

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF THE CITY OF ANDERSON, INDIANA (1) FOR)
 AUTHORITY AND APPROVAL TO INCREASE RATES AND)
 CHARGES FOR WATER SERVICE, INCLUDING APPROVAL)
 OF NEW SCHEDULE(S) OF RATES AND CHARGES FOR) CAUSE NO. 44510
 WATER SERVICE, AND (2) FOR AUTHORITY AND)
 APPROVAL TO ISSUE BONDS, NOTES, OR OTHER)
 OBLIGATIONS OF INDEBTEDNESS)

JOINT SETTLEMENT STIPULATION AND AGREEMENT

The Petitioner, City of Anderson, Indiana for its Municipal Water Utility (“Anderson”) and the Indiana Office of Utility Consumer Counselor (“OUCC”) tender this Joint Settlement Agreement (“Agreement”) and jointly request that the Commission approve and adopt its terms in its final order in this cause granting Anderson the rate and financing relief it requested in its Petition initiating this cause filed July 2, 2014. The parties will tender to the Commission additional pre-filed testimony and exhibits in support of this settlement. The Commission has set a Settlement Hearing for December 10, 2014, at which time the parties intend to present their pre-filed testimony and exhibits in support of this settlement. The parties will tender to the Commission at or before the Settlement Hearing an agreed form of final order.

The terms of the parties’ settlement agreement follows.

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SETTLEMENT AGREEMENT

I. Revenue Requirement

Attached as Exhibit A are financial schedules showing the OUCC's adjustments, which both parties agree to for settlement purposes. The parties agree on these financial schedules as the basis to determine Anderson's revenue requirement on which new rates should be based. Anderson neither admits nor agrees that its future revenues and expenses will match the adjusted pro forma revenues and expenses either individually or in the aggregate.

II. Financing

A. Authorization

Anderson should be authorized to issue up to \$14,270,000 in long-term debt at a maximum interest rate not to exceed 6.0%.

B. True-up

If Anderson borrows materially less than \$14,270,000, then:

1. Anderson will be required to file a true-up report that will include a calculation of the rate impact on the Phase I and Phase II rates, on account of the decreased amount of principle borrowed, in a manner similar to that used by Petitioner in its last rate case (which included a draft set of revised tariffs); and
2. unless the OUCC agrees the decrease in rates would be immaterial, Petitioner will adjust its rates to account for the decreased amount of principle borrowed.

C. Use of Rates Collected before Borrowing

The portion of monthly revenues collected under the new rates before the issuance of Anderson's 2015 debt which represents amounts collected for debt

service (calculated based on Exhibit A) shall be paid to the Anderson Municipal Sewage Works (“Sewage Works”) to reduce the outstanding balance on Anderson’s interdepartmental loan. Anderson will provide the OUCC a transaction ledger showing all such payments to the Sewage Works as part of its reporting requirements in VII.C below.

D. Phase II Rates

Anderson’s Phase II rates approved in this cause will go into effect no sooner than twelve (12) months before its first principal payment is due on its 2015 Bonds.

E. Reporting to OUCC and IURC in Connection with Financing

See VII.C below.

F. Expiration of Authority

If Anderson elects to issue its proposed 2015 Bonds in phases, Anderson shall notify the IURC and the OUCC in writing of its intention to do so. Otherwise, any unused authority to issue debt for Anderson’s 2015 bonds will expire 360 days after the issuance of the final order in this Cause.

III. Accounting Practices

A. Accounting Manual

Anderson agrees to develop and implement by December 31, 2015, a comprehensive accounting manual. Anderson’s accounting manual will set forth standards for required journal voucher support and file vouchers with support in a readily available location; develop a standardized journal voucher numbering system

for transactions that are not AP, Inventory, or Payroll, and require approval of all water utility journal vouchers before transactions are entered into accounting system.

B. Specific Regulatory Accounting Practices

Anderson agrees to:

1. reconcile bank account(s) monthly and develop a schedule showing each fund balance included in the pooled cash account;
2. research the possibility in its MUNIS accounting system to record public fire protection surcharge separately from water sales revenues and implement such an accounting system if it can be reasonably accomplished; and
3. either adopt the NARUC system of accounts numbering system or develop a crosswalk to allow ease of reference between the MUNIS account numbers and the account numbers prescribed by NARUC, provided that Anderson may retain its current capitalization policy.

IV. Operations and Planning

A. Strategic Planning and other Planning

Anderson will develop Requests for Qualifications (RFQs) for a qualification-based selection of consultants for strategic planning activities as required in this Agreement. Within eighteen (18) months of the issuance of the final order in this Cause, Anderson will develop a Strategic Plan. (See VII.D.3 below regarding reporting.) Within six (6) months of the final order in this Cause, Anderson will contract with a professional consultant(s) to begin working on the Strategic Plan and assist, as appropriate, in the development of the Capital Improvement Plan, the Tank

Maintenance Prioritization Plan, the Scope of Services and Study Schedule, the Asset Management Plan, and the Flushing Plan. (See sub-sections B, C, D, E, and F below.)

B. Capital Improvement Plan

As part of, or in connection with, its strategic planning activities, within eighteen (18) months of the final order in this Cause, Anderson will, develop and implement a rolling short-term three-year capital improvement plan for its depreciation funds.

C. Wells and Tanks

1. Tanks

As part of, or in connection with, its strategic planning activities, Anderson will, within eighteen (18) months of the final order in this Cause: (a) work with a professional tank consultant to develop (i) a long-term tank maintenance prioritization plan and establish a forecasted maintenance schedule to assist in determining the financial cost to performing future tank maintenance, and (ii) the necessary documents, policies, and procedures to comply with the AWWA G200-09 Standard; and (b) comply with AWWA G200-09 Standard for Treated Water Storage Facilities, Section 4.3.1 (see VII.D.1 below regarding reporting).

2. Wells

Anderson will work with a professional well consultant to determine the annual cost of performing well maintenance on an ongoing basis.

D. Other Studies

As part of, or in connection with, its strategic planning activities, Anderson will, within eighteen (18) months of the final order in this Cause, also:

1. Develop a Scope of Services and Study Schedule, consultant selection criteria and a solicitation process for the Qualification Based Selection of consultants for (a) hydraulic model, (b) hydrogeological study, (c) water resources alternatives study, and (d) bottom-up water audit to further the goal of reducing Anderson's non-revenue water. Anderson will issue Requests for Statements of Qualifications (SOQ) with separate sealed cost proposals to conduct the studies. .
2. Assess its smart grid system (see VII.D.2 below for reporting).

E. Asset Management

As part of, or in connection with, its strategic planning activities, Anderson will, within eighteen (18) months of the final order in this Cause, establish an asset management team to develop a written asset management plan, including: (a) an asset condition assessment for renewal/replacement planning, (b) valve database, (c) valve exercising program, (d) small diameter water main and steel water main replacement program, (e) water main and service line database, and (f) development or purchase, and implementation, of computer maintenance management system software to help the Anderson schedule, track, and monitor O&M activities and resources.

F. Flushing

As part of, or in connection with, its strategic planning activities, Anderson will, within eighteen (18) months of the final order in this Cause, develop and implement a comprehensive flushing plan for its water system and its hydrants.

G. Portable Generator

Within ninety (90) days following the final order in this Cause, Anderson will procure or arrange for access to a portable generator to support the pump at Ranney Well No. 5.

V. Restricted Funding

A. Depreciation Fund

Anderson will establish a depreciation fund, which is restricted for use only to pay for capital improvement projects. However, the depreciation fund may be invaded in the event Anderson requires the money to make debt service payments on its outstanding debt subject to criteria and notice requirements. Anderson will begin funding the restricted depreciation fund starting on January 1, 2017. Anderson will fund the restricted depreciation fund at a monthly level of at least one-twelfth (1/12) of the annual amount calculated for annual depreciation expense within this Cause as shown in Schedule 1 and 1A. To the extent that the depreciation fund is not so funded in any given month, Anderson will make up the funding deficit as soon as monthly revenues are available to do so.

B. Tank and Well Maintenance Fund

Anderson will establish a tank and well maintenance fund, which is restricted for use only to pay the expenses associated with tank and well maintenance. However,

the tank and well maintenance fund may be invaded in the event Anderson requires the money to make debt service payments on its outstanding debt subject to criteria and notice requirements. Anderson will begin funding the restricted well and tank maintenance fund starting on January 1, 2017.

Anderson will fund the restricted well and tank maintenance account at a monthly level of at least one-twelfth (1/12) of the annual amount for well and tank maintenance expense within this Cause as shown in Schedule 1 and 1A. To the extent that the well and tank maintenance fund is not so funded in any given month, Anderson will make up the funding deficit as soon as monthly revenues are available to do so.

C. Criteria and Notice Requirements

Reasonable notice requirements means notification (within 30 days) to the IURC and the OUCC after any monies from either the depreciation fund or the well and tank maintenance fund are used to pay debt service. The notice will include the amount of funds used to pay debt service and the date the funds were paid out for that purpose.

D. Annual Reporting Regarding Restricted Funds

See VII.D.4 below.

VI. Meter Leases and Contracts

Anderson's revenue requirement includes its lease payment obligation for meters, which Anderson should be authorized to have incurred and to recognize in a principal amount of no more than \$4,420,000 at an interest rate of 4.1342%. Anderson's revenue

requirement further includes obligation to pay to Johnson Controls for Measurement & Verification and Consultation services, which obligations may be offset in future rate cases by payments or credits to Anderson from Johnson Controls if such payments or credits occur and are within the parameters for accounting adjustments as set forth in those future rate cases (see VII.D.5 below for reporting).

VII. Reporting and Meeting

A. Quarterly and Annual Meetings with OUCC

During the first 12 months in which Anderson's Phase I rates are in effect, Anderson will meet with the OUCC on a quarterly basis to discuss its progress in developing such RFQs and its selection of consultant(s). Anderson will meet with the OUCC on a semi-annual basis for the following two years to discuss ongoing progress of its strategic planning activities.

B. Reports in Connection with Meetings

Prior to each quarterly and semi-annual meeting, Anderson will provide the OUCC a summary cash flow statement reflecting total cash inflows and total cash outflows for the period being reported. The summary of cash flows must show a breakdown of cash outflows by category – i.e., operating expenses, debt service, PILT paid to City, funds deposited in depreciation fund, funds deposited in well and tank maintenance fund, etc.

C. Reports in Connection with Financing

Within thirty (30) days of closing on its proposed long-term debt issuance, Anderson will file a report with the Commission and serve a copy on the OUCC,

disclosing the terms of the new financing, including an amortization schedule, the amount of debt service reserve and a breakdown of all issuance costs by payee or vendor. Anderson will copy the OUCC on any notice Anderson gives to the lenders pursuant to the terms of the Bond Ordinances pertaining to the use of monies in the Reserve Account within the Sinking Fund.

D. Other Reporting Requirements

Within eighteen (18) months of the final order in this Cause, Anderson will:

1. Provide a report to the OUCC and the Commission describing its plan to comply with AWWA G200-09 Standard for Treated Water Storage Facilities, Section 4.3.1 (see IV.C above).
2. Provide a report to the Commission, copying the OUCC, on its assessment of its smart grid system (see IV.D.2 above).
3. Provide a copy of its Strategic Plan, including a copy of the written asset management plan, to the Commission, copying the OUCC (see IV.A above).
4. Report, in writing, the balances, including a schedule showing the deposit and withdrawal activity, within depreciation fund and the well and tank maintenance fund to the OUCC at the same time Anderson submits its Annual Report to the Indiana Utility Regulatory Commission (see IV.D aboveIV.D above).

5. If either the Lease with Chase or the Guaranteed Savings Contract is terminated or otherwise amended to remove the City's obligation to Chase or the obligation of Johnson Controls to provide Measure & Verification and Consultation services, Anderson agrees to notify the OUCC of such termination or amendment within thirty (30) days of such termination or amendment. (See VI above.)

VIII. Other Obligations of Anderson

A. Retention of Internal Water System Reports

After 2014, Anderson will retain all final engineering reports, designs, studies, planning studies, cost estimates, evaluation reports, inspections, cost quotes, and bids prepared by, or on behalf of, Anderson in electronic format.

B. Cost of Service Study

Anderson will conduct a Cost of Service Study for its next general water rate case before the Commission.

C. Non-Recurring Fees

In its next rate case before the Commission, Anderson will provide testimony to address the current costs associated with the non-recurring fees included in its tariff. Anderson agrees these fees should be cost-based, and as a result, it agrees to update its non-recurring fees as necessary.

IX. Miscellaneous Provisions

- A. This Agreement shall remain binding upon Anderson until the earlier of: (i) the date the parties terminate it by mutual agreement, (ii) the date a withdrawal from the regulatory jurisdiction of the Commission by Anderson becomes effective, or (iii) the

entry of another final order by the Commission replacing the final order entered in this cause.

- B. The Stipulation is conditioned upon and subject to its acceptance and approval by the Commission in its entirety without any change or condition that is unacceptable to any Settling Party. Each term of the Stipulation is in consideration and support of each and every other term. If the Commission does not approve the Stipulation in its entirety or if the Commission makes modifications that are unacceptable to any Settling Party, the Stipulation shall be null and void and shall be deemed withdrawn upon notice in writing by any party within 15 days after the date of the final order stating that a modification made by the Commission is unacceptable to the Settling Party.
- C. The parties will either support or not oppose on rehearing, reconsideration and/or appeal, an IURC Order accepting and approving this Stipulation in accordance with its terms.
- D. The Stipulation is the result of compromise in the settlement process and neither the making of the Stipulation nor any of its provisions shall constitute an admission or waiver by any Settling Party in any other proceeding, now or in the future. The Stipulation shall not be used as precedent in any other current or future proceeding or for any other purpose except to the extent provided for herein or to the extent necessary to implement or enforce its terms.
- E. The evidence to be submitted in support of the Stipulation constitutes substantial evidence sufficient to support the Stipulation and provides an adequate evidentiary

basis upon which the Commission can make any findings of fact and conclusions of law necessary for the approval of the Stipulation.

- F. The communications and discussions and materials produced and exchanged during the negotiation of the Stipulation relate to offers of settlement and shall be privileged and confidential.
- G. The undersigned represent and agreed that they are fully authorized to execute the Stipulation on behalf of the designated party who will be bound thereby.

[SIGNATURE PAGE FOLLOWS]

**City of Anderson Municipal Water
Utility**

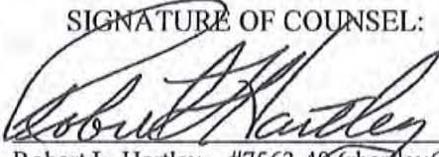
By: 

Name: Pete Heuer

Title: Chairman of the Board of Public Works

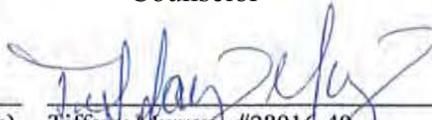
Date: November 21, 2014

SIGNATURE OF COUNSEL:



Robert L. Hartley - #7563-49 (rhartley@fbtlaw.com)
Kyle J. Hupfer - #20939-58 (khupfer@fbtlaw.com)
Beau F. Zoeller - #30928-22 (bzoeller@fbtlaw.com)
FROST BROWN TODD LLC
201 N. Illinois St., Suite 1900
Indianapolis, IN 46204
Telephone: (317) 237-3949
Counsel for Petitioner City of Anderson Indiana
Water Utility

Indiana Office of Utility Consumer
Counselor



Tiffany Murray - #28916-49
INDIANA OFFICE OF UTILITY CONSUMER
COUNSELOR
115 West Washington Street
Suite 1500 South
Indianapolis, IN 46204
infomgt@oucc.in.gov
317/232-2494 - Phone
317/232-5923 - Facsimile

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CITY OF ANDERSON MUNICIPAL WATER UTILITY
Cause No. 44510

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

	Per Petitioner	Per Settlement	Sch Ref	Settlement More (Less)
Operating Expenses	\$ 6,685,524	\$ 6,421,494	4	\$ (264,030)
Well and Tank Maintenance	-	162,374	4	162,374
Taxes other than Income	289,722	293,798	4	4,076
Depreciation Expense	1,022,448	952,615	4	(69,833)
Working Capital	1,128,183	755,725	7	(372,458)
PILT	510,406	476,737	4	(33,669)
Debt Service - Current	1,089,435	1,089,435	8	-
Debt Service - Proposed	1,107,980	940,130	8	(167,850)
Total Revenue Requirements	11,833,698	11,092,308		(741,390)
Less: Interest Income	-	-		-
Rental Income	-	(16,440)	3	(16,440)
Tap Fees	-	(25,353)	3	(25,353)
Add: Other Expenses	-	-		-
Net Revenue Requirements	11,833,698	11,050,515		(783,183)
Less: Revenues at Current Rates Subject To Increase	(7,356,084)	(7,477,314)	4	(121,230)
Forfeited Discounts	(46,625)	-	4	46,625
Other Revenues at Current Rates	(119,393)	(119,393)	4	-
Unadjusted Revenue Increase Required	4,311,596	3,453,808		(857,788)
Divide by Revenue Conversion Factor (100% - 1.4%)	0.986	0.986		-
Increase as calculated	\$ 4,372,815	\$ 3,502,848		\$ (869,967)
Percentage increase as calculated	59.45%	46.85%		-12.60%
Recommended Percentage Increase (as requested by Petitioner)	46.85%	46.85%		0.00%

The Anderson Common Council authorized a 46.85% rate increase. Anderson's direct evidence in this Cause presented a larger revenue requirement, which, if approved, would result in a rate increase of 59.45%. However, Anderson only requested the 46.85% rate increase approved by the Anderson Common Council.

In these Settlement Schedules, the revenue requirement shown in the "Per Petitioner" columns is the *pro forma* revenue requirement presented in Anderson's direct evidence, and not the 46.85% rate increase Anderson requested.

CITY OF ANDERSON MUNICIPAL WATER UTILITY
Cause No. 44510

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

	<u>Per Petitioner</u>	<u>Per Settlement</u>	<u>Settlement More (Less)</u>
Operating Revenues			
Residential	\$ -	\$ (43,728)	\$ (43,728)
Industrial	-	118,333	118,333
Other Miscellaneous Revenues	-	-	-
Total Operating Revenues	<u>-</u>	<u>74,605</u>	<u>74,605</u>
O&M Expense			
Salaries and Wages	-	59,505	59,505
PERF Contribution -- 2014	12,226	18,890	6,664
Waste Treatment - WTPs	224,748	-	(224,748)
Capital and Non-recurring Costs	(30,875)	(108,034)	(77,159)
Johnson Controls Payment	-	(5,688)	(5,688)
Maintenance Expense	-	162,374	162,374
Street Repair Expenses	-	(22,605)	(22,605)
Depreciation Expense	202,206	132,373	(69,833)
Amortization Expense	(7,044)	(7,044)	-
Taxes Other than Income			
FICA Tax	2,780	7,332	4,552
Utility Receipts	4,587	4,111	(476)
PILT	294,852	261,183	(33,669)
Total Operating Expenses	<u>703,480</u>	<u>502,397</u>	<u>(201,083)</u>
Net Operating Income	<u>\$ (703,480)</u>	<u>\$ (427,792)</u>	<u>\$ 275,688</u>

Exhibit A

**CITY OF ANDERSON MUNICIPAL WATER UTILITY
Cause No. 44510**

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

	Per Petitioner			Per Settlement			Sch Ref	Settlement More (Less)		
	Phase I	Phase II	Overall	Phase I	Phase II	Overall		Phase I	Phase II	Overall
Operating Expenses	\$ 6,685,524	\$ 6,685,524	\$ 6,685,524	\$ 6,329,974	\$ 6,421,494	\$ 6,421,494	4	\$ (355,550)	\$ (264,030)	\$ (264,030)
Well and Tank Maintenance	-	-	-	96,724	162,374	162,374		96,724	162,374	162,374
Taxes other than Income	289,722	342,258	289,722	287,502	315,974	293,798	4	(2,220)	(26,284)	4,076
Depreciation Expense	1,022,448	1,022,448	1,022,448	-	952,615	952,615	4	(1,022,448)	(69,833)	(69,833)
Working Capital	1,123,805	1,128,183	1,128,183	981,438	755,725	755,725	7	(142,367)	(372,458)	(372,458)
PILT	510,406	510,406	510,406	-	476,737	476,737	4	(510,406)	(33,669)	(33,669)
Debt Service - Current	1,088,736	1,089,435	1,089,435	1,088,736	1,089,435	1,089,435	8	-	-	-
Debt Service - Proposed	501,500	1,107,980	1,107,980	415,921	940,130	940,130	8	(85,579)	(167,850)	(167,850)
Total Revenue Requirements	11,222,141	11,886,234	11,833,698	9,200,295	11,114,484	11,092,308		(2,021,846)	(771,750)	(741,390)
Less: Interest Income	-	-	-	-	-	-		-	-	-
Rental Income	-	-	-	(16,440)	(16,440)	(16,440)	3	(16,440)	(16,440)	(16,440)
Tap Fees	-	-	-	(25,353)	(25,353)	(25,353)	3	(25,353)	(25,353)	(25,353)
Add: Other Expenses	-	-	-	-	-	-		-	-	-
Net Revenue Requirements	11,222,141	11,886,234	11,833,698	9,158,502	11,072,691	11,050,515		(2,063,639)	(813,543)	(783,183)
Less: Revenues Subject To Increase	(7,356,084)	(11,108,659)	(7,356,084)	(7,477,314)	(9,061,285)	(7,477,314)	4	(121,230)	2,047,374	(121,230)
Forfeited Discounts	(46,625)	(46,625)	(46,625)	-	-	-		46,625	46,625	46,625
Other Revenues at Current Rates	(119,393)	(119,393)	(119,393)	(119,393)	(119,393)	(119,393)	4	-	-	-
Unadjusted Revenue Increase Required	3,700,039	611,557	4,311,596	1,561,795	1,892,013	3,453,808		(2,138,244)	1,280,456	(857,788)
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
Increase as calculated	\$ 3,752,575	\$ 620,240	\$ 4,372,815	\$ 1,583,971	\$ 1,918,877	\$ 3,502,848		\$ (2,168,604)	\$ 1,298,637	\$ (869,968)
Percentage increase as calculated	51.01%	5.58%	59.45%	21.18%	21.18%	46.85%		-29.83%	15.59%	-12.60%
Recommended Percentage Increase	21.18%	21.18%	46.85%	21.18%	21.18%	46.85%		0.00%	0.00%	0.00%

CITY OF ANDERSON MUNICIPAL WATER UTILITY
Cause No. 44510

COMPARATIVE BALANCE SHEET
As of December 31,

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Utility Plant:			
Utility Plant in Service	\$ 48,085,230	\$ 47,806,342	\$ 47,745,823
Construction Work in Progress	243,459	43,705	46,238
Less: Accumulated Depreciation	(24,767,486)	(23,907,238)	(23,169,104)
Net Utility Plant in Service	<u>23,561,203</u>	<u>23,942,809</u>	<u>24,622,957</u>
Restricted Assets:			
Water Customer Deposit Fund	386,568	225,064	149,800
Contribution in Lieu of Taxes Fund	215,565	323,345	323,342
Well and Tank Maintenance Fund	-	-	-
Depreciation Reserve Fund	49,806	173,039	-
SRF Retainage Fund	-	-	151,150
Construction Fund	638,532	1,068,231	1,078,840
Automatic Meter Reading Fund	-	-	216,547
Mail Permit Deposits	3,000	3,000	3,000
Total Restricted Assets	<u>1,293,471</u>	<u>1,792,679</u>	<u>1,922,679</u>
Current Assets:			
Cash and Cash Equivalents	230,928	227,752	663,635
Accounts Receivable	630,038	656,611	663,382
Accounts Receivable - Associated	54,902	275	-
Accrued Interest	-	-	-
Prepaid Insurance	-	-	-
Materials and Supplies	278,581	317,297	267,226
Total Current Assets	<u>1,194,449</u>	<u>1,201,935</u>	<u>1,594,243</u>
Deferred Debits:			
Unrecovered Study Costs	64,889	9,250	-
Unamortized Debt Discount	97,427	98,590	105,635
Total Deferred Debits	<u>162,316</u>	<u>107,840</u>	<u>105,635</u>
Total Assets	<u>\$ 26,211,439</u>	<u>\$ 27,045,263</u>	<u>\$ 28,245,514</u>

CITY OF ANDERSON MUNICIPAL WATER UTILITY
Cause No. 44510

COMPARATIVE BALANCE SHEET
As of December 31,

<u>LIABILITIES</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Equity			
Retained Earnings	\$ 8,668,227	\$ 8,839,931	\$ 8,496,242
Current Year Earnings	(281,307)	(104,135)	280,683
Proprietary Account	464,384	464,384	464,384
Donated Surplus	896,501	896,501	896,501
Total Equity	9,747,805	10,096,681	10,137,810
Contributions in Aid of Construction	2,212,157	2,212,157	2,212,157
Long-term Debt			
2007 Revenue Bond Issue	3,700,000	4,150,000	4,360,000
Capital Lease Payable - Long Term	8,480,079	9,357,950	10,200,624
Capital Lease Payable - Timekeeping Kronos	10,799	-	-
Total Long-term Debt	12,190,878	13,507,950	14,560,624
Current Liabilities			
Accounts Payable	63,545	28,218	17,541
Customer Meter Deposits	386,510	225,064	149,784
Capital Lease Payable - Current	883,271	842,674	808,887
2007 Revenue Bonds - Current	230,000		
SRF Retainage Payable	-	-	151,085
Temporary Loan Payable - Associated	300,000	-	-
Payroll Payable	157,869	93,591	168,802
Accrued expenses	39,404	38,928	38,824
Other Current Liabilities	2,060,599	1,228,475	1,334,923
Total Liabilities	\$ 26,211,439	\$ 27,045,263	\$ 28,245,514

Exhibit A

Settlement
Schedule 3
Page 1 of 1

**CITY OF ANDERSON MUNICIPAL WATER UTILITY
Cause No. 44510**

**COMPARATIVE INCOME STATEMENT
For the Twelve Months Ended December 31**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Operating Revenues			
Residential	\$ 4,376,933	\$ 4,499,702	\$ 4,526,625
Commercial	1,839,252	1,874,234	1,853,431
Industrial	954,275	931,203	798,107
Institutional	33,669	34,000	41,874
Private Fire Protection	151,955	151,984	147,234
Forfeited Discounts	46,625	48,971	50,898
Other	119,393	104,310	59,666
Total Operating Revenues	<u>7,522,102</u>	<u>7,644,404</u>	<u>7,477,835</u>
Operating Expenses			
Salaries and Wages	2,383,112	2,277,079	2,468,693
Employee Medical	1,079,162	956,909	840,123
PERF	254,683	262,902	236,836
Purchased Power	665,857	739,113	643,234
Chemicals	74,105	59,145	104,424
Materials and Supplies	754,778	662,135	812,688
Contractual Services	629,501	777,294	587,522
Transportation Expense	126,962	162,151	156,276
Rental	67,000	67,000	65,125
Insurance	299,145	322,425	217,122
Bad Debt Expense	109,335	8,488	67,671
Miscellaneous Expense	35,786	3,992	7,652
Total O&M Expense	<u>6,479,426</u>	<u>6,298,633</u>	<u>6,207,366</u>
Depreciation Expense	820,242	813,780	623,862
Amortization Expense	7,044	7,044	(73,355)
Taxes Other than Income			
FICA Tax	179,528	174,529	190,484
Unemployment Taxes	2,119	16,053	8,508
Utility Receipts Tax	100,708	106,645	127,815
PILT	215,554	215,554	215,554
Total Operating Expenses	<u>7,804,621</u>	<u>7,632,238</u>	<u>7,300,234</u>
Net Operating Income	(282,519)	12,166	177,601
Other Income (Expense)			
Interest Income	613	1,414	583
Rental Income	16,620	14,280	16,660
AMR Lease - Sewer Portion	565,095	565,095	565,095
Other Income	626	-	160
Servicing Customer Installations	18,856	22,320	8,034
Jobbing and Contracting Revenue	(10,402)	2,724	(8,137)
Interest Expense - LT Debt	(590,196)	(632,909)	(479,313)
Extraordinary Losses	-	(89,225)	-
Total Other Income (Expense)	<u>1,212</u>	<u>(116,301)</u>	<u>103,082</u>
Net Income	<u>\$ (281,307)</u>	<u>\$ (104,135)</u>	<u>\$ 280,683</u>

Exhibit A

**CITY OF ANDERSON MUNICIPAL WATER UTILITY
Cause No. 44510**

Pro-forma Net Operating Income Statement

	Year Ended 12/30/2014	Adjustments	Sch Ref	Phase I <i>Pro-forma</i> Present		Sch Ref	Phase I <i>Pro-Forma</i> Proposed		Phase II <i>Pro-forma</i> Present		Sch Ref	Phase II <i>Pro-Forma</i> Proposed	
				Rates	Adjustments		Rates	Adjustments	Rates	Adjustments		Rates	
Operating Revenues													
Residential	\$ 4,376,933	\$ (43,728)	5-1	\$ 4,333,205	\$ 917,933	1A	\$ 5,251,138		\$ 5,251,138	\$ 1,112,015	1A	\$ 6,363,153	
Commercial	1,839,252			1,839,252	389,621	1A	2,228,873		2,228,873	472,001	1A	2,700,874	
Industrial	954,275	118,333	5-2	1,072,608	227,218	1A	1,299,826		1,299,826	275,260	1A	1,575,086	
Institutional	33,669			33,669	7,132	1A	40,801		40,801	8,640	1A	49,441	
Private Fire Protection	151,955			151,955	32,190	1A	184,145		184,145	38,996	1A	223,141	
Forfeited Discounts	46,625			46,625	9,877	1A	56,502		56,502	11,965	1A	68,467	
Other Miscellaneous	119,393			119,393			119,393		119,393			119,393	
Total Operating Revenues	<u>7,522,102</u>	<u>74,605</u>		<u>7,596,707</u>	<u>1,583,971</u>		<u>9,180,678</u>	<u>-</u>	<u>9,180,678</u>	<u>1,918,877</u>		<u>11,099,555</u>	
O&M Expense	6,479,426			6,426,698			6,426,698		6,583,868			6,583,868	
Salaries and Wages		(22,797)	6-1					82,302	6-1a				
PERF Contribution -- 2014		9,672	6-2					9,218	6-2a				
Capital and Non-recurring Costs		(108,034)	6-3										
Johnson Controls Payment		(5,688)	6-4										
Maintenance Expense		96,724	6-5					65,650	6-5				
Street Repair Expenses		(22,605)	6-6										
O&M Expense													
Depreciation Expense	820,242	(820,242)		-			-	952,615	6-7	952,615			952,615
Amortization Expense	7,044	(7,044)	Pet	-			-						-
Taxes Other than Income													
FICA Tax	179,528	1,036	6-8	180,564			180,564	6,296	6-8a	186,860			186,860
Unemployment Tax	2,119			2,119			2,119			2,119			2,119
Utility Receipts	100,708	4,111	6-9	104,819	22,176	1A	126,995			126,995	26,864	1A	153,859
PILT	215,554	(215,554)		-			-	476,737	6-10	476,737			476,737
Total Operating Expenses	<u>7,804,621</u>	<u>(1,090,421)</u>		<u>6,714,200</u>	<u>22,176</u>		<u>6,736,376</u>	<u>1,592,818</u>		<u>8,329,194</u>	<u>26,864</u>		<u>8,356,058</u>
Net Operating Income	<u>\$ (282,519)</u>	<u>\$ 1,165,026</u>		<u>\$ 882,507</u>	<u>\$ 1,561,795</u>		<u>\$ 2,444,302</u>	<u>\$ (1,592,818)</u>		<u>\$ 851,484</u>	<u>\$ 1,892,013</u>		<u>\$ 2,743,497</u>

**CITY OF ANDERSON MUNICIPAL WATER UTILITY
Cause No. 44510**

Revenue Adjustments

(1)

Residential Customer Growth

To adjust "Metered Residential Sales" for actual residential customers as of June 2014.

Residential Customer Count at June 30, 2014	19,979	
Times: 12 months		12
<i>Pro forma</i> Annual Residential Billings	239,748	
Times: Average Test Year Residential Bill	\$ 18.074	
<i>Pro forma</i> Residential Revenues		4,333,205
Less: Test Year Residential Revenues		<u>(4,376,933)</u>
Adjustment Increase (Decrease)		<u>\$ (43,728)</u>

<i>Total Test Year Residential Revenues</i>	4,376,933
<i>Total Test Year Residential Billings</i>	242,168
<i>Average Test Year Residential Bill</i>	<u>\$ 18.074</u>

(2)

Industrial Post-Test Year Customer Growth

To adjust Industrial sales revenues to reflect increased usage by industrial customers after the end of the test year.

<i>Pro forma</i> increase to Annual Industrial Consumption (100s of cubic feet)	111,320
Times: Water Consumption Rate (Fifth Rate Block)	<u>\$ 1.063</u>
Adjustment Increase (Decrease)	<u>\$ 118,333</u>

Exhibit A

CITY OF ANDERSON MUNICIPAL WATER UTILITY
Cause No. 44510

Expense Adjustments

(1)

Salaries and Wages

To adjust "Operation and Maintenance Expenses" for *pro forma* salaries and wages as of June 2014.

Test Year Salaries and Wages Expense	\$ 2,383,112
Add: Salary increase approved for water superintendent (February 2014)	46,030
Less: Reduced allocation of city personnel	(68,827)
Net <i>Pro forma</i> Salaries and Wages Expense	<u>2,360,315</u>
Less: Test Year Salaries and Wages	<u>2,383,112</u>
Adjustment Increase (Decrease)	\$ (22,797)

(1a)

Salaries and Wages - Phase II

To adjust *pro forma* salaries and wages in Phase II to reflect wage increase in 2014.

Net <i>Pro forma</i> Salaries and Wages Expense - Phase I	\$ 2,360,315
Times: Estimated 2014 Pay Increase	3.4869%
<i>Pro forma</i> Increase in Salaries and Wages Expense - Phase II	<u>\$ 82,302</u>
Adjustment Increase (Decrease)	\$ 82,302

(2)

PERF

To adjust operating expenses for the calculated annual PERF expense based on Net *Pro forma* salaries and wages expense.

Net <i>Pro forma</i> Salaries and Wages	\$ 2,360,315
Times: 2014 PERF Contribution Rate	11.20%
<i>Pro forma</i> PERF Expense	<u>264,355</u>
Less: Test Year PERF Expense	<u>(254,683)</u>
Adjustment Increase (Decrease)	\$ 9,672

(2a)

PERF - Phase II

To adjust operating expenses for the calculated annual PERF expense based on Net *Pro forma* salaries and wages expense in Phase II.

<i>Pro forma</i> Increase in Salaries and Wages Expense - Phase II	\$ 82,302
Times: 2014 PERF Contribution Rate	11.20%
Adjustment Increase (Decrease)	\$ 9,218

Exhibit A

**CITY OF ANDERSON MUNICIPAL WATER UTILITY
Cause No. 44510**

Expense Adjustments

(3)

Capital, Non-recurring, and Out-of-Period Costs

To adjust "Operation and Maintenance Expenses" for costs that are non-recurring, incurred outside the test period, or capital in nature.

<u>Vendor</u>	<u>Capital?</u>	<u>Description</u>	<u>Account</u>	
Crowe Horwath	Deferred	Professional Services	Other Contract Services	\$ (9,575.00)
Crowe Horwath	Deferred	Rate Study	Reg Comm Exp	(28,952.75)
Robert Curry	Yes	Engineering services for new VFD high service pump at Lafayette water treatment plant	Maint Materials and Supplies	(4,335.00)
Frost Brown Todd	Deferred	Professional Services		(3,300.00)
Information Systems	Yes	GIS Conversion		(18,000.00)
Bastin Logan	Yes	Elder St. #2 well pump replacement	Maintenance	(23,596.04)
Anderson Municipal Electric	No	Damage incurred in 2012 recorded in March 2013	Other Repair Services	(1,561.88)
Anderson Municipal Electric	No	Damage incurred in 2012 recorded twice during the test year in error	Other Repair Services	(1,561.88)
				<u>\$ (90,883)</u>
		<u>Test Year</u>	<u>Amortization Period</u>	<u>Annual Expense</u>
Collaboration Unlimited		(25,725.71)	3	8,575
Utilities Operation Management Review - Portion Allocated to Water				<u>(17,151)</u>
		Adjustment Increase (Decrease)		<u><u>\$ (108,034)</u></u>

(4)

Johnson Controls Measurement, Verification, and Consultation Services Contract

To adjust "Operation and Maintenance Expenses" to reflect *pro forma* payment to Johnson Controls under the Measurement, Verification, and Consultation Services Contract.

	<u>Payment to Johnson Controls</u>	<u>Water Utility's Share</u>	
2013	\$ 123,069	55.00%	\$ 67,688
2014	112,728	55.00%	62,000
<i>Pro forma</i> Johnson Controls Payment - 2014 Payment per Contract			\$ 62,000
Less: Test Year Johnson Controls Payment			<u>67,688</u>
		Adjustment Increase (Decrease)	<u><u>\$ (5,688)</u></u>

Exhibit A

**CITY OF ANDERSON MUNICIPAL WATER UTILITY
Cause No. 44510**

Expense Adjustments

(5)

Maintenance Expense

To adjust "Operation and Maintenance Expenses" for recurring *pro forma* annual maintenance expenses.

Well Cleaning Expenses

	<u>Date</u>	<u>Vendor</u>	<u>Voucher</u>		
Wellborn	1/24/2013	Bastin Logan	80545	\$	10,443.07
Hall	6/11/2013	Bastin Logan	82831		18,915.00
Srackengast	6/18/2013	Bastin Logan	82923		14,575.00
Tucker	7/5/2013	Bastin Logan	83162		7,157.50
Elder St. #1	7/25/2013	Bastin Logan	83488		8,932.50
Elder St. #2	11/21/2013	Bastin Logan	85525		20,985.00
					<u>81,008.07</u>
Test Year Well Cleaning Expense					6
Divide by Six (6)					<u>13,501.35</u>
Average cost of well cleaning during test year					11
Times: Number of wells					<u>148,515</u>
<i>Pro forma</i> Well Cleaning Expense					3
Divide by Three (3) Years					<u>49,505</u>
<i>Pro forma</i> Annual Well Cleaning Expense					<u>(81,008)</u>
Less: Test Year Well Cleaning Expense					
Well Cleaning Adjustment				\$	(31,503)

<i>Total Wells - Current (including new Rock Well)</i>	18
<i>Less: Ranney Wells to be abandoned</i>	(4)
<i>Less: Wells to be abandoned</i>	(3)
<i>(Jarrett, Norton 1, and Norton 2)</i>	
<i>Total Wells to be Cleaned</i>	<u>11</u>

<u>Tank Painting Expenses</u>	<u>Capacity</u>	<u>Maintenance</u>	<u>Painting</u>	<u>Total</u>
8th Street Tank	500,000	\$ 51,700	\$ 432,180	\$ 483,880
E. 10th St. Tanks	500,000	76,400	275,748	352,148
Fairview St. Tank	1,000,000	70,950	473,840	544,790
Columbus Ave. Tank	1,000,000	100,450	491,624	592,074
Range6ine Rd Tank	1,000,000	95,550	477,571	573,121
Cross St. Tank	500,000	76,400	314,174	390,574
<i>Pro forma</i> Tank Painting Costs		<u>471,450</u>	<u>2,465,137</u>	<u>2,936,587</u>
Divided by 15 Years				15
<i>Pro forma</i> Annual Tank Painting Costs				<u>195,772</u>
Less: Test Year Tank Painting Costs				<u>(1,895)</u>
Tank Painting Adjustment				<u>193,877</u>

- *Costs per Cause No. 42914, Petitioner's Schedule E-1 (most recent information available)*
- *"Maintenance" includes costs for evaluation, specifications, bid assist, contract administration, inspection, lab, and first anniversary.*

Adjustment Increase (Decrease)	\$ 162,374
Phase I Maintenance Expense Adjustment	\$ 96,724
Phase II Maintenance Expense Adjustment	\$ 65,650

Exhibit A

**CITY OF ANDERSON MUNICIPAL WATER UTILITY
Cause No. 44510**

Expense Adjustments

(6)

Street Repairs

To adjust "Operation and Maintenance Expenses" to reflect annual street repair expenses.

Invoice						
<u>P.O. #</u>	<u>Date</u>	<u>Voucher #</u>	<u>Invoice Total</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
461	01.08.13	80319	\$ 36,283.01	\$ 36,283.01	\$ -	\$ -
2169	07.19.13	83372	36,240.85	2,110.60	34,130.25	-
2169	07.19.13	83372	9,627.20	9,627.20	-	-
3444	12.03.13	85598	45,214.57	-	45,214.57	-
Sub-total - Test Year Invoices			127,365.63	48,020.81	79,344.82	-
1680	05.19.14	88922	18,970.10	-	2,906.00	16,064.10
1680	05.19.14	88922	24,990.97	-	24,990.97	-
2728	09.05.14	90149	3,058.00	-	3,058.00	-
2728	09.05.14	90149	31,320.40	-	-	31,320.40
Total Street Repair Services Invoices Provided			\$ 205,705.10	\$ 48,020.81	\$ 110,299.79	\$ 47,384.50
Pro forma Street Cut Expense - Street Department						\$ 110,299.79
Less: Test Year Street Cut Expense - Street Department						<u>(127,365.63)</u>
						\$ (17,065.84)
Less: 2012 Adjustment recorded during the test year						<u>(5,539.27)</u>
Adjustment Increase (Decrease)						<u>\$ (22,605.11)</u>

<i>Anderson Street Department</i>	\$ 127,365.63
<i>Irving Materials (paving stone)</i>	3,923.10
<i>E&B Paving</i>	13,642.27
<i>Vendor 6914</i>	288.00
<i>2012 Adjustment (13592)</i>	5,539.27
<i>Other Miscellaneous</i>	(455.43)
<i>Test Year Street Repair Services</i>	<u>\$ 150,302.84</u>

(7)

Depreciation Expense

To adjust Depreciation Expense to reflect a 2% composite depreciation rate.

	<u>Petitioner</u>	<u>Settlement</u>
Utility Plant in Service	\$ 48,085,230	\$ 48,085,230
Add: Capital costs expensed during the test year	-	45,931
Construction Work in Progress	243,459	-
Less: Transportation Equipment	(823,518)	-
Land and Land rights	<u>(500,390)</u>	<u>(500,390)</u>
Depreciable Utility Plant in Service	47,004,781	47,630,771
Times: Depreciation Rate	2%	2%
Pro Forma Depreciation Expense	940,096	952,615
Add: Deprecation on Transpiration Equipment	82,352	-
Pro Forma Depreciation Expense	<u>\$ 1,022,448</u>	<u>952,615</u>
Less: Test Year Depreciation Expense		<u>820,242</u>
Adjustment Increase (Decrease)		<u>\$ 132,373</u>

Exhibit A

CITY OF ANDERSON MUNICIPAL WATER UTILITY
Cause No. 44510

Expense Adjustments

(8)
FICA

To adjust Taxes Other Than Income Taxes to recalculate FICA for *pro forma* salaries.

Net <i>Pro forma</i> Salaries and Wages (see adjustment (1) above)	\$ 2,360,315
Times: FICA Rate	7.65%
<i>Pro Forma</i> FICA Expense	<u>180,564</u>
Less: Test Year FICA Expense	<u>(179,528)</u>
Adjustment Increase (Decrease)	\$ <u>1,036</u>

(8a)
FICA - Phase II

To adjust Taxes Other Than Income Taxes to recalculate FICA for *pro forma* salaries in Phase II.

<i>Pro forma</i> Increase in Salaries and Wages Expense - Phase II (See adjustment (1a) above)	\$ 82,302
Times: FICA Rate	7.65%
Adjustment Increase (Decrease)	\$ <u>6,296</u>

(9)
Utility Receipts Tax

To adjust Taxes Other Than Income Taxes to recalculate the utility receipts tax.

<i>Pro forma</i> Present Rate Revenues	\$ 7,596,707
Less: Sales for Resale	-
Exemption	(333)
Bad Debt Expense	<u>(109,335)</u>
Taxable Revenues	\$ 7,487,039
Times: Utility Receipts Tax Rate	1.40%
<i>Pro forma</i> Utility Receipts Tax expense	<u>104,819</u>
Less: Test year Utility Receipts Tax Expense	<u>(100,708)</u>
Adjustment Increase (Decrease)	\$ <u>4,111</u>

Exhibit A

**CITY OF ANDERSON MUNICIPAL WATER UTILITY
Cause No. 44510**

Expense Adjustments

**(10)
PILT**

To adjust Taxes Other Than Income Taxes for the payment in lieu of property taxes.

	<u>Petitioner</u>	<u>Settlement</u>
Utility Plant in Service	\$ 48,085,230	\$ 48,085,230
Plus: Capital costs expensed during the test year <i>(Note A)</i>	-	18,000
Less: Lafayette Treatment Plant located outside the municipal boundaries	-	(1,717,795)
Less: Lafayette well field located outside the municipal boundaries	-	(1,049,086)
Construction Work in Progress (allowed in the calculation of Property Tax at 10% of value)	243,459	-
Total Utility Plant in Service	<u>48,328,689</u>	<u>45,336,349</u>
Accumulated Depreciation	(24,767,486)	(24,767,486)
Less: Lafayette Treatment Plant located outside the municipal limits	-	984,158
Less: Lafayette well field located outside the municipal limits	-	453,939
Total Accumulated Depreciation	<u>(24,767,486)</u>	<u>(23,329,389)</u>
Net Taxable Utility Plant in Service	23,561,203	22,006,960
Times: Net Property Tax Rate (per \$100 assessed value)	2.1663	0.02
<i>Pro forma</i> Contribution in Lieu of Property Taxes	<u>\$ 510,406</u>	<u>476,737</u>
Less: Test Year PILT		<u>(215,554)</u>
		<u>\$ 261,183</u>
Adjustment Increase (Decrease)		<u><u>\$ 261,183</u></u>

Note A: Did not include costs related to the Lafayette well field or treatment plant since these assets are located outside the municipal boundaries and, therefore, are not subject to PILT.

Exhibit A

**CITY OF ANDERSON MUNICIPAL WATER UTILITY
Cause No. 44510**

Calculation of Working Capital

	Petitioner	Settlement	
	Proposed	Phase I	Phase II
Operation & Maintenance Expense	\$ 6,685,525	\$ 6,426,698	\$ 6,583,868
Taxes other than Income Taxes	289,722	-	-
Payments in Lieu of Property Taxes	510,406	-	-
Less: Purchased Power	-	(686,564)	(686,564)
Adjusted Operation & Maintenance Expense	<u>7,485,653</u>	<u>5,740,134</u>	<u>5,897,304</u>
Times: 60 Day Factor	16.67% ^(A)		
45 Day Factor		<u>12.50%</u>	<u>12.50%</u>
Working Capital Revenue Requirement	1,247,608	717,517	737,163
Add: Interdepartmental Loan	1,000,000	1,000,000	1,000,000
Less: Cash on Hand	<u>-</u>	<u>-</u>	<u>(981,438)</u>
Net Working Capital Revenue Requirement	2,247,608	1,717,517	755,725
Divide b Amortization Period (Years)	<u>2</u>	<u>1.75</u>	<u>1</u>
Annual Working Capital Revenue Requirement	<u><u>\$ 1,123,804</u></u>	<u><u>\$ 981,438</u></u>	<u><u>\$ 755,725</u></u>

^(A) 60 Day Factor (360/60) = 16.67%

Exhibit A

CITY OF ANDERSON MUNICIPAL WATER UTILITY
Cause No. 44510

Debt Service Requirement

Year	Current			Proposed		Total	
	2007 Bonds	2006 Capital Lease	Sub-total	2015 Bond			
2014	\$ 397,752	\$ 690,758	\$ 1,088,510	\$ -	\$ 1,088,510		
2015	397,978	690,758	1,088,736	415,921	1,504,657		Phase I
2016	397,778	690,758	1,088,536	935,643	2,024,179		
2017	397,152	690,758	1,087,910	940,593	2,028,503		
2018	401,102	690,758	1,091,860	944,155	2,036,015		
Average 2016-2018	398,677	690,758	1,089,435	940,130	2,029,565		Phase II

Exhibit A

**CITY OF ANDERSON MUNICIPAL WATER UTILITY
Cause No. 44510**

Amortization Schedule of Proposed 2015 Waterworks Revenue Bonds

<u>Date</u>	<u>Principal</u>	<u>Interest Rate (1)</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/2015			\$ 200,600	\$ 200,600	
1/1/2016			215,321	215,321	\$ 415,921
7/1/2016			215,321	215,321	
1/1/2017	\$ 505,000	1.00%	215,321	720,321	935,643
7/1/2017			212,796	212,796	
1/1/2018	515,000	1.25%	212,796	727,796	940,593
7/1/2018			209,578	209,578	
1/1/2019	525,000	1.60%	209,578	734,578	944,155
7/1/2019			205,378	205,378	
1/1/2020	535,000	1.90%	205,378	740,378	945,755
7/1/2020			200,295	200,295	
1/1/2021	550,000	2.20%	200,295	750,295	950,590
7/1/2021			194,245	194,245	
1/1/2022	570,000	2.50%	194,245	764,245	958,490
7/1/2022			187,120	187,120	
1/1/2023	590,000	2.80%	187,120	777,120	964,240
7/1/2023			178,860	178,860	
1/1/2024	610,000	2.95%	178,860	788,860	967,720
7/1/2024			169,863	169,863	
1/1/2025	635,000	3.05%	169,863	804,863	974,725
7/1/2025			160,179	160,179	
1/1/2026	665,000	3.15%	160,179	825,179	985,358
7/1/2026			149,705	149,705	
1/1/2027	690,000	3.20%	149,705	839,705	989,410
7/1/2027			138,665	138,665	
1/1/2028	720,000	3.30%	138,665	858,665	997,330
7/1/2028			126,785	126,785	
1/1/2029	755,000	3.35%	126,785	881,785	1,008,570
7/1/2029			114,139	114,139	
1/1/2030	790,000	3.40%	114,139	904,139	1,018,278
7/1/2030			100,709	100,709	
1/1/2031	825,000	3.45%	100,709	925,709	1,026,418
7/1/2031			86,478	86,478	
1/1/2032	865,000	3.50%	86,478	951,478	1,037,955
7/1/2032			71,340	71,340	
1/1/2033	915,000	3.60%	71,340	986,340	1,057,680
7/1/2033			54,870	54,870	
1/1/2034	955,000	3.65%	54,870	1,009,870	1,064,740
7/1/2034			37,441	37,441	
1/1/2035	985,000	3.70%	37,441	1,022,441	1,059,883
7/1/2035			19,219	19,219	
1/1/2036	1,025,000	3.75%	19,219	1,044,219	1,063,438
	<u>\$ 14,225,000</u>		<u>\$ 6,081,889</u>	<u>\$ 20,306,889</u>	

3 Year Average debt service (2016 - 2018) \$ 940,130

Maximum debt service \$ 1,064,740

(1) Estimated interest rates based upon October 10, 2014, Municipal Market Data Data-Line using "A" rates plus 50 basis points. Interest rates subject to change.

CITY OF ANDERSON MUNICIPAL WATER UTILITY
Cause No. 44510

Proposed Waterworks 2015 Revenue Bonds
Estimated Sources and Uses of Funds

	<u>Petitioner</u>	<u>Settlement ⁽¹⁾</u>	<u>Settlement More (Less)</u>
<u>Sources of Funds:</u>			
Par Amount of Bonds	\$ 14,270,000	\$ 14,225,000	\$ (45,000)
<u>Uses of Funds:</u>			
Lafayette Well Field	\$ 9,843,500	\$ 9,843,500	\$ -
Wheeler Bypass	594,000	594,000	-
Homewood Distribution System	1,544,622	1,544,622	-
Hydrological Studies	810,000	810,000	-
Debt Service Reserve	1,110,648	1,064,740	(45,908)
IURC Fee	35,675	35,563	(112)
Underwriter's Discount	142,700	142,250	(450)
Other Costs	188,000	188,000	-
Rounding	855	2,325	1,470
Total	\$ 14,270,000	\$ 14,225,000	\$ (45,000)

(1) Revised for reduced interest rates, debt service reserve, and other variable non-construction costs

Highlighted lines indicate variable components that change as the amount of debt changes.