

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**

**PETITION OF THE CITY OF FORT WAYNE, )  
INDIANA FOR APPROVAL TO ISSUE )  
REVENUE BONDS TO ADJUST ITS RATES ) CAUSE NO. 44162  
AND CHARGES AND TO PROVIDE FUNDS )  
FOR THE COSTS OF ACQUISITION AND )  
INSTALLATION OF IMPROVEMENTS. )**

**SETTLEMENT TESTIMONY OF**

**CHARLES E. PATRICK – PUBLIC’S EXHIBIT #1**

**AND**

**JEFFREY A. FISH – PUBLIC’S EXHIBIT #2**

**ON BEHALF OF THE**

**INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR**

**JULY 3, 2012**

Respectfully submitted,

  
\_\_\_\_\_  
Jeffrey M. Reed, Attorney No. 11651-49  
Deputy Consumer Counselor

**CERTIFICATE OF SERVICE**

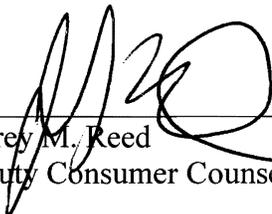
This is to certify that a copy of the foregoing *Settlement Testimony of Charles E. Patrick– and Jeffrey A. Fish* has been served upon the following counsel of record in the captioned proceeding by electronic service on July 3, 2012.

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**SETTLEMENT TESTIMONY OF OUCC WITNESS CHARLES E. PATRICK**  
**CAUSE NO. 44162**  
**FORT WAYNE MUNICIPAL WATER UTILITY**

**I. INTRODUCTION**

1 Q: Please state your name and business address.

2 A: My name is Charles E. Patrick, and my business address is 115 West Washington  
3 Street, 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 a  
6 Utility Analyst for the Water/Wastewater Division.

7 Q: Please describe your educational background and experience.

8 A: I graduated from Indiana Central College in Indianapolis, Indiana in May, 1972,  
9 with a Bachelor of Science degree, majoring in accounting, economics, and  
10 business administration. I attended Indiana Central College, Indianapolis, Indiana  
11 from September 1973 through May 1977, where I pursued a Master’s of Science  
12 degree in economics. I attended Kennesaw State College, Kennesaw, Georgia in  
13 1985 through 1987, where I pursued a Masters of Business Administration degree  
14 with an emphasis in accounting. I served as chief executive officer for a group of  
15 dermatologists. I worked in a variety of industries as a controller. These include  
16 medical, forms manufacturing, carpet manufacturing, retail and wholesale  
17 distribution, and information systems recruiting and consulting. I have also  
18 worked in a variety of accounting positions in banking, Sarbanes-Oxley auditing  
19 and documentation, corporate tax, and water, sewer, propane gas, and cable

1 television utilities. I became Financial Officer in August 1980 for a group of  
2 utilities including Florida Cities Water Company, Avatar Utilities, Inc., Poinciana  
3 Utilities, Inc., and Avatar Cable Television, Inc. I attended the National  
4 Association of Regulatory Utility Commissioners (“NARUC”) Rate School in  
5 Miami, Florida in May 1982 and in San Diego in May 2008. I also attended  
6 several American Water Works Association (“AWWA”) and Indiana Rural Water  
7 Association (“IRWA”) conferences.

8 Q: Have you previously testified before the Indiana Utility Regulatory  
9 Commission (“Commission”)?

10 A: Yes.

11 Q: What is the purpose of your testimony?

12 A: I address Petitioner’s request to increase its rates over three (3) years in three (3)  
13 phases, its current rates and specific revenue requirements, and explain why  
14 approval of the Settling Parties’ (New Haven, General Motors LLC, Fort Wayne  
15 and OUCC) proposed settlement is in the public interest.

16 Q: What have you done to prepare your testimony?

17 A: I reviewed Petitioner’s testimony, schedules, and workpapers filed in this Cause. I  
18 reviewed the filings and orders from Fort Wayne’s prior rate case, Cause No.  
19 42979. I met with Crowe-Horwath representatives of Ft. Wayne on April 26,  
20 2012 to discuss Petitioner’s accounting documentation. I reviewed Petitioner’s  
21 IURC annual reports for 2008, 2009, 2010, and 2011. I conducted a field audit  
22 for Fort Wayne at the 200 East Berry Street, Fort Wayne, Indiana facility on May  
23 9-10, 2012 and on May 16, 2012. I reviewed written ratepayer comments  
24 received by the OUCC in this Cause. I participated in the preparation of

1 discovery questions issued to Fort Wayne by the OUCC and reviewed responses  
2 received. I reviewed discovery questions prepared by intervenors, City of New  
3 Haven (“New Haven”) and General Motors LLC (“GM”), and the responses from  
4 Fort Wayne and New Haven. In addition, I reviewed the City of Fort Wayne’s  
5 2010 Comprehensive Annual Financial Report for the year ended December 31,  
6 2010 and the City of Fort Wayne’s Utilities Financial Statements for the Periods  
7 Ended December 31, 2010 and 2009. Finally, I participated in many meetings  
8 with other OUCC staff to identify and discuss the issues in this Cause.

## II. PROPOSED RATES

9 **Q: What is Petitioner requesting in this Cause?**

10 A: Petitioner requests Commission approval to increase its rates by 39.71% in three  
11 (3) phases over three (3) years – Phase I, 22.31%; Phase II, 8.76%; and Phase III,  
12 5.02%. Phase I rates would begin after the Commission’s order and approval of a  
13 revised tariff, while Phase II and Phase III rates would be effective January 1,  
14 2014 and January 1, 2015, respectively. Petitioner also requests Commission  
15 approval to issue \$39.295 million of long-term debt to fund approximately \$17.58  
16 million of capital improvements identified by Petitioner through the use of the  
17 Capital Improvement Plan and \$17.84 million to retire the Bond Anticipation  
18 Note (“BAN”) funds paid to Utility Center Inc. for its North System plant and  
19 equipment.

1 **Q: Did the Settling Parties agree to adjustments to Petitioner's request?**

2 A: Yes. OUCC reviewed Petitioner's filing and conducting a field audit. OUCC  
3 shared with the Settling Parties several proposed adjustments to Petitioner's  
4 request. The Settling Parties ultimately included many of these adjustments as  
5 part of the overall settlement.

6 **Q: Please explain how the settled, overall cumulative revenue requirement**  
7 **differs from the amount Petitioner proposed.**

8 A: Petitioner's projected cumulative revenue requirement through 2015 is based on  
9 Petitioner's issuance of \$39.295 million in bonds to refund the \$17.84 million  
10 BAN (issued to acquire Utility Center's North System) and to fund \$17.58 million  
11 to pay for capital projects. Petitioner also requests adjustments in fire protection  
12 revenues and projected additional costs for payroll, payroll taxes, PERF, medical  
13 costs, chemicals, depreciation, extensions and replacements, utility receipts tax  
14 and Taxes Other Than Income Taxes ("PILOT") thru 2015. Additionally,  
15 Petitioner requested reclassification of amortization expense from recorded  
16 depreciation expense.

17 As shown in Table CEP-1 below, Petitioner's proposed *pro forma* net  
18 revenue requirement is \$43,238,708 compared to the Settling Parties proposed net  
19 revenue requirement of \$41,632,050. There are differences in operating expenses,  
20 taxes other than income, extensions and replacements, payment in lieu of taxes,  
21 debt service and utility receipts tax. In addition, the Settling Parties agreed to  
22 reduce total revenue requirements by test year interest income, a three (3) year  
23 average of connection fees and test year cell tower revenue.

**Table CEP-1: Pro Forma Net Revenue Requirements**

		Per	Settling Parties
		Per	More
		<u>Petitioner</u>	<u>Parties</u>
			<u>(Less)</u>
Operating Expenses	\$ 20,264,281	\$ 20,170,314	\$ (93,967)
Taxes Other Than Income	896,870	943,970	47,100
Extensions and Replacements	9,271,500	8,873,000	(398,500)
Working Capital	-	-	-
Payment in Lieu of Taxes	2,252,432	2,254,209	1,777
Debt Service	10,384,381	9,466,542	(917,839)
Debt Service Reserve	-	-	-
Total Revenue Requirements	43,069,464	41,708,035	(1,361,429)
Less: Interest Income	-	(7,528)	(7,528)
Connection Fees	-	(145,631)	(145,631)
Cell Tower Revenue	-	(68,199)	(68,199)
Add: Utility Receipts Tax	169,244	145,373	(23,871)
<i>Pro Forma</i> Net Revenue Requirement	\$ 43,238,708	\$ 41,632,050	\$ (1,606,658)

1 **Q: What is the result of the agreed upon adjustments?**

2 A: Accepting each of the Settling Party's adjustments results in a 5.85% decrease to  
3 Petitioner's proposed revenue requirement through 2015. Based on the agreed  
4 adjustments and after all three phases take effect, rates will increase by 33.86%  
5 over those previously authorized.

III. SETTLED ADJUSTMENTS

A. Operating Revenues

1 Q: In the context of an overall settlement did the Settling Parties agree with the  
2 operating revenue adjustments proposed by Petitioner?

3 A: Yes. The Settling Parties accepted both revenue adjustments proposed by  
4 Petitioner.

5 Q: Were certain additional revenue adjustments reviewed and accepted in the  
6 settlement?

7 A: Yes. The Settling Parties agreed to four (4) additional revenue adjustments to the  
8 test year ending October 31, 2011. First, a negative Residential Growth  
9 Adjustment for customers inside the City boundaries was made for \$3,441 to  
10 recognize reduced customer revenue growth within City boundaries. *See*, Sch. 5,  
11 Adj. 1. Second, a Residential Growth Adjustment for customers outside the City  
12 boundaries was made for \$16,199 to recognize customer growth outside City  
13 boundaries. *See*, Sch. 5, Adj. 2. Third, a Commercial Growth Adjustment for  
14 customers inside the City boundaries of \$77,031 was made to recognize the  
15 increase of commercial growth within the City boundaries. *See*, Sch. 5, Adj. 3.  
16 Finally, a Commercial Growth Adjustment for customers outside the City  
17 boundaries of \$8,622 was made to recognize the increase of commercial growth  
18 outside the City boundaries. *See*, Sch. 5, Adj. 4.

**B. Operation and Maintenance Expenses**

1 Q: In the context of the overall settlement did the Settling Parties accept any  
2 operations and maintenance expense adjustments proposed by Petitioner?

3 A: Yes. The Settling Parties agreed to accept Petitioner's adjustments for increased  
4 chemical costs of \$44,458, the reclassification of \$150,054 in meters costs from  
5 an expense to a capital asset, the increase in medical expenses of \$253,450, the  
6 reclassification of amortization expense of \$48,194 from depreciation expense,  
7 and the reduction of depreciation expense by the reclassification of amortization  
8 expense of a negative \$48,194.

9 Q: In the context of the overall settlement did the Settling Parties agree upon  
10 additional operation and maintenance expense adjustments?

11 A: Yes. First, the Settling Parties agreed to a *pro forma* adjustment to salaries and  
12 wages of \$40,315 based upon the actual increases during the test year and city  
13 ordinance increases for 2012. *See*, Sch. 6, Adj. 1 and Sch 6 (a). Second, they  
14 agreed to a PERF adjustment of \$107,476 which is based on estimated 2012  
15 wages. *See*, Sch. 6, Adj. 2. Third, they agreed to increase bad debts expense in  
16 the test year by \$542 and to additional bad debts expense for the increased  
17 revenues in each phase. The additional bad debts expense for Phase I is \$27,054,  
18 for Phase II is \$9,677 and for Phase III is \$9,952. *See*, Sch. 6, Adj. 12. Finally,  
19 the Parties agreed to a reduction of \$107,771 of capital and non-recurring  
20 expenses. This includes amounts for a workstation of \$2,545, seven legal  
21 invoices for services related to the Aqua Acquisition of \$23,464, and asphalt  
22 restorations prior to the test year paid in the test year of \$159,388 net of accrued

1 asphalt restorations for the test year paid after the test year of \$77,626. *See*, Sch.  
2 6, Adj. 13.

**C. Depreciation Expense**

3 Q: In the context of the overall settlement did the Settling Parties agree upon  
4 depreciation expense?

5 A: Yes. The OUCC recommended that the total depreciation expense be \$5,916,546  
6 which includes depreciation on Utility Plant in Service (“UPIS”), Construction  
7 Work in Process (“CWIP”), and allocation of administrative asset depreciation to  
8 water. The Settling Parties did not dispute this recommendation. Although,  
9 depreciation expense is not part of Petitioner’s revenue requirement in this Cause,  
10 Petitioner has agreed to calculate depreciation expense for this case using the  
11 composite rate of 2% for water utilities with a treatment plant. *See*, Sch. 6, Adj.  
12 7, Sch. 6, Adj 9, and Sch. 6, Adj. 10.

**D. Extensions and Replacements (“E&R”)**

13 Q: In the context of the overall settlement did the Settling Parties agree upon an  
14 extensions and replacements revenue requirement?

15 A: Yes. The Settling Parties agreed upon Petitioner’s proposed E&R. (See the  
16 testimony of OUCC witness Jeffrey Fish.) The Parties agreed that the savings  
17 from restructuring the proposed 2012 bond issuance should be used to reduce  
18 proposed annual E&R for the three (3) phases in this Cause. See the discussion of  
19 debt service below. The parties agree that Phase I extensions and replacements is  
20 \$4,989,000 (\$5,359,000 less \$370,000 in debt service savings). Phase II  
21 extensions and replacements is \$6,705,000 (\$7,075,000 less \$370,000 in debt

1 service savings). Finally, Phase III extensions and replacements is \$8,873,000  
2 (\$9,243,000 less \$370,000 in debt service savings). *See*, Sch. 7.

### **E. Taxes Other Than Income**

3 Q: In the context of the overall settlement did the Settling Parties agree upon  
4 taxes other than income?

5 A: Yes. First, the Settling Parties agreed that *pro forma* FICA expense would be  
6 \$517,217, which was based on the estimated 2012 payroll, or an adjustment of  
7 \$7,673 to the test year expense. *See*, Sch. 6, Adj. 5. Second, the Settling Parties  
8 agreed that the test year utility receipts tax was adjusted by \$20,299, which  
9 includes the above test year revenue adjustments, reduced by the \$1,000  
10 exemption, by intergovernmental sales, by sales for resale and by bad debts  
11 expense. *See*, Sch. 6, Adj. 11. Finally, the Settling Parties agreed the calculation  
12 for payment in lieu of taxes (“PILOT”) should be \$2,254,209 in total. This  
13 resulted after the Settling Parties agreed that the original filing did not include the  
14 meters removed from operations and maintenance of \$150,054 in UPIS. The  
15 related accumulated depreciation for UPIS was adjusted for the test year  
16 depreciation using the 2% composite depreciation rate. Adjusting UPIS and the  
17 associated accumulated depreciation resulted in a decrease of \$54,791 to test year  
18 PILOT. *See*, Sch. 4 and Sch. 8.

### **F. Working Capital**

19 Q: In the context of the overall settlement did the Settling Parties dispute the  
20 amount of working capital needed by Fort Wayne?

21 A: No. *See*, Sch. 9.

**G. Debt Service**

1 **Q: As part of the settlement has Petitioner agreed to revise its proposed**  
2 **amortization schedule?**

3 A: Yes. Petitioner agreed to issue the new 2012 debt “wrapped” around existing  
4 debt. As existing debt is paid off, the freed-up debt service revenue requirement  
5 is used to pay the new debt more quickly. For its 2012 loan Petitioner proposed  
6 to make 19 annual principal payments starting in December 2014 and ending on  
7 December 2032. With the wrap, Petitioner will seek to make 14 annual principal  
8 payments, with the last payment being made in December 2027 (See Attachment -  
9 1), saving ratepayers approximately \$3.028 M in interest.

10 **Q: How is shortening the amortization schedule beneficial to the utility and its**  
11 **ratepayers?**

12 A: Because Petitioner has other loans that will be completely paid off in 2019 and  
13 2021, the principal payments can be structured so that (despite the shorter  
14 amortization schedule) annual debt service payments will actually be lower than  
15 those initially proposed by Petitioner. Thus, the shorter amortization schedule is  
16 structured in a manner that reduces rates by approximately \$1,900,000 for each of  
17 the first three (3) years.

18 **Q: Does the agreed upon amortization schedule produce any other benefits?**

19 A: Yes. The revised amortization schedule reduces Petitioner’s combined maximum  
20 annual debt service payment. Because Petitioner’s required debt service reserve  
21 is based upon its combined maximum annual debt service, the revised  
22 amortization schedule requires a lower debt service reserve. Petitioner plans to  
23 pre-fund its debt service reserve and could borrow less money due to the revised

1 amortization schedule. However, instead of borrowing less money, the parties  
2 have agreed that Petitioner will borrow the same amount of money it initially  
3 proposed and apply the excess funds to reduce its proposed annual extensions and  
4 replacements (“E&R”). As described above, Petitioner has agreed to reduce its  
5 E&R by \$370,000 per year.

6 **Q: Are there any restrictions placed on Petitioner’s debt service reserve fund.**

7 A: Yes. As discussed in the settlement agreement, there are limitations on how  
8 Petitioner can spend its debt service reserve. The settlement agreement also  
9 requires Petitioner to inform the Settling Parties and the IURC if it spends money  
10 from its debt service reserve for any purpose other than making the final payment  
11 on its respective loans.

12 Q: In the context of the overall settlement did the Settling Parties agree on debt  
13 service?

14 A: Yes. The Settling Parties agreed that annual debt service in Phase I would be  
15 \$9,065,047, while debt service in Phases II and III would be \$9,461,779 and  
16 \$9,466,542 (average of 2015 debt service of \$9,465,551 and 2016 debt service of  
17 \$9,467,532), respectively. The debt service on the proposed 2012 Revenue Bonds  
18 was modified to save approximately \$1,110,000 over the life of the bond by  
19 reducing the bond term to approximately fifteen (15) years with reduced  
20 payments until December 2020. *See*, Sch. 10.

#### IV. SETTLEMENT AGREEMENT

21 **Q: Please explain the primary terms of the Settlement Agreement.**

22 A: Among other things, the Settlement Agreement includes the following provisions:

- 1 a. Fort Wayne's existing basic rates and charges shall increase 33.86% through a  
2 three (3) phase increase of 19.62% with the Order in this Cause; 5.87% in  
3 Phase II in January 2014; and 5.70% in Phase III in January 2015. This lower  
4 increase in rates benefits all customers;
- 5 b. Fort Wayne is authorized to issue revenue bonds not to exceed \$40,000,000  
6 subject to true-up within 21 days after final issuance. This provides Petitioner  
7 with its requested capital, but insures the revenue requirement for interest  
8 expense is not overstated;
- 9 c. Fort Wayne shall conduct a cost of service study and collaborate with the  
10 other parties on cost of service after issuance of the Order in this Cause but  
11 prior to implementation of its Phase II rates. This promotes the possibility of  
12 agreed cost of service while allowing each party to present their own cost of  
13 service study if necessary;
- 14 d. New Haven shall pay Phase I, II, and III percentage increases regardless of the  
15 cost of service study using in town rates subject to a \$250,000 cost of service  
16 under recovery limit. This serves to minimize water rates to New Haven's  
17 residential, commercial and industrial customers and encourages continued  
18 purchase of water from Fort Wayne;
- 19 e. General Motors shall pay out of town rates in Phase I with rates adjusted for  
20 the results of the cost of service study implemented in Phases II and III;
- 21 f. Fort Wayne will implement such computer program modification that allows  
22 Fort Wayne to convert current trial balances and financial statements from its  
23 current software to a format that comports with NARUC's Uniform System of

1           Accounts and allows Fort Wayne to produce financial statements for specific  
2           periods of time as requested. This will make future review of Fort Wayne's  
3           accounting records more clear and efficient.

**V.    RECOMMENDATIONS**

4    Q:    What do you recommend?

5    A:    I recommend the Commission approve the Settlement Agreement in its entirety as  
6           submitted. Fort Wayne receives an opportunity to earn revenues sufficient to  
7           meet their revenue requirements and ratepayers receive numerous benefits. The  
8           settlement avoids what could have been protracted and costly litigation and sets  
9           the stage for a cooperative approach to a future cost of service study. The  
10          settlement provides bargained-for benefits that are important to each of the  
11          Settling Parties while balancing each parties' interests and promoting public  
12          convenience and necessity.

13   Q:    Does this conclude your testimony?

14   A:    Yes, it does.

**AFFIRMATION**

I affirm, under the penalties for perjury, that the foregoing representations are true.



\_\_\_\_\_  
Charles E. Patrick  
Indiana Office of Utility Consumer Counselor

07/03/2012

Date

Cause No. 44162  
Fort Wayne Municipal Water

**FORT WAYNE MUNICIPAL WATER**  
**CAUSE NUMBER 44162**  
**Comparison of Petitioner's and OUCC's**  
**Revenue Requirements**

	Per Petitioner	Per OUCC				Sch Ref	OUCC More (Less)
		Phase I	Phase II	Phase III	Overall		
Operating Expenses	\$ 20,264,281	\$ 20,150,685	\$ 20,160,362	\$ 20,170,314	\$ 20,170,314	3	\$ (93,967)
Taxes other than Income	896,870	943,970	1,028,216	1,058,352	943,970	4	47,100
Extensions and Replacements	9,271,500	4,989,000	6,705,000	8,873,000	8,873,000	7	(398,500)
Working Capital	-	-	-	-	-	9	-
Payment in Lieu of Taxes	2,252,432	2,254,209	2,254,209	2,254,209	2,254,209	8	1,777
Debt Service	10,384,381	9,065,047	9,461,779	9,466,542	9,466,542	10	(917,840)
Debt Service Reserve	-	-	-	-	-		-
<b>Total Revenue Requirements</b>	<b>43,069,464</b>	<b>37,402,911</b>	<b>39,609,566</b>	<b>41,822,417</b>	<b>41,708,035</b>		<b>(1,361,430)</b>
Less: Interest Income	-	(7,528)	(7,528)	(7,528)	(7,528)	3	(7,528)
Connection Fees	-	(145,631)	(145,631)	(145,631)	(145,631)		(145,631)
Other Income	-	(68,199)	(68,199)	(68,199)	(68,199)	3	(68,199)
Add: Other Expenses	-	-	-	-	-		-
<b>Net Revenue Requirements</b>	<b>43,069,464</b>	<b>37,181,553</b>	<b>39,388,208</b>	<b>41,601,059</b>	<b>41,486,677</b>		<b>(1,582,788)</b>
Less: Revenues at current rates subject to increase	(30,444,130)	(30,666,519)	(36,684,077)	(38,836,620)	(30,666,519)	4	(222,389)
Other revenues at current rates	(705,701)	(581,723)	(581,723)	(581,723)	(581,723)	4	123,978
<b>Net Revenue Increase Required</b>	<b>11,919,633</b>	<b>5,933,311</b>	<b>2,122,408</b>	<b>2,182,716</b>	<b>10,238,435</b>		<b>(1,681,198)</b>
Divide by Revenue Conversion Factor (100% - 1.4%)	0.986	0.986	0.986	0.986	0.986		0.986
<b>Recommended Increase</b>	<b>\$ 12,088,877</b>	<b>\$ 6,017,557</b>	<b>\$ 2,152,544</b>	<b>\$ 2,213,707</b>	<b>\$ 10,383,808</b>		<b>\$ (1,705,069)</b>
<b>Recommended Percentage Increase</b>	<b>39.71%</b>	<b>19.62%</b>	<b>5.87%</b>	<b>5.70%</b>	<b>33.86%</b>		<b>-5.85%</b>

	Per Petitioner	Per OUCC				Sch Ref	OUCC More (Less)
		Phase I	Phase II	Phase III	Overall		
<b>Current Rate for 700 Cubic Feet (5,250 Gallons)</b>							
Inside Current Rate = \$17.73	\$ 24.82	\$ 21.28	\$ 22.55	\$ 23.91	\$ 23.91	11	\$ (0.92)
Outside Current Rate = \$20.37	\$ 28.52	\$ 24.44	\$ 25.91	\$ 27.47	\$ 27.47	11	\$ (1.05)

**FORT WAYNE MUNICIPAL WATER  
CAUSE NUMBER 44162**

**Comparison of Petitioner's and OUCC's  
Revenue Requirements**

	Phase I				Phase II				Phase III			
	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)
Operating Expenses	\$ 20,264,281	\$20,150,685	4	\$ (113,596)	\$ 20,264,281	\$20,160,362	4	\$ (103,919)	\$ 20,264,281	\$20,170,314	4	\$ (93,967)
Taxes Other than Income	896,870	943,970	4	47,100	896,870	1,028,216	4	131,346	896,870	943,970	4	47,100
Extensions and Replacements	5,359,000	4,989,000	7	(370,000)	7,075,000	6,705,000	7	(370,000)	9,271,500	8,873,000	7	(398,500)
Working Capital	-	-	9	-	-	-	9	-	-	-	9	-
Payment in Lieu of Taxes	2,252,432	2,254,209	4	1,777	2,252,432	2,254,209	4	1,777	2,252,432	2,254,209	4	1,777
Debt Service	9,073,334	9,065,047	10	(8,287)	10,575,066	9,461,779	10	(1,113,287)	10,384,381	9,466,542	10	(917,840)
Debt Service Reserve	-	-		-	-	-		-	-	-		-
<b>Total Revenue Requirements</b>	<b>37,845,917</b>	<b>37,402,911</b>		<b>(443,006)</b>	<b>41,063,649</b>	<b>39,609,566</b>		<b>(1,454,083)</b>	<b>43,069,464</b>	<b>41,708,035</b>		<b>(1,361,430)</b>
Less: Interest Income	-	(7,528)	3	(7,528)	-	(7,528)	3	(7,528)	-	(7,528)	3	(7,528)
Connection Fees	-	(145,631)	3	(145,631)	-	(145,631)	3	(145,631)	-	(145,631)	3	(145,631)
Cell Tower Revenue	-	(68,199)	3	(68,199)	-	(68,199)	3	(68,199)	-	(68,199)	3	(68,199)
Add: Other Expenses	-	-		-	-	-		-	-	-		-
<b>Net Revenue Requirements</b>	<b>37,845,917</b>	<b>37,181,553</b>		<b>(664,364)</b>	<b>41,063,649</b>	<b>39,388,208</b>		<b>(1,675,441)</b>	<b>43,069,464</b>	<b>41,486,677</b>		<b>(1,582,788)</b>
Less: Rev at current rates subj to increases	(30,444,130)	(30,666,519)	4	(222,389)	(30,444,130)	(30,666,519)	4	(222,389)	(30,444,130)	(30,666,519)	4	(222,389)
Other revenues at current rates	(705,701)	(581,723)	4	123,978	(705,701)	(581,723)	4	123,978	(705,701)	(581,723)	4	123,978
<b>Net Revenue Increase Required</b>	<b>6,696,086</b>	<b>5,933,311</b>		<b>(762,775)</b>	<b>9,913,818</b>	<b>8,139,966</b>		<b>(1,773,852)</b>	<b>11,919,633</b>	<b>10,238,435</b>		<b>(1,681,198)</b>
Divide by Revenue Conversion Factor (100% - 1.4%)	0.986	0.986		0.986	0.986	0.986		0.986	0.986	0.986		0.986
<b>Recommended Increase</b>	<b>\$ 6,791,162</b>	<b>\$ 6,017,557</b>		<b>\$ (773,605)</b>	<b>\$ 10,054,582</b>	<b>\$ 8,255,544</b>		<b>\$ (1,699,230)</b>	<b>\$ 12,088,877</b>	<b>\$10,383,808</b>		<b>\$(1,705,069)</b>
<b>Recommended Percentage Increase</b>	<b>22.31%</b>	<b>19.62%</b>		<b>-2.69%</b>	<b>33.03%</b>	<b>26.92%</b>		<b>-6.11%</b>	<b>39.71%</b>	<b>33.86%</b>		<b>-5.85%</b>

	Proposed		OUCC		Proposed		OUCC		Proposed		OUCC	
	Petitioner	OUCC	More (Less)		Petitioner	OUCC	More (Less)		Petitioner	OUCC	More (Less)	
<b>Current Rate for 700 cubic feet</b>												
Inside Current Rate = \$17.73	\$ 21.63	\$ 21.28	\$ (0.35)		\$ 23.58	\$ 22.55	\$ (1.03)		\$ 24.82	\$ 23.91	\$ (0.92)	
Outside Current Rate = \$20.37	\$ 24.85	\$ 24.44	\$ (0.41)		\$ 27.09	\$ 25.91	\$ (1.18)		\$ 28.52	\$ 27.47	\$ (1.05)	

**FORT WAYNE MUNICIPAL WATER  
CAUSE NUMBER 44162**

**COMPARATIVE BALANCE SHEET**

As of

<b><u>ASSETS</u></b>	<b><u>October 31 2011</u></b>	<b><u>December 31 2010</u></b>	<b><u>December 31 2009</u></b>
Utility Plant:			
Utility Plant in Service	\$ 282,914,076	\$ 282,410,926	\$ 277,195,319
Less: Accumulated Depreciation	(92,749,115)	(87,573,958)	(82,194,006)
Net Utility Plant in Service	190,164,961	194,836,968	195,001,313
Add: Construction Work in Progress	12,341,498	8,969,162	6,343,889
Net Utility Plant	<u>202,506,459</u>	<u>203,806,130</u>	<u>201,345,202</u>
Restricted Assets:			
Sinking Fund	4,143,231	538,739	1,136,196
Depreciation Fund	-	-	1,000,000
Construction Fund	22,631,931	1,524,233	5,224,191
Customer Deposits	1,201,452	1,161,602	1,112,921
Reserve Fund	-	-	627,176
Debt Service Reserve Fund	5,875,907	-	-
Cumulative Fund - Airport	2,000,000	500,000	-
Total Restricted Assets	<u>35,852,521</u>	<u>3,724,574</u>	<u>9,100,484</u>
Current Assets:			
Operating Fund	4,124,906	3,587,058	2,288,483
Accounts Receivable (Net)	4,476,023	4,463,850	4,724,066
Materials and Supplies	848,465	1,060,190	1,015,967
Prepaid Expenses	118,203	86,978	88,559
Prepaid Pension	128,859	128,859	206,224
Total Current Assets	<u>9,696,456</u>	<u>9,326,935</u>	<u>8,323,299</u>
Deferred Debits			
Unamortized Debt Discount and Expense	1,332,328	880,531	701,903
Other Deferred Debits	-	-	-
Total Deferred Debits	<u>1,332,328</u>	<u>880,531</u>	<u>701,903</u>
Total Assets	<u><u>\$ 249,387,764</u></u>	<u><u>\$ 217,738,170</u></u>	<u><u>\$ 219,470,888</u></u>

**FORT WAYNE MUNICIPAL WATER  
CAUSE NUMBER 44162**

**COMPARATIVE BALANCE SHEET**

As of

<b><u>LIABILITIES</u></b>	<b><u>October 31</u></b> <b><u>2011</u></b>	<b><u>December 31</u></b> <b><u>2010</u></b>	<b><u>December 31</u></b> <b><u>2009</u></b>
Equity			
Proprietary Capital	\$ 601,034	\$ 601,034	\$ 601,034
Unappropriated Retained Earnings	83,400,121	80,834,860	77,966,655
Current Year Profit/(Loss)	2,156,845	2,565,261	2,868,205
Total Equity	<u>86,158,000</u>	<u>84,001,155</u>	<u>81,435,894</u>
Contributions in Aid of Construction	66,219,890	66,217,890	65,875,385
Long-term Debt			
1997 Bonds	-	-	680,000
2003 bonds	2,715,000	2,715,000	3,105,000
2005 Bonds	13,630,000	13,630,000	14,265,000
2006 Bonds	23,290,000	23,290,000	25,160,000
2011 A Bonds	3,094,000	-	-
2011 B Bonds	26,906,000	-	-
Total Long-term Debt	<u>69,635,000</u>	<u>39,635,000</u>	<u>43,210,000</u>
Short Term Liabilities			
Bond Anticipation Note	17,840,000	17,840,000	17,840,000
Current Liabilities			
Accounts Payable	375,323	2,027,247	1,378,273
Current Portion of Long-term Debt	3,575,000	3,575,000	3,445,000
Customer Deposits	1,201,452	1,161,602	1,112,921
Misc Current and Accrued Liabilities	4,372,477	3,226,938	5,078,824
Other Current Liabilities	<u>9,524,252</u>	<u>9,990,787</u>	<u>11,015,018</u>
Deferred Credits			
Unamortized Bond Premium	45,243	53,338	62,676
Advances for Construction	(34,621)	-	31,915
Total Deferred Credits	<u>10,622</u>	<u>53,338</u>	<u>94,591</u>
Total Liabilities	<u>\$ 249,387,764</u>	<u>\$ 217,738,170</u>	<u>\$ 219,470,888</u>

**FORT WAYNE MUNICIPAL WATER  
CAUSE NUMBER 44162**

**COMPARATIVE INCOME STATEMENT  
For the Twelve Months Ended**

	<u>October 31</u> <u>2011</u>	<u>Adjustments</u>	<u>Adjusted</u> <u>October 31</u> <u>2011</u>	<u>December 31</u> <u>2010</u>	<u>December 31</u> <u>2009</u>
<b>Operating Revenues</b>					
Water Sales	\$ 24,946,013		\$24,946,013	\$ 24,936,315	\$ 24,702,331
Fire Protection			-		
Private	972,683		972,683	943,804	921,269
Public	2,935,786		2,935,786	2,934,478	2,911,185
Sales for Resale	546,914		546,914	546,900	547,248
Contract Sales	612,752		612,752	592,402	578,675
Interdepartmental Sales	73,799		73,799	76,395	85,648
Forfeited Discounts	444,073		444,073	454,721	456,113
Other Sales	320,095		320,095	357,647	336,812
Other Operating Revenues	261,628		261,628	230,120	297,098
<b>Total Operating Revenues</b>	<u>31,113,743</u>	<u>-</u>	<u>31,113,743</u>	<u>31,072,782</u>	<u>30,836,379</u>
<b>Operating Expenses</b>					
Source of Supply Expenses	88,791		88,791	84,549	89,634
Water Treatment Expenses	8,925,649		8,925,649	8,003,371	8,364,667
Transmission and Distribution Expenses	4,421,809		4,421,809	4,366,256	3,959,539
Customer Accounts Expense	2,658,542		2,658,542	1,988,774	1,967,206
Administrative and General Expenses	4,349,968	(144,194) (a)	4,205,774	4,271,008	4,455,884
Bad Debt Expense	-	144,194 (a)	144,194	77,669	102,420
Payroll Taxes	-	(509,544) (b)	(509,544)	-	-
<b>Total O&amp;M Expense</b>	<u>20,444,759</u>	<u>(509,544)</u>	<u>19,935,215</u>	<u>18,791,627</u>	<u>18,939,350</u>
Depreciation Expense	8,004,796		8,004,796	7,360,203	6,196,518
Amortization Expense	-		-		
Taxes Other than Income					
Payroll Taxes	-	509,544 (b)	509,544	-	-
Utility Receipts Tax	406,454		406,454	406,987	403,919
Payment in Lieu of Taxes	2,309,000		2,309,000	1,921,873	1,383,247
<b>Total Operating Expenses</b>	<u>31,165,009</u>	<u>-</u>	<u>31,165,009</u>	<u>28,480,690</u>	<u>26,923,034</u>
<b>Net Operating Income</b>	(51,266)	-	(51,266)	2,592,092	3,913,345

FORT WAYNE MUNICIPAL WATER  
CAUSE NUMBER 44162

COMPARATIVE INCOME STATEMENT  
For the Twelve Months Ended

	October 31 2011	Adjustments	Adjusted October 31 2011	December 31 2010	December 31 2009
Other Income (Expense)					
Interest Income	7,528		7,528	18,103	91,765
Gain (Loss) on Sale of Assets	(620,337)		(620,337)	(620,337)	-
Connection Fees	192,679		192,679	122,798	156,038
Other Income	2,157,896	(2,157,896) (c)	-	2,316,112	282,700
State Grants		494,753 (c)	494,753		
CEDIT		6,978 (c)	6,978		
TIF		1,500,000 (c)	1,500,000		
Miscellaneous - Cell Tower Revenue		68,199 (c)	68,199		
Sale of Equipment		66,638 (c)	66,638		
Sale of Scrap		21,328 (c)	21,328		
Interest Expense	(1,562,472)		(1,562,472)	(1,772,900)	(1,478,106)
Amortization of Debt Discount	(84,447)		(84,447)	(90,607)	(97,538)
Total Other Income (Expense)	<u>90,847</u>	<u>-</u>	<u>90,847</u>	<u>(26,831)</u>	<u>(1,045,141)</u>
Net Income	<u>\$ 39,581</u>	<u>\$ -</u>	<u>\$ 39,581</u>	<u>\$ 2,565,261</u>	<u>\$ 2,868,204</u>

<u>Adjusting Entries</u>	<u>Debit</u>	<u>Credit</u>
(a) Bad Debt Expense	144,194	
Administrative and General Expenses		144,194
To reclassify Bad Debt Expense from Administrative and General Expenses during the test year.		
(b) Payroll Taxes	509,544	
Operating Expenses - Payroll Taxes		509,544
To reclassify Payroll Taxes from Operation and Maintenance Expenses during the test year.		
(c) State Grants	494,753	
CEDIT	6,978	
TIF	1,500,000	
Miscellaneous - Cell Tower Revenue	68,199	
Sale of Equipment	66,638	
Sale of Scrap	21,328	
Other Income		2,157,896
To reclassify Other Income into its component parts during the test year.		

**FORT WAYNE MUNICIPAL WATER  
CAUSE NUMBER 44162**

*Pro-forma* Net Operating Income Statement

	Year Ended 10/31/2011	Adjustments	Sch Ref	<i>Pro-forma</i> Present			Phase I <i>Pro-Forma</i> Proposed			Phase II <i>Pro-Forma</i> Proposed			Phase III <i>Pro-Forma</i> Proposed				
				Rates	Adjustments	Sch Ref	Rates	Adjustments	Sch Ref	Rates	Adjustments	Sch Ref	Rates	Adjustments	Sch Ref		
Operating Revenues																	
Water Sales	\$ 24,946,013			\$ 25,044,424	4,914,358	1	\$ 29,958,782	1,757,918	1	\$ 31,716,700	1,807,868	1	\$ 33,524,568				
Residential Growth																	
Test Year																	
Inside		\$ (3,441)	5-1														
Outside		16,199	5-2														
Commercial Growth																	
Test Year																	
Inside		77,031	5-3														
Outside		8,622	5-4														
Fire Protection				3,944,557	774,023	1	4,718,580	276,876	1	4,995,456	284,744	1	5,280,200				
Private	972,683	36,225	5-5														
Public	2,935,786	(137)	5-6														
Sales for Resale	546,914			546,914	107,319	1	654,233	38,389	1	692,622	39,480	1	732,102				
Contract Sales	612,752			612,752	120,238	1	732,990	43,010	1	776,000	44,232	1	820,232				
Interdepartmental Sales	73,799			73,799	14,481	1	88,280	5,180	1	93,460	5,327	1	98,787				
Forfeited Discounts	444,073			444,073	87,139	1	531,212	31,170	1	562,382	32,056	1	594,438				
Other Sales	320,095			320,095			320,095			320,095			320,095				
Other Operating Revenues	261,628			261,628			261,628			261,628			261,628				
Total Operating Revenues	<u>31,113,743</u>	<u>134,499</u>		<u>31,248,242</u>	<u>6,017,557</u>		<u>37,265,800</u>	<u>2,152,544</u>		<u>39,418,343</u>	<u>2,213,707</u>		<u>41,632,050</u>				
O&M Expense	19,935,215			20,123,631			20,150,685			20,160,362			20,170,314				
Salaries and Wages		40,315	6-1														
PERF Expenses		107,476	6-2														
Medical Expenses		253,450	6-3														
Chemical Costs		44,458	6-4														
Meter Expensing Adjustment		(150,054)	6-6														
Bad Debt Expense		542	6-11		27,054			9,677			9,952						
Non-Recurring or Capital		(107,771)	6-12														
Amortization Expense	-	48,195	6-8	48,195			48,195			48,195			48,195				
Depreciation Expense	8,004,796	(48,195)	6-7	5,916,546			5,916,546			5,916,546			5,916,546				
		(835,582)	6-9														
		(1,204,473)	6-10														
Taxes Other than Income				943,970			1,028,216			1,058,352			1,089,344				
Payroll Taxes	509,544	7,673	6-5														
Utility Receipts Tax	406,454	20,299	6-11		84,246	1		30,136	1		30,992	1					
Payment in Lieu of Taxes	2,309,000	(54,791)	8	2,254,209			2,254,209			2,254,209			2,254,209				
Total Operating Expenses	<u>31,165,009</u>	<u>(1,878,458)</u>		<u>29,286,551</u>	<u>111,300</u>		<u>29,397,851</u>	<u>39,813</u>		<u>29,437,664</u>	<u>40,944</u>		<u>29,478,608</u>				
Net Operating Income	<u>\$ (51,266)</u>	<u>\$ 2,012,957</u>		<u>\$ 1,961,691</u>	<u>\$ 5,906,257</u>		<u>\$ 7,867,949</u>	<u>\$ 2,112,731</u>		<u>\$ 9,980,679</u>	<u>\$ 2,172,763</u>		<u>\$ 12,153,442</u>				

**FORT WAYNE MUNICIPAL WATER  
CAUSE NUMBER 44162**

**Revenue Adjustments**

(1)

**Residential Customer Growth Adjustment Inside Ft. Wayne for Test Year Ending October 31, 2011**

To adjust operating revenues to reflect the growth of Residential customers inside Ft. Wayne City limits during the test year.

<u>Billing Date</u>	<u>Number of Customers</u>	<u>Growth</u>	<u>Bills Remaining</u>	<u>Additional Bills</u>
November 2010	68,459	-	-	-
December 2010	68,445	(14)	1	(14)
January 2011	68,290	(155)	2	(310)
February 2011	68,260	(30)	3	(90)
March 2011	68,393	133	4	532
April 2011	68,407	14	5	70
May 2011	68,438	31	6	186
June 2011	68,621	183	7	1,281
July 2011	68,574	(47)	8	(376)
August 2011	68,634	60	9	540
September 2011	68,530	(104)	10	(1,040)
October 2011	68,440	<u>(90)</u>	11	<u>(990)</u>
Annual Growth in Residential Customers		<u>(19)</u>		<u>(211)</u>

Additional Annual Residential Billings (211)  
Times: Average Monthly Bill (\$1.49 times 6.05 Avg Cubic Ft Per Cust plus \$7.30 Base Chg) \$ 16.31

**Adjustment Increase (Decrease) \$ (3,441)**

**FORT WAYNE MUNICIPAL WATER  
 CAUSE NUMBER 44162**

**Revenue Adjustments**

(2)

**Residential Customer Growth Adjustment Outside Ft. Wayne for Test Year Ending October 31, 2011**

To adjust operating revenues to reflect the growth of Residential customers outside Ft. Wayne City limits during the test year.

<u>Billing Date</u>	<u>Number of Customers</u>	<u>Growth</u>	<u>Bills Remaining</u>	<u>Additional Bills</u>
November 2010	7,099	-	-	-
December 2010	7,135	36	1	36
January 2011	7,151	16	2	32
February 2011	7,140	(11)	3	(33)
March 2011	7,165	25	4	100
April 2011	7,186	21	5	105
May 2011	7,205	19	6	114
June 2011	7,214	9	7	63
July 2011	7,230	16	8	128
August 2011	7,251	21	9	189
September 2011	7,268	17	10	170
October 2011	7,261	<u>(7)</u>	11	<u>(77)</u>
Annual Growth in Residential Customers		<u>162</u>		<u>827</u>

Additional Annual Residential Billings 827  
 Times: Average Monthly Bill (\$1.71 times 6.54 Avg Cubic Ft Per Cust plus \$8.40 Base Chg) \$ 19.59

**Adjustment Increase (Decrease) \$ 16,199**

**FORT WAYNE MUNICIPAL WATER  
 CAUSE NUMBER 44162**

**Revenue Adjustments**

(3)

**Commercial Customer Growth Adjustment Inside Ft. Wayne for Test Year Ending October 31, 2011**

To adjust operating revenues to reflect the growth of Commercial customers inside Ft. Wayne City Limits during the test year.

<u>Billing Date</u>	<u>Number of Customers</u>	<u>Growth</u>	<u>Bills Remaining</u>	<u>Additional Bills</u>
November 2010	5,734	-	-	-
December 2010	5,673	(61)	1	(61)
January 2011	5,747	74	2	148
February 2011	5,719	(28)	3	(84)
March 2011	5,758	39	4	156
April 2011	5,776	18	5	90
May 2011	5,775	(1)	6	(6)
June 2011	5,791	16	7	112
July 2011	5,838	47	8	376
August 2011	5,852	14	9	126
September 2011	5,868	16	10	160
October 2011	5,863	<u>(5)</u>	11	<u>(55)</u>
Annual Growth in Residential Customers		<u>129</u>		<u>962</u>

Reduction in Commercial Billings 962  
 Times: Average Monthly Bill (\$1.49 times 48.84 Avg Cubic Ft Per Cust plus \$7.30 Base Chg) \$ 80.07

**Adjustment Increase (Decrease) \$ 77,031**

**FORT WAYNE MUNICIPAL WATER  
CAUSE NUMBER 44162**

**Revenue Adjustments**

(4)

**Commercial Customer Growth Adjustment Outside Ft. Wayne for Test Year Ending October 31, 2011**

To adjust operating revenues to reflect the growth of Commercial customers outside Ft. Wayne City Limits during the test year.

<u>Billing Date</u>	<u>Number of Customers</u>	<u>Growth</u>	<u>Bills Remaining</u>	<u>Additional Bills</u>
November 2010	261	-	-	-
December 2010	257	(4)	1	(4)
January 2011	256	(1)	2	(2)
February 2011	253	(3)	3	(9)
March 2011	256	3	4	12
April 2011	257	1	5	5
May 2011	259	2	6	12
June 2011	261	2	7	14
July 2011	262	1	8	8
August 2011	266	4	9	36
September 2011	264	(2)	10	(20)
October 2011	268	4	11	44

Annual Growth in Residential Customers 7

Reduction Annual Commercial Billings 96  
 Times: Average Monthly Bill (\$1.71 times 47.61 Avg Cubic Ft Per Cust plus \$8.40 Base Chg) \$ 89.81

**Adjustment Increase (Decrease) \$ 8,622**

(5)

**Private Fire Protection**

To adjust "Private Fire Protection" to allow for the current number of private hydrants and sprinkler connections.

Quarterly Private Fire Protection Revenue as of the fourth quarter 2011 \$ 252,227  
 Annualize: Times Four (4) 4

Adjusted Private Fire Protection Revenues \$ 1,008,908  
 Less: Test Year 972,683

**Adjustment Increase (Decrease) \$ 36,225**

**FORT WAYNE MUNICIPAL WATER  
CAUSE NUMBER 44162**

**Revenue Adjustments**

**(6)**

**Public fire Protection**

To adjust "Public Fire Protection" to allow for the current number of public hydrants located inside the corporate boundaries of the City of Fort Wayne.

Annual Rate per Hydrant	\$	373.73	
Times: Current Number of Public Hydrants		<u>7,855</u>	
Adjusted Private Fire Protection Revenues	\$	2,935,649	
Less: Test Year		<u>2,935,786</u>	
<b>Adjustment Increase (Decrease)</b>			<b><u>\$ (137)</u></b>

**FORT WAYNE MUNICIPAL WATER  
CAUSE NUMBER 44162**

**Expense Adjustments**

(1)

**Operation and Maintenance Salaries and Wages**

To adjust "Operation and Maintenance Expenses" to allow for the change in base salaries and wages.

<i>Pro forma</i> Base Salaries and Wages (See OUCC Schedule 6 a )	\$ 5,403,003
Less: Test Year	<u>5,362,688</u>

**Adjustment Increase (Decrease) \$ 40,315**

(2)

**PERF Expense**

To adjust "Operation and Maintenance Expenses" to allow for the change in PERF expense due to the change in salaries and wages.

*Pro forma* Base Salaries and Wages \$ 5,403,003

Add: Additional Qualifying PERF Wages

Stand-by Time	\$ 41,541
Call In time	10,852
Overtime	1,028,918
Technical Expertise Pay	127,803
Longevity Pay	37,515
Merit Incentive Pool	119,523
Less: Minor Differences	<u>(9,457)</u>

Total Additional PERF Salaries and Wages 1,356,695

*Pro forma* PERF Eligible Salaries and Wages \$ 6,759,698  
Times: 2011 PERF Rate 13.25%

<i>Pro forma</i> PERF Expense	\$ 895,660
Less: Test Year	<u>788,184</u>

**Adjustment Increase (Decrease) \$ 107,476**

(3)

**Medical Expense**

To adjust "Operation and Maintenance Expenses" to allow for the change in Medical Costs.

Contracted Medical Cost per Employee \$ 11,800  
Times: Number of Full Time Employees 130

Estimated Annual Medical Costs	\$ 1,534,000
Less: Test Year	<u>1,280,550</u>

**Adjustment Increase (Decrease) \$ 253,450**

**FORT WAYNE MUNICIPAL WATER  
CAUSE NUMBER 44162**

**Expense Adjustments**

(4)

**Chemical Costs**

To adjust "Operation and Maintenance Expenses" for the increase in the price per ton and freight cost of treatment chemicals.

2012 Contract Amount	\$	2,476,664	
Less: Test Year		<u>2,432,206</u>	
<b>Adjustment Increase (Decrease)</b>			<b><u>\$ 44,458</u></b>

(5)

**Payroll Taxes**

To adjust "Operation and Maintenance Expenses" for the increase in FICA Tax due to the increase in Salaries and Wages.

<i>Pro forma</i> Taxable Salaries and Wages	\$	6,759,698	
Times: FICA Tax Rate		<u>7.65%</u>	
<i>Pro forma</i> FICA Expense	\$	517,117	
Less: Test Year		<u>509,444</u>	
<b>Adjustment Increase (Decrease)</b>			<b><u>\$ 7,673</u></b>

(6)

**Adjust for Expensing Meters**

To adjust "Operation and Maintenance Expenses" to correct for the expensing of meters in December 2010 related to the change in Capitalization Policy.

Meter expenses for January 2010 through October 2010 which were expensed during the test year.	\$	<u>(150,054)</u>	
<b>Adjustment Increase (Decrease)</b>			<b><u>\$ (150,054)</u></b>

(7)

**Depreciation Expense**

To adjust "Depreciation Expense" for Amortization of Goodwill and Deferred Acquisition Cost.

Deferred Acquisition Cost	\$	1,498,485.75	
Goodwill		<u>429,330.85</u>	
Total Amount to be Amortized	\$	1,927,816.60	
Amortization Rate		<u>2.50%</u>	
<b>Adjustment Increase (Decrease)</b>			<b><u>\$ (48,195)</u></b>

**FORT WAYNE MUNICIPAL WATER  
CAUSE NUMBER 44162**

**Expense Adjustments**

(8)

**Reclassification of Goodwill**

To reclassify Amortization of Goodwill and Deferred Acquisition Cost from Depreciation Expense.

Deferred Acquisition Cost	\$	1,498,485.75	
Goodwill		<u>429,330.85</u>	
Total Amount to be Amortized		\$	1,927,816.60
Amortization Rate			<u>2.50%</u>
<b>Adjustment Increase (Decrease)</b>			<b><u>\$ 48,195</u></b>

(9)

**Depreciation Expense**

To adjust "Depreciation Expense" for the correction of scheduled depreciation of assets in 2011.

Test Year Depreciation Expense	\$	8,004,796.10	
Less: <i>Pro Forma</i> Depreciation Expense		<u>(7,169,213.90)</u>	
<b>Adjustment Increase (Decrease)</b>			<b><u>\$ (835,582)</u></b>

(10)

**Depreciation Expense**

To adjust "Depreciation Expense" to composite rates for a water utility with treatment facilities.

Utility Plant in Service as of October 31, 2011	\$	282,914,076	
Add: Construction Work in Progress		12,341,498	
Less: Land (Account: 0513-1601)		<u>(4,873,746)</u>	
Depreciable Utility Plant in Service		\$	290,381,828
Times: Composite Depreciation Rate			<u>2.00%</u>
2012 <i>Pro forma</i> Water Depreciation Expense		\$	5,807,637
Add: Allocation of Administration Assets to Water			<u>108,909</u>
2012 <i>Pro forma</i> Water Depreciation Expense		\$	5,916,546
General Ledger Test Year Depreciation		\$	8,004,796
Less: Reclassification of Amortization Expense (See Sch 6, Adj 7)			(48,195)
Less: Corrected Deprec Exp for the Test Year (See Sch 6, Adj 9)			<u>(835,582)</u>
Less: Adjusted Test Year Ledger Depreciation Expense			<u>7,121,019</u>
<b>Adjustment Increase (Decrease)</b>			<b><u>\$ (1,204,473)</u></b>

**FORT WAYNE MUNICIPAL WATER  
CAUSE NUMBER 44162**

**Expense Adjustments**

(11)

**Utility Receipts Tax**

To adjust "Taxes Other Than Income Taxes" to allow for the change in utility receipts tax due to the adjusted level of operating revenue

Adjusted Operating Revenues	\$	31,248,242
Less: Exemption		(1,000)
Bad Debt Expense		(144,194)
Sales for Resale		(546,914)
Intergovernmental Sales		(73,799)
Private Fire Protection		-
Public Fire Protection		-
		<hr/>
Taxable Revenues	\$	30,482,335
Times: Utility Receipts Tax Rate		<hr/> 1.4%

Adjusted Utility Receipts Tax	\$	426,753
Less: Test Year		<hr/> 406,454

**Adjustment Increase (Decrease) \$ 20,299**

(11)

**Bad Debt Expense**

To adjust operating and maintenance expenses for bad debt expense on additional water sales revenue.

	<u>Pro Forma</u>	<u>Phase I</u>	<u>Phase II</u>	<u>Phase III</u>
Water Sales Revenue Increase	\$ 98,411	\$ 4,914,358	\$ 1,757,918	\$ 1,807,868
Bad Debt %	0.5505%	0.5505%	0.5505%	0.5505%
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Adjustment Increase (Decrease)</b>	<b>\$ 542</b>	<b>\$ 27,054</b>	<b>\$ 9,677</b>	<b>\$ 9,952</b>

**FORT WAYNE MUNICIPAL WATER  
CAUSE NUMBER 44162**

**Expense Adjustments**

(12)

**Non-recurring or Capital Disbursements**

To eliminate test year expenditures that are considered non-recurring or capital.

<u>Invoice Date</u>	<u>Invoice No.</u>	<u>Account Title</u>	<u>Vendor</u>	<u>Description</u>	<u>\$ Amount</u>
6/20/2011	433903	Legal Services	Bingham McHale	Utility Center Acquisition	\$ 2,388.60
9/17/2010	417562	Legal Services	Bingham McHale	Utility Center Acquisition	4,367.85
10/14/2010	418961	Legal Services	Bingham McHale	Utility Center Acquisition	6,838.36
11/30/2010	422131	Legal Services	Bingham McHale	Utility Center Acquisition	1,406.52
11/16/2010	421082	Legal Services	Bingham McHale	Utility Center Acquisition	4,159.60
1/12/2011	423886	Legal Services	Bingham McHale	Utility Center Acquisition	2,358.20
5/12/2011	431621	Legal Services	Bingham McHale	Utility Center Acquisition	1,944.38
10/26/2010	1727	Contract Ground	Street Depart	Asphalt Restorations Jul-Oct 2010	159,388.11
12/29/2010	10438		Tri R Services	(1) Complete Workstation	2,545.00
11/1/2011	Accrue	Contract Ground		Asphalt Restorations Jul-Oct 2011	(77,626)
<b>Adjustment Increase (Decrease)</b>					<b><u>\$ (107,771)</u></b>

**FORT WAYNE MUNICIPAL WATER  
CAUSE NUMBER 44162**

**Operation and Maintenance Labor**

Employee Number	Job Description	Test Year Hours	Pro Forma		
			Hours	Rate	Extension
14146	ASPS	235	-	\$ -	\$ -
14206	ASPS	107	2,080	16.58	34,486
6081	Chemical Operator	1,989	2,080	19.93	41,454
8063	Chemist	2,089	2,080	24.55	51,064
9440	Chemist	2,103	2,080	24.55	51,064
12009	Chemist	2,089	2,080	24.55	51,064
2248	Chief Electrician	2,340	2,080	26.28	54,662
3503	Chief Operator	2,071	2,080	26.28	54,662
3585	Chief Operator	2,174	2,080	26.28	54,662
7306	Chief Operator	2,013	2,080	26.28	54,662
11493	Chief Operator	2,025	2,080	26.28	54,662
12413	Chief Operator	2,157	2,080	26.28	54,662
	CMMS Admin	-	1,040	25.99	27,030
9162	Electrician	2,118	2,080	25.68	53,414
11533	Electrician	2,077	2,080	25.68	53,414
13858	Electrician	2,112	2,080	25.68	53,414
2414	Electronics Tech	2,112	2,080	25.68	53,414
6492	Electronics Tech	2,125	2,080	25.68	53,414
1959	Hurshstown Operator	2,318	2,080	18.64	38,771
1713	Maint Working Leader	2,331	2,080	23.14	48,131
4720	Maint Working Leader	2,090	2,080	23.14	48,131
3502	Mechanic	2,112	2,080	20.56	42,765
4231	Mechanic	2,082	2,080	20.56	42,765
6260	Mechanic	2,101	2,080	20.56	42,765
6944	Mechanic	2,115	2,080	20.56	42,765
11883	Mechanic	2,082	2,080	20.56	42,765
13316	Mechanic	2,083	2,080	21.73	45,198
13828	Mechanic	2,088	2,080	20.56	42,765
2860	Operator	2,041	2,080	22.01	45,781
4357	Operator	2,048	2,080	22.01	45,781
6261	Operator	2,081	2,080	22.01	45,781
6456	Operator	2,116	2,080	22.01	45,781
11981	Operator	2,035	2,080	22.01	45,781
12790	Operator	2,115	2,080	22.01	45,781
13322	Operator	2,084	2,080	22.01	45,781

**FORT WAYNE MUNICIPAL WATER  
CAUSE NUMBER 44162**

**Operation and Maintenance Labor**

13857	Operator	2,018	2,080	22.01	45,781
6667	Plant Clerk	2,122	2,080	18.67	38,834
	Prog Mgr	-	1,040	29.87	31,065
1622	PT Hurshtown	881	881	17.51	15,426
6127	SPS	2,098	2,080	18.67	38,834
6529	Superintendent	2,080	2,080	39.30	81,744
6108	Supervisor VI	2,080	2,080	30.23	62,878
13140	Supervisor VI	2,080	2,080	31.88	66,310
7329	Designer II	2,088	2,080	26.65	55,432
13418	Prog Mgr VII	2,080	2,080	39.22	81,578
2308	Accounting Clerk	2,120	2,080	21.24	44,179
1739	Asst Storekeeper	2,096	2,080	18.79	39,083
2849	Backhoe Operator	2,088	2,080	20.09	41,787
3534	Backhoe Operator	2,100	2,080	20.09	41,787
3654	Backhoe Operator	2,096	2,080	20.09	41,787
5035	Backhoe Operator	2,080	2,080	20.09	41,787
6677	Backhoe Operator	2,096	2,080	19.10	39,728
14237	Meter Reader	-	2,080	19.85	41,288
1936	Communications Watch	2,082	2,080	17.50	36,400
2165	Communications Watch	2,171	2,080	17.50	36,400
13981	Communications Watch	976	2,080	17.50	36,400
14129	Communications Watch	300	2,080	17.50	36,400
5019	Dispatcher	2,074	2,080	20.01	41,621
6802	Laborer 2	2,072	2,080	17.50	36,400
9944	Laborer 2	2,072	2,080	19.35	40,248
11164	Laborer 2	2,096	2,080	19.35	40,248
13176	Laborer 2	2,100	2,080	17.50	36,400
13566	Laborer 2	2,072	2,080	19.35	40,248
13913	Laborer 2	1,848	2,080	17.50	36,400
13942	Laborer 2	1,288	2,080	17.50	36,400
1434	Laborer 1	2,096	2,080	17.50	36,400
2880	Laborer 1	2,258	2,080	17.50	36,400
3786	Maint Crew Leader	2,080	2,080	20.09	41,787
1376	Manager V	2,080	2,080	24.99	51,979
7305	Meter Reader	2,096	2,080	18.41	38,293
8541	Meter Reader	2,071	2,080	18.41	38,293
960	Meter Reader Truck	1,110	-	-	-

**FORT WAYNE MUNICIPAL WATER  
CAUSE NUMBER 44162**

**Operation and Maintenance Labor**

5090	Meter Reader Truck	2,119	2,080	19.85	41,288
1340	Operator 1	2,096	2,080	19.10	39,728
1650	Operator 1	2,076	2,080	19.10	39,728
2164	Operator 1	2,078	2,080	19.85	41,288
6365	Operator 1	2,076	2,080	19.10	39,728
7404	Operator 1	2,091	2,080	19.10	39,728
9459	Operator 1	780	-	-	-
10319	Operator 1	2,088	2,080	19.10	39,728
10320	Operator 1	2,104	2,080	19.10	39,728
14136	Operator 1	760	2,080	19.10	39,728
1063	Operator 2	561	-	-	-
1494	Operator 2	2,080	2,080	20.32	42,266
1697	Operator 2	2,088	2,080	20.32	42,266
1773	Operator 2	2,080	2,080	20.32	42,266
2059	Operator 2	2,080	2,080	20.32	42,266
3003	Operator 2	2,072	2,080	20.32	42,266
6790	Operator 2	2,096	2,080	20.32	42,266
1291	Plumber Crew Leader	1,249	-	-	-
2159	Plumber Crew Leader	2,098	2,080	20.65	42,952
2163	Plumber Crew Leader	2,080	2,080	20.65	42,952
6756	Plumber Crew Leader	2,263	2,080	19.35	40,248
6758	Plumber Crew Leader	2,096	2,080	20.65	42,952
7359	Plumber Crew Leader	2,091	2,080	20.65	42,952
1436	Prog Mgr V	2,080	2,080	26.52	55,162
1897	Senior Clerk	557	-	-	-
6792	Senior Clerk	2,096	2,080	18.79	39,083
9384	Senior Clerk	2,088	2,080	18.79	39,083
11269	Senior Clerk	2,080	2,080	18.79	39,083
3153	Sevice Tech 1	2,088	2,080	19.41	40,373
3375	Sevice Tech 1	2,072	2,080	19.41	40,373
3376	Sevice Tech 1	2,138	2,080	19.41	40,373
3778	Sevice Tech 1	2,080	2,080	19.41	40,373
9644	Sevice Tech 1	2,108	2,080	19.41	40,373
10492	Sevice Tech 1	2,096	2,080	19.41	40,373
10605	Sevice Tech 1	2,072	2,080	19.41	40,373
10679	Sevice Tech 1	2,091	2,080	19.41	40,373
13168	Sevice Tech 1	2,080	2,080	19.41	40,373

**FORT WAYNE MUNICIPAL WATER  
CAUSE NUMBER 44162**

**Operation and Maintenance Labor**

6362	Sevice Tech 2	2,080	2,080	20.32	42,266
8344	Sevice Tech 2	2,080	2,080	20.32	42,266
9358	Sevice Tech 2	2,088	2,080	20.32	42,266
9447	Sevice Tech 2	2,088	2,080	20.32	42,266
10643	Sevice Tech 2	2,088	2,080	20.32	42,266
1036	Storekeeper	2,072	2,080	20.01	41,621
13701	Superintendent	2,080	2,080	34.96	72,717
1093	Supervisor VI	2,080	2,080	27.11	56,389
1646	Supervisor VI	2,080	2,080	25.55	53,144
3856	Supervisor VI	2,080	2,080	21.38	44,470
3004	Tandem Driver	2,072	2,080	19.35	40,248
5036	Tandem Driver	2,072	2,080	19.35	40,248
5044	Tandem Driver	251	-	-	-
6808	Tandem Driver	2,083	2,080	19.35	40,248
7040	Tandem Driver	2,076	2,080	19.35	40,248
14244	Tandem Driver	-	2,080	19.35	40,248
7274	Utility Person	2,071	2,080	20.65	42,952
9693	Utility Person	2,072	2,080	20.09	41,787
10843	Utility Person	2,101	2,080	19.35	40,248
10978	Utility Person	2,096	2,080	19.35	40,248
14247	Utility Person	-	2,080	19.35	40,248
		243,641	252,561		\$ 5,403,003
	Less: Workpaper Total	243,636	252,561		5,424,300
	Difference	5	-		\$ (21,297)

Additional Hours	8,925
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**FORT WAYNE MUNICIPAL WATER  
CAUSE NUMBER 44162**

**Extensions and Replacements**

To reflect the amount of extensions and replacements by year for the three rate increase phases.

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>Total</b>
<b>Filtration Plant</b>						
<b>Annual Improvements (Filters/Desludging)</b>						
Plant Filter Renovations	\$ 89,658	\$ -	\$ -	\$ -	\$ -	\$ 89,658
Plant Filter Renovations	212,974	165,000	170,000	170,000	170,000	887,974
Roofing	50,000	50,000	50,000	100,000	100,000	350,000
Limestone	5,000	50,000	50,000	50,000	50,000	205,000
Sub-Totals	\$ 357,632	\$ 265,000	\$ 270,000	\$ 320,000	\$ 320,000	\$ 1,532,632
<b>Dams and reservoir Projects</b>						
St Joe Dam Concrete and Structural Repairs	\$ 396,781	\$ -	\$ -	\$ -	\$ -	\$ 396,781
Screen 1 at St Joe Dam	76,337					76,337
Raw Water Large Valve Repair and Replacement	1,082					1,082
St Joe Dam Fiber for SCADA Connection	7,952					7,952
St. Joe Dam LSP Suction Intake Vane	4,368					4,368
St Joe Dam Screen Room Exhaust Fan Replacement	80					80
HVAC for St Joe Dam Electrical Building	5,000	20,000				25,000
St Joe Dam Raw Water Large Valve Repair		25,000	25,000	25,000	25,000	100,000
St Joe Dam Screen Room Windows		20,000	20,000	20,000	20,000	80,000
St Joe Dam Standby Emergency Generator Louver Improvements		12,000				12,000
St Joe Dam HMI Screen Improvement	8,000					8,000
St Joe Dam LSP Intake Model		20,000				20,000
St Joe Dam and Filtration Plant Energy and Power management System			125,000			125,000
St Joe Dam Micro Turbine		35,000		50,000	50,000	135,000
Cedarville Dam Controls		100,000				100,000
Cedarville Embankment Repairs			80,000			80,000
Cedarville Wing Wall protection - Downstream			125,000			125,000
Cedarville Wing Wall Protection - Upstream			150,000			150,000
Cedarville Emergency Spillway					200,000	200,000
St Joe Dam Raw Water Main Inspection		50,000				50,000
St Joe Dam Raw water Main Rehabilitation				500,000		500,000
Hurstown Bank Reconstruction			100,000			100,000
Biennial Inspections (Cedarville / Hurstown)	5,000		5,000		5,000	15,000
Hurstown Piezometer Replacement		15,000				15,000
Sub-Totals	\$ 504,600	\$ 297,000	\$ 630,000	\$ 595,000	\$ 300,000	\$ 2,326,600
<b>Plant Capacity and Enhancements</b>						
Fluoride Room Improvements	\$ 20,570	\$ -	\$ -	\$ -	\$ -	\$ 20,570
Filtration Plant - Water Capacity Development (Land Acquisition)		100,000	100,000	100,000	100,000	400,000
HSD Sink in Control Room		5,000				5,000
Map Room Furniture and Library		20,000				20,000
Sub-Totals	\$ 20,570	\$ 125,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 445,570

**FORT WAYNE MUNICIPAL WATER  
CAUSE NUMBER 44162**

**Extensions and Replacements  
Continued**

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>Total</b>
<b><u>Plant Efficiency and Reliability</u></b>						
Carbon transfer System	\$ 27,053	\$ -	\$ -	\$ -	\$ -	\$ 27,053
Plant Wide Medium Voltage Testing and Inspection	5,052	25,000	25,000	25,000		80,052
Cabinet Control Stations (4 Locked)		12,000				12,000
Plant Metering Improvements (HSD and Filter)		20,000				20,000
MCC T Replacement	13,061					13,061
Lime Conveyance Mechanical Improvements	6,693	100,000	200,000	200,000	200,000	706,693
MCC V Feed from MCC Q	15,567					15,567
Liquid CO2 Storage Controls and Piping	20,000					20,000
Connect Plant Filters PLCs to Office UPS	536					536
LIMS (Lab works)	119,775					119,775
Entech System for Filter		115,000				115,000
Replacement of Plant Lighting - Regulations	61,798	50,000				111,798
Concrete pad for Electrical Storage	1,069					1,069
Large Backwash Pump Rebuild	25,000					25,000
Lime Sludge Force Main - Quick Connection Point		30,000				30,000
Pump Stations Energy and Power Management System		15,000	15,000	15,000	15,000	60,000
TRFP Ground Fault Indication System(North Electrical Bldg)		50,000				50,000
Lime Sludge force Man Cleaning and Improve		50,000				50,000
Plant 2 Settling Tank Water Strip and Shoes	15,000	15,000				30,000
4000 lb Slakers		100,000				100,000
Bluffton Road Pressure Station telemetry		90,000				90,000
Filter Underdrain Replacement - Ph 3				200,000		200,000
Painting NW and SW Station Equipment, Piping		15,000				15,000
Resize Heater in Ammonia Feed Room	3,000					3,000
Gate for Plant 3 Raw Water Flume	35,000					35,000
Sub-Totals	\$ 348,604	\$ 687,000	\$ 240,000	\$ 440,000	\$ 215,000	\$ 1,930,604
<b><u>Plant Regulatory</u></b>						
Chlorine Dioxide Generators	\$ 20,182	\$ -	\$ -	\$ -	\$ -	\$ 20,182
Peristaltic Hose Pump for Honeysuckle, Bisulfate	4,000					4,000
Filter Turbidity Meter Replacement	10,000	10,000	10,000	10,000	10,000	50,000
Ammonia Injector Relocation		15,000				15,000
GM Tank Chlorine analyzer and SCADA Link	5,000					5,000
Total Chlorine Analyzer and SCADA Link	6,000					6,000
ON-Line Analyzer Backwash System		30,000				30,000
Caustic Feed System			550,000			550,000
Sub-Totals	\$ 45,182	\$ 55,000	\$ 560,000	\$ 10,000	\$ 10,000	\$ 680,182

FORT WAYNE MUNICIPAL WATER  
CAUSE NUMBER 44162

Extensions and Replacements  
Continued

	2012	2013	2014	2015	2016	Total
<b>Plant Repair and Replace</b>						
Plant 2 Sludge Collectors	\$ 31,209	\$ 200,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 291,209
Carbon Slurry Tank Repair	24,852					24,852
Ferri Flowmeter Upgrade (6)	25,000					25,000
Process Pipe Coating and Refurbishing		20,000	20,000	20,000	20,000	80,000
Plant 3 Filter Receiver for Lime Handling System	25,000	25,000	25,000	25,000	25,000	125,000
Replace Valves for Screens	6,000					6,000
Plant 3 Conveying System Piping	26,021					26,021
Disconnect Sand Piping from HSD Piling	5,000	10,000				15,000
New Heated Enclosures for Plant 2 Sludge Collector Drives		10,000				10,000
Replace or Rebuild Plant 3 Upper Sullair	30,000					30,000
Hot Potable Water Lines in Plant 1	10,000					10,000
Plant 2 Filter Gallery Roof	40,000					40,000
Lab Roof Replacement	1,400					1,400
Plant 1 East, Floor and Walk Area Repair	25,000					25,000
Masonry Investigation	3,400					3,400
Backwash Pump Check valve Replacement	52,000					52,000
HSP 10 Rebuild	36,000					36,000
A/C MCC Q Room	10,000					10,000
Chief Operator Office Floor		10,000				10,000
Plant 3 Online Monitor	35,000					35,000
Lab conference room A/V Improvements		10,000				10,000
Duplex Sump Pump System for Plant 1 Pipe Gallery	15,000					15,000
Steam Piping Repair Replacement	5,000	10,000				15,000
Plant 2 and 3 Drive Sprockets and Chain	10,000					10,000
Replace Floc tank 8" drain Valves in Plant 2 (18)		50,000				50,000
Ramp for Stairs in Main hall, Next to Control Room		25,000				25,000
Aluminum Hatches for Monroe and Superior Meter Vaults		8,000				8,000
Filter Valve - PLC Cabinet AC		12,000				12,000
Carbon Slurry Tank Repair	10,000	50,000				60,000
Replace Main Boiler		120,000				120,000
Plant Windows and Screen	20,000	20,000	20,000	20,000	20,000	100,000
General Concrete Surface Repair/Replace		25,000	25,000	25,000	25,000	100,000
General Plant equipment repair and replace		60,000	60,000	60,000	60,000	240,000
Tankage, Filter Building Cracks in Gallery		50,000	50,000	50,000	50,000	200,000
Laboratory - Replace HVAC Units		250,000	200,000			450,000
Plant 3 HSD Piping		50,000				50,000
Filter building Clearwell Cleaning and Improvements		50,000	50,000	63,000		163,000
Plant 1 control House Doors and Windows		30,000				30,000
Gas-Master Plant 1 East	10,000					10,000
Miscellaneous	(58)					10,000
Sub-Totals	\$ 455,824	\$ 1,095,000	\$ 470,000	\$ 283,000	\$ 220,000	\$ 2,523,882

FORT WAYNE MUNICIPAL WATER  
CAUSE NUMBER 44162

Extensions and Replacements  
Continued

	2012	2013	2014	2015	2016	Total
<b>Plant Safety and Security</b>						
Access Door for GM Tank	\$ 2,147	\$ -	\$ -	\$ -	\$ -	\$ 2,147
Miscellaneous Handrails and Toe Boards	5,000	10,000	10,000	10,000	10,000	45,000
St Joe Dam Security Cameras	9,437	60,000				69,437
Platforms / Ladders Plant 1	15,000					15,000
PTZ Color Camera to Replace Front Gate Camera	3,385					3,385
Plant 1 Split Gate	37,000					37,000
Floor in Metal and Reagent room		14,000				14,000
Security, Doors, Lighting, Gate	17,531	10,000	20,000	10,000	10,000	67,531
Safety Rigging for Filter area	55,000					55,000
Plant Lighting (Safety and Work Environment)		40,000	40,000	40,000	40,000	160,000
Security - East Pump Room Windows		50,000				50,000
Chern Building / Chlorine Area Security Cameras		30,000	30,000			60,000
Northwest Pump Station # 1 Security Improve Project		5,000	30,000			35,000
Northwest Pump Station # 2 Security Improve Project			5,000	30,000		35,000
Westside Pump Station Security Improvement Project		5,000	30,000			35,000
West Tank Security		5,000	30,000			35,000
Southwest Pump Station Security Improve Project				5,000	30,000	35,000
Dupont Tank Security			5,000	30,000		35,000
Coldwater Tank Security			5,000	30,000		35,000
Sub-Totals	\$ 144,500	\$ 229,000	\$ 205,000	\$ 155,000	\$ 90,000	\$ 823,500
<b>Purchased Assets</b>						
Pressure Transmitters	378					378
Vibration Analyzer		9,000				9,000
Spare Spectrophotometer	7,000					7,000
Replace Ferri Pumps	14,000					14,000
Fiber Tester		5,000				5,000
Conduit Bender		10,000				10,000
Boom Lift		55,000				55,000
CMMS Barcode Scanner Equipment	9,000					9,000
Sand Blasting cabinet		3,000				3,000
Gang Box and Tools for Plant 2 and 3 Control House	8,000					8,000
Equip - FLP General			75,000	75,000	75,000	225,000
Rolling Stock - FLP General		50,000	50,000	50,000	50,000	200,000
Sub-Totals	\$ 38,378	\$ 132,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 545,378
<b>Filtration Plant Totals</b>	<b>\$ 1,915,290</b>	<b>\$ 2,885,000</b>	<b>\$ 2,600,000</b>	<b>\$ 2,028,000</b>	<b>\$ 1,380,000</b>	<b>\$ 10,808,348</b>

FORT WAYNE MUNICIPAL WATER  
CAUSE NUMBER 44162

Extensions and Replacements  
Continued

	2012	2013	2014	2015	2016	Total
<b>Water Distribution</b>						
<b>Distribution Capacity/Reliability/Quality</b>						
NEFM Maplecrest Feeder Main: Lake to SR 930	\$ 5,828	\$ -	\$ -	\$ -	\$ -	\$ 5,828
NEFM Maplecrest Feeder Main: Lake to State	27,131	100,000				127,131
Network Connections		100,000	100,000	100,000	100,000	400,000
NWPZ Coldwater: Waterswolde to Farmstead		200,000				200,000
NEFM Lahmeyer: State to Trier				50,000	200,000	250,000
NWPZ Clinton: Wallen to Diebold				175,000		175,000
WPZ Bass Road: I-69 Crossing		25,000	275,000			300,000
NEFM Northside Park to Crescent		200,000				200,000
NEFM Maysville/Stellhorn Feeder Main				150,000		150,000
NEFM State Street: Beacon to Sherborn		50,000	300,000			350,000
NEFM Wheelock: Stellhorn North to Existing		50,000				50,000
NWFM Butler Road: Midnight to Hillegas				210,000		210,000
NWFM Hillegas Connections		50,000	200,000			250,000
NWPZ Central Feeder Improvements		50,000	100,000	50,000	100,000	300,000
NWPZ Union Chapel Road: Tonkel to Puff					270,000	270,000
SEFM Meyer Road: Seler to Moeller		225,000				225,000
SEFM New haven: Coliseum to Medford Feeder Main		75,000	200,000	325,000		600,000
WPZ South Bend - Engle		75,000	300,000	100,000		475,000
NWPZ Popp Road: Tonkel to SR 1			50,000	300,000		350,000
WPZ Dicke-Hadley 2: Illinois to Ridge Noll					300,000	300,000
WPZ Dicke-Hadley 3: Covington to Ridge Noll					245,000	245,000
WPZ Dicke-Hadley 4: Scottswood to Covington					500,000	500,000
Sub-Totals	\$ 32,959	\$ 1,200,000	\$ 1,525,000	\$ 1,460,000	\$ 1,715,000	\$ 5,932,959
<b>Distribution Pumping</b>						
Westside Station - I and C Improvements - Labor	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 50,000
Northwest 1 - Pump Rebuild of Pump 1, 2, 3		54,000				54,000
NW Pumping Station # 2 -Suction Improvements		25,000	350,000			375,000
Sub-Totals	\$ 50,000	\$ 79,000	\$ 350,000	\$ -	\$ -	\$ 479,000
<b>Distribution Storage</b>						
Coldwater Mandoor and Frame	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ 4,000
Redwood Chestnut Tank Demo			120,000			120,000
Painting of Elevated Tank			400,000			400,000
Sub-Totals	\$ 4,000	\$ -	\$ 520,000	\$ -	\$ -	\$ 524,000
<b>Miscellaneous</b>						
Aqua Integration	\$ 52,436	\$ -	\$ -	\$ -	\$ -	\$ 52,436
Railroad Spur Removal	25,807					25,807
Distributing System Remote Metering	14,683	25,000	25,000	25,000	25,000	114,683
2011 Mapping of Closed Work Orders	5,552	5,000	5,000	5,000	5,000	25,552
Sub-Totals	\$ 98,478	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 218,478

FORT WAYNE MUNICIPAL WATER  
CAUSE NUMBER 44162

Extensions and Replacements  
Continued

	2012	2013	2014	2015	2016	Total
<b><u>Oversizing and Economic Development</u></b>						
Airport Expressway Infrastructure Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Coves of Brook Crossing	12,946					12,946
Oversizing Allowance	25,000	150,000	150,000	150,000	150,000	625,000
9962 Diebold Road - Berger Auth Water Main Ext	8,031					8,031
4545 Kroemer Road - Greatbch Medical WM Ext	(3,094)					(3,094)
Petition Project Partnering	3,111	50,000	50,000	50,000	50,000	203,111
Hawthorne park estates Section I Water Main Ext	46,889					46,889
Pointe Inverness Apartments	35,406					35,406
Sub-Totals	\$ 128,289	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 928,289
<b><u>Transportation Project Partnering</u></b>						
Spring Street	\$ 28,745	\$ -	\$ -	\$ -	\$ -	\$ 28,745
Diebold Road Utility Locates	31,802					31,802
Clinton Street at Spy Run Creek Road Realignment	13,914					13,914
Trans project allowance		50,000	50,000	50,000	50,000	200,000
Auburn/Cook Road		10,000				10,000
Flutter Road/St Joe Road	5,000					5,000
Dupont Rd - Coldwater to Lima (w TES)		50,000	350,000			400,000
Bass Rd Improvements		40,000	150,000			190,000
Sub-Totals	\$ 79,461	\$ 150,000	\$ 550,000	\$ 50,000	\$ 50,000	\$ 879,461
<b><u>Water Main Extensions</u></b>						
SWFM Smith and Lower Huntington Ext Ph1 (Econ	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ 50,000
Sub-Totals	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ 50,000
<b><u>Water Main Repair and Replacement</u></b>						
Union Chapel Road at I-69-New Interchange	\$ (24,125)	\$ -	\$ -	\$ -	\$ -	\$ (24,125)
3940 Elwood Drive	1,037					1,037
Main Replacement Allowance		100,000	600,000	4,750,000	5,250,000	10,700,000
Sub-Totals	\$ (23,088)	\$ 100,000	\$ 600,000	\$ 4,750,000	\$ 5,250,000	\$ 10,676,912
<b>Water Distribution Totals</b>	<b>\$ 370,099</b>	<b>\$ 1,759,000</b>	<b>\$ 3,775,000</b>	<b>\$ 6,540,000</b>	<b>\$ 7,245,000</b>	<b>\$ 19,689,099</b>

FORT WAYNE MUNICIPAL WATER  
CAUSE NUMBER 44162

Extensions and Replacements  
Continued

	2012	2013	2014	2015	2016	Total
<b>Water Maintenance</b>						
<b>Meters, Hydrants, Valves and New Services</b>						
Aqua North Meter Conversion	\$ 5,027	\$ -	\$ -	\$ -	\$ -	\$ 5,027
New Meters	50,000	50,000	50,000	50,000	50,000	250,000
Hydrants Replacements - Installations	139,841	200,000	200,000	200,000	200,000	939,841
Large Valve Replacements	57,186	75,000	75,000	75,000	75,000	357,186
Small Valve Replacements	115,477	100,000	100,000	100,000	100,000	515,477
Sub-Totals	\$ 367,531	\$ 425,000	\$ 425,000	\$ 425,000	\$ 425,000	\$ 2,067,531
<b>Miscellaneous</b>						
Building Security System	\$ 12,000	\$ -	\$ -	\$ -	\$ -	\$ 12,000
New Payroll System	20,000					20,000
Sub-Totals	\$ 32,000	\$ -	\$ -	\$ -	\$ -	\$ 32,000
<b>Purchased Assets</b>						
MDT's for WMS	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ 15,000
Crane for Hydrant Truck	5,000					5,000
GPS Handheld Units (5)		9,000	25,000			34,000
HVAC System Controller - Repair	36					36
Annual Rolling Stock Replacement			250,000	250,000	250,000	750,000
Service Van		25,000				25,000
Crew Cab		30,000				30,000
Dump Trailer	6,000					6,000
Vaccer Unit	35,000					35,000
12" Line Trailer	6,000					6,000
12" Line Trailer		6,000				6,000
Arrow Board	5,000					5,000
Test Bench for Meters - Water Share	28,500					28,500
Williamson Tamper Unit	6,200					6,200
Elster hand held Radios	14,280					14,280
4-12" Hydraulic Pipe Cutter - 2	6,000					6,000
Backhoe / Mini-Excavator		80,000				80,000
Dump Truck		140,000				140,000
Sub-Totals	\$ 127,016	\$ 290,000	\$ 275,000	\$ 250,000	\$ 250,000	\$ 1,192,016
<b>Water Maintenance Totals</b>	<b>\$ 526,547</b>	<b>\$ 715,000</b>	<b>\$ 700,000</b>	<b>\$ 675,000</b>	<b>\$ 675,000</b>	<b>\$ 3,291,547</b>
<b>Total Extensions and Replacements</b>	<b>\$ 2,811,936</b>	<b>\$ 5,359,000</b>	<b>\$ 7,075,000</b>	<b>\$ 9,243,000</b>	<b>\$ 9,300,000</b>	<b>\$ 33,788,936</b>
<b>Less: Bond Proceeds</b>		(370,000)	(370,000)	(370,000)		
<b>2013 Extensions and Replacements</b>		<b>\$ 4,989,000</b>				
<b>2014 Extensions and Replacements</b>			<b>\$ 6,705,000</b>			
<b>2015 Extensions and Replacements (Average of 2015 and 2016)</b>				<b>\$ 8,873,000</b>		

**FORT WAYNE MUNICIPAL WATER  
CAUSE NUMBER 44162**

**Payment in Lieu of Taxes**

To adjust "Taxes Other Than Income Taxes" for the estimated increase in the Payment in Lieu of Taxes ("PILOT").

10/31/2011 Utility Plant in Service	\$ 282,914,076	
Add: Meters Capitalized (See OUCC Sch 6, Adj 6)	<u>150,054</u>	
 Gross Utility Plant in Service		\$ 283,064,130
 10/31/2011 Accumulated Depreciation	\$ (94,837,365)	
Less: Removal of Amortization of Goodwill (See Sch 6, Adj 7)	48,195	
Correction of Scheduled Depreciation (See Sch 6, Adj 9)	835,582	
Adjust to Composite Rates (See Sch 6, Adj 10)	<u>1,204,473</u>	
 Adjusted Accumulated Depreciation		<u>(92,749,115)</u>
 Estimated Net Assessed Valuation	\$ 190,315,015	
Times: Inside City Factor	<u>90.08%</u>	
 Estimated Inside City Net Assessed Valuation	\$ 171,435,766	
Times: Pay 2011 Corporate Tax Rates (per \$100 Assessed Valuation)	<u>1.3149</u>	
 <i>Pro forma</i> PILOT		\$ 2,254,209
Less: Test Year		<u>2,309,000</u>
 <b>Adjustment Increase (Decrease)</b>		<b><u>\$ (54,791)</u></b>

**FORT WAYNE MUNICIPAL WATER  
CAUSE NUMBER 44162**

**Working Capital**

Operation & Maintenance Expense	\$ 20,150,685
Less: Purchased Water	(1,018,068)
Purchased Power	-
Rate Case Expense Amortization	-
	<hr/>
Adjusted Operation & Maintenance Expense	19,132,617
Times: 45 Day Factor	0.125
	<hr/>
Working Capital Revenue Requirement	2,391,577
Less: Cash on Hand 12/31/2011	4,394,647
	<hr/>
Net Working Capital Revenue Requirement	-
Divide by: Amortization Period (Years)	3
	<hr/>
Annual Working Capital Revenue Requirement	<u><u>\$ -</u></u>

**FORT WAYNE MUNICIPAL WATER  
CAUSE NUMBER 44162**

**Debt Service**

To reflect the average amount of debt service required over a five year period.

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Total</u>
2003 Bonds	\$ 515,462	\$ 519,262	\$ 517,262	\$ 519,662	\$ 521,262	\$ 2,592,910
2005 Bonds	1,911,282	1,913,332	1,911,532	1,907,532	1,906,330	9,550,008
2006 Bonds	2,864,956	2,863,130	2,863,340	2,865,390	2,864,082	14,320,898
2011 "A" Bonds	617,902	1,369,096	1,369,448	-	-	3,356,446
2011 "B" Bonds	798,302	799,302	799,272	1,970,242	1,977,468	6,344,586
2012 "Proposed" Bonds	-	1,600,925	2,000,925	2,202,725	2,198,390	8,002,965
	<u>\$ 6,707,904</u>	<u>\$9,065,047</u>	<u>\$9,461,779</u>	<u>\$ 9,465,551</u>	<u>\$ 9,467,532</u>	<u>\$ 44,167,813</u>
Divide by 5 years						<u>5</u>
Average Annual Debt Service						<u>\$ 8,833,563</u>

<u>Phase I</u>	<u>Phase II</u>	<u>Phase III</u>
\$9,065,047	\$9,461,779	Avg 2015-2016 \$ 9,466,542

FORT WAYNE MUNICIPAL WATER  
CAUSE NUMBER 44162

Schedule of Rates and Charges

		Inside City Limits						
		Petitioner			OUCC			
Current		Phase I Proposed	Phase II Proposed	Phase III Proposed	Phase I Proposed	Phase II Proposed	Phase III Proposed	
<b>Monthly Service Charge</b>								
Each user shall pay a monthly service charge, in addition to use charges calculated under the rate								
5/8	Inch Meter	\$ 7.30	\$ 8.94	\$ 9.72	\$ 10.21	\$ 8.73	\$ 9.24	\$ 9.77
3/4	Inch Meter	7.30	8.94	9.72	10.21	8.73	9.24	9.77
1	Inch Meter	18.61	22.76	24.76	26.00	22.26	23.57	24.91
1 1/2	Inch Meter	41.69	50.99	55.46	58.24	49.87	52.80	55.81
2	Inch Meter	73.95	90.45	98.37	103.31	88.46	93.65	98.99
3	Inch Meter	166.51	203.66	221.50	232.62	199.18	210.87	222.89
4	Inch Meter	296.01	362.05	393.77	413.53	354.09	374.87	396.24
6	Inch Meter	665.69	814.21	885.53	929.98	796.32	843.04	891.10
8	Inch Meter	1,183.76	1,447.86	1,574.69	1,653.74	1,416.04	1,499.14	1,584.59
10	Inch Meter	1,849.45	2,262.06	2,460.22	2,583.72	2,212.36	2,342.18	2,475.68
		Rate Per 100 Cubic Feet			Rate Per 100 Cubic Feet			
First	2,500 Cubic Feet	\$ 1.49	\$ 1.82	\$ 1.98	\$ 2.08	\$ 1.78	\$ 1.89	\$ 1.99
Next	9,500 Cubic Feet	1.33	1.63	1.77	1.86	1.59	1.68	1.78
Over	12,000 Cubic Feet	1.24	1.52	1.65	1.73	1.48	1.57	1.66
<b>Fire Protection Charges</b>								
<u>Monthly Rental Per Private Hydrant</u>		\$ 31.14	\$ 38.09	\$ 41.43	\$ 43.51	\$ 37.25	\$ 39.44	\$ 41.68
<u>Quarterly Private Fire Line Charge Per Connection</u>								
1"	(New Line Size)	\$ 10.28	\$ 12.57	\$ 13.67	\$ 14.36	\$ 12.30	\$ 13.02	\$ 13.76
2"		10.28	12.57	13.67	14.36	12.30	13.02	13.76
3"		23.36	28.57	31.70	32.63	27.94	29.58	31.27
4"		41.11	50.28	54.69	57.43	49.18	52.06	55.03
6"		93.43	114.28	124.29	130.53	111.76	118.32	125.07
8"		166.31	203.41	221.23	232.34	198.94	210.62	222.62
10"		259.74	317.68	345.51	362.86	310.71	328.94	347.69
12"		373.73	457.10	497.15	522.10	447.07	473.30	500.28
16"		664.30	812.50	883.68	928.04	794.65	841.28	889.24
<u>Monthly Public Fire Hydrant Charge Per Hydrant</u>		\$ 31.14	\$ 38.09	\$ 41.43	\$ 43.51	\$ 37.25	\$ 39.44	\$ 41.68

FORT WAYNE MUNICIPAL WATER  
CAUSE NUMBER 44162

Schedule of Rates and Charges

		Outside City Limits						
		Petitioner			OUCC			
		Phase I Proposed	Phase II Proposed	Phase III Proposed	Phase I Proposed	Phase II Proposed	Phase III Proposed	
<b>Current</b>								
<b>Monthly Service Charge</b>								
Each user shall pay a monthly service charge, in addition to use charges calculated under the rate								
5/8	Inch Meter	\$ 8.40	\$ 10.27	\$ 11.17	\$ 11.73	\$ 10.04	\$ 10.63	\$ 11.24
3/4	Inch Meter	8.40	10.27	11.17	11.73	10.04	10.63	11.24
1	Inch Meter	21.40	26.17	28.47	29.90	25.60	27.10	28.65
1 1/2	Inch Meter	47.94	58.64	63.77	66.97	57.35	60.72	64.18
2	Inch Meter	85.04	104.01	113.12	118.80	101.73	107.70	113.84
3	Inch Meter	191.49	234.21	254.73	267.52	229.06	242.50	256.32
4	Inch Meter	340.41	416.36	452.83	475.56	407.21	431.10	455.68
6	Inch Meter	765.54	936.33	1,018.35	1,069.48	915.76	969.50	1,024.76
8	Inch Meter	1,361.32	1,665.04	1,810.90	1,901.81	1,628.45	1,724.01	1,822.28
10	Inch Meter	2,126.87	2,601.36	2,829.24	2,971.27	2,544.21	2,693.50	2,847.04
<b>Monthly Metered Usage Rates</b>								
			Rate Per 100 Cubic Feet			Rate Per 100 Cubic Feet		
First	2,500 Cubic Feet	\$ 1.71	\$ 2.09	\$ 2.27	\$ 2.39	\$ 2.05	\$ 2.17	\$ 2.29
Next	9,500 Cubic Feet	1.66	2.03	2.21	2.32	1.99	2.10	2.22
Over	12,000 Cubic Feet	1.55	1.90	2.06	2.17	1.85	1.96	2.07
		1.5295						
<b>Fire Protection Charges</b>		1.426						
<b>Monthly Rental Per Private Hydrant</b>		\$ 38.93	\$ 47.62	\$ 51.79	\$ 54.39	\$ 46.57	\$ 49.30	\$ 52.11
<b>Quarterly Private Fire Line Charge Per Connection</b>								
1"	(New Line Size)	\$ 12.85	\$ 15.71	\$ 17.09	\$ 17.95	\$ 15.37	\$ 16.27	\$ 17.20
2"		12.85	15.71	17.09	17.95	15.37	16.27	17.20
3"		29.20	35.71	38.84	40.79	34.93	36.98	39.09
4"		51.39	62.85	68.36	71.79	61.47	65.08	68.79
6"		116.79	142.85	155.36	163.16	139.70	147.90	156.33
8"		207.89	254.26	276.54	290.42	248.68	263.27	278.28
10"		324.68	397.11	431.89	453.57	388.38	411.17	434.61
12"		467.16	571.38	621.43	652.63	558.83	591.62	625.35
16"		830.38	1,015.63	1,104.60	1,160.05	993.32	1,051.60	1,111.54

Settlement Discussions  
City of Fort Wayne  
Fort Wayne, Indiana

Waterworks Revenue Bonds of 2012

Estimated Restructured Debt Service Schedule

Date	Principal	Interest Rate	Interest Amount	Semi-Annual Debt Service	Annual Debt Service
6/1/2013			800,463	800,463	
12/1/2013			800,463	800,463	1,600,925
6/1/2014			800,463	800,463	
12/1/2014	400,000	2.05%	800,463	1,200,463	2,000,925
6/1/2015			796,363	796,363	
12/1/2015	610,000	2.35%	796,363	1,406,363	2,202,725
6/1/2016			789,195	789,195	
12/1/2016	620,000	2.60%	789,195	1,409,195	2,198,390
6/1/2017			781,135	781,135	
12/1/2017	630,000	2.80%	781,135	1,411,135	2,192,270
6/1/2018			772,315	772,315	
12/1/2018	630,000	3.05%	772,315	1,402,315	2,174,630
6/1/2019			762,708	762,708	
12/1/2019	640,000	3.30%	762,708	1,402,708	2,165,415
6/1/2020			752,148	752,148	
12/1/2020	2,950,000	3.55%	752,148	3,702,148	4,454,295
6/1/2021			699,785	699,785	
12/1/2021	3,050,000	3.75%	699,785	3,749,785	4,449,570
6/1/2022			642,598	642,598	
12/1/2022	5,000,000	3.90%	642,598	5,642,598	6,285,195
6/1/2023			545,098	545,098	
12/1/2023	5,100,000	4.10%	545,098	5,645,098	6,190,195
6/1/2024			440,548	440,548	
12/1/2024	5,265,000	4.30%	440,548	5,705,548	6,146,095
6/1/2025			327,350	327,350	
12/1/2025	5,050,000	4.45%	327,350	5,377,350	5,704,700
6/1/2026			214,988	214,988	
12/1/2026	4,800,000	4.55%	214,988	5,014,988	5,229,975
6/1/2027			105,788	105,788	
12/1/2027	4,550,000	4.65%	105,788	4,655,788	4,761,575
6/1/2028			-	-	
12/1/2028		4.80%	-	-	-
6/1/2029			-	-	
12/1/2029		4.90%	-	-	-
6/1/2030			-	-	
12/1/2030		4.95%	-	-	-
6/1/2031			-	-	
12/1/2031		5.05%	-	-	-
6/1/2032			-	-	
12/1/2032		5.10%	-	-	-
	<u>\$ 39,295,000</u>		<u>\$ 18,461,880</u>	<u>\$ 57,756,880</u>	<u>\$ 57,756,880</u>

**SETTLEMENT TESTIMONY OF OUCC WITNESS JEFFREY A. FISH**  
**CAUSE NO. 44162**  
**FORT WAYNE MUNICIPAL WATER**

**I. INTRODUCTION**

1 Q: Please state your name and business address.

2 A: My name is Jeffrey Allen Fish, and my business address is 115 West Washington  
3 Street, 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")  
6 as a Utility Analyst in the Water/Wastewater Division. I am responsible for  
7 reviewing and analyzing various aspects of a utility's plant and operations.

8 Q: Please describe your professional background and work experience.

9 A: As Assistant Municipal Supervisor for the Town of Arcadia, Indiana (March 1985  
10 through October 1989), I was responsible for the water and wastewater systems.  
11 This included installing, maintaining and repairing water and sewer (sanitary and  
12 storm) lines, installing, maintaining and reading water-metering systems,  
13 backwashing filters, collecting and analyzing samples, daily reporting, and pump /  
14 treatment equipment maintenance.

15 From October 1989 through mid-1996, I was Street & Water  
16 Superintendent for the Town of Cicero, Indiana. As Superintendent I completed a  
17 water plant renovation, developed both a water system improvement plan, and a  
18 matrix system for preparing and presenting annual road improvement projects. In  
19 addition to supervising street and water operation and maintenance, I was also

1 responsible for the wastewater collection system. From 1996 to 2000, I continued  
2 full-time employment for three entities; (1) Triad Engineering as a Field  
3 Inspector, (2) Town of Arcadia again, this time as Utility Manager of both water  
4 and wastewater utilities, and (3) Grissom Redevelopment Authority as a Water  
5 and Sewer Superintendent.

6 From 2000 through 2011, I served as the Utility Manager for Jennings  
7 Northwest Regional Utilities ("Jennings Northwest") in Jennings County, Indiana.  
8 I was responsible for all aspects of the operations including employee work  
9 performance and skill development, customer and community relations, project  
10 development and management, and regulatory compliance. I also led Jennings  
11 Northwest to the completion of a \$17.4 million dollar refinancing through a  
12 forgivable loan for the replacement of more than fifty-five miles of sanitary sewer  
13 and renovation of its Class III wastewater treatment facility.

14 During my twenty-seven year career in utility operations in Indiana, I  
15 earned the highest levels of municipal water and wastewater operator  
16 certifications. My Indiana water and wastewater certifications from the Indiana  
17 Department of Environmental Management (IDEM) include (1) Water Treatment  
18 Plant Operator, WT-5; (2) Water Distribution System Operator-Large, DS-L; (3)  
19 Municipal Wastewater Treatment Plant Operator, Class IV; and (4) Industrial  
20 Wastewater Treatment Plant Operator, Class C. Finally, I attended numerous  
21 training classes and seminars conducted by the American Water Works  
22 Association (AWWA), Indiana Rural Water Association (IRWA), the Alliance of

1 Indiana Rural Water (AIRW), the Indiana Water Environment Association  
2 (IWEA), and IDEM.

3 Q: What is the purpose of your testimony?

4 A: My testimony provides a brief description of Petitioner's water operations and an  
5 overview of planned capital improvement projects. In addition, my testimony  
6 recommends Commission support for the Settlement Agreement between the City  
7 of Fort Wayne, Indiana ("Petitioner"), the City of New Haven, Indiana ("New  
8 Haven"), General Motors LLC ("GM"), and the OUCC as being in the public  
9 interest.

10 Q: What did you do to prepare your testimony?

11 A: I read the petition, Petitioner's pre-filed direct testimony, and Fort Wayne's 2011  
12 IURC Annual Report. I reviewed the final order and direct testimony filed in  
13 Cause No. 42979, establishing Petitioner's current rates. I reviewed the final  
14 order and direct testimony filed in Cause No. 44024, approving financing for the  
15 cost of certain construction projects.

16 On April 12, 2012, I met with Mr. Matthew Wirtz, Fort Wayne Utilities'  
17 Chief Engineer, at his office. We discussed capital improvements listed in his  
18 pre-filed testimony, concerns raised by New Haven, and other operational aspects.  
19 Afterwards, we toured the Three Rivers Filtration Plant and visited all three (3)  
20 water supply reservoirs. I also met with New Haven's consulting engineer, Stan  
21 Diamond, Wessler Engineering, to discuss Petitioner's proposed capital  
22 improvements. In addition, I prepared data request questions and studied

1           Petitioner's responses to OUCC and other parties' requests. Throughout my  
2           analysis, I met with other OUCC staff members to discuss issues in this Cause.

**II. SETTLEMENT ISSUES**

3    Q:    Please briefly describe Petitioner's water operations.

4    A:    Petitioner's water utility serves over 82,000 customers (over 225,000 people) in  
5           Fort Wayne and the surrounding areas, including residential, commercial,  
6           industrial, governmental, and wholesale customers. Petitioner has three  
7           reservoirs: St. Joseph River Dam with 260 million gallons ("MG"), Cedarville  
8           (500 MG), and Hurshtown with nearly 1.9 billion gallons.

9           Petitioner's Three Rivers Filtration Plant has a design capacity of 72  
10          million gallons per day ("MGD"), onsite finished water storage of 20 MG and  
11          high service pumping capacity of approximately 120 MGD. Petitioner's  
12          distribution system consists of four booster stations, seven elevated storage tanks  
13          with a combined capacity of 8.5 MG, two prestressed concrete ground storage  
14          reservoirs with a combined capacity of 8 MG, and approximately 1,160 miles of  
15          water mains ranging in size from 3 inches to 54 inches in diameter, including  
16          some constructed in the late 1800s.

17   Q:    Do you have any concerns regarding Petitioner's operation and maintenance  
18          program?

19   A:    Yes. While Petitioner's facilities appeared used and useful upon inspection, its  
20          response to OUCC Discovery Question Q 4-15 shows water loss increasing  
21          annually from nearly 18% to 23% between 2007 and 2011.

1 Q: What is Petitioner currently doing to curtail its water loss?

2 A: Petitioner is repairing several hundred water main breaks each year, replacing  
3 several miles of old water main each year, and performing periodic distribution-  
4 system leak detection.

5 Q: Is Petitioner doing enough to reduce its water loss?

6 A: No. As Mr. Wirtz states in his testimony, p. 12, Petitioner “continues to see an  
7 increasing trend in the number of water main breaks each year and the number of  
8 miles of water main reaching its useful life continues to increase faster than those  
9 assets can be renewed”.

10 Q: Does Petitioner have a Capital Improvements Plan intended to address its  
11 water loss?

12 A: Yes. Petitioner provided a report titled “Capital Improvement Plan” identified as  
13 Exhibit D, pp. 17-23, in Mr. Skomp’s February 28, 2012 Rate and Financing  
14 Report (Pet. Ex. 5). For convenience, I am attaching a copy as JAF Attachment –  
15 1. Petitioner’s Capital Improvement Plan estimates the total cost for  
16 improvements proposed in this Cause at approximately \$17.58 million. Petitioner  
17 organized its Capital Improvement Plan into three major categories, and then by  
18 subcategories with cost estimates. Petitioner’s Capital Improvement Plan  
19 categories include:

20 1) Filtration Plant: subcategories include Annual Improvements, Dams  
21 and Reservoir Projects, Miscellaneous, Plant Capacity and Enhancements, Plant  
22 Efficiency and Reliability, Plant Regulatory, Plant Repair and Replace, Plant  
23 Safety and Security, and Purchased Assets,

1                   2) Water Distribution: subcategories include Distribution Capacity /  
2 Reliability / Quality, Distribution Pumping, Distribution Storage, Miscellaneous,  
3 Oversizing and Economic Development, Transportation Project Partnering, Water  
4 Main Extensions, and Water Main Repair and Replacements, and

5                   3) Water Maintenance: subcategories include Meters, Hydrants, Valves,  
6 New Services, Miscellaneous, and Purchased Assets.

7 Q: Does Petitioner's Capital Improvement Plan appear reasonable?

8 A: Yes, Petitioner's Capital Improvement Plan appears reasonable based on my case  
9 review and recent tour of its facilities. Petitioner's treatment plant showed signs  
10 of aging as I observed large sections of the stone exterior walls and concrete  
11 walkways eroding. Most of the treatment tanks (i.e. filter, sedimentation, and  
12 mixing) were full of water during my tour, which makes it impossible to see the  
13 submerged structures and equipment. Good housekeeping practices (i.e. painting  
14 and cleaning in this case) hid what might have otherwise been apparent age-  
15 related or operational problems. The proposed improvements seem generally  
16 reasonable based on the age of the facilities and process equipment.

17                   Upon inspection of Petitioner's three (3) reservoirs, I made observations  
18 that include 1) Three Rivers Dam and pumping station showing signs of aging  
19 similar to that of the treatment plant, but relatively good housekeeping inside the  
20 pumping station, 2) Cedarville Dam showing visible downstream bank erosion  
21 and an overgrowth of saplings along the upstream bank, and 3) Hurshtown  
22 Reservoir banks sloughing off, excessive sapling growth and poor drainage at the

1           tow of the dam. Based on my observations and the maintenance needs of these  
2 facilities, Petitioner's reservoir improvements generally appear reasonable.

3           According to Mr. Wirtz and his testimony, Petitioner plans to increase the  
4 miles of water main it replaces each year and to continue making distribution  
5 system improvements that include replacing aging and/or defective valves and fire  
6 hydrants. Petitioner has agreed in the settlement to provide the parties and the  
7 Commission with the same annual report it provides to the city council describing  
8 its main extensions replacements and improvements. Based on my investigation,  
9 Petitioner's distribution system improvements generally appear reasonable.

**III. CONCLUSION**

10 Q:    What is your recommendation regarding Petitioner's request for funding to  
11 complete projects included in this Cause?

12 A:    I recommend the Commission approve Petitioner's request for funding to  
13 complete projects in its Capital Improvement Plan.

14 Q:    Does the OUCC consider the settlement terms agreed upon to be reasonable  
15 and otherwise in the public interest?

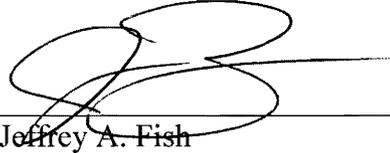
16 A:    Yes. The OUCC recommends the Commission approve the settlement, which it  
17 considers to be in the public interest.

18 Q:    Does this conclude your testimony?

19 A:    Yes.

**AFFIRMATION**

I affirm, under the penalties for perjury, that the foregoing representations are true.



\_\_\_\_\_  
Jeffrey A. Fish  
Indiana Office of Utility Consumer Counselor

7-3-12

\_\_\_\_\_  
Date

Cause No. 44162  
Fort Wayne Municipal Water

FORT WAYNE MUNICIPAL WATER UTILITY  
 Fort Wayne, Indiana

Capital Improvement Plan  
 Provided by Matthew Wirtz, Fort Wayne Municipal Water Utility

	2012	2013	2014	2015	2016	Total
<b>FILTRATION PLANT</b>						
<b>ANNUAL IMPROVEMENTS (FILTERS, DESLUDGING)</b>						
Plant Filter Renovations	\$ 89,658					\$ 89,658
Plant Filter Renovations	212,974	\$ 165,000	\$ 170,000	\$ 170,000	\$ 170,000	887,974
Roofing	50,000	50,000	50,000	100,000	100,000	350,000
Limestone	5,000	50,000	50,000	50,000	50,000	205,000
<b>DAMS AND RESERVOIR PROJECTS</b>						
N/S Reservoir Structural and Piping Improvements	13,770	*				13,770
St Joe Dam Concrete and Structural Repairs	2,396,781					2,396,781
Screen 1 at St Joe Dam	76,337					76,337
Raw Water Large Valve Repair and Replacement	1,082					1,082
St Joe Dam Fiber for SCADA Connection	7,952					7,952
St Joe Dam LSP Suction Intake Vane	4,368					4,368
St Joe Dam Screen Room Exhaust Fan Replacement	80					80
HVAC for St. Joe Dam Electrical Bulding	5,000	20,000				25,000
St Joe Dam Concrete and Structural Repairs - Ph 2					1,000,000	1,000,000
Filtration Plant - West Reservoir Improvements					10,000,000	10,000,000
Hurshstown Bank Reconstruction					2,000,000	2,000,000
St. Joe Dam Pump 2 and 4 Replacement					2,200,000	2,200,000
St Joe Dam Raw Water Large Valve Repair and Replacement		25,000	25,000	25,000	25,000	100,000
St. Joe Dam Screen Room Windows		20,000	20,000	20,000	20,000	80,000
St Joe Dam Standby Emergency Generator Louver Improvement		12,000				12,000
St Joe Dam HMI Screen Improvement	8,000					8,000
St Joe Dam LSP Intake Model		20,000				20,000
St. Joe Dam and Filtration Plant Energy and Power Management System			125,000			125,000
St. Joe Dam Micro Turbine		35,000		50,000	50,000	135,000
Cedarville Dam Controls		100,000				100,000
Cedarville Embankment Repairs			80,000			80,000
Cedarville Wing Wall Protection - Downstream			125,000			125,000
Cedarville Wing Wall Protection - Upstream			150,000			150,000
Cedarville Emergency Spillway					200,000	200,000
St Joe Dam Raw Water Main Inspection		50,000				50,000
St Joe Dam Raw Water Main Rehabilitation				500,000		500,000
Hurshstown Bank Reconstruction			100,000			100,000
Biennial Inspections (Cedarville / Hurshstown)	5,000		5,000		5,000	15,000
Hurshstown Piezometer Replacement		15,000				15,000
<b>MISCELLANEOUS</b>						
SRF In - House Labor	100,000	*				100,000
<b>PLANT CAPACITY AND ENHANCEMENTS</b>						
Fluoride Room Improvements	20,570					20,570
Filtration Plant - Water Capacity Development (Land Acqulsition)		100,000	100,000	100,000	100,000	400,000
HSD Sink in Control Room		5,000				5,000
Map Room Furniture and Library		20,000				20,000
<b>PLANT EFFICIENCY AND RELIABILITY</b>						
Carbon Transfer System	27,053					27,053
Plant Wide Medium Voltage Testing and Inspection	5,052	25,000	25,000	25,000		80,052

FORT WAYNE MUNICIPAL WATER UTILITY  
 Fort Wayne, Indiana

Capital Improvement Plan

	2012	2013	2014	2015	2016	Total	
<b>PLANT EFFICIENCY AND RELIABILITY (Continued)</b>							
Cabinet Control Stations (4 locked)		\$ 12,000				\$ 12,000	
Plant Metering Improvements (HSD and Filter)		20,000				20,000	
MCC T Replacement	\$ 13,061					13,061	
Lime Conveyance Mechanical Improvements	6,693	100,000	\$ 200,000	\$ 200,000	\$ 200,000	706,693	
MCC V Feed from MCC Q	15,567					15,567	
Liquid CO2 Storage Controls and Piping	20,000					20,000	
Connect Plant Filters PLCs to office UPS	536					536	
LIMS (Labworks)	119,775					119,775	
Entech System for Filter		115,000				115,000	
Replacement of Plant Lighting - regulations	61,798	50,000				111,798	
Concrete Pad for Electrical Storage	1,069					1,069	
Large Backwash Pump Rebuild	25,000					25,000	
Lime Sludge Force Main - Quick Connection Point		30,000				30,000	
Pump Stations Energy and Power Management System		15,000	15,000	15,000	15,000	60,000	
TRFP Ground Fault Indication System (North Electrical Bldg.)		50,000				50,000	
Lime Sludge Force Main Cleaning and Improvements		50,000				50,000	
Plant 2 Settling Tank Wear Strip and Shoes	15,000	15,000				30,000	
4000 lb Stakers		100,000				100,000	
Bluffton Road Pressure Station Telemetry		90,000				90,000	
Filter Underdrain Replacement - Ph 3				200,000		200,000	
Painting NW and SW Station Equipment, Piping		15,000				15,000	
Resize Heater in Ammonia Feed Room	3,000					3,000	
Gate for Plant 3 Raw Water Flume	35,000					35,000	
<b>PLANT REGULATORY</b>							
Chlorine Dioxide Generators	20,182					20,182	
Plant Disinfection Improvements	12,297,968	# 8,000,000	#			20,297,968	
Carbon Dioxide System Improvements	25,000	+ 350,000	+			375,000	
Peristaltic Hose Pump for Honeysuckle, Bisulfate	4,000					4,000	
Filter Turbidity Meter Replacement	10,000	10,000	10,000	10,000	10,000	50,000	
Ammonia Injector Relocation		15,000				15,000	
GM Tank Chlorine Analyzer and SCADA Link	5,000					5,000	
Total Chlorine Analyzer and SCADA link	6,000					6,000	
ON-Line Analyzer Backwash System		30,000				30,000	
Caustic Feed System			550,000			550,000	
<b>PLANT REPAIR AND REPLACE</b>							
Plant North 3 Sludge Pumps (Phase 2)	1,357	*				1,357	
Lime Sludge Valve, Piping and Pumping Improvements (Phase II)	16,281	*				16,281	
Filter Underdrain Replacement	1,047	*				1,047	
Plant 3 Flocculation and Clarification Improvements - Phase II	194,758	*				194,758	
Plant 3 Clarifier Rehab		200,000	+			200,000	
Plant 3 Weirs		500,000	+			500,000	
Filter Valve Replacements - Plant 3	25,000	+	1,000,000	+	250,000	+	1,275,000
Plant 1 Secondary Settling (uppers) Concrete Rehab		300,000	+	500,000	+	800,000	
Plant 1 and 2 Concrete Repairs		350,000	+			350,000	
Plant 3 Flocculation and Clarification Improvements Phase III		200,000	+			200,000	
Filter Underdrain Replacement - Ph 2		400,000	+	200,000	+	600,000	
Substation #1 Switchgear Replacement			400,000	+		400,000	

**FORT WAYNE MUNICIPAL WATER UTILITY**  
 Fort Wayne, Indiana

Capital Improvement Plan

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Total</u>
<b>PLANT REPAIR AND REPLACE (Continued)</b>						
Substation #2 Switchgear Replacement			\$ 400,000 +			\$ 400,000
Plant 3 East Wall					\$ 230,000 ^	230,000
Plant 1 Primary Weirs					500,000 ^	500,000
Filter Underdrain Replacement - Phase 3					400,000 ^	400,000
Plant 2 Sludge Collectors	\$ 31,209	\$ 200,000	20,000	\$ 20,000	20,000	291,209
Carbon Slurry Tank Repair	24,852					24,852
Ferri Flowmeter Upgrade (6)	25,000					25,000
Process Pipe Coating and Refurbishing		20,000	20,000	20,000	20,000	80,000
Plant 3 Filter Receiver for Lime Handling System	25,000	25,000	25,000	25,000	25,000	125,000
Replace Valves for Screens	6,000					6,000
Plant 3 Conveying System Piping	26,021					26,021
Disconnect Sand Piping from HSD Piping	5,000	10,000				15,000
New Heated Enclosures for Plant 2 Sludge Collector Drives		10,000				10,000
Replace or Rebuild Plant 3 Upper Sullair	30,000					30,000
Hot Potable Water Lines in Plant 1	10,000					10,000
Plant 2 Filter Gallery Roof	40,000					40,000
Lab Roof Replacement	1,400					1,400
Plant 1 East, Floor and Walk area Repair	25,000					25,000
Masonry Investigation	3,400					3,400
Backwash Pump Check Valve Replacement	52,000					52,000
HSP 10 Rebuild	36,000					36,000
A/C MCC Q Room	10,000					10,000
Chief Operator Office Floor		10,000				10,000
Plant 3 OnLine Monitor	35,000					35,000
Lab Conference Room A/V Improvements		10,000				10,000
Duplex Sump Pump System for Plant 1 Pipe Gallery	15,000					15,000
Steam Piping Repair Replacement	5,000	10,000				15,000
Plant 2 and 3 Drive Sprockets and Chain	10,000					10,000
Replace Floc Tank 8" Drain Valves in Plant 2 (18)		50,000				50,000
Ramp for Stairs in Main Hall, Next to Control Room		25,000				25,000
Aluminum Hatches for Monroe and Superior Meter Vaults		8,000				8,000
Filter Valve - PLC Cabinet AC		12,000				12,000
Carbon Slurry Tank Repairs	10,000	50,000				60,000
Replace Main Boller		120,000				120,000
Plant Windows and Screen	20,000	20,000	20,000	20,000	20,000	100,000

**FORT WAYNE MUNICIPAL WATER UTILITY**  
 Fort Wayne, Indiana

Capital Improvement Plan

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Total</u>
<b>PLANT REPAIR AND REPLACE (Continued)</b>						
General Concrete Surface Repair/Replace		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 100,000
General Plant Equipment Repair and Replace		60,000	60,000	60,000	60,000	240,000
Tankage, Filter Building Cracks in Gallery		50,000	50,000	50,000	50,000	200,000
Laboratory - Replace HVAC Units		250,000	200,000			450,000
Plant 3 HSD Piping		50,000				50,000
Filter Building Clearwell Cleaning and Improvements		50,000	50,000	63,000		163,000
Plant 1 Control House Doors and Windows			30,000			30,000
Gas-Mastr Plant 1 East	\$ 10,000					10,000
<b>PLANT SAFETY AND SECURITY</b>						
Access Door for GM Tank	2,147					2,147
Miscellaneous Handrails and Toe Boards	5,000	10,000	10,000	10,000	10,000	45,000
St Joe Dam Security Cameras	9,437	60,000				69,437
Platforms / Ladders Plant 1	15,000					15,000
PTZ Color Camera to Replace Front Gate Camera	3,385					3,385
Plant 1 Split Gate	37,000					37,000
Floor in Metal and Reagent Room		14,000				14,000
Security, Doors, Lighting, Gate	17,531	10,000	20,000	10,000	10,000	67,531
Safety Rigging for Filter Area	55,000					55,000
Plant Lighting (Safety and Work Environment)		40,000	40,000	40,000	40,000	160,000
Security - East Pump Room Windows		50,000				50,000
Chem Building / Chlorine Area Security Cameras		30,000	30,000			60,000
Northwest Pump Station #1 Security Improvement Project		5,000	30,000			35,000
Northwest Pump Station #2 Security Improvement Project			5,000	30,000		35,000
Westside Pump Station Security Improvement Project		5,000	30,000			35,000
West Tank Security		5,000	30,000			35,000
Southwest Pump Station Security Improvement Project				5,000	30,000	35,000
Dupont Tank Security			5,000	30,000		35,000
Coldwater Tank Security			5,000	30,000		35,000
<b>PURCHASED ASSETS</b>						
Pressure Transmitters	378					378
Vibration Analyzer		9,000				9,000
Spare Spectrophotometer	7,000					7,000
Replace Ferri Pumps	14,000					14,000
Fiber Tester		5,000				5,000
Conduit Bender		10,000				10,000
Boom Lift		55,000				55,000
CMMS Barcode Scanner Equipment	9,000					9,000
Sand Blasting Cabinet		3,000				3,000
Gang Box and Tools for Plant 2 and 3 Control House	8,000					8,000
Equip - FLP General			75,000	75,000	75,000	225,000
Rolling Stock - FLP General		50,000	50,000	50,000	50,000	200,000
<b>FILTRATION PLANT TOTALS:</b>	<u>16,590,527</u>	<u>14,185,000</u>	<u>4,350,000</u>	<u>2,028,000</u>	<u>17,710,000</u>	<u>54,863,527</u>

**FORT WAYNE MUNICIPAL WATER UTILITY**  
 Fort Wayne, Indiana

Capital Improvement Plan

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Total</u>
<b>WATER DISTRIBUTION</b>						
<b>DISTRIBUTION CAPACITY/RELIABILITY/QUALITY</b>						
NWFM Phase 3 - Clinton to Fernhill		\$ 3,100,000 +				\$ 3,100,000
NEFM Maplecrest Feeder Main: Lake to SR 930	\$ 5,828				\$ 1,500,000 ^	1,505,828
NEFM: Maplecrest Feeder Main: Lake to State	27,131	100,000				127,131
NWFM Phase 4 - Lima to Washington Center					2,250,000 ^	2,250,000
Network Connections		100,000	\$ 100,000	\$ 100,000	100,000	400,000
NWPZ Coldwater: Waterswoide to Farmstead		200,000				200,000
NEFM Lahmeyer: State to Trier				50,000	200,000	250,000
NWPZ Clinton: Wallen to Diebold				175,000		175,000
WPZ Bass Road: I-69 Crossing		25,000	275,000			300,000
NEFM Northside Park to Crescent		200,000				200,000
NEFM Maysville/Stellhorn Feeder Main				150,000		150,000
NEFM State Street: Beacon to Sherborn		50,000	300,000			350,000
NEFM Wheelock: Stellhorn North to Existing		50,000				50,000
NWFM Butler Road: Midnight to Hillegas				210,000		210,000
NWFM Hillegas Connections		50,000	200,000			250,000
NWPZ Central Feeder Improvements		50,000	100,000	50,000	100,000	300,000
NWPZ Union Chapel Road: Tonkel to Puff					270,000	270,000
SEFM Meyer Road: Seler to Moeller		225,000				225,000
SEFM New Haven: Coliseum to Medford Feeder Main		75,000	200,000	325,000		600,000
WPZ South Bend - Engle		75,000	300,000	100,000		475,000
NWPZ Popp Road: Tonkel to SR1			50,000	300,000		350,000
WPZ Dicke-Hadley 2 - Illinois to Ridge Noll					300,000	300,000
WPZ Dicke-Hadley 3: Covington to Ridge Noll					245,000	245,000
WPZ Dicke-Hadley 4: Scottswood to Covington					500,000	500,000
<b>DISTRIBUTION PUMPING</b>						
Westside Station - I and C Improvements - labor	50,000					50,000
Northwest 1 - Pump Rebuild of Pumps 1,2,3		54,000				54,000
NW Pumping Station #2 - Suction Improvements		25,000	350,000			375,000
West Pump Station and West Tank (I and C)	125,843 #					125,843
NWPZ Pumping Improvements	723,828 #					723,828
<b>DISTRIBUTION STORAGE</b>						
Coldwater Mandoor and Frame	4,000					4,000
Redwood Chestnut Tank Demo			120,000			120,000
Painting of Elevated Tank			400,000			400,000
North Elevated Tank					2,600,000 ^	2,600,000
<b>MISCELLANEOUS</b>						
Aqua Integration	52,436					52,436
New Meters - Aqua Integration		1,000,000 +				1,000,000
Railroad Spur Removal	25,807					25,807
Distribution System Remote Metering	14,683	25,000	25,000	25,000	25,000	114,683
2011 Mapping of Closed Work Orders	5,552	5,000	5,000	5,000	5,000	25,552

**FORT WAYNE MUNICIPAL WATER UTILITY**  
 Fort Wayne, Indiana

Capital Improvement Plan

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Total</u>
<b>OVERSIZING AND ECONOMIC DEVELOPMENT</b>						
Airport Expressway Infrastructure Improvements	\$ 2,477,152					\$ 2,477,152
Coves of Brook Crossing	12,946					12,946
Oversizing Allowance	25,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	625,000
9962 Diebold Road - Berger Auto Water Main Extension	8,031					8,031
4545 Kroemer Road - Greatbatch Medical WM Extension	147,345					147,345
Petition Project Partnering	3,111	50,000	50,000	50,000	50,000	203,111
Hawthorne Park Estates Section 1 Water Main Extension	46,889					46,889
Pointe Inverness Apartments	35,406					35,406
<b>TRANSPORTATION PROJECT PARTNERING</b>						
Spring Street	28,745					28,745
Diebold Road Utility Locates	31,802					31,802
Clinton Street at Spy Run Creek Road Realignment	13,914					13,914
Trans Project Allowance		50,000	50,000	50,000	50,000	200,000
Auburn/Cook Road		10,000				10,000
Flutter Road/St. Joe Road	5,000					5,000
Dupont Rd - Coldwater to Lima (w TES)		50,000	350,000			400,000
Bass Rd Improvements		40,000	150,000			190,000
<b>WATER MAIN EXTENSIONS</b>						
SWFM Smith and Lower Huntington Ext Ph1 (Econ Dev)				50,000		50,000
<b>WATER MAIN REPAIR AND REPLACEMENT</b>						
Union Chapel Road at I-69 - New Interchange	,200,875					200,875
3940 Elwood Drive	1,037					1,037
Anthony Wayne Village - Phase 2	12,647 *					12,647
Riverside, Hannas, Paramount Additions	720,297 #	1,000,000 +				1,720,297
Water Main Replacement Allowance	100,000 #					100,000
Bluffton Road and Lower Hgtn - Water Main Replacement	598,905 #	500,000 +				1,098,905
Sheridan Court		100,000 +				100,000
Water Main Replacement Allowance		4,000,000 +	2,500,000 +			6,500,000
Fairfield, Hollis and Millside		280,000 +				280,000
Water Main Replacement Allowance					4,600,000 ^	4,600,000
Main Replacement Allowance		100,000	600,000	4,750,000	5,250,000	10,700,000
<b>WATER DISTRIBUTION TOTALS:</b>	<u>5,504,210</u>	<u>11,739,000</u>	<u>6,275,000</u>	<u>6,540,000</u>	<u>18,195,000</u>	<u>48,253,210</u>
<b>WATER MAINTENANCE</b>						
<b>METERS, HYDRANTS, VALVES AND NEW SERVICES</b>						
Aqua North Meter Conversion	5,027					5,027
New Meters	50,000	50,000	50,000	50,000	50,000	250,000
Hydrant Replacements - Installations	139,841	200,000	200,000	200,000	200,000	939,841
Large Valve Replacements	57,186	75,000	75,000	75,000	75,000	357,186
Small Valve Replacements	115,477	100,000	100,000	100,000	100,000	515,477
<b>MISCELLANEOUS</b>						
Building Security System	12,000					12,000
New Payroll System	20,000					20,000

**FORT WAYNE MUNICIPAL WATER UTILITY**  
 Fort Wayne, Indiana

Capital Improvement Plan

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Total</u>
<b>PURCHASED ASSETS</b>						
MDT's for WMS	\$ 15,000					\$ 15,000
Service Vans (2)	25,311 >					25,311
Line Truck with Traller	42,435 >					42,435
Dump Truck (2) with Air Brakes	52,524 >					52,524
Back Hoe	80,000 >					80,000
Hydrant Truck	18,497 >					18,497
Crane for Hydrant Truck	5,000					5,000
GPS Handheld Units (5)		\$ 9,000	\$ 25,000			34,000
HVAC System Controller - Repair	38					38
Annual Rolling Stock Replacement			250,000	\$ 250,000	\$ 250,000	750,000
Service Van		25,000				25,000
Service Van	25,000 >					25,000
Crew Cab		30,000				30,000
Dump Trailer	6,000					6,000
Vaccer Unit	35,000					35,000
12' Line Trailer	6,000					6,000
12' Line Trailer		6,000				6,000
Arrow Board	5,000					5,000
Test Bench for Meters - Water Share	28,500					28,500
Williamson Tamper Unit	6,200					6,200
Elster Hand held radios	14,280					14,280
4-12" Hydraulic Pipe cutter-2	6,000					6,000
Back Hoe / Mini - Excavator		80,000				80,000
Dump Truck		140,000				140,000
<b>WATER MAINTENANCE TOTALS:</b>	<u>770,314</u>	<u>715,000</u>	<u>700,000</u>	<u>675,000</u>	<u>675,000</u>	<u>3,535,314</u>
Total Capital Improvement Plan	\$ 22,865,051	\$ 26,639,000	\$ 11,325,000	\$ 9,243,000	\$ 36,580,000	\$ 106,652,051
Aqua BAN		17,925,158				17,925,156
Less Amount to be Funded by:						
TIF, CEDIT, OCRA (1)	(3,875,497)					(3,875,497)
Commercial Loan (>)	(243,767)					(243,767)
2008 Bond Proceeds (*)	(339,860)					(339,860)
2011 SRF Loan Proceeds (#)	(14,566,841)	(8,000,000)				(22,566,841)
Proposed 2012 Bond Issue (+)	(50,000)	(13,280,000)	(4,250,000)			(17,580,000)
Proposed 2012 Bond Issue associated with Aqua BAN (!)		(17,925,158)				(17,925,156)
Proposed 2015 Bond Issue (^)					(27,280,000)	(27,280,000)
Annual Extensions and Replacements	<u>\$ 3,789,066</u>	<u>\$ 5,359,000</u>	<u>\$ 7,075,000</u>	<u>\$ 9,243,000</u>	<u>\$ 9,300,000</u>	<u>\$ 34,766,086</u>
Average Annual Extensions and Replacements (2015 - 2016)						<u>\$ 9,271,500</u>
Compare to Depreciation Expense						<u>\$ 7,169,214</u>

(1) TIF = Tax Increment Finance Revenues; CEDIT = County Economic Development Income Tax Revenue; OCRA = Office of Community and Rural Affairs