | 84,033,191 | 11,641,085 | (72,392,105) |
| Times: Federal Tax Rate | 21.00% | 21.0% | 21.0% |
| Sub-Total | 17,646,970 | 2,444,625 | (15,202,345) |
| Add: R&D Credit | - | - | - |
| SFAS 109 Amortization to FIT | (617,115) | (1,302,456) | (685,341) |
| Investment Credit Amortization | (47,660) | (47,660) | - |
| <i>Pro forma</i> Federal Income Taxes | 16,982,195 | 1,094,509 | (15,887,686) |
| Less: Federal Income Tax Expense as of 04/30/2024 | (16,262,571) | (2,923,879) | 13,338,692 |
| Step 3 Adjustment -- Increase (Decrease) | \$ 719,624 | \$ (1,829,370) | \$ (2,548,994) |
| Step 3 State Income Tax Adjustment | | | |
| Federal Taxable Income (Before State Taxes) | \$ 97,059,504 | \$ 20,937,424 | \$ (76,122,080) |
| Add: Amortization of Reg. Assets/Liab. | - | - | - |
| State Taxable Income | 97,059,504 | 20,937,424 | (76,122,080) |
| Times: Supplemental Income Tax Rate | 4.9000% | 4.90000% | 0.00000% |
| State Supplemental Income Tax | 4,755,916 | 1,025,934 | (3,729,982) |
| Add: SFAS Amortization to SIT | - | - | - |
| <i>Pro forma</i> State Income Taxes | 4,755,916 | 1,025,935 | (3,729,981) |
| Less: State Income Expense Tax as of 04/30/2024 | (4,553,828) | (1,475,692) | 3,078,136 |
| Step 3 Adjustment -- Increase (Decrease) | \$ 202,088 | \$ (449,757) | \$ (651,845) |

**Indiana American Water Company
CAUSE NUMBER 45870**

WATER OUCC Tax Adjustments

(7W-4)

Property Tax Expense

To adjust base year property tax expense for utility plant in service as of 12/31/2022, 12/31/2023, and 12/31/2024.

| | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More (Less)</u> |
|--|----------------------------|----------------------------|------------------------------|
| Step 1 Property Tax Adjustment | | | |
| Utility Plant in Service at 12/31/2022 | \$2,390,214,762 | \$2,383,685,377 | \$ (6,529,385) |
| Less: Customer Owned Lead Service Lines | - | (22,565,208) | (22,565,208) |
| Tax Exempt Montgomery County IDZ Main Ext. | - | (18,000,000) | (18,000,000) |
| Taxable Utility Plant in Service | <u>2,390,214,762</u> | <u>2,343,120,169</u> | <u>(47,094,593)</u> |
| Calculated Assessed Value - Personal Property | 0.210081276 502,139,368 | 492,245,676 | (9,893,692) |
| Annualized Personal Property Tax Rate per \$1000 | <u>30.239</u> | <u>30.239</u> | <u>-</u> |
| | <u>15,184,192</u> | <u>14,885,017</u> | <u>(299,175)</u> |
| Calculated Assessed Value - Real Property | 0.025471294 60,881,863 | 59,682,302 | (1,199,561) |
| Annualized Real Property Tax Rate per \$1000 | <u>25.09</u> | <u>25.09</u> | <u>-</u> |
| | <u>1,527,526</u> | <u>1,497,429</u> | <u>(30,097)</u> |
| Step 1 Pro Forma Property Tax Expense | 16,711,718 | 16,382,446 | (329,272) |
| Less: Base Period Property tax Expense | (13,137,584) | (13,137,584) | - |
| Step 1 Adjustment -- Increase (Decrease) | <u>\$ 3,574,134</u> | <u>\$ 3,244,862</u> | <u>\$ (329,272)</u> |
| Step 2 Property Tax Adjustment | | | |
| Utility Plant in Service at 12/31/2024 | \$2,734,015,158 | | \$(2,734,015,158) |
| Utility Plant in Service at 12/31/2023 | | \$2,509,924,228 | 2,509,924,228 |
| Less: Customer Owned Lead Service Lines | - | (22,565,208) | (22,565,208) |
| Tax Exempt Montgomery County IDZ Main Ext. | - | (18,000,000) | (18,000,000) |
| Taxable Utility Plant in Service | <u>2,734,015,158</u> | <u>2,469,359,020</u> | <u>(264,656,138)</u> |
| Calculated Assessed Value - Personal Property | 0.210081276 574,365,394 | 518,766,095 | (55,599,299) |
| Annualized Personal Property Tax Rate per \$1000 | <u>30.239</u> | <u>30.239</u> | <u>-</u> |
| | <u>17,368,235</u> | <u>15,686,968</u> | <u>(1,681,267)</u> |
| Calculated Assessed Value - Real Property | 0.025471294 69,638,904 | 62,897,769 | (6,741,135) |
| Annualized Real Property Tax Rate per \$1000 | <u>25.09</u> | <u>25.09</u> | <u>-</u> |
| | <u>1,747,240</u> | <u>1,578,105</u> | <u>(169,135)</u> |
| Step 2 Pro Forma Property Tax Expense | 19,115,475 | 17,265,073 | (1,850,402) |
| Less: Step 1 Property tax Expense | (13,137,584) | (16,382,446) | (3,244,862) |
| Step 2 Adjustment -- Increase (Decrease) | <u>\$ 5,977,891</u> | <u>\$ 882,627</u> | <u>\$ (5,095,264)</u> |

Indiana American Water Company
CAUSE NUMBER 45870

WATER OUCC Tax Adjustments

(7W-4)

Property Tax Expense Continued

| | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More (Less)</u> |
|--|---------------------------|----------------------|-----------------------------|
| Step 3 Property Tax Adjustment | | | |
| Utility Plant in Service at 12/31/2024 | \$2,734,015,158 | \$2,689,157,756 | \$ (44,857,402) |
| Less: Customer Owned Lead Service Lines | - | (22,565,208) | (22,565,208) |
| Tax Exempt Montgomery County IDZ Main Ext. | - | (18,000,000) | (18,000,000) |
| Taxable Utility Plant in Service | <u>2,734,015,158</u> | <u>2,648,592,548</u> | <u>(85,422,610)</u> |
| Calculated Assessed Value - Personal Property | 0.210081276 574,365,394 | 556,419,703 | (17,945,691) |
| Annualized Personal Property Tax Rate per \$1000 | <u>30.239</u> | <u>30.239</u> | <u>-</u> |
| | <u>17,368,235</u> | <u>16,825,575</u> | <u>(542,660)</u> |
| Calculated Assessed Value - Real Property | 0.025471294 69,638,904 | 67,463,079 | (2,175,825) |
| Annualized Real Property Tax Rate per \$1000 | <u>25.09</u> | <u>25.09</u> | <u>-</u> |
| | <u>1,747,240</u> | <u>1,692,649</u> | <u>(54,591)</u> |
| Step 3 Pro Forma Property Tax Expense | 19,115,475 | 18,518,224 | (597,251) |
| Less: Step 2 Property tax Expense | <u>(19,115,475)</u> | <u>(17,265,073)</u> | <u>1,850,402</u> |
| Step 3 Adjustment -- Increase (Decrease) | <u>\$ -</u> | <u>\$ 1,253,151</u> | <u>\$ 1,253,151</u> |

(7W-5)

Payroll Tax

To adjust base year payroll tax for increase salaries & wages expense.

| | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More (Less)</u> |
|--|---------------------------|---------------------|-----------------------------|
| Step 1 Payroll tax Adjustment | | | |
| Payroll Tax Expense as of 09/30/2022 | \$ 1,312,233 | \$ 1,312,233 | - |
| Step 1 Detail of Payroll Taxes Expense Adjustment: | | | |
| Payroll taxes Existing Positions | 119,593 | 119,593 | - |
| Payroll taxes New Positions | 148,058 | 148,058 | - |
| Adjustment for vacant positions | <u>-</u> | <u>(39,190)</u> | <u>(39,190)</u> |
| Step 1 Adjustment -- Increase (Decrease) | <u>\$ 267,651</u> | <u>\$ 228,461</u> | <u>\$ (39,190)</u> |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| Payroll Tax Expense as of 04/30/2024 | 1,579,884 | 1,540,694 | (39,190) |
| Step 2 Payroll Tax Adjustment | | | |
| Step 2 Detail of Payroll Taxes Expense Adjustment: | | | |
| Payroll taxes Existing Positions | 89,499 | 89,499 | - |
| Payroll taxes New Positions | 26,693 | 26,693 | - |
| Adjustment for vacant positions | <u>-</u> | <u>(23,261)</u> | <u>(23,261)</u> |
| Step 2 Adjustment -- Increase (Decrease) | <u>\$ 116,192</u> | <u>\$ 92,931</u> | <u>\$ (23,261)</u> |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| Payroll Tax Expense as of 04/30/2025 | <u>1,696,076</u> | <u>1,633,625</u> | <u>(62,451)</u> |

Indiana American Water Company
CAUSE NUMBER 45870

WATER OUCC Tax Adjustments

(7W-6)
IURC Fee

To adjust base year IURC fee for the current rate in effect and for present rate *pro forma* revenues.

| | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More (Less)</u> |
|---|---------------------------|---------------------|-----------------------------|
| Step 1 IURC Fee Adjustment | | | |
| <i>Pro forma</i> Present Rate Revenues as of 12/31/2023 | | \$ 282,288,851 | 282,288,851 |
| Less: Other Revenues | | (2,964,225) | (2,964,225) |
| Less: Late Fee Revenues | | (1,418,977) | (1,418,977) |
| Less: <i>Pro forma</i> Bad Debt Expense | | (2,531,190) | (2,531,190) |
| Net Taxable Revenues | 259,233,919 | 275,374,459 | 16,140,540 |
| Times Current Rate | 0.1163372% | 0.1467603% | 0 |
| <i>Pro forma</i> IURC Fee | 301,585 | 404,140 | 102,555 |
| Less: Base Year IURC Fee | (273,469) | (273,469) | - |
| Step 1 Adjustment -- Increase (Decrease) | \$ 28,116 | \$ 130,671 | 102,555 |
| Step 2 IURC Fee Adjustment | | | |
| <i>Pro forma</i> Present Rate Revenues as of 04/30/2025 | | \$ 281,493,535 | 281,493,535 |
| Less: Other Revenues | | (3,170,819) | (3,170,819) |
| Less: Late Fee Revenues | | (1,411,109) | (1,411,109) |
| Less: <i>Pro forma</i> Bad Debt Expense | | (2,490,227) | (2,490,227) |
| Net Taxable Revenues | 298,765,832 | 274,421,380 | (24,344,452) |
| Times Current Rate | 0.1163370% | 0.1467603% | 0 |
| <i>Pro forma</i> IURC Fee | 347,575 | 402,742 | 55,167 |
| Less: Present Rate IURC Fee | (301,585) | (404,140) | (102,555) |
| Step 2 Adjustment -- Increase (Decrease) | \$ 45,990 | \$ (1,398) | \$ (47,388) |

Indiana American Water Company
CAUSE NUMBER 45870

Calculation of Original Cost Rate Base
WATER Pro Forma Rate Base As of April 30, 2025

| Line No. | Base Year 09/30/2022 | Step 1 Adjustments | Step 1 07/31/2023 | Step 2 Adjustments | Step 2 4/30/24 | Step 3 Adjustments | Step 3 4/30/25 |
|----------|----------------------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|------------------------|
| 1 | Utility Plant: | | | | | | |
| 2 | \$2,318,847,043 | \$145,388,433 | \$2,464,235,476 | \$108,970,343 | \$2,573,205,819 | \$172,710,541 | \$2,745,916,360 |
| 3 | - | - | - | - | - | - | - |
| 4 | 8,277,794 | - | 8,277,794 | - | 8,277,794 | - | 8,277,794 |
| 5 | 7,123,318 | - | 7,123,318 | - | 7,123,318 | - | 7,123,318 |
| 6 | 2,334,248,155 | 145,388,433 | 2,479,636,588 | 108,970,343 | 2,588,606,931 | 172,710,541 | 2,761,317,472 |
| 7 | Accumulated Depreciation: | | | | | | |
| 8 | 579,574,515 | 36,107,408 | 615,681,923 | 35,831,812 | 651,513,735 | 57,589,170 | 709,102,905 |
| 9 | - | - | - | - | - | - | - |
| 10 | 4,424,317 | 346,130 | 4,770,447 | 309,729 | 5,080,176 | 410,201 | 5,490,377 |
| 11 | 4,002,829 | 194,821 | 4,197,650 | 171,466 | 4,369,116 | 221,408 | 4,590,524 |
| 12 | 588,001,661 | 36,648,359 | 624,650,020 | 36,313,007 | 660,963,027 | 58,220,779 | 719,183,806 |
| 13 | 1,746,246,494 | 108,740,074 | 1,854,986,568 | 72,657,336 | 1,927,643,904 | 114,489,762 | 2,042,133,666 |
| 14 | Deductions: | | | | | | |
| 15 | 198,184,087 | 12,343,952 | 210,528,039 | 1,231,177 | 211,759,216 | 1,640,963 | 213,400,179 |
| 16 | 53,243,014 | 8,566,722 | 61,809,736 | 6,883,538 | 68,693,274 | 9,422,296 | 78,115,570 |
| 17 | 174,216 | 7,875 | 182,091 | (711) | 181,380 | 13,251 | 194,631 |
| 18 | 251,601,317 | 20,918,549 | 272,519,866 | 8,114,004 | 280,633,870 | 11,076,510 | 291,710,380 |
| 19 | Additions: | | | | | | |
| 20 | - | - | - | - | - | - | - |
| 21 | - | 4,364,489 | 4,364,489 | (77,104) | 4,287,385 | (137,040) | 4,150,345 |
| 22 | 2,810,651 | (582,998) | 2,227,653 | - | 2,227,653 | - | 2,227,653 |
| 23 | 2,810,651 | 3,781,491 | 6,592,142 | (77,104) | 6,515,038 | (137,040) | 6,377,998 |
| 24 | \$1,497,455,828 | \$ 91,603,016 | \$1,589,058,845 | \$ 64,466,228 | \$1,653,525,072 | \$103,276,212 | \$1,756,801,284 |

Indiana American Water Company
CAUSE NUMBER 45870

WATER Capital Structure

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See Captial Strucutre - Total Company, Schedule 9TC

Indiana American Water Company
CAUSE NO. 45870

WATER Fair Value Increment Acquisition Adjustment

| | <u>As of</u> <u>9/30/2022</u> | <u>As of</u> <u>7/31/2023</u> | <u>As of</u> <u>12/31/2024</u> | <u>As of</u> <u>12/31/2025</u> |
|--|----------------------------------|----------------------------------|-----------------------------------|-----------------------------------|
| Acquisition Adjustment | | | | |
| 1993 Purchase of Indiana Cities | \$17,412,009 | \$17,412,009 | \$17,412,009 | \$17,412,009 |
| Less: Indiana Cities Accumulated Amort | | 12,698,715 | 13,049,293 | 13,516,729 |
| Acquisition Adjustment net of Amort | <u>\$17,412,009</u> | <u>\$ 4,713,294</u> | <u>\$ 4,362,716</u> | <u>\$ 3,895,280</u> |
| | | | | |
| Time Rate of Return | | 6.010% | 6.010% | 6.140% |
| Return on Indiana Cities Acquisition | | <u>\$ 283,269</u> | <u>\$ 262,199</u> | <u>\$ 239,170</u> |

CAUSE NUMBER 45870
Office of Utility Consumer Counselor
Workpaper CFS-1- Schedules

Wastewater

- Sch 1S - Overall
- Sch 1S - Phased-In
- Sch 1S - GRCF
- Sch 1S - Adjustments Comparision
- Sch 4S - Pro Forma Income Statement
- Sch 5S - Operating Revenue Adjustments
- Sch 6S - Operating Expense Adjustments
- Sch 7S - Tax Adjustments
- Sch 8S - Rate Base
- Sch 9S - Capital Structure

Indiana American Water Company
CAUSE NUMBER 45870

Comparison of Petitioner's and OUCC's
WASTEWATER Overall Recommended Revenue Requirements

| Line No. | | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>Sch Ref</u> | <u>OUCC More (Less)</u> |
|----------|--|---------------------------|---------------------|--------------------|-----------------------------|
| 1 | Original Cost rate Base | \$ 20,492,780 | \$18,162,755 | | \$(2,330,025) |
| 2 | Times: Weighted Cost of Capital | 6.88% | 6.14% | | -0.74% |
| 3 | Net Operating Income Required for Return on Rate base | 1,409,903 | 1,115,193 | | (294,710) |
| 4 | Add: Wastewater Subsidy | (1,631,770) | (1,631,770) | | - |
| 5 | Fair Value Increment - Indiana Cities | - | - | | - |
| 6 | Net Operating Income Required | (221,867) | (516,577) | | (294,710) |
| 7 | Less: Adjusted Net Operating income | (1,647,651) | (621,195) | | 1,026,456 |
| 8 | Net Revenue Requirement | 1,425,784 | 104,618 | | (1,321,166) |
| 9 | Gross Revenue Conversion Factor | 134.4621% | 134.5031% | | 0.0410% |
| 10 | Recommended Percentage Increase | 106.37% | 7.81% | | -98.56% |

Indiana American Water Company
CAUSE NUMBER 45870

Comparison of Petitioner's and OUCC's
WASTEWATER Phased-in Recommended Revenue Requirements

| Line No. | Step 1 | | | | Step 2 | | | | Step 3 | | | |
|----------|---|---------------|---------|------------------|-------------------------------|---------------|---------|------------------|-------------------------------|---------------|---------|------------------|
| | Per Petitioner | Per OUCC | Sch Ref | OUCC More (Less) | Per Petitioner | Per OUCC | Sch Ref | OUCC More (Less) | Per Petitioner | Per OUCC | Sch Ref | OUCC More (Less) |
| 1 | \$ 17,583,262 | \$ 17,570,254 | 7 | \$ (13,008) | \$ 19,428,773 | \$ 18,904,358 | 7 | \$ (524,415) | \$ 20,492,780 | \$ 18,162,755 | 7 | \$ (2,330,025) |
| 2 | 6.77% | 6.01% | 8 | -0.76% | 6.75% | 6.01% | 8 | -0.74% | 6.88% | 6.14% | 8 | -0.74% |
| 3 | Net Operating Income Required for Return on Rate base | | | | Net Operating Income Required | | | | Net Operating Income Required | | | |
| | 1,190,387 | 1,055,972 | | (134,415) | 1,311,442 | 1,136,152 | | (175,290) | 1,409,903 | 1,115,193 | | (294,710) |
| 4 | (1,337,173) | (1,337,173) | | - | (1,493,521) | (1,493,521) | | - | (1,631,770) | (1,631,770) | | - |
| 5 | - | - | | - | - | - | | - | - | - | | - |
| 6 | (146,786) | (281,201) | | (134,415) | (182,079) | (357,369) | | (175,290) | (221,867) | (516,577) | | (294,710) |
| 7 | (448,140) | (517,394) | 4 | (69,254) | 65,497 | (374,599) | 4 | (440,096) | 1,236,821 | (367,772) | 4 | (1,604,593) |
| 8 | 301,354 | 236,193 | | (65,161) | (247,576) | 17,230 | | 264,806 | (1,458,688) | (148,805) | | 1,309,883 |
| 9 | 1.34462 | 134.5031% | 1 | 0.0410% | 134.4621% | 134.5031% | 1 | 0.0410% | 134.4621% | 134.5031% | 1 | 0.0410% |
| 10 | \$ 405,207 | \$ 317,687 | | \$ (87,520) | \$ (332,896) | \$ 23,175 | | \$ 356,071 | \$ (1,961,383) | \$ (200,147) | | \$ 1,761,236 |
| 11 | 22.48% | 17.63% | | -4.85% | -12.09% | 1.05% | | 13.14% | -44.28% | -8.98% | | 35.30% |

Indiana American Water Company
CAUSE NUMBER 45870

WASTEWATER Gross Revenue Conversion Factor

| Step 1 | | | | | |
|---------------|---|-----------------|------------------------|---------------------------------------|------------|
| Line No. | Per Petitioner | Per OUCC | OUCC More(Less) | OUCC Proposed Rate Adjustments | |
| 1 | Gross revenue Change | 100.0000% | 100.0000% | 0.0000% | \$ 317,687 |
| 2 | Less: Bad Debt Rate | 0.8945% | 0.8945% | 0.0000% | 2,842 |
| 3 | Sub-total | 99.1055% | 99.1055% | 0.0000% | |
| 4 | Less: IURC Fee | 0.1153% | 0.1454% | 0.0301% | 462 |
| 5 | Income Before State Income taxes | 98.9902% | 98.9601% | -0.0301% | |
| 6 | Less: State Income Tax (0.049 of Line 5) | 4.8505% | 4.8490% | -0.0015% | 15,405 |
| 7 | Income before Federal income Taxes | 94.1397% | 94.1111% | -0.0286% | |
| 8 | Less: Federal income Tax (0.21 of Line 8) | 19.7693% | 19.7633% | -0.0060% | 62,785 |
| 9 | Change in Operating Income | 74.3704% | 74.3478% | -0.0226% | \$ 236,193 |
| 10 | Gross Revenue Conversion Factor | 134.4621% | 134.5031% | | |

| Step 2 | | | | | |
|---------------|---|-----------------|------------------------|---------------------------------------|-----------|
| Line No. | Per Petitioner | Per OUCC | OUCC More(Less) | OUCC Proposed Rate Adjustments | |
| 11 | Gross revenue Change | 100.0000% | 100.0000% | 0.0000% | \$ 23,175 |
| 12 | Less: Bad Debt Rate | 0.8945% | 0.8945% | 0.0000% | 207 |
| 13 | Sub-total | 99.1055% | 99.1055% | 0.0000% | |
| 14 | Less: IURC Fee | 0.1153% | 0.1454% | 0.0301% | 34 |
| 15 | Income Before State Income taxes | 98.9902% | 98.9601% | -0.0301% | |
| 16 | Less: State Income Tax (0.049 of Line 5) | 4.8505% | 4.8490% | -0.0015% | 1,124 |
| 17 | Income before Federal income Taxes | 94.1397% | 94.1111% | -0.0286% | |
| 18 | Less: Federal income Tax (0.21 of Line 8) | 19.7693% | 19.7633% | -0.0060% | 4,580 |
| 19 | Change in Operating Income | 74.3704% | 74.3478% | 0% | \$ 17,230 |
| 20 | Gross Revenue Conversion Factor | 134.4621% | 134.5031% | | |

Indiana American Water Company
CAUSE NUMBER 45870

WASTEWATER Gross Revenue Conversion Factor

| Step 3 | | | | | |
|---------------|---|---------------------|----------------------------|---|---------------------|
| Line No. | Per Petitioner | Per OUCC | OUCC More(Less) | OUCC Proposed Rate Adjustments | |
| 1 | Gross revenue Change | 100.0000% | 100.0000% | 0.0000% | \$ (200,147) |
| 2 | Less: Bad Debt Rate | 0.8945% | 0.8945% | 0.0000% | (1,790) |
| 3 | Sub-total | 99.1055% | 99.1055% | 0.0000% | |
| 4 | Less: IURC Fee | 0.1153% | 0.1454% | 0.0301% | (291) |
| 5 | Income Before State Income taxes | 98.9902% | 98.9601% | -0.0301% | |
| 6 | Less: State Income Tax (0.049 of Line 5) | 4.8505% | 4.8490% | -0.0015% | (9,705) |
| 7 | Income before Federal income Taxes | 94.1397% | 94.1111% | -0.0286% | |
| 8 | Less: Federal income Tax (0.21 of Line 8) | 19.7693% | 19.7633% | -0.0060% | (39,556) |
| 9 | Change in Operating Income | <u>74.3704%</u> | <u>74.3478%</u> | <u>-0.0226%</u> | <u>\$ (148,805)</u> |
| 10 | Gross Revenue Conversion Factor | <u>134.4621%</u> | <u>134.5031%</u> | | |

Indiana American Water Company
CAUSE NUMBER 45870

Reconciliation of Net Operating Income Statement Adjustments
WASTEWATER *Pro forma* Present Rates

| Line No. | Step 1 | | | Step 2 | | | Step 3 | | |
|----------|-----------------------------------|------------------|------------------|----------------|------------------|------------------|----------------|-------------|------------------|
| | Per Petitioner | Per OUCC | OUCC More (Less) | Per Petitioner | Per OUCC | OUCC More (Less) | Per Petitioner | Per OUCC | OUCC More (Less) |
| 1 | Operating Revenue | | | | | | | | |
| 2 | Late Fees | \$ 285 | \$ 285 | \$ - | \$ 615 | \$ 615 | \$ - | \$ - | \$ - |
| 3 | Miscellaneous Revenue | - | - | - | - | - | - | - | - |
| 4 | URT Tax Impact | (19,277) | (19,277) | - | - | - | - | - | - |
| 5 | Normalization of Billings - Usage | 12,831 | 12,831 | (645) | (645) | - | - | - | - |
| 6 | Annualization of Lowell | - | - | - | - | - | - | - | - |
| 7 | Customer Normalization | 60,752 | 60,752 | 85,870 | 85,870 | - | - | - | - |
| 8 | DSIC Revenue Adjustment | - | - | - | - | - | - | - | - |
| 9 | SEI Revenue Adjustment | - | - | - | - | - | - | - | - |
| 10 | Yankee Surcharge | - | - | - | - | - | - | - | - |
| 11 | Miscellaneous Adjustments | 4,899 | 4,899 | - | - | - | - | - | - |
| 12 | Acquisition Adjustment | - | - | - | - | - | - | - | - |
| 13 | Eliminate 50% of LIPP | - | - | - | - | - | - | - | - |
| 14 | Rate Increase OOR | - | - | 10,555 | 10,555 | - | - | - | - |
| 15 | Normalize Misc. Billing Units | - | - | - | - | - | - | - | - |
| 16 | Total Operating Revenues | \$ 59,490 | \$ 59,490 | \$ - | \$ 96,395 | \$ 96,395 | \$ - | \$ - | \$ - |
| 17 | O&M Expense | | | | | | | | |
| 18 | Purchased Water | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 19 | Fuel & Power | (66,526) | (66,526) | - | (81) | (81) | - | - | - |
| 20 | Chemicals | 6,880 | 6,880 | - | 7,818 | 7,818 | - | - | - |
| 21 | Waste Disposal | (125,001) | (125,001) | - | 38,768 | 38,768 | - | - | - |
| 22 | Salaries and Wages | (185,878) | (185,487) | 391 | - | (187) | (187) | - | - |
| 23 | Pension | 9,929 | 9,929 | - | - | - | - | - | - |
| 24 | OPEB | 6,135 | 6,135 | - | - | - | - | - | - |
| 25 | Group Insurance | (46,044) | (45,943) | 101 | - | (37) | (37) | - | - |
| 26 | Other Benefits | (13,145) | (13,145) | - | - | (12) | (12) | - | - |
| 27 | Support Services | 12,700 | 10,961 | (1,739) | 8,968 | 8,898 | (70) | - | - |
| 28 | Contract Services | 1,256 | 1,256 | - | 2,175 | 2,175 | - | - | - |
| 29 | Building Maintenance & Services | (18,203) | (18,929) | (726) | 1,260 | 1,920 | 660 | - | - |
| 30 | Telecommunications | 126 | 113 | (13) | 126 | 192 | 66 | - | - |
| 31 | Postage, Printing, & Stationary | 13 | 13 | - | - | - | - | - | - |
| 32 | Office Supplies & Services | 215 | 119 | (96) | 183 | 279 | 96 | - | - |

Indiana American Water Company
CAUSE NUMBER 45870

Reconciliation of Net Operating Income Statement Adjustments
WASTEWATER *Pro forma* Present Rates

| Line No. | Step 1 | | | Step 2 | | | Step 3 | | |
|----------|---------------------|---------------------|--------------------|---------------------|--------------------|---------------------|---------------------|--------------------|---------------------|
| | Per Petitioner | Per OUC | OUC More (Less) | Per Petitioner | Per OUC | OUC More (Less) | Per Petitioner | Per OUC | OUC More (Less) |
| 1 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2 | 111 | 70 | (41) | 82 | 123 | 41 | - | - | - |
| 3 | 1,730 | 1,072 | (658) | 1,277 | 1,935 | 658 | - | - | - |
| 4 | 274 | 274 | - | 16 | 16 | - | - | - | - |
| 5 | 926 | 962 | 36 | - | - | - | - | - | - |
| 6 | 1,003 | 1,075 | 73 | 9,528 | 3,657 | (5,871) | - | - | - |
| 7 | (5) | (5) | - | - | - | - | - | - | - |
| 8 | (1,341) | (4,711) | (3,370) | - | 2,735 | 2,735 | - | (2,735) | (2,735) |
| 9 | 5,869 | 5,869 | - | 4,927 | 4,927 | - | - | - | - |
| 10 | 13,354 | 12,109 | (1,245) | 2,449 | 3,694 | 1,245 | - | - | - |
| 11 | (2) | (2) | - | - | - | - | - | - | - |
| 12 | (423,182) | (320,340) | 102,842 | 134,120 | 1,024 | (133,096) | 106,719 | (61) | (106,780) |
| 13 | 309 | 309 | - | 1,103 | (659) | (1,762) | - | - | - |
| 14 | (327,789) | (349,785) | (21,996) | 128,144 | 52,624 | (75,520) | 305,539 | 4,446 | (301,093) |
| 15 | (77,508) | (82,279) | (4,771) | 31,372 | 12,901 | (18,471) | 74,825 | 1,071 | (73,754) |
| 16 | - | - | - | - | - | - | - | - | - |
| 17 | 458,492 | 458,492 | - | - | 46,533 | 46,533 | - | 7,682 | 7,682 |
| 18 | (14,054) | (14,082) | (28) | - | (14) | (14) | - | - | - |
| 19 | (913) | (913) | - | - | - | - | - | - | - |
| 20 | (17,576) | (17,576) | - | - | - | - | - | - | - |
| 21 | 75 | 625 | 550 | 1,104 | 564 | (540) | - | - | - |
| 22 | <u>\$ (797,770)</u> | <u>\$ (728,461)</u> | <u>\$ 69,310</u> | <u>\$ 373,339</u> | <u>\$ 189,793</u> | <u>\$ (183,546)</u> | <u>\$ 487,083</u> | <u>\$ 10,403</u> | <u>\$ (476,680)</u> |
| 23 | <u>\$ 857,260</u> | <u>\$ 787,951</u> | <u>\$ (69,310)</u> | <u>\$ (276,944)</u> | <u>\$ (93,398)</u> | <u>\$ 183,546</u> | <u>\$ (487,083)</u> | <u>\$ (10,403)</u> | <u>\$ 476,680</u> |

Indiana American Water Company
CAUSE NUMBER 45870

WASTEWATER Pro forma Net Operating Income Statement
Step 1

| Line | Base Year Ended 9/30/2022 | Adjustments | Sch Ref | Present Rates Step 1 | Proposed Rate Adjustments | Sch Ref | Proposed Rates Step 1 |
|------|---------------------------------|------------------|------------|----------------------------|---------------------------------|------------|-----------------------------|
| 1 | Wastewater | | | | | | |
| 2 | \$ 1,734,039 | | | \$ 1,734,039 | \$ 316,126 | | \$ 2,050,165 |
| 3 | 8,275 | 285 | PET | 8,560 | 1,561 | | 10,121 |
| 4 | 570 | | | 570 | | | 570 |
| 5 | | (19,277) | PET | (19,277) | | | (19,277) |
| 6 | | 12,831 | PET | 12,831 | | | 12,831 |
| 7 | | - | | - | | | - |
| 8 | | 60,752 | PET | 60,752 | | | 60,752 |
| 9 | | - | | - | | | - |
| 10 | | - | | - | | | - |
| 11 | | - | | - | | | - |
| 12 | | 4,899 | PET | 4,899 | | | 4,899 |
| 13 | | - | | - | | | - |
| 14 | | - | | - | | | - |
| 15 | | - | | - | | | - |
| 16 | | - | | - | | | - |
| 17 | <u>1,742,884</u> | <u>59,490</u> | | <u>1,802,374</u> | <u>317,687</u> | 1 | <u>2,120,061</u> |
| 18 | O&M | | | | | | |
| 19 | (856) | - | | (856) | | | (856) |
| 20 | 109,626 | (66,526) | PET | 43,100 | | | 43,100 |
| 21 | 25,860 | 6,880 | PET | 32,740 | | | 32,740 |
| 22 | 717,122 | (125,001) | PET | 592,121 | | | 592,121 |
| 23 | 201,133 | (185,487) | 6S-2 | 15,646 | | | 15,646 |
| 24 | (5,356) | 9,929 | PET | 4,573 | | | 4,573 |
| 25 | (18,739) | 6,135 | PET | (12,604) | | | (12,604) |
| 26 | 49,112 | (45,943) | 6S-3 | 3,169 | | | 3,169 |
| 27 | 13,471 | (13,145) | 6S-4 | 326 | | | 326 |
| 28 | 184,663 | 10,961 | 6S-5 | 195,624 | | | 195,624 |
| 29 | 57,136 | 1,256 | PET | 58,392 | | | 58,392 |
| 30 | 57,192 | (18,929) | 6S-7 | 38,263 | | | 38,263 |
| 31 | 3,624 | 113 | 6S-8 | 3,737 | | | 3,737 |
| 32 | 184 | 13 | 6S-9 | 197 | | | 197 |
| 33 | 2,834 | 119 | 6S-10 | 2,953 | | | 2,953 |
| 34 | - | - | | - | | | - |
| 35 | 1,705 | 70 | 6S-11 | 1,775 | | | 1,775 |
| 36 | 32,421 | 1,072 | 6S-12 | 33,493 | | | 33,493 |
| 37 | 1,025 | 274 | PET | 1,299 | | | 1,299 |
| 38 | (925) | 962 | 6S-13 | 37 | | | 37 |
| 39 | 15,253 | 1,075 | 6S-14 | 16,328 | 2,842 | 1 | 19,170 |
| 40 | 2,104 | (5) | 6S-15 | 2,099 | | | 2,099 |
| 41 | 4,711 | (4,711) | 6S-16 | - | | | - |
| 42 | 22,182 | 5,869 | PET | 28,051 | | | 28,051 |
| 43 | 60,994 | 12,109 | 6S-17 | 73,103 | | | 73,103 |
| 44 | - | (2) | PET | (2) | | | (2) |
| 45 | <u>1,536,476</u> | <u>(402,912)</u> | | <u>1,133,564</u> | <u>2,842</u> | | <u>1,136,406</u> |
| 46 | Other Expenses | | | | | | |
| 47 | 1,350,804 | (320,340) | 6S-18 | 1,030,464 | | | 1,030,464 |
| 48 | 2,314 | 309 | 6S-19 | 2,623 | | | 2,623 |
| 49 | 95,231 | (349,785) | 7S-1 | (254,554) | 62,785 | 1 | (191,769) |
| 50 | 26,848 | (82,279) | 7S-1 | (55,431) | 15,405 | 1 | (40,026) |
| 51 | (289) | | | (289) | | | (289) |
| 52 | 296 | 458,492 | 7S-4 | 458,788 | | | 458,788 |
| 53 | 14,727 | (14,082) | 7S-5 | 645 | | | 645 |
| 54 | 2,263 | (913) | PET | 1,350 | | | 1,350 |
| 55 | 17,576 | (17,576) | PET | - | | | - |
| 56 | 1,983 | 625 | 7S-6 | 2,608 | 462 | 1 | 3,070 |
| 57 | <u>3,048,229</u> | <u>(728,461)</u> | | <u>2,319,768</u> | <u>81,494</u> | | <u>2,401,262</u> |
| 58 | <u>\$ (1,305,345)</u> | <u>787,951</u> | | <u>\$ (517,394)</u> | <u>236,193</u> | | <u>\$ (281,201)</u> |

Indiana American Water Company
CAUSE NUMBER 45870

WASTEWATER *Pro forma* Net Operating Income Statement
Step 2

| Line | Step 1 <i>Pro Forma</i> Proposed Rates | Adjustments | Sch Ref | Step 2 <i>Pro-forma</i> Present Rates | Proposed Rate Adjustments | Sch Ref | Step 2 <i>Pro Forma</i> Proposed Rates |
|------|---|---------------------|------------|--|---------------------------------|------------|---|
| 1 | Wastewater | | | | | | |
| 2 | Operating Revenue | \$ 2,050,165 | PET | \$ 2,050,165 | \$ 23,054 | | \$ 2,073,219 |
| 3 | Late Fees | 10,121 | PET | 10,736 | 121 | | 10,857 |
| 4 | Miscellaneous Revenue | 570 | | 570 | | | 570 |
| 5 | URT Tax Impact | (19,277) | | (19,277) | | | (19,277) |
| 6 | Normalization of Billings - Usage | 12,831 | PET | 12,186 | | | 12,186 |
| 7 | Annualization of Lowell | - | | - | | | - |
| 8 | Customer Normalization | 60,752 | PET | 146,622 | | | 146,622 |
| 9 | DSIC Revenue Adjustment | - | | - | | | - |
| 10 | SEI Revenue Adjustment | - | | - | | | - |
| 11 | Yankee Surcharge | - | | - | | | - |
| 12 | Miscellaneous Adjustments | 4,899 | | 4,899 | | | 4,899 |
| 13 | Acquisition Adjustment | - | | - | | | - |
| 14 | Eliminate 50% of LIPP | - | | - | | | - |
| 15 | Rate Increase OOR | - | PET | 10,555 | | | 10,555 |
| 16 | Normalize Misc. Billing Units | - | | - | | | - |
| 17 | Total Operating Revenues | 2,120,061 | | 2,216,456 | 23,175 | 1 | 2,239,631 |
| 18 | O&M | | | | | | |
| 19 | Purchased Water | (856) | | (856) | | | (856) |
| 20 | Fuel & Power | 43,100 | PET | 43,019 | | | 43,019 |
| 21 | Chemicals | 32,740 | PET | 40,558 | | | 40,558 |
| 22 | Waste Disposal | 592,121 | PET | 630,889 | | | 630,889 |
| 23 | Salaries and Wages | 15,646 | 6S-2 | 15,459 | | | 15,459 |
| 24 | Pension | 4,573 | | 4,573 | | | 4,573 |
| 25 | OPEB | (12,604) | | (12,604) | | | (12,604) |
| 26 | Group Insurance | 3,169 | 6S-3 | 3,132 | | | 3,132 |
| 27 | Other Benefits | 326 | 6S-4 | 314 | | | 314 |
| 28 | Support Services | 195,624 | 6S-5 | 204,522 | | | 204,522 |
| 29 | Contract Services | 58,392 | PET | 60,567 | | | 60,567 |
| 30 | Building Maintenance & Services | 38,263 | 6S-7 | 40,183 | | | 40,183 |
| 31 | Telecommunications | 3,737 | 6S-8 | 3,929 | | | 3,929 |
| 32 | Postage, Printing, & Stationary | 197 | | 197 | | | 197 |
| 33 | Office Supplies & Services | 2,953 | 6S-10 | 3,232 | | | 3,232 |
| 34 | Advertising & Marketing | - | | - | | | - |
| 35 | Employee Related Expense | 1,775 | 6S-11 | 1,898 | | | 1,898 |
| 36 | Miscellaneous Expense | 33,493 | 6S-12 | 35,428 | | | 35,428 |
| 37 | Rents | 1,299 | PET | 1,315 | | | 1,315 |
| 38 | Transportation | 37 | 6S-13 | 37 | | | 37 |
| 39 | Uncollectible Accounts | 19,170 | 6S-14 | 22,827 | 207 | 1 | 23,034 |
| 40 | Customer Accounting | 2,099 | | 2,099 | | | 2,099 |
| 41 | Regulatory Expense | - | 6S-16 | 2,735 | | | 2,735 |
| 42 | Insurance Other Than Group | 28,051 | PET | 32,978 | | | 32,978 |
| 43 | Maintenance Supplies & Services | 73,103 | 6S-17 | 76,797 | | | 76,797 |
| 44 | Capital movements | (2) | | (2) | | | (2) |
| 45 | Total O&M Expenses | 1,136,406 | | 1,213,226 | 207 | | 1,213,433 |
| 46 | Other Expenses | | | | | | |
| 47 | Depreciation | 1,030,464 | 6S-18 | 1,031,488 | | | 1,031,488 |
| 48 | Amortization | 2,623 | 6S-19 | 1,964 | | | 1,964 |
| 49 | Federal income taxes - operating | (191,769) | 7S-1 | (139,145) | 4,580 | 1 | (134,565) |
| 50 | State income taxes - operating | (40,026) | 7S-1 | (27,125) | 1,124 | 1 | (26,001) |
| 51 | Amort of investment tax credits | (289) | | (289) | | | (289) |
| 52 | Property Taxes | 458,788 | 7S-4 | 505,321 | | | 505,321 |
| 53 | Payroll Taxes | 645 | 7S-5 | 631 | | | 631 |
| 54 | Environmental Tax | 1,350 | PET | 1,350 | | | 1,350 |
| 55 | URT | - | PET | - | | | - |
| 56 | IURC Fee | 3,070 | 7S-6 | 3,634 | 34 | 1 | 3,668 |
| 57 | Total Expenses | 2,401,262 | | 2,591,055 | 5,945 | | 2,597,000 |
| 58 | Net Operating Income | \$ (281,201) | | \$ (374,599) | 17,230 | | \$ (357,369) |

Indiana American Water Company
CAUSE NUMBER 45870

WASTEWATER *Pro forma* Net Operating Income Statement
Step 3

| Line | | Step 2 <i>Pro Forma</i> Proposed Rates | Adjustments | Sch Ref | Step 3 <i>Pro-forma</i> Present Rates | Proposed Rate Adjustments | Sch Ref | Step 3 <i>Pro Forma</i> Proposed Rates |
|------|-----------------------------------|---|--------------------|------------|--|---------------------------------|------------|---|
| 1 | Wastewater | | | | | | | |
| 2 | Operating Revenue | \$ 2,073,219 | | | \$ 2,073,219 | \$ (199,104) | | \$ 1,874,115 |
| 3 | Late Fees | 10,857 | | | 10,857 | (1,043) | | 9,814 |
| 4 | Miscellaneous Revenue | 570 | | | 570 | | | 570 |
| 5 | URT Tax Impact | (19,277) | | | (19,277) | | | (19,277) |
| 6 | Normalization of Billings - Usage | 12,186 | | | 12,186 | | | 12,186 |
| 7 | Annualization of Lowell | - | | | - | | | - |
| 8 | Customer Normalization | 146,622 | | | 146,622 | | | 146,622 |
| 9 | DSIC Revenue Adjustment | - | | | - | | | - |
| 10 | SEI Revenue Adjustment | - | | | - | | | - |
| 11 | Yankee Surcharge | - | | | - | | | - |
| 12 | Miscellaneous Adjustments | 4,899 | | | 4,899 | | | 4,899 |
| 13 | Acquisition Adjustment | - | | | - | | | - |
| 14 | Eliminate 50% of LIPP | - | | | - | | | - |
| 15 | Rate Increase OOR | 10,555 | | | 10,555 | | | 10,555 |
| 16 | Normalize Misc. Billing Units | - | | | - | | | - |
| 17 | Total Operating Revenues | <u>2,239,631</u> | <u>-</u> | | <u>2,239,631</u> | <u>(200,147)</u> | 1 | <u>2,039,484</u> |
| 18 | O&M | | | | | | | |
| 19 | Purchased Water | (856) | | | (856) | | | (856) |
| 20 | Fuel & Power | 43,019 | | | 43,019 | | | 43,019 |
| 21 | Chemicals | 40,558 | | | 40,558 | | | 40,558 |
| 22 | Waste Disposal | 630,889 | | | 630,889 | | | 630,889 |
| 23 | Salaries and Wages | 15,459 | | | 15,459 | | | 15,459 |
| 24 | Pension | 4,573 | | | 4,573 | | | 4,573 |
| 25 | OPEB | (12,604) | | | (12,604) | | | (12,604) |
| 26 | Group Insurance | 3,132 | | | 3,132 | | | 3,132 |
| 27 | Other Benefits | 314 | | | 314 | | | 314 |
| 28 | Support Services | 204,522 | | | 204,522 | | | 204,522 |
| 29 | Contract Services | 60,567 | | | 60,567 | | | 60,567 |
| 30 | Building Maintenance & Services | 40,183 | | | 40,183 | | | 40,183 |
| 31 | Telecommunications | 3,929 | | | 3,929 | | | 3,929 |
| 32 | Postage, Printing, & Stationary | 197 | | | 197 | | | 197 |
| 33 | Office Supplies & Services | 3,232 | | | 3,232 | | | 3,232 |
| 34 | Advertising & Marketing | - | | | - | | | - |
| 35 | Employee Related Expense | 1,898 | | | 1,898 | | | 1,898 |
| 36 | Miscellaneous Expense | 35,428 | | | 35,428 | | | 35,428 |
| 37 | Rents | 1,315 | | | 1,315 | | | 1,315 |
| 38 | Transportation | 37 | | | 37 | | | 37 |
| 39 | Uncollectible Accounts | 23,034 | | | 23,034 | (1,790) | 1 | 21,244 |
| 40 | Customer Accounting | 2,099 | | | 2,099 | | | 2,099 |
| 41 | Regulatory Expense | 2,735 | (2,735) | 6S-16 | - | | | - |
| 42 | Insurance Other Than Group | 32,978 | | | 32,978 | | | 32,978 |
| 43 | Maintenance Supplies & Services | 76,797 | | | 76,797 | | | 76,797 |
| 44 | Capital movements | (2) | | | (2) | | | (2) |
| 45 | Total O&M Expenses | <u>1,213,433</u> | <u>(2,735)</u> | | <u>1,210,698</u> | <u>(1,790)</u> | | <u>1,208,908</u> |
| 46 | Other Expenses | | | | | | | |
| 47 | Depreciation | 1,031,488 | (61) | 6S-18 | 1,031,427 | | | 1,031,427 |
| 48 | Amortization | 1,964 | | | 1,964 | | | 1,964 |
| 49 | Federal income taxes - operating | (134,565) | 4,446 | 7S-3 | (130,119) | (39,556) | 1 | (169,675) |
| 50 | State income taxes - operating | (26,001) | 1,071 | 7S-3 | (24,930) | (9,705) | 1 | (34,635) |
| 51 | Amort of investment tax credits | (289) | | | (289) | | | (289) |
| 52 | Property Taxes | 505,321 | 7,682 | 7S-4 | 513,003 | | | 513,003 |
| 53 | Payroll Taxes | 631 | | 7S-5 | 631 | | | 631 |
| 54 | Environmental Tax | 1,350 | | | 1,350 | | | 1,350 |
| 55 | URT | - | | | - | | | - |
| 56 | IURC Fee | 3,668 | | 7S-6 | 3,668 | (291) | 1 | 3,377 |
| 57 | Total Expenses | <u>2,597,000</u> | <u>10,403</u> | | <u>2,607,403</u> | <u>(51,342)</u> | | <u>2,556,061</u> |
| 58 | Net Operating Income | <u>\$ (357,369)</u> | <u>\$ (10,403)</u> | | <u>\$ (367,772)</u> | <u>(148,805)</u> | | <u>\$ (516,577)</u> |

Indiana American Water Company
CAUSE NUMBER 45870

WASTWATER OUCG Revenue Adjustments

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Indiana American Water Company
CAUSE NUMBER 45870

WASTEWATER OUCG Expense Adjustments

(6S-2)

Salaries & Wages

To adjust forward-looking test year operating expenses for increase cost of salaries & wages.

| | <u>Per Petitioner</u> | <u>Per OUCG</u> | <u>OUCG More (Less)</u> |
|---|---------------------------|---------------------|-----------------------------|
| Salaries & Wages Expense as of 09/30/2022 | \$ 201,133 | \$ 201,133 | \$ - |
| Sep 1 Detail of Salary & Wages Expense Adjustment: | | | |
| Base Wages Existing Positions | (149,855) | (149,146) | |
| APP | (11,618) | (11,565) | |
| LTPP | (302) | (302) | |
| Overtime | (24,103) | (24,103) | |
| Wages New Positions | - | - | |
| Adjustment for vacant positions (2.43%) | | (371) | |
| Step 1 Adjustment -- Increase (Decrease) | \$ (185,878) | \$ (185,487) | \$ - |
| Salaries & Wages Expense as of 12/31/2023 | 15,255 | 15,646 | - |
| Sep 2 Detail of Salary & Wages Expense Adjustment: | | | |
| Base Wages Existing Positions | - | - | - |
| APP | - | - | - |
| LTPP | - | - | - |
| Overtime | - | - | - |
| Wages New Positions | - | - | - |
| Adjustment for vacant positions (3.66%) | - | (187) | (187) |
| Step 2 Adjustment -- Increase (Decrease) | \$ - | \$ (187) | \$ (187) |
| Salaries & Wages Expense 04/30/2025 | \$ 15,255 | \$ 15,459 | \$ (817,119) |

Indiana American Water Company
CAUSE NUMBER 45870

WASTEWATER OUCG Expense Adjustments

(6S-3)

Group Insurance

To adjust forward-looking test year operating expenses for increase cost of group insurance.

| | <u>Per Petitioner</u> | <u>Per OUCG</u> | <u>OUCG More (Less)</u> |
|---|---------------------------|---------------------|-----------------------------|
| Group Insurance Expense as of 09/30/2022 | \$ 49,112 | \$ 49,112 | \$ - |
| Sep 1 Detail of Group Insurance Expense Adjustment: | | | |
| Group Insurance Existing Positions | (46,044) | (45,868) | 176 |
| Adjustment for vacant positions (2.43%) | - | (75) | (75) |
| Step 1 Adjustment -- Increase (Decrease) | \$ (46,044) | \$ (45,943) | \$ 101 |
| Group Insurance Expense as of 12/31/2023: | <u>3,068</u> | <u>3,169</u> | <u>101</u> |
| Step 2 Detail of Group Insurance Expense Adjustment: | | | |
| Group Insurance Existing Positions | - | - | - |
| Group Insurance New Positions | - | - | - |
| Adjustment for vacant positions (3.66%) | - | (37) | (37) |
| Step 2 Adjustment -- Increase (Decrease) | \$ - | \$ (37) | \$ (37) |
| Group Insurance Expense as of 04/30/2025 | <u>\$ 3,068</u> | <u>\$ 3,132</u> | <u>\$ 64</u> |

Indiana American Water Company
CAUSE NUMBER 45870

WASTEWATER OUCC Expense Adjustments

(6S-4)

Other Benefits

To adjust base year operating expenses for increase cost of other benefits.

| | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More (Less)</u> |
|--|---------------------------|---------------------------|-----------------------------|
| Other Benefits Expense as of 9/30/2022: | \$ 13,471 | \$ 13,471 | \$ - |
| Step 1 Detail of Other Benefits Expense Adjustment: | | | |
| DCP Adjustment to water | (27) | (27) | - |
| 401K | (5,312) | (5,312) | - |
| DCP | (5,668) | (5,668) | - |
| ESPP | (641) | (641) | - |
| VEBA | (870) | (870) | - |
| Other Benefits Existing Positions | (627) | (627) | - |
| Other Benefits Acquisitions | - | - | - |
| Other Benefits New Positions | - | - | - |
| Step 1 Adjustment -- Increase (Decrease) | <u>\$ (13,145)</u> | <u>\$ (13,145)</u> | <u>\$ -</u> |
| Other Benefits Expense as of 12/30/2023: | 326 | 326 | - |
| Step 2 Detail of Other Benefits Expense Adjustment: | | | |
| Adjustment for vacant positions (3.66%) | - | (12) | (12) |
| Step 2 Adjustment -- Increase (Decrease) | <u>\$ -</u> | <u>\$ (12)</u> | <u>\$ (12)</u> |
| Other Benefits Expense as of 04/30/2025: | <u>\$ 326</u> | <u>\$ 314</u> | <u>\$ (12)</u> |

Indiana American Water Company
CAUSE NUMBER 45870

WASTEWATER OUCC Expense Adjustments

(6S-5)

Support Services

To adjust base year support services expense for increased cost .

| | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More (Less)</u> |
|---|---------------------------|---------------------|-----------------------------|
| Support Services as of 09/30/2022 | \$ 184,663 | \$ 184,663 | \$ - |
| Step 1 - Detail of Support Services Expense Adjustments: | | | |
| Annualize merit increase for base year | 143 | 143 | - |
| Removed severance from base year | (1,821) | (1,821) | - |
| Removed one-time payment from base year | (812) | (812) | - |
| Adjust 2022 Base Year Pension Expense | 4,058 | 4,058 | - |
| Adjust 2022 Base Year OPEB Expense | 660 | 660 | - |
| Adjustment for salary and labor-related items | 3,206 | 3,206 | - |
| Removal of base year non-allowed costs | 2,143 | 2,143 | - |
| Inflation Adjustment of Other Non-Labor Costs | 2,600 | 2,600 | - |
| Adjustment for Depreciation | 2,406 | 2,406 | - |
| Adjustment for LOP capital lease interest | 117 | 117 | - |
| Rounding | - | - | - |
| Remove business development costs | - | (1,739) | (1,739) |
| Step 1 Adjustment -- Increase (Decrease) | \$ 12,700 | \$ 10,961 | \$ (1,739) |
| Support Services as of December 31, 2023 | 197,363 | 195,624 | (1,739) |
| Step 2 - Detail of Support Services Expense Adjustments: | | | |
| Adjustment for salary and labor-related items | 4,392 | 4,392 | - |
| Inflation Adjustment of Other Non-Labor Costs | 2,888 | 2,888 | - |
| Adjustment for Depreciation | 1,556 | 1,556 | - |
| Adjustment for LOP capital lease interest | 132 | 132 | - |
| Remove business development costs | - | (70) | (70) |
| Step 2 Adjustment -- Increase (Decrease) | \$ 8,968 | \$ 8,898 | \$ (70) |
| Support Services as of April 30, 2025 | <u>\$ 206,331</u> | <u>\$ 204,522</u> | <u>\$ (1,809)</u> |

Indiana American Water Company
CAUSE NUMBER 45870

WASTEWATER OUCC Expense Adjustments

(6S-7)

Building Maintenance & Supplies Expense

To adjust base year operating expenses for increase cost of building maintenance & supplies expenses.

| | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More(Less)</u> |
|--|---------------------------|---------------------|----------------------------|
| Building Maintenance & Services as of 9/30/2022 | \$ 57,192 | \$ 57,192 | \$ - |
| Step 1 Detail of Building Maintenance & Services Expense Adj: | | | |
| Removal of One Time Expenses | (20,000) | (20,000) | - |
| Removal of Miscoded Waste Disposal Expenses | - | - | - |
| Reclass of Miscoded Waste Disposal Expenses | - | - | - |
| Adjustment for Inflation | 1,137 | 1,137 | - |
| Adjustment for Normalization/Annualization Adj | 660 | - | (660) |
| Reallocation of Expenses | - | (66) | (66) |
| Step Adjustment -- Increase (Decrease) | \$ (18,203) | \$ (18,929) | \$ (726) |
| Building Maintenance & Services as of 12/31/2023 | 38,989 | 38,263 | (726) |
| Step 2 Detail of Building Maintenance & Services Expense Adj: | | | |
| Adjustment for Normalization/Annualization Adj | (660) | - | 660 |
| Adjustment for Inflation | 1,920 | 1,920 | - |
| Step 2 Adjustment -- Increase (Decrease) | \$ 1,260 | \$ 1,920 | \$ 660 |
| Building Maintenance & Services as of 12/31/2025 | 40,249 | 40,183 | \$ (66) |

Indiana American Water Company
CAUSE NUMBER 45870

WASTEWATER OUC Expense Adjustments

(6S-8)

Telecommunication Expense

To adjust base year operating expenses for increase cost of telecommunication expenses.

| | <u>Per Petitioner</u> | <u>Per OUC</u> | <u>OUC More(Less)</u> |
|--|---------------------------|--------------------|---------------------------|
| Telecommunication Expense as of 9/30/2022 | \$ 3,624 | \$ 3,624 | \$ - |
| Step 1 Detail of Telecommunication Expense Adjustment | | | |
| Adjustment for Inflation | 113 | 113 | - |
| Adjustment for Normalization/Annualization Adj | 66 | - | (66) |
| Step 1 Adjustment -- Increase (Decrease) | \$ 179 | \$ 113 | \$ (66) |
| Telecommunication Expense as of 12/31/2023 | 3,803 | 3,737 | (66) |
| Step 2 Detail of Telecommunication Expense Adjustment | | | |
| Adjustment for Normalization/Annualization Adj | (66) | - | 66 |
| Adjustment for Inflation | 192 | 192 | - |
| Step 2 Adjustment -- Increase (Decrease) | \$ 126 | \$ 192 | \$ 66 |
| Telecommunication Expense as of 04/30/2025 | <u>\$ 3,929</u> | <u>\$ 3,929</u> | <u>\$ -</u> |

Indiana American Water Company
CAUSE NUMBER 45870

WASTEWATER OUCG Expense Adjustments

(6S-10)

Office Supplies & Services Expense

To adjust base year operating expenses for increase cost of office supplies & services expenses.

| | <u>Per Petitioner</u> | <u>Per OUCG</u> | <u>OUCG More(Less)</u> |
|--|---------------------------|---------------------|----------------------------|
| Office Supplies & Services as of 9/30/2022 | \$ 2,834 | \$ 2,834 | \$ - |
| Step 1 Detail of Office Supplies and Services Expense Adjustment: | | | |
| Adjustment for Inflation | 154 | 154 | - |
| Removal of Accrual Reversal | (35) | (35) | - |
| Adjustment for Normalization/Annualization Adj | 96 | - | (96) |
| Step 1 Adjustment -- Increase (Decrease) | \$ 215 | \$ 119 | \$ (96) |
| Office Supplies & Services as of 12/31/2023 | 3,049 | 2,953 | (96) |
| Step 2 Detail of Office Supplies and Services Expense Adjustment: | | | |
| Adjustment for Normalization/Annualization Adj | (96) | - | 96 |
| Adjustment for Inflation | 279 | 279 | - |
| Step 2 Adjustment -- Increase (Decrease) | \$ 183 | \$ 279 | \$ 96 |
| Office Supplies & Services as of 04/30/2025 | \$ 3,232 | \$ 3,232 | \$ - |

Indiana American Water Company
CAUSE NUMBER 45870

WASTEWATER OUCG Expense Adjustments

(6S-11)

Employee Related Expense

To adjust base year operating expenses for increase cost of employee related expenses.

| | <u>Per Petitioner</u> | <u>Per OUCG</u> | <u>OUCG More(Less)</u> |
|--|---------------------------|---------------------|----------------------------|
| Employee Related Costs as of 9/30/2022 | \$ 1,705 | \$ 1,705 | \$ - |
| Step 1 Detail of Employee Related Costs Expense Adjustment: | | | |
| Removal of Expenses - Miscoded | - | - | - |
| Remove of Indiana Pacers Entertainment Expenses | - | - | - |
| Adjustment for Inflation | 70 | 70 | - |
| Adjustment for Normalization/Annualization Adj | 41 | - | (41) |
| Step 1 Adjustment -- Increase (Decrease) | \$ 111 | \$ 70 | \$ (41) |
| Employee Related Costs as of 12/31/2023: | 1,816 | 1,775 | (41) |
| Step 2 Detail of Employee Related Costs Expense Adjustment: | | | |
| Adjustment for Normalization/Annualization Adj | (41) | - | 41 |
| Adjustment for Inflation | 123 | 123 | - |
| Step 2 Adjustment -- Increase (Decrease) | \$ 82 | \$ 123 | \$ 41 |
| Employee Related Costs as of 04/30/2025 | \$ 1,898 | \$ 1,898 | \$ - |

Indiana American Water Company
CAUSE NUMBER 45870

WASTEWATER OUC Expense Adjustments

(6S-12)

Miscellaneous Expense

To adjust base year operating expenses for increase cost of miscellaneous expenses.

| | <u>Per Petitioner</u> | <u>Per OUC</u> | <u>OUC More(Less)</u> |
|---|---------------------------|--------------------|---------------------------|
| Miscellaneous Expense as of 9/30/2022: | \$ 32,421 | \$ 32,421 | \$ - |
| Step 1 Detail of Miscellaneous Expense Adjustment: | | | |
| Removal of Charitable Contributions | (38) | (38) | - |
| Removal of Lobbying Expense | - | - | - |
| Removal of Lobbying Exp from Comp Dues/Memb | - | - | - |
| Removal of Penalties | - | - | - |
| Remove of IN Pacers Exp from Community Relations | - | - | - |
| Removal of Environmental Grant Program | - | - | - |
| Adjust BT SOP 98-1 Amortization | - | - | - |
| Minor Adjustment Transfer From OM16 | - | - | - |
| Minor Adjustment Transfer From OM17 | - | - | - |
| Adjustment for Inflation | 1,110 | 1,110 | - |
| Adjustment for Normalization/Annualization Adj | 658 | - | (658) |
| Step 1 Adjustment -- Increase (Decrease) | \$ 1,730 | \$ 1,072 | \$ (658) |
| Miscellaneous Expense as of 12/31/2023: | 34,151 | 33,493 | (658) |
| Step 2 Detail of Miscellaneous Expense Adjustment: | | | |
| Adjustment for Normalization/Annualization Adj | (658) | - | 658 |
| Adjustment for Inflation | 1,935 | 1,935 | - |
| Step 2 Adjustment -- Increase (Decrease) | \$ 1,277 | \$ 1,935 | \$ 658 |
| Miscellaneous Expense as of 04/30/2025: | \$ 35,428 | \$ 35,428 | \$ - |

Indiana American Water Company
CAUSE NUMBER 45870

WASTEWATER OUCG Expense Adjustments

(6S-13)

Transportation Expense

To adjust base year operating expenses for increase cost of transportation expenses.

| | <u>Per Petitioner</u> | <u>Per OUCG</u> | <u>OUCG More(Less)</u> |
|--|---------------------------|---------------------|----------------------------|
| Transportation as of 9/30/2022 | (\$925) | (\$925) | \$0 |
| Step 1 Detail of Transportation Expense Adjustment: | | | |
| Holman/ARI Charges adj for going level of vehicles | - | - | - |
| Miscellaneous Transportation purchases inflation adj | - | - | - |
| Reimburse employee business mileage inflation adj | - | - | - |
| Removal of Salvage Value Reclass | - | - | - |
| Salvage Value reclass inflation adjustment | - | - | - |
| Capitalization | - | - | - |
| Accrual/Reversal offset | 926 | 926 | - |
| Reallocation of Accrual | - | 36 | 36 |
| | <u>926</u> | <u>962</u> | <u>36</u> |
| Step 1 Adjustment -- Increase (Decrease) | \$ 926 | \$ 962 | \$ 36 |
| Transportation as of 12/31/2023: | <u>\$ 1</u> | <u>\$ 37</u> | <u>\$ 36</u> |
| Step 2 Detail of Transportation Expense Adjustment: | | | |
| Holman/ARI Charges adjfor going level of vehicles | - | - | - |
| Miscellaneous Transportation purchases inflation adj | - | - | - |
| Reimburse employee business mileage inflation adj | - | - | - |
| Removal of Salvage Value Reclass | - | - | - |
| Salvage Value reclass inflation adjustment | - | - | - |
| Capitalization | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| Step 2 Adjustment -- Increase (Decrease) | \$ - | \$ - | \$ - |
| Transportation as of 04/30/2025: | <u>\$ 1</u> | <u>\$ 37</u> | <u>\$ 36</u> |

Indiana American Water Company
CAUSE NUMBER 45870

WASTEWATER OUCG Expense Adjustments

(6S-14)

Uncollectable Accounts

To adjust base year operating expenses for increase cost of bad debt ("Uncollectable Accounts").

| | <u>Per Petitioner</u> | <u>Per OUCG</u> | <u>OUCG More (Less)</u> |
|--|---------------------------|---------------------|-----------------------------|
| Step 1 Detail of Bad Debt Expense Adjustment: | | | |
| Present Rate Operating Revenue as of 12/31/2023 | 1,793,796 | 1,801,804 | 8,008 |
| Bad Debt expense rate | 0.9062% | 0.9062% | - |
| Present Rate Bad Debt Expense | 16,256 | 16,328 | 73 |
| Less: Base Year Bad Debt Expense | (15,253) | (15,253) | - |
| Step 1 Adjustment -- Increase (Decrease) | \$ 1,003 | \$ 1,075 | \$ 73 |
| Bad Debt Expense as of 12/31/2023: | 16,256 | 16,328 | 73 |
| Step 2 Detail of Bad Debt Expense Adjustment: | | | |
| Present Rate Operating Revenue as of 04/30/2024 | 2,734,490 | 2,205,331 | (529,159) |
| Bad Debt expense rate | 0.9062% | 0.9062% | - |
| Present Rate Bad Debt Expense | 24,781 | 19,985 | (4,795) |
| Less: Bad Debt Expense as of 12/31/2023 | (15,253) | (16,328) | (1,075) |
| Step 2 Adjustment -- Increase (Decrease) | \$ 9,528 | \$ 3,657 | \$ (5,871) |
| Bad Debt Expense as of 4/30/2025 | \$ 25,783 | \$ 19,985 | \$ (5,798) |

Indiana American Water Company
CAUSE NUMBER 45870

WASTEWATER OUCC Expense Adjustments

(6S-16)

Regulatory Expense

To adjust base year operating expenses for decrease cost of rate case expenses.

| | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More (Less)</u> |
|---|---------------------------|---------------------|-----------------------------|
| Rate Case Expense as of 09/30/2022 | \$ 4,711 | \$ 4,711 | \$ - |
| Step 1 Detail Rate Case Expense Adjustment: | | | |
| Adjust Pro forma rate case expense (three year amortization) | (1,341) | (4,711.00) | (3,370) |
| Step 1 Adjustment -- Increase (Decrease) | \$ (1,341) | \$ (4,711) | \$ (3,370) |
| Rate Case Expense as of 04/30/2024 | 3,370 | - | (3,370) |
| Step 2 Detail Rate Case Expense Adjustment: | | | |
| Adjust <i>Pro forma</i> rate case expense | - | 2,735 | 2,735 |
| Step 2 Adjustment -- Increase (Decrease) | \$ - | \$ 2,735 | \$ 2,735 |
| Rate Case Expense as of 04/30/2024 | 3,370 | 2,735 | (635) |
| Step 3 Detail Rate Case Expense Adjustment: | | | |
| Adjust Pro forma rate case expense | - | (2,735) | (2,735) |
| Step 3 Adjustment -- Increase (Decrease) | \$ - | \$ (2,735) | \$ (2,735) |
| Rate Case Expense as of 04/30/2025 | 3,370 | - | (3,370) |

Indiana American Water Company
CAUSE NUMBER 45870

WASTEWATER OUC Expense Adjustments

(6S-17)

Maintenance Supplies & Services Expense

To adjust base year operating expenses for increase cost of maintenance supplies & services expenses.

| | <u>Per Petitioner</u> | <u>Per OUC</u> | <u>OUC More(Less)</u> |
|--|---------------------------|--------------------|---------------------------|
| Maintenance Supplies & Services as of 9/30/2022 | \$ 60,994 | \$ 60,994 | \$ - |
| Step 1 Detail of Maintenance Supplies & Services Expense Adj: | | | |
| Adjustment for Inflation | 2,113 | 2,113 | - |
| Acquisition Adjustment | - | - | - |
| Adjustment for Actuals/Forecasted Activity | 9,996 | 9,996 | - |
| Minor Adjustment Transfer From OM17 | - | - | - |
| Adjustment for Normalization/Annualization Adj | 1,245 | - | (1,245) |
| Step 1 Adjustment -- Increase (Decrease) | \$ 13,354 | \$ 12,109 | \$ (1,245) |
| Maintenance Supplies & Services as of 12/31/2023: | 74,348 | 73,103 | (1,245) |
| Step 2 Detail of Maintenance Supplies & Services Expense Adj: | | | |
| Adjustment for Normalization/Annualization Adj | (1,245) | - | 1,245 |
| Adjustment for Inflation | 3,694 | 3,694 | - |
| Step 2 Adjustment -- Increase (Decrease) | \$ 2,449 | \$ 3,694 | \$ 1,245 |
| Maintenance Supplies & Services as of 04/30/2025: | \$ 76,797 | \$ 76,797 | \$ - |

Indiana American Water Company
CAUSE NUMBER 45870

WASTEWATER OUCC Expense Adjustments

(6S-18)
Depreciation

To adjust base year operating expenses for depreciation expense.

| | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More (Less)</u> |
|---|----------------------------|----------------------------|-----------------------------|
| Depreciation Expense as of 09/30/2022 | \$ 1,350,804 | \$ 1,350,804 | \$ - |
| Step 1 Detail of Depreciation Expense Adjustments: | | | |
| Increase to reflect depr exp on UPIS as of 7/31/2023 | (421,379) | (318,537) | 102,842 |
| Reg Asset-AFUDC-Debt | (529) | (529) | - |
| UPAA Depr Amortization | - | - | - |
| Deferred Depreciation | - | - | - |
| CIAC Amortization | (1,274) | (1,274) | - |
| Vehicle Capitalization (Cap. of Transportation Exp) | - | - | - |
| Step 1 Adjustment -- Increase (Decrease) | <u>\$ (423,182)</u> | <u>\$ (320,340)</u> | <u>\$ 102,842</u> |
| Depreciation Expense as of 07/31/2023 | <u>927,622</u> | <u>1,030,464</u> | <u>102,842</u> |
| Step 2 Detail of Depreciation Expense Adjustments: | | | |
| Increase to reflect depr exp on UPIS as of 04/30/2024 | 129,279 | (3,817) | (133,096) |
| Deferred Depreciation | - | - | - |
| CIAC Amortization | 4,841 | 4,841 | - |
| Vehicle Capitalization (Cap. of Transportation Exp) | - | - | - |
| Step 2 Adjustment -- Increase (Decrease) | <u>\$ 134,120</u> | <u>\$ 1,024</u> | <u>\$ (133,096)</u> |
| Depreciation Expense as of April 30, 2024 | <u>1,061,742</u> | <u>1,031,488</u> | <u>(30,254)</u> |
| Step 3 Detail of Depreciation Expense Adjustments: | | | |
| Increase to reflect depr exp on UPIS as of 04/30/2025 | 114,911 | 8,131 | (106,780) |
| Deferred Depreciation | - | - | - |
| CIAC Amortization | (8,192) | (8,192) | - |
| Vehicle Capitalization (Cap. of Transportation Exp) | - | - | - |
| Step 3 Adjustment -- Increase (Decrease) | <u>\$ 106,719</u> | <u>\$ (61)</u> | <u>\$ (106,780)</u> |
| Depreciation Expense as of April 30, 2025 | <u>\$ 1,168,461</u> | <u>\$ 1,031,427</u> | <u>\$ (137,034)</u> |

Indiana American Water Company
CAUSE NUMBER 45870

WASTEWATER OUCC Expense Adjustments

(6S-19)
Amortization

To adjust base year operating amortization expense.

| | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More (Less)</u> |
|---|---------------------------|---------------------|-----------------------------|
| Amortization Expense as of 09/30/2022 | \$ 2,314 | \$ 2,314 | \$ - |
| Step 1 Detail of Amortization Expense Adjustments: | | | |
| Warsaw CPS WTP | - | - | - |
| Reg Asset AFUDC Equity | (498) | (498) | - |
| Deferred Post In-Service AFUDC | 2 | 2 | - |
| EPA Risk and Resiliency Assessment | 805 | 805 | - |
| Step 1 Adjustment -- Increase (Decrease) | \$ 309 | \$ 309 | \$ - |
| Amortization Expense as of December 31, 2023 | 2,623 | 2,623 | - |
| Step 2 Detail of Amortization Expense Adjustments: | | | |
| Deferred Post In-Service AFUDC | - | - | - |
| EPA Risk and Resiliency Assessment | (3) | (3) | - |
| Pandemic Costs | 921 | (767) | (1,688) |
| Low Income Program Costs | 185 | 111 | (74) |
| SEI 20% Revenue Requirement | - | - | - |
| SEI Deferred Depreciation, Property Taxes & PISCC | - | - | - |
| Step 2 Adjustment -- Increase (Decrease) | \$ 1,103 | \$ (659) | \$ (1,762) |
| Amortization Expense as of April 30, 2025 | <u>\$ 3,726</u> | <u>\$ 1,964</u> | <u>\$ (1,762)</u> |

Indiana American Water Company
Cause No. 45870

WASTEWATER OUCC Tax Adjustments

(7S-1)

Federal & State Income Taxes - Step 1

To adjust base year federal and state income taxes to *pro forma* present rates levels as of 12/31/2023.

| | | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More (Less)</u> |
|---|-------|----------------------------|----------------------------|-----------------------------|
| Step 1 Federal Income Tax Adjustment | | | | |
| <i>Pro forma</i> Present Rate Revenues as of 12/31/2023 | Sch 4 | \$ 1,802,375 | \$ 1,802,374 | \$ (1) |
| Less: <i>Pro forma</i> O&M Expense | Sch 4 | 1,140,907 | 1,133,564 | \$ (7,343) |
| Additional Repair Deduction | | - | - | |
| Depreciation-Tax Normalized | Sch 7 | 927,623 | 1,030,464 | 102,841 |
| Amortization | Sch 4 | 1,025 | 2,623 | 1,598 |
| General Taxes | Sch 4 | 462,869 | 463,391 | 522 |
| Amortization of ITC | Pet | - | - | - |
| Permanent Taxable Differences | Pet | (2,124) | (2,124) | - |
| Synchronized Interest | Sch 7 | 305,949 | 305,722 | (227) |
| Federal Taxable Income (Before State Taxes) | | <u>(1,033,874)</u> | <u>(1,131,267)</u> | <u>(97,393)</u> |
| Less: State Income Taxes | | (50,660) | (55,431) | (4,771) |
| Allocation of Parent Company Interest | Sch 7 | 91,072 | 91,072 | - |
| Add: Amortization of Reg. Assets/Liab. | Pet | - | - | - |
| Federal Taxable Income | | <u>(1,074,286)</u> | <u>(1,166,908)</u> | <u>(92,622)</u> |
| Times: Federal Tax Rate | | <u>21.00%</u> | <u>21.0%</u> | <u>21.0%</u> |
| Sub-Total | | (225,600) | (245,054) | (19,454) |
| Add: R&D Credit | | - | - | |
| SFAS 109 Amortization to FIT | | (7,197) | (9,739) | (2,542) |
| Investment Credit Amortization | Pet | (51) | (51) | - |
| <i>Pro forma</i> Federal Income Taxes | | <u>(232,848)</u> | <u>(254,844)</u> | <u>(2,542)</u> |
| Less: Base Period Expense | | <u>(94,941)</u> | <u>(94,941)</u> | <u>-</u> |
| Step 1 Adjustment -- Increase (Decrease) | | <u>\$ (327,789)</u> | <u>\$ (349,785)</u> | <u>\$ (2,542)</u> |
| Step 1 State Income Tax Adjustment | | | | |
| Federal Taxable Income (Before State Taxes) | | \$ (1,033,874) | \$ (1,131,267) | \$ (97,393) |
| Add: Amortization of Reg. Assets/Liab. | Pet | - | - | - |
| State Taxable Income | | <u>(1,033,874)</u> | <u>(1,131,267)</u> | <u>(97,393)</u> |
| Times: Supplemental Income Tax Rate | | <u>4.9000%</u> | <u>4.90000%</u> | <u>0.00000%</u> |
| State Supplemental Income Tax | | (50,660) | (55,432) | (4,772) |
| Add: SFAS Amortization to SIT | Pet | - | - | |
| <i>Pro forma</i> State Income Taxes | | <u>(50,660)</u> | <u>(55,431)</u> | <u>(4,771)</u> |
| Less: Base Period Expense | | <u>(26,848)</u> | <u>(26,848)</u> | <u>-</u> |
| Step 1 Adjustment -- Increase (Decrease) | | <u>\$ (77,508)</u> | <u>\$ (82,279)</u> | <u>\$ (4,771)</u> |

Indiana American Water Company
Cause No. 45870

WASTEWATER OUCC Tax Adjustments

(7S-2)

Federal & State Income Taxes - Step 2

To adjust federal and state income taxes to *pro forma* present rates levels as of 04/30/2024.

| | Per Petitioner | Per OUCC | OUCC More (Less) |
|---|---------------------------|---------------------|-----------------------------|
| Step 2 Federal Income Tax Adjustment | | | |
| <i>Pro forma</i> Present Rate Revenues as of 04/30/2024 | \$ 2,754,239 | \$ 2,216,456 | \$ (537,783) |
| Less: <i>Pro forma</i> Operating & Maintenance Expenses | 1,217,398 | 1,213,226 | \$ (4,172) |
| Depreciation-Tax Normalized | 1,061,743 | 1,031,488 | (30,255) |
| Amortization | 2,933 | 1,964 | (969) |
| General Taxes | 529,866 | 510,936 | (18,930) |
| Amortization of ITC | - | - | - |
| Permanent Taxable Differences | (2,124) | (2,124) | - |
| Synchronized Interest | 338,061 | 328,936 | (9,125) |
| Federal Taxable Income (Before State Taxes) | (393,638) | (867,970) | (474,332) |
| Less: State Income Taxes | (19,288) | (42,530) | (23,242) |
| Allocation of Parent Company Interest | 91,072 | 91,072 | - |
| Add: Amortization of Reg. Assets/Liab. | - | - | - |
| Federal Taxable Income | (465,422) | (916,512) | (451,090) |
| Times: Federal Tax Rate | 21.00% | 21.0% | 21.0% |
| Sub-Total | (97,738) | (192,471) | (94,733) |
| Add: R&D Credit | - | - | - |
| SFAS 109 Amortization to FIT | (6,914) | (9,698) | (2,784) |
| Investment Credit Amortization | (51) | (51) | - |
| <i>Pro forma</i> Federal Income Taxes | (104,703) | (202,220) | (2,784) |
| Less: Federal Income Tax Expense as of 12/31/2023 | 232,848 | 254,844 | 21,996 |
| Step 2 Adjustment -- Increase (Decrease) | \$ 128,144 | \$ 52,624 | \$ 19,212 |
| Step 2 State Income Tax Adjustment | | | |
| Federal Taxable Income (Before State Taxes) | \$ (393,638) | \$ (867,970) | \$ (474,332) |
| Add: Amortization of Reg. Assets/Liab. | Pet | - | - |
| Utility Receipts Tax | 7-3 | - | - |
| State Taxable Income | (393,638) | (867,970) | (474,332) |
| Times: Supplemental Income Tax Rate | 4.9000% | 4.90000% | |
| State Supplemental Income Tax | (19,288) | (42,531) | (23,243) |
| Add: SFAS Amortization to SIT | Pet | - | - |
| <i>Pro forma</i> State Income Taxes | (19,288) | (42,530) | (23,242) |
| Less: State Income Tax Expense as of 12/31/2023 | 50,660 | 55,431 | 4,771 |
| Step 2 Adjustment -- Increase (Decrease) | \$ 31,372 | \$ 12,901 | (18,471) |

Indiana American Water Company
Cause No. 45870

WASTEWATER OUCC Tax Adjustments

(7S-3)

Federal & State Income Taxes - Step 3

To adjust federal and state income taxes to *pro forma* present rates levels as of 04/30/2025.

| | Per Petitioner | Per OUCC | OUCC More (Less) |
|---|---------------------------|---------------------|-----------------------------|
| Step 3 Federal Income Tax Adjustment | | | |
| <i>Pro forma</i> Present Rate Revenues as of 04/30/2025 | \$ 4,429,564 | \$ 2,239,631 | \$ (2,189,933) |
| Less: <i>Pro forma</i> Operating & Maintenance Expenses | 1,232,384 | 1,210,698 | \$ (21,686) |
| Depreciation-Tax Normalized | 1,168,462 | 1,031,427 | (137,035) |
| Amortization | 2,933 | 1,964 | (969) |
| General Taxes | 531,798 | 518,652 | (13,146) |
| Amortization of ITC | (2,124) | (289) | 1,835 |
| Permanent Taxable Differences | - | - | - |
| Synchronized Interest | 362,722 | 323,297 | (39,425) |
| Federal Taxable Income (Before State Taxes) | 1,133,389 | (846,118) | (1,979,507) |
| Federal Taxable Income (Before State Taxes) | 1,133,389 | (846,118) | (1,979,507) |
| Less: State Income Taxes | 55,536 | (41,459) | (96,995) |
| Allocation of Parent Company Interest | 91,072 | 91,072 | - |
| Add: Amortization of Reg. Assets/Liab. | - | - | - |
| Federal Taxable Income | 986,781 | (895,731) | (1,882,512) |
| Times: Federal Tax Rate | 21.00% | 21.0% | 21.0% |
| Sub-Total | 207,225 | (188,107) | (395,332) |
| Add: R&D Credit | - | - | - |
| SFAS 109 Amortization to FIT | (6,337) | (9,616) | (3,279) |
| Investment Credit Amortization | (51) | (51) | - |
| <i>Pro forma</i> Federal Income Taxes | 200,837 | (197,774) | (398,611) |
| Less: Federal Income Tax Expense as of 04/30/2024 | 104,703 | 202,220 | 97,517 |
| Step 3 Adjustment -- Increase (Decrease) | \$ 305,539 | \$ 4,446 | \$ (301,094) |
| Step 3 State Income Tax Adjustment | | | |
| Federal Taxable Income (Before State Taxes) | \$ 1,133,389 | \$ (846,118) | \$ (1,979,507) |
| Add: Amortization of Reg. Assets/Liab. | Pet | - | - |
| Utility Receipts Tax | 7-3 | - | - |
| State Taxable Income | 1,133,389 | (846,118) | (1,979,507) |
| Times: Supplemental Income Tax Rate | 4.9000% | 4.90000% | 0.00000% |
| State Supplemental Income Tax | 55,536 | (41,460) | (96,996) |
| Add: SFAS Amortization to SIT | Pet | - | - |
| <i>Pro forma</i> State Income Taxes | 55,536 | (41,459) | (96,995) |
| Less: State Income Expense Tax as of 04/30/2024 | 19,288 | 42,530 | 23,242 |
| Step 3 Adjustment -- Increase (Decrease) | \$ 74,825 | \$ 1,071 | \$ (73,754) |

Indiana American Water Company
Cause No. 45870

WASTEWATER OUCC Tax Adjustments

(7S-4)

Property Tax Expense

To adjust base year property tax expense for utility plant in service as of 12/31/2022, 12/31/2023, and 12/31/2024.

| | | Per Petitioner | Per OUCC | OUCC More (Less) |
|--|-------------|---------------------------|--------------------------|-----------------------------|
| Step 1 Property Tax Adjustment | | | | |
| Utility Plant in Service at 12/31/2022 | | \$20,837,594 | \$20,837,594 | \$ - |
| Less: Customer Owned Lead Service Lines | | - | - | - |
| Tax Exempt Montgomery County IDZ Main Extension | | - | - | - |
| Taxable Utility Plant in Service | | <u>20,837,594</u> | <u>20,837,594</u> | <u>-</u> |
| Calculated Assessed Value - Personal Property | 0.997074227 | 20,776,628 | 20,776,628 | - |
| Annualized Personal Property Tax Rate per \$1000 | | 19.514 | 19.514 | - |
| | | <u>405,435</u> | <u>405,435</u> | <u>-</u> |
| Calculated Assessed Value - Real Property | 0.11831939 | 2,465,491 | 2,465,491 | - |
| Annualized Real Property Tax Rate per \$1000 | | 21.64 | 21.64 | - |
| | | <u>53,353</u> | <u>53,353</u> | <u>-</u> |
| Step 1 Pro Forma Property Tax Expense | | 458,788 | 458,788 | - |
| Less: Base Period Property tax Expense | | (296) | (296) | - |
| Step 1 Adjustment -- Increase (Decrease) | | <u>\$ 458,492</u> | <u>\$ 458,492</u> | <u>\$ -</u> |
| Step 2 Property Tax Adjustment | | | | |
| Utility Plant in Service at 12/31/2024 | | \$23,830,357 | | \$ (23,830,357) |
| Utility Plant in Service at 12/31/2023 | | | \$22,951,040 | 22,951,040 |
| Less: Customer Owned Lead Service Lines | | - | - | - |
| Tax Exempt Montgomery County IDZ Main Ext. | | - | - | - |
| Taxable Utility Plant in Service | | <u>23,830,357</u> | <u>22,951,040</u> | <u>(879,317)</u> |
| Calculated Assessed Value - Personal Property | 0.997074227 | 23,760,635 | 22,883,890 | (876,745) |
| Annualized Personal Property Tax Rate per \$1000 | | 19.514 | 19.514 | - |
| | | <u>463,665</u> | <u>446,556</u> | <u>(17,109)</u> |
| Calculated Assessed Value - Real Property | 0.11831939 | 2,819,593 | 2,715,553 | (104,040) |
| Annualized Real Property Tax Rate per \$1000 | | 21.640 | 21.640 | - |
| | | <u>61,016</u> | <u>58,765</u> | <u>(2,251)</u> |
| Step 2 Pro Forma Property Tax Expense | | 524,681 | 505,321 | (19,360) |
| Less: Step 1 Property tax Expense | | (296) | (458,788) | (458,492) |
| Step 2 Adjustment -- Increase (Decrease) | | <u>\$ 524,385</u> | <u>\$ 46,533</u> | <u>\$ (477,852)</u> |

**Indiana American Water Company
Cause No. 45870**

WASTEWATER OUCC Tax Adjustments

(7S-4)

Property Tax Expense Continued

To adjust base year property tax expense for utility plant in service as of 12/31/2022, 12/31/2023, and 12/31/2024.

| | | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More (Less)</u> |
|--|-------------|---------------------------|---------------------|-----------------------------|
| Step 3 Property Tax Adjustment | | | | |
| Utility Plant in Service at 12/31/2024 | | \$23,830,357 | \$23,299,962 | \$ (530,395) |
| Less: Customer Owned Lead Service Lines | | - | - | - |
| Tax Exempt Montgomery County IDZ Main Extension | | - | - | - |
| Taxable Utility Plant in Service | | <u>23,830,357</u> | <u>23,299,962</u> | <u>(530,395)</u> |
| Calculated Assessed Value - Personal Property | 0.997074227 | 23,760,635 | 23,231,792 | (528,843) |
| Annualized Personal Property Tax Rate per \$1000 | | <u>19.514</u> | <u>19.514</u> | - |
| | | <u>463,665</u> | <u>453,345</u> | <u>(10,320)</u> |
| Calculated Assessed Value - Real Property | 0.11831939 | 2,819,593 | 2,756,837 | (62,756) |
| Annualized Real Property Tax Rate per \$1000 | | <u>21.640</u> | <u>21.640</u> | - |
| | | <u>61,016</u> | <u>59,658</u> | <u>(1,358)</u> |
| Step 3 Pro Forma Property Tax Expense | | 524,681 | 513,003 | (11,678) |
| Less: Step 2 Property tax Expense | | <u>(524,681)</u> | <u>(505,321)</u> | <u>19,360</u> |
| Step 3 Adjustment -- Increase (Decrease) | | <u>\$ -</u> | <u>\$ 7,682</u> | <u>\$ 7,682</u> |

(7S-5)

Payroll Tax

To adjust base year payroll tax for increase salaries & wages expense.

| | | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More (Less)</u> |
|--|--|---------------------------|---------------------|-----------------------------|
| Step 1 Payroll tax Adjustment | | | | |
| Payroll Tax Expense as of 09/30/2022 | | \$ 14,727 | \$ 14,727 | - |
| Step 1 Detail of Payroll Taxes Expense Adjustment: | | | | |
| Payroll taxes Existing Positions | | (14,054) | (14,054) | - |
| Payroll taxes New Positions | | - | - | - |
| Adjustment for vacant positions | | - | (28) | (28) |
| Step 1 Adjustment -- Increase (Decrease) | | <u>\$ (14,054)</u> | <u>\$ (14,082)</u> | <u>\$ (28)</u> |
| Payroll Tax Expense as of 04/30/2024 | | 673 | 645 | (28) |
| Step 2 Payroll Tax Adjustment | | | | |
| Step 2 Detail of Payroll Taxes Expense Adjustment: | | | | |
| Payroll taxes Existing Positions | | - | - | - |
| Payroll taxes New Positions | | - | - | - |
| Adjustment for vacant positions | | - | (14) | (14) |
| Step 2 Adjustment -- Increase (Decrease) | | <u>\$ -</u> | <u>\$ (14)</u> | <u>\$ (14)</u> |

Payroll Tax Expense as of 04/30/2025

673 631 (42)

Indiana American Water Company
Cause No. 45870

WASTEWATER OUCC Tax Adjustments

(7S-6)
IURC Fee

To adjust base year IURC fee for the current rate in effect and for present rate *pro forma* revenues.

| | <u>Per Petitioner</u> | <u>Per OUCC</u> | <u>OUCC More (Less)</u> |
|---|---------------------------|----------------------|-----------------------------|
| Step 1 IURC Fee Adjustment | | | |
| <i>Pro forma</i> Present Rate Revenues as of 12/31/2023 | \$ 1,769,015 | \$ 1,802,374 | 33,359 |
| Less: Other Revenues | | (570) | (570) |
| Less: Late Fee Revenues | | (8,560) | (8,560) |
| Less: <i>Pro forma</i> Bad Debt Expense | | (16,328) | (16,328) |
| Net Taxable Revenues | 1,769,015 | 1,776,916 | 7,901 |
| Times Current Rate | 0.1163372% | 0.1467603% | 0 |
| <i>Pro forma</i> IURC Fee | 2,058 | 2,608 | 550 |
| Less: Base Year IURC Fee | (1,983) | (1,983) | - |
| Step 1 Adjustment -- Increase (Decrease) | <u><u>\$ 75</u></u> | <u><u>\$ 625</u></u> | <u><u>550</u></u> |
| Step 2 IURC Fee Adjustment | | | |
| <i>Pro forma</i> Present Rate Revenues as of 04/30/2025 | \$ 2,718,234 | | (2,718,234) |
| <i>Pro forma</i> Present Rate Revenues as of 04/30/2024 | | \$ 2,216,456 | |
| Less: Other Revenues | | (21,291) | (21,291) |
| Less: Late Fee Revenues | | (10,736) | (10,736) |
| Less: <i>Pro forma</i> Bad Debt Expense | | (22,827) | (22,827) |
| Net Taxable Revenues | 2,718,234 | 2,161,602 | (556,632) |
| Times Current Rate | 0.1163370% | 0.1467603% | 0 |
| <i>Pro forma</i> IURC Fee | 3,162 | 3,172 | 10 |
| Less: Present Rate IURC Fee | (2,058) | (2,608) | (550) |
| Step 2 Adjustment -- Increase (Decrease) | <u><u>\$ 1,104</u></u> | <u><u>\$ 564</u></u> | <u><u>\$ (540)</u></u> |

Indiana American Water Company
CAUSE NUMBER 45870

Calculation of Original Cost Rate Base
WASTEWATER *Pro forma* Rate Base As of April 30, 2025

| Line No. | Base Year | Step 1 | Step 1 | Step 2 | Step 2 | Step 3 | Step 3 |
|----------|---|-------------------|----------------------|---------------------|----------------------|---------------------|----------------------|
| | 09/30/2022 | Adjustments | 07/31/2023 | Adjustments | 4/30/24 | Adjustments | 4/30/25 |
| 1 | Utility Plant: | | | | | | |
| 2 | Plant in service | \$ 1,149,274 | \$ 20,687,629 | \$ 1,913,556 | \$ 22,601,185 | \$ 227,758 | \$ 22,828,943 |
| 3 | BT SOP 98-01 | - | - | - | - | - | - |
| 4 | Deferred depreciation | 33,346 | 33,346 | - | 33,346 | - | 33,346 |
| 5 | Post-in-service AFUDC | 14,122 | 14,122 | - | 14,122 | - | 14,122 |
| 6 | Total Utility Plant | 1,149,274 | 20,735,097 | 1,913,556 | 22,648,653 | 227,758 | 22,876,411 |
| 7 | Accumulated Depreciation: | | | | | | |
| 8 | Plant in service | 662,728 | 2,387,347 | 582,896 | 2,970,243 | 975,411 | 3,945,654 |
| 9 | BT SOP 98-01 | - | - | - | - | - | - |
| 10 | Deferred depreciation | 1,963 | 21,457 | 1,767 | 23,224 | 2,356 | 25,580 |
| 11 | Post-in-service AFUDC | 664 | 8,754 | 597 | 9,351 | 796 | 10,147 |
| 12 | Total Accumulated Depreciation | 665,355 | 2,417,558 | 585,260 | 3,002,818 | 978,563 | 3,981,381 |
| 13 | Net Utility Plant | 483,919 | 18,317,539 | 1,328,296 | 19,645,835 | (750,805) | 18,895,030 |
| 14 | Deductions: | | | | | | |
| 15 | Contributions in aid of construction | 46,916 | 185,076 | (3,591) | 181,485 | (4,680) | 176,805 |
| 16 | Customer advances for construction | - | 458,109 | - | 458,109 | - | 458,109 |
| 17 | Capacity Adjustment - Somerset | (3,315) | 126,909 | (2,984) | 123,925 | (5,545) | 118,380 |
| 18 | Total Deductions | 43,601 | 770,094 | (6,575) | 763,519 | (10,225) | 753,294 |
| 19 | Additions: | | | | | | |
| 20 | Acquisition Adjustment (net) | (122,389) | 8,524 | (767) | 7,757 | (1,023) | 6,734 |
| 21 | SEI Deferred Costs | - | - | - | - | - | - |
| 22 | Materials and supplies | (7,240) | 14,285 | - | 14,285 | - | 14,285 |
| 23 | Total Additions | (129,629) | 22,809 | (767) | 22,042 | (1,023) | 21,019 |
| 24 | Original Cost Rate Base - Wastewater | \$ 310,689 | \$ 17,570,254 | \$ 1,334,104 | \$ 18,904,358 | \$ (741,603) | \$ 18,162,755 |

Indiana American Water Company
CAUSE NUMBER 45870

WASTEWATER Capital Structure

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See Capital Structure - Total Company, Schedule 9TC

OUCC 14-037

DATA INFORMATION REQUEST
Indiana-American Water Company
Cause No. 45870

Information Requested:

Please state the overall rate increase (both dollar and percentage) Petitioner proposes for (1) Water, (2) Wastewater, and (3) Total Company.

Information Provided:

The total rate increase (after all three steps) is projected to be \$86,741,493, or approximately 31.1% from present rate revenues.

- The Step 1 increase is projected to be \$43,185,631 (Water \$40,982,434 + Wastewater \$2,202,197), or approximately 15.49%.
- The Step 2 increase is projected to be \$18,164,335 (Water \$16,489,010 + Wastewater \$1,675,325), or approximately 5.63% from Step 1.
- The Step 3 increase is projected to be \$25,391,527 (Water \$25,158,796 + Wastewater \$232,731), or approximately 7.45% from Step 2.
- Please refer to INAWC 2023 Rate Case - Pro Forma Revenue Requirement and navigate to the tab entitled Rev Req Exhibit, row 56, Columns C through M.

Area 1 Residential Customer (Johnson County)

| | | |
|----------------------------------|-------------|-------------|
| Meter Charge | \$ 15.26 | |
| Volumetric Charge (\$5.148 x 4) | 20.59 | |
| Fire Protection Fee | <u>4.85</u> | |
| | | \$ 40.70 |
| DSIC | \$ 7.96 | |
| SEI | <u>1.07</u> | |
| | | <u>9.03</u> |
| | | \$ 49.73 |
| Percent Capital Tracker Increase | 18.16% | |

OUCS 38-011

**DATA INFORMATION REQUEST
Indiana-American Water Company
Cause No. 45870**

Information Requested:

Please state the total amount of the wastewater revenue requirement Petitioner proposes be recovered through water rates. Please also state the amount of the wastewater revenue requirement being recovered through water rates in each Step 1, 2, and 3.

Information Provided:

Please see the table below for the information requested as it relates to the data set as filed with the initial case in chief:

| Revenue Requirement | | Step 1 | Step 2 | Step 3 |
|--|---------|----------------------|----------------------|----------------------|
| Water | (a) | \$318,016,725 | \$336,369,136 | \$361,527,932 |
| Wastewater | (b) | \$4,005,572 | \$4,429,564 | \$4,662,295 |
| Total INAW RR | | \$322,022,297 | \$340,798,700 | \$366,190,227 |
| | | | | |
| WW proposed to be Recovered through Water | (c) | \$1,337,173 | \$1,493,521 | \$1,631,770 |
| | | | | |
| Proposed Revenue After Sharing | | Step 1 | Step 2 | Step 3 |
| Water | (a)+(c) | \$319,353,898 | \$337,862,657 | \$363,159,702 |
| Wastewater | (b)-(c) | \$2,668,399 | \$2,936,043 | \$3,030,525 |
| Total INAW RR | | \$322,022,297 | \$340,798,700 | \$366,190,227 |

| Account Number | Account Description | NARUC | Water | Corp Allocation Water | Total Water |
|------------------------|----------------------|-------|----------------|-----------------------------|--------------------------|
| 40111200 | ResSls Billed DSIC | C4611 | (8,318,100.59) | - | (8,318,100.59) |
| 40121200 | Com Sls Billed DSIC | C4612 | (2,417,195.26) | - | (2,417,195.26) |
| 40131200 | Ind Sls Billed DSIC | C4613 | (221,183.46) | - | (221,183.46) |
| 40151200 | Publ Auth BilledDSIC | C4614 | (368,310.88) | - | (368,310.88) |
| 40161200 | Sls/Rsle Billed DSIC | C466 | (41,978.82) | - | <u>(41,978.82)</u> |
| Base Year DSIC Revenue | | | | | (11,366,769) |
| Authorized | | | | | <u>35,634,692</u> |
| Adjustment | | | | | <u><u>24,267,923</u></u> |

OUCG 15-011

DATA INFORMATION REQUEST
Indiana-American Water Company
Cause No. 45870

Information Requested:

Regarding over-collection of utility receipts tax that occurred in 2022:

- a. Please explain why Indiana American has not yet reimbursed its customers for the over-collection of utility receipts tax that occurred in 2022.
- b. Did Indiana American disclose to the Commission or the OUCG that it intended to hold these monies until its next rate case and reimburse customers nearly one and half years before reimbursing customers? If so, please state how and when the disclosure was made.
- c. Has Petitioner established a deferred liability for this utility receipts tax over-collection? If yes, please identify the account number and state the balance in this account as of December 31, 2022. If not, please explain why not.
- d. Is Petitioner accruing interest on these over-collected utility receipts taxes? If no, please explain why not.

Information Provided:

- a. The Company is proposing to return the monies collected for URT during the Step One rate change as per testimony. This is the first major rate change since the approval of the 30-Day notice regarding the URT Repeal.
- b. The timing of the return of monies collected for URT following repeal and prior to the effective date of the tariff approved in the 30-Day Filing #50604 was not raised or addressed in the 30-Day Filing process or in Cause No. 45734 S1. Bill notices to all impacted customers sent out after this change read, "The change is effective November 23, 2022 and the retroactive effect will be captured in our next rate filing."
- c. Yes, General Ledger Account # 25632400. \$1,356,008.24.
- d. No. The question of interest accruing on monies collected for URT following repeal and prior to the effective date of the tariff approved in the 30-Day Filing #50604 was not raised or addressed in the 30-Day Filing process or in Cause No. 45734 S1.

| Account Number | Account Description NARUC | Water | Corp Allocation Water | Total Water |
|---------------------------|----------------------------------|--------------|--------------------------------------|------------------------|
| 40111001 | Residential Sales Billed - C4611 | 25,521.13 | - | 25,521.13 |