

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF THE CITY OF EVANSVILLE,)
INDIANA, BY ITS WATER AND SEWER UTILITY)
BOARD, FOR AUTHORITY TO ISSUE BONDS,)
NOTES, OR OTHER OBLIGATIONS, FOR)
AUTHORITY TO INCREASE ITS RATES AND)
CHARGES FOR WATER SERVICE, AND FOR)
APPROVAL OF NEW SCHEDULES OF WATER)
RATES, CHARGES, AND RULES AND)
REGULATIONS FOR WATER SERVICE AND FOR)
APPROVAL OF ACCOUNTING AND RATEMAKING)
TREATMENT FOR WATER SERVICE TO REFLECT)
THE IMPACT OF ANTICIPATED CAPITAL)
REQUIREMENTS.)

CAUSE NO. 44137

APPROVED:

DEC 18 2013

SECOND SUPPLEMENTAL ORDER OF THE COMMISSION

Presiding Officers:

Carolene Mays, Commissioner

Aaron A. Schmoll, Senior Administrative Law Judge

On October 31, 2013, the City of Evansville, Indiana ("Petitioner") filed its Submission of True-Up Report and Phase II and III Tariffs ("True-Up Report") with the Indiana Utility Regulatory Commission ("Commission") pursuant to the Commission's February 13, 2013 Order (the "Order") and the Commission's September 11, 2013 Supplemental Order. Pursuant to the True-Up Report, Petitioner requested approval of its proposed Phase II and Phase III rates as calculated following the closing of its bond issuance. The True-Up Report indicated that Phase II rates would increase 9.20% instead of 8.54% and Phase III will increase 7.50% instead of 7.85%. These differences were due to an increase in the actual interest rates, changes in non-construction costs (i.e., costs to issue bonds, capitalized interest, etc.), a reduction in the total amount of debt issued, and an increase in distribution system improvements.

Typically, the filing of a true-up report does not necessitate further action by the Commission. True-up reports are subject to approval by the appropriate division in the event no objection to the compliance filing was made. A true-up report generally reflects the costs to a utility based on the actual bond rates obtained and the associated costs with the bond issuance, versus the estimates initially projected by the parties and approved in the Commission's order. Here, neither the Indiana Office of Utility Consumer Counselor nor any other party made any objection to Petitioner's True-Up Report, and no party requested a hearing.

In this filing, however, Petitioner indicated that it reduced the amount of its bond issuance from \$30,090,000, as approved in the Order, to \$29,060,000, which resulted in a

reduction in debt service expense. Petitioner proposed to utilize "savings" from reduced debt service to make additional distribution system improvements of \$435,000 beyond the \$24,829,000 previously proposed distribution system improvements. The proposed changes result in an increase of \$68,792 from the previously approved \$6,310,252 three-phase revenue increase.

Based on True-Up Report, we find that Petitioner's proposed Phase II and Phase III rates, as set forth in its True-Up Report, should be approved. By January 31, 2015, and annually thereafter, Petitioner shall file a report, under this Cause, identifying the specific projects and costs of each project that compose the \$435,000 of new distribution system improvements for the prior year, until those funds are expended.

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. Petitioner's tariff schedules, as set forth in Petitioner's True-Up Report, are hereby approved beginning January 1, 2014.

2. Petitioner shall submit an annual report on the new distribution system improvements, as set forth herein.

3. This Order shall be effective on and after the date of its approval.

ATTERHOLT, LANDIS, MAYS, AND ZIEGNER CONCUR:

APPROVED: DEC 18 2013

I hereby certify that the above is a true and correct copy of the Order as approved.



Brenda A. Howe
Secretary to the Commission