

Bluffs Basin Utility Co., LLC

March 26, 2018

Mary Becerra
Secretary of the Commission
Indiana Utility Regulatory Commission
101 West Washington St., Suite 1500 E
Indianapolis, IN 46204

Re: Bluffs Basin Utility Co., LLC 30 Day Filing Pursuant to 170 IAC 1-6-1 et seq. and Cause No. 45032

Dear Ms. Becerra:

Pursuant to 170 IAC 1-6-5 and Cause No. 45032, please find enclosed the following 30 Day Filing by Bluffs Basin Utility Co., LLC for the following proposed tariff adjustments (check all that apply):

- Reduction to Recurring Charges
- Election of Cost Option Regarding Main Extensions

The 30-Day Filing Pursuant to Investigation in Cause No. 45032 form and supporting work papers are included with this letter. This filing is required in response to the Commission Order in Cause No. 45032, dated February 16, 2018 and is allowed under 170 IAC 1-6-3.

The person at the Bluffs Basin Utility Co., LLC to be contacted regarding this filing is:

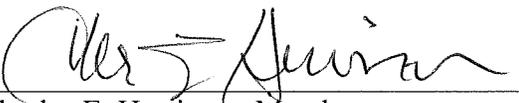
Charles E. Herriman
765-664-7307
122 E. Fourth Street
Marion, IN 46952
cherriman@shshlaw.com

Affected customers have been notified by mailing and/or delivery this date as required under 170 IAC 1-6-6. Notice will be published in the News Herald on March 28, 2018. Notice has been posted in the Bluffs Basin Utility Co., LLC customer service office.

I verify that notice is being provided as stated in this letter and that this letter and the attached documents are true and accurate to the best of my knowledge, information, and belief.

Sincerely,

BLUFFS BASIN UTILITY CO., LLC.

By: 
Charles E. Herriman, Member

Attachments:

- A. Completed Instruction Sheet
- B. Petition and Worksheet in Cause No. 42188
- C. Commissioner's Final Order Approving Rates
- D. Public Notice
- E. Customer Notice

cc: OUCC

30-Day Filing Pursuant to Investigation in Cause No. 45032

Instructions: Provide the requested information. Also, please provide supporting documentation of the federal income tax rate embedded in current rates.

Current Rate Information:

Cause No. of Most Recent Rate Case	_____	45032
Date of Final Order Associated with Most Recent Rate Case	_____	3/5/2003
Federal Income Tax (FIT) Rate Embedded in Current Rates	_____	None

Instructions: Check the appropriate boxes below.

Recurring Charges

- Not Applicable (FIT Rate in Current Recurring Rates is Less Than 21%)
- Request to Modify Tariff to Decrease Current Rates as a Result of the 2017 Tax Cut and Jobs Act

Main Extensions Cost Option Election:

In addition, Bluffs Basin Utility Co., LLC. elects the following cost option:

- Option 1: Applicants for a main extension will pay the cost of the extension including the tax impact. Applicant retains eligibility to receive refunds.
- Option 2: Applicant for a main extension will pay the cost of the extension exclusive of the tax impact. Applicant retains eligibility to receive refunds.
- Option 3: Applicant for a main extension will have the choice of (a) paying the cost of the extension including the tax impact and retaining eligibility for refunds or (b) paying the cost of the extension excluding taxes and forfeiting all rights to refund.



(Excerpt)

STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION

FILED

AUG 14 2002

INDIANA UTILITY
REGULATORY COMMISSION

APPLICATION OF BLUFFS BASIN)
UTILITY COMPANY, LLC FOR)
AUTHORITY TO OPERATE A NEW)
WATER UTILITY AND RENDER)
SEWAGE DISPOSAL SERVICE IN) CAUSE NO. 42188
RURAL AREAS IN GRANT COUNTY,)
INDIANA AND FOR APPROVAL OF)
INITIAL RATES AND CHARGES FOR)
WATER AND SEWER SERVICE)

SUBMISSION OF PETITIONER BLUFFS BASIN UTILITY COMPANY, LLC
REBUTTAL TESTIMONY AND EXHIBITS

Petitioner, Bluffs Basin Utility Company, LLC, by counsel, prefiles herewith its Rebuttal Testimony and Exhibits in support of its initial rates and charges.

The Rebuttal Testimony of Witnesses and Exhibits prefiled herewith include the Rebuttal Testimony of Charles E. Herriman and Otto W. Krohn, which are identified as Petitioner's Rebuttal Exhibits CEH and OWK respectively. Petitioner's Exhibit Nos. 1 through 3 are identified in the Rebuttal Testimony of Mr. Herriman. Petitioner's Exhibit Nos. 4 and 5 are identified in the Rebuttal Testimony of Mr. Krohn. There is appended hereto a Certificate of Service of the attached Rebuttal Testimony of Witnesses and Exhibits.

RECEIVED
INDIANA OFFICE OF UTILITY
CONSUMER COUNSELOR

AUG 14 2002
AM 7,8,9,10,11,12,1,2,3,4,5,6 PM
▲

Respectfully submitted,



Randy L. Seger [240-49]
Christopher M. York [21885-49]
BINGHAM MCHALE LLP
1100 Chamber of Commerce Building
320 North Meridian Street
Indianapolis, IN 46204
(317) 634-7588

Attorneys for Petitioner, Bluffs Basin Utility
Company, LLC



CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing document was served on this 14th day of August, 2002, by first-class, United States Mail, postage prepaid, to the following:

Office of the Utility Consumer Counselor
100 N. Senate Avenue, Room N501
Indiana Government Center North
Indianapolis, IN 46204



Christopher M. York

284406

(EXCERPT)

BLUFFS BASIN UTILITY CO., LLC

SPECIAL PURPOSE REPORT

AUGUST 13, 2002

IURC
PETITIONER'S
EXHIBIT NO. 21
8-21-02 AT
DATE REPORTER

Petitioner's Rebuttal
Exhibit No. 5



Otto W. Krohn, CPA, CMC
James W. Treat, CPA

231 E. Main Street, Westfield, Indiana 46074

American Institute of CPA
Indiana CPA Society

August 13, 2002

Mr. Chuck Herriman
Spitzer Herriman Stephenson Holderead Musser & Conner, LLP
P.O. Box 927
122 East Fourth Street
Marion, IN. 46952

Re: Bluffs Basin Utility Co., LLC

We have compiled the projected balance sheets for Bluffs Basin Utility Co., LLC as of December 31, 2003 to 2007 and the related statements of income, retained earnings and cash flows for the twelve months then ending in accordance with standards promulgated by the American Institute of Certified Public Accountants. We have also compiled supplementary financial information.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of management. We have not audited or reviewed the projected financial statements and, accordingly, do not express an opinion on the statements. The projection is not a financial forecast. Events and circumstances do not always occur as expected and the variations may be material. The significant assumptions provided by management are identified on the various schedules of projected financial statements. We have no responsibility for updating the projected financial statements for events and circumstances that occur after the date of the report.

Management has elected to omit substantially all of the disclosures required by Generally Accepted Accounting Principals. Therefore, the use of this report should be limited to management and parties dealing directly with management.

We would appreciate your questions and comments on this information and will provide any additional information that we have available upon request.


O. W. Krohn & Associates, LLP

BLUFFS BASIN UTILITY CO., LLC

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PROJECTED INCOME STATEMENT
FOR THE YEARS ENDING DECEMBER 31ST

COMBINED UTILITIES

	PROJECTED				
	2003	2004	2005	2006	2007
ASSUMED GROWTH PROJECTIONS:					
CURRENT YEAR - EDU'S	15	20	20	25	10
CUMULATIVE AMOUNT - EDU'S	15	35	55	80	90
AVERAGE EDU'S SERVED	8	25	45	68	85
OPERATING REVENUE	\$7,200	\$22,500	\$40,500	\$64,260	\$80,325
OPERATING EXPENSES:					
TREATMENT / DISTRIBUTION COSTS:	5,942	15,693	24,048	33,508	40,758
CUSTOMER BILLING & COLLECTION	192	600	1,080	1,632	2,040
ADMINISTRATIVE & GENERAL	4,378	8,633	11,384	14,236	16,906
TOTAL CASH OPERATING EXPENSES	10,512	24,926	36,512	49,375	59,704
DEPRECIATION / AMORTIZATION	10,250	12,536	14,822	17,108	19,394
AMORTIZATION OF CIAC'S	(309)	(4,744)	(9,178)	(13,716)	(17,945)
TOTAL OPERATING EXPENSES	20,453	32,718	42,156	52,767	61,153
NET UTILITY OPERATING INCOME	(13,253)	(10,218)	(1,656)	11,493	19,172
NON-OPERATING REVENUE	14,475	23,950	24,468	29,722	15,896
NON-OPERATING EXPENSES	(23,250)	(27,250)	(27,074)	(30,371)	(17,668)
NET INCOME - BOOK BASIS	(\$22,028)	(\$13,518)	(\$4,262)	\$10,845	\$17,400

SEE ACCOUNTANT'S REPORT

**PROJECTED STATEMENT OF MEMBER'S EQUITY
FOR THE YEARS ENDING DECEMBER 31ST**

	PROJECTED				
	2003	2004	2005	2006	2007
ASSUMED GROWTH PROJECTIONS:					
CURRENT YEAR - EDU'S	15	20	20	25	10
CUMULATIVE AMOUNT - EDU'S	15	35	55	80	90
AVERAGE EDU'S SERVED	8	25	45	68	85
AAA ACCOUNT					
BEGINNING BALANCE	\$	(\$22,028)	(\$35,546)	(\$39,808)	(\$40,963)
NET INCOME (LOSS)	(22,028)	(13,518)	(4,262)	10,845	17,400
SHAREHOLDER DISTRIBUTIONS:					
RETURN ON INVESTMENT	7.50%			(12,000)	(12,000)
SHAREHOLDER INCOME TAXES	0	0	0	0	0
ENDING BALANCE	(\$22,028)	(\$35,546)	(\$39,808)	(\$40,963)	(\$35,563)

SEE ACCOUNTANT'S REPORT

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PROJECTED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDING DECEMBER 31ST

COMBINED UTILITIES

	PROJECTED				
	2003	2004	2005	2006	2007
ASSUMED GROWTH PROJECTIONS:					
CURRENT YEAR - EDU'S	15	20	20	25	10
CUMULATIVE AMOUNT - EDU'S	15	35	55	80	90
AVERAGE EDU'S SERVED	8	25	48	68	85
OPERATING ACTIVITIES:					
NET INCOME	(\$22,028)	(\$13,518)	(\$4,262)	\$10,845	\$17,400
INCREASE IN ACCOUNTS PAYABLE					
DEPRECIATION & AMORTIZATION	10,250	12,838	14,822	17,108	10,394
AMORTIZATION OF CIAC'S	(309)	(4,744)	(9,178)	(13,718)	(17,945)
TOTAL FROM OPERATING ACTIVITIES	(12,087)	(5,728)	1,382	14,237	18,849
INVESTING ACTIVITIES:					
UTILITY PLANT ADDITIONS	(290,000)	(91,442)	(91,442)	(91,442)	(91,442)
ORGANIZATIONAL COSTS	(20,000)	0	0	0	0
TOTAL FROM INVESTING ACTIVITIES	(310,000)	(91,442)	(91,442)	(91,442)	(91,442)
FINANCING ACTIVITIES:					
SHAREHOLDER EQUITY	180,000	0	0	0	0
SHAREHOLDER DISTRIBUTIONS - TAX	0	0	0	0	0
SHAREHOLDER DISTRIBUTIONS - ROI				(12,000)	(12,000)
LOAN PROCEEDS / LONG-TERM DEBT	150,000	0	0	0	0
PRINCIPAL PAYMENTS / LONG-TERM DEBT	0	0	(9,378)	(9,378)	(9,378)
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	14,025	110,142	110,142	114,817	100,792
TOTAL FROM FINANCING ACTIVITIES	324,025	110,142	100,768	93,441	79,418
INC (DEC) IN CASH AVAILABLE FOR CAPITAL PROJECTS	1,938	12,074	10,706	16,236	6,823
BEGINNING CUMULATIVE CASH AVAILABLE	0	1,938	14,012	25,618	41,854
ENDING CUMULATIVE CASH AVAILABLE	\$1,938	\$14,912	\$25,618	\$41,854	\$48,677

SEE ACCOUNTANT'S REPORT

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**PROJECTED OPERATING AND NON-OPERATING REVENUE
FOR THE YEARS ENDING DECEMBER 31ST**

	PROJECTED				
	2003	2004	2005	2006	2007
ASSUMED GROWTH PROJECTIONS:					
CURRENT YEAR - EDU'S	15	20	20	25	10
CUMULATIVE AMOUNT - EDU'S	15	35	55	80	90
AVERAGE EDU'S SERVED	8	25	45	68	85
ASSUMED MONTHLY RATE / EDU	\$75.00	\$75.00	\$75.00	\$78.75	\$78.75
5.00% BI-ANNUAL INCREASES					
OPERATING REVENUE:					
RETAIL USER FEES	\$7,200	\$22,500	\$40,500	\$64,260	\$80,325
WHOLESALE SALES					
TOTALS	\$7,200	\$22,500	\$40,500	\$64,260	\$80,325
NON-OPERATING REVENUE - BOOK BASIS:					
CAPACITY FEES \$1,100 per EDU	\$16,500	\$22,000	\$22,000	\$27,500	\$11,000
CAPACITY FEES - RECLASSIFIED AS CIAC 85.00%	(14,025)	(18,700)	(18,700)	(23,375)	(9,350)
INTEREST INCOME 4.00%	0	78	598	1,025	1,674
CONNECTION / INSPECTION FEE \$800 per EDU	12,000	16,000	16,000	20,000	8,000
INSPECTION FEES 5.00%	0	4,572	4,572	4,572	4,572
TOTALS	\$14,475	\$23,950	\$24,468	\$28,722	\$15,896
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)					
	\$14,025	\$110,142	\$110,142	\$114,817	\$100,792
PROPOSED RATE SCHEDULE - WATER					
FIRST 5,000 GALLONS - BASE MONTHLY MINIMUM CHARGE	\$28.13	\$28.13	\$28.13	\$29.54	\$29.54
NEXT 15,000 GALLONS - RATE / 1,000 GALLONS	\$4.00	\$4.00	\$4.00	\$4.20	\$4.20
OVER 20,000 GALLONS - RATE / 1,000 GALLONS	\$2.50	\$2.50	\$2.50	\$2.63	\$2.63
PROPOSED RATE SCHEDULE - WASTEWATER					
FIRST 5,000 GALLONS - BASE MONTHLY MINIMUM CHARGE	\$46.88	\$46.88	\$46.88	\$49.22	\$49.22
NEXT 15,000 GALLONS - RATE / 1,000 GALLONS	\$5.50	\$5.50	\$5.50	\$5.78	\$5.78
OVER 20,000 GALLONS - RATE / 1,000 GALLONS	\$3.50	\$3.50	\$3.50	\$3.68	\$3.68

SEE ACCOUNTANT'S REPORT

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PROJECTED ANNUAL OPERATING EXPENSES
FOR THE YEARS ENDING DECEMBER 31ST

		PROJECTED				
		2003	2004	2005	2006	2007
ASSUMED GROWTH PROJECTIONS						
CURRENT YEAR - EDU'S		15	20	20	25	10
CUMULATIVE AMOUNT - EDU'S		15	35	55	80	90
AVERAGE EDU'S SERVED		8	25	45	68	85
	GPD / EDU					
ASSUMED ANNUAL PURCHASES - MGD	310	0.905	2.829	5.092	7.694	9.618
ASSUMED PURCHASES - MGD		0.00248	0.00775	0.01395	0.02108	0.02635
OPERATING EXPENSES						
TREATMENT / DISTRIBUTION COSTS:						
	COST / MG					
WHOLESALE WATER PURCHASES	\$1,500	\$1,358	\$4,243	\$7,638	\$11,541	\$14,427
WHOLESALE TREATMENT COSTS	\$1,750	1,584	4,950	8,911	13,485	18,831
CONTRACT SERVICES - REPAIRS & MAINTENANCE		2,000	5,000	5,500	6,000	6,500
POWER / UTILITIES		1,000	1,500	2,000	2,500	3,000
TOTAL DISTRIBUTION EXPENSES		5,942	15,693	24,048	33,506	40,758
BILLING & COLLECTION - CONTRACT SERVICES		192	600	1,080	1,632	2,040
ADMINISTRATIVE & GENERAL:						
	COST / BILL					
CONTRACT BILLING SERVICES	\$2.00	1,192	1,600	2,080	2,632	3,040
INSURANCE		400	600	800	1,000	1,200
OFFICE SUPPLIES & EXPENSE		250	500	750	1,000	1,250
REGULATORY COMMISSION EXPENSES		36	113	203	321	402
PROPERTY TAX EXPENSE (\$8 * 10% PLANT, 1 YR DEFERRAL)			2,320	3,952	3,783	4,515
LEGAL & PROFESSIONAL		2,000	2,500	3,000	3,500	4,000
OTHER ADMINISTRATIVE COSTS		500	1,000	1,500	2,000	2,500
TOTALS		4,378	8,633	11,384	14,238	16,906
TOTAL CASH OPERATING EXPENSES		\$10,512	\$24,926	\$38,512	\$49,375	\$59,704
NON-OPERATING EXPENSES						
INTEREST EXPENSE		\$11,250	\$11,250	\$11,074	\$10,371	\$9,668
CONNECTION / INSPECTION COSTS	\$800	12,000	18,000	18,000	20,000	8,000
TOTALS		\$23,250	\$27,250	\$27,074	\$30,371	\$17,688

SEE ACCOUNTANT'S REPORT

**PROJECTED SHAREHOLDER TAX EXPENSE
FOR THE YEARS ENDING DECEMBER 31ST**

	PROJECTED				
	2003	2004	2005	2006	2007
ASSUMED GROWTH PROJECTIONS					
CURRENT YEAR - EDU'S	15	20	20	25	10
CUMULATIVE AMOUNT - EDU'S	15	35	55	80	90
AVERAGE EDU'S SERVED	8	25	45	68	65
TAX BASIS ADJUSTMENTS					
NET INCOME - PER BOOK	(\$22,028)	(\$13,518)	(\$4,262)	\$10,845	\$17,400
TAX BASIS ADJUSTMENTS:					
ACCELERATED DEPRECIATION	(4,825)	(15,828)	(16,571)	(20,941)	(21,717)
CONTRIBUTIONS IN AID OF CONSTRUCTION					
CURRENT YEAR TAXABLE INCOME	(26,853)	(29,346)	(22,833)	(10,096)	(4,317)
LOSS CARRYFORWARD		(26,653)	(55,888)	(78,832)	(88,928)
NET TAXABLE INCOME TO SHAREHOLDERS	(\$26,853)	(\$55,999)	(\$78,832)	(\$88,928)	(\$93,245)
SHAREHOLDER TAX DISTRIBUTIONS					
INCOME TAXES - STATE / COUNTY	4.0%	0	0	0	0
INCOME TAXES - FEDERAL	39.5%	0	0	0	0
SHAREHOLDER INCOME TAX DISTRIBUTIONS		\$0	\$0	\$0	\$0

TAXPAYER'S REPORT

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

[Handwritten signatures]

**APPLICATION OF BLUFFS BASIN)
UTILITY COMPANY, LLC FOR)
AUTHORITY TO OPERATE A NEW)
WATER UTILITY AND RENDER)
SEWAGE DISPOSAL SERVICE IN)
RURAL AREAS IN GRANT COUNTY,)
INDIANA AND FOR APPROVAL OF)
INITIAL RATES AND CHARGES FOR)
WATER AND SEWER SERVICE)**

CAUSE NO. 42188

APPROVED: MAR 05 2003

BY THE COMMISSION:

**David E. Ziegner, Commissioner
Gregory S. Colton, Administrative Law Judge**

On February 25, 2002, Bluffs Basin Utility Company, LLC. ("Petitioner") filed a Verified Petition with the Indiana Utility Regulatory Commission ("Commission") for authority to operate a new water utility and render sewage disposal service in rural areas of Grant County, Indiana and seeking approval for the Board of Commissioners of Grant County to permit Petitioner to use county property in accordance with Indiana Code § 36-2-2-23.

Pursuant to notice as provided for in 170 IAC 1-1.1-15, a Prehearing Conference was held in this Cause on April 9, 2002, at 10:00 a.m., EST, in Room E306 of the Indiana Government Center South, Indianapolis, Indiana. The Commission issued a Prehearing Conference Order on April 17, 2002.

On May 8, 2002, Petitioner submitted its "Petition for Confidential Treatment of Personal Financial Statements" for two of Petitioner's principals, Mr. Herriman and Mr. Braun. On May 13, 2002, a docket entry was issued granting confidential treatment to the personal financial statements.

On May 13, 2002, Petitioner filed an Amended Verified Petition to request that the Commission also authorize and approve initial rates and charges.

Pursuant to proper legal notice, proof of which was incorporated into the record of this Cause by reference and was placed in the Commission's official files, a public hearing in this Cause was held on August 21, 2002. At the hearing, the Petitioner and the Office of Utility Consumer Counselor ("OUCC") presented evidence relative to this Cause. No members of the general public appeared, and no other party sought intervention, appeared or participated in the hearing.

EXHIBIT
C

Blumberg No. 5119

The Commission, based on the applicable law and evidence herein, now finds as follows:

1. **Statutory Notice and Commission Jurisdiction.** The Petitioner seeks authority to provide utility service, and is subject to the jurisdiction of the Commission in the manner and to the extent provided by the laws of the State of Indiana. Proper notice of the public hearing in this Cause was given as required by law. The evidence further indicates that Petitioner provided notice to two utilities within a five-mile radius of the proposed sewer service area: Marion Municipal Utilities, and Forest Ridge Utilities, Inc. Neither utility appeared at the hearings in this Cause. The Commission has jurisdiction over Petitioner and the subject matter of this proceeding.

2. **Petitioner's Characteristics.** Petitioner is a limited liability company organized and existing under the laws of the State of Indiana, with its principal office located at 1508 Hawksview Drive, Marion, Indiana 46952.

3. **Relief Requested.** Petitioner seeks from the Commission: (1) a CTA to provide sewage disposal service in a rural area in Grant County, Indiana (the "CTA Area"), which is more particularly depicted and described in the territory map included as Petitioner's Exhibit 1 and in the legal descriptions included as Petitioner's Exhibit 2; (2) a determination of public convenience and necessity to provide water utility service in Grant County, Indiana; (3) approval of initial rates and charges for water and sewer utility service; and (4) consent pursuant to Ind. Code §36-2-2-23 of the Commission to the Board of Commissioners of Grant County, Indiana granting Petitioner a license, permit or franchise authorizing its use of roads, highways and other property in Grant County, Indiana for water and sewer utility purposes.

4. **Requirements for a Certificate of Territorial Authority to provide Sewage Disposal Service.** Petitioner is seeking a CTA pursuant to Ind. Code § 8-1-2-89 and 170 IAC 8.5-3-1. Pursuant to Ind. Code § 8-1-2-89(e), the Commission must review the evidence and determine whether Petitioner has proved the following:

a. That Petitioner has lawful power and authority to apply for said certificate and to operate said proposed service;

b. That Petitioner has the financial ability to install, commence, and maintain said proposed service; and

c. That public convenience and necessity require the rendering of this proposed service in the proposed rural areas by this particular sewage disposal company.

A. **Lawful Power and Authority to Apply for Certificate of Territorial Authority and to Operate.** Petitioner's witness Charles E. Herriman, owner and member of Petitioner, testified that Petitioner is a limited liability company duly organized and validly existing under the laws of the State of Indiana, is in good standing with the Office of the Secretary of State of Indiana, and is empowered by its Articles of Organization to perform the services for which authority is requested. A copy of Petitioner's Articles of Organization was attached to Mr. Herriman's testimony as Petitioner's Exhibit 5. Petitioner also submitted a

Resolution of the Members of Bluffs Basin Utility Co., LLC. directing and authorizing the members of Petitioner to take any steps necessary to obtain a CTA for the CTA Area (Petitioner's Exhibit 6).

The OUCC did not dispute Petitioner's legal qualifications. The Commission therefore finds that Petitioner has lawful power and authority to apply for a CTA and provide sewage disposal service.

B. Financial Ability. Mr. Herriman testified as to the financial strength of Petitioner to extend sewage disposal service to the CTA Area. Petitioner provided personal guarantees of the principals of Petitioner (Petitioner's Exhibit 7), along with personal financial statements of the principals of Petitioner submitted under seal in support of Petitioner's financial ability to support the proposed sewage disposal system. Petitioner's accounting witness, Otto W. Krohn, testified to the financial capability of Petitioner to extend facilities and provide sewage disposal service in the CTA Area. Petitioner has proposed to initially fund the utility through an infusion of capital for construction and initial operating expenses, with the remainder of anticipated costs provided by debt financing. Mr. Krohn testified that Petitioner's principals have the ability to obtain financing and personally guarantee the financial requirements for the debt service and utility operations. He also testified that, based on his projections, the proposed rates and charges for Petitioner would provide Petitioner with sufficient funds to sustain operations, as well as retire the utility's long-term debt and provide funds for future replacements and improvements.

The OUCC did not dispute the financial ability of Petitioner to install, commence, and maintain the proposed service. However, the OUCC did dispute Petitioner's proposed accounting treatment for Petitioner's initial infrastructure, for the proposed capacity fee, and for the \$200,000 line of credit that is to be used to finance Petitioner's plant. These three issues will be addressed in Finding Paragraph No. 7 below. From the record evidence, the Commission finds that Petitioner possesses the requisite financial ability to install, commence and maintain the proposed service. However, the Commission finds that Mr. Herriman and Mr. Braun should re-execute their financial guarantees so that the five-year period of the guarantee begins with the date of this Order.

C. Public Convenience and Necessity.

i. Petitioner's Evidence. Mr. Herriman testified that the CTA Area includes slightly more than 230 acres of property. Approximately 32 acres of the CTA Area is comprised of The Bluffs, a new subdivision being developed by Mr. Herriman through affiliated companies. The Bluffs will be completed in two phases, with Phase 1 having 36 homes and Phase 2 having 8 homes. Also included in the CTA Area is the Wildwood Subdivision, a development immediately east of The Bluffs, and which at the time of the hearing included approximately 60 existing homes. From Petitioner's evidence, it appears that the remaining portion of the CTA area, approximately 200 acres, is undeveloped.

Petitioner proposes to construct a sewage collection system to provide service to new and existing homes. Sewage treatment will be performed by the City of Marion, and Petitioner provided a wholesale contract, signed by the City, which set forth the terms of service. Kent A. Bryan, Petitioner's engineering witness, testified that Petitioner's sewage disposal system has been designed and sized to serve future development as well as existing homeowners currently using septic systems within the CTA Area, and that the City of Marion treatment facilities have sufficient treatment capacity to treat wastewater collected from the CTA Area.

Mr. Herriman testified that sewage disposal service provided by Petitioner is needed in the CTA Area to facilitate development, like The Bluffs, and to ensure that health concerns created by failed and failing septic systems of existing homes are addressed. Mr. Bryan testified that the Grant County Health Department ("GCHD") was having problems finding a method for cleaning up the pollution in the CTA Area created by failed and failing septic systems. Mr. Herriman testified that the City of Marion has failed to be proactive in its attempts to connect homes with failing septic systems to its existing collection system, and that he believes Petitioner will do a much better job of extending service to these customers. Mr. Herriman believes that ten to fifteen existing homeowners in the CTA Area would like to connect to the Utility.

In rebuttal, Mr. Herriman responded to OUCC concerns about the projected number of existing homeowners that would connect to the Utility. Mr. Herriman anticipated getting sufficient commitment from existing homeowners in Wildwood to extend sewer facilities to the subdivision at homeowners' expense, based on a letter from Howard Wine, the president of the Wildwood Homeowners' Association, and from Blue Heron Lake Properties, LLC, which bought three lots in the Wildwood Subdivision. In addition, Mr. Herriman pointed out that customers of the utility would not have to accede to annexation by the City of Marion, whereas if Marion were to provide service, homeowners would be required by I.C. 36-9-22-2 to waive remonstrance against annexation before they could receive service. It is Mr. Herriman's belief that many customers are strongly averse to being annexed, and this is one reason he believes Marion could not achieve the same number of hook-ups as Petitioner. Both homeowners submitting comments to the OUCC in this matter (Petitioner's Exhibit 18) stated that a big concern for them regarding sewer service in the CTA Area was the threat of annexation by Marion.

ii. OUCC's Evidence. The OUCC filed the testimony and exhibits of Roger A. Pettijohn and E. Curtis Gassert (who adopted the testimony initially filed by Melissa E. Carraro). Their testimony opposed the grant of a certificate of territorial authority to Petitioner for two reasons. First, the OUCC prefers that the developer of The Bluffs should construct its initial facilities and then donate them to the City of Marion rather than create a new sewer utility to serve the CTA Area. Second, the OUCC does not believe existing homeowners with failed septic systems will connect to Petitioner's sewage disposal system, and therefore Petitioner will not have enough customers to generate sufficient revenues to provide service at a reasonable rate.

The Public's first witness, Mr. Roger Pettijohn, a technical analyst with the OUCC, testified that for 15 years he served as Waterworks Superintendent for the City of Marion

and noted that the proposed service area is located just north of the Marion city limits and, at one point, is adjacent to City of Marion's water and sewer lines.

Mr. Pettijohn noted that Petitioner is planning only to place water and sewer lines in The Bluffs and will not extend infrastructure to Wildwood or to other areas. Rather it would be up to the owners of existing homes in the surrounding areas to build lines to the water or sewer system in The Bluffs. Mr. Pettijohn noted that this differed from what was indicated in the Petitioner's case-in-chief, which suggested that the utility would be extending the lines to areas outside of The Bluffs. Mr. Pettijohn explained that a project cost of \$400,000 was originally indicated to include Wildwood and other troubled homes but has since discerned that the project cost of \$400,000 only includes The Bluffs.

Mr. Pettijohn opined that the effect of Petitioner's plan is that Bluffs Basin would be acting merely as a middleman for water and wastewater services actually provided by the City of Marion. He added that the role of middleman offers no advantage to customers in terms of service or price. In fact, the contrary is true since it assures additional costs. Mr. Pettijohn noted that public convenience or necessity will not be promoted by the creation of this new utility and further noted that a utility with only 50 or even 100 customers will not achieve the economies of scale that can be achieved by the City of Marion.

Mr. Pettijohn indicated that developers do not typically establish their own utilities when service is available from an adjacent utility. He noted that normally a development company would dedicate or contribute its water and sewer lines to the City of Marion Utilities and recover infrastructure costs by working with the City on a refund agreement. Mr. Pettijohn noted that if the infrastructure were contributed to the City of Marion as per typical practice, the developer of The Bluffs may recover the infrastructure cost through the City's six times rule and through the sale of the lot. Mr. Pettijohn noted that even if such recovery involved a higher priced lot, such increase would be offset by the lower priced water and sewer rates imposed by the City of Marion, which charges only \$30 per month, the average water and sewer bill for the City with taxes and service charges for 6,000 gallons. Mr. Pettijohn noted that Petitioner has proposed to charge \$84.50 per month for a bill based on 6,000 gallons usage. Mr. Pettijohn also indicated that if Petitioner is granted public utility status, The Bluffs homeowners would likely endure significant increases over time because of their lack of customer base and economies of scale. He further reasoned that the level of service should be better with the City than from a small start-up utility, which will need to rely on services provided by contract.

The Public's other witness, E. Curtis Gassert, the director of the OUCC's Water/Sewer/Rates Division agreed that public convenience and necessity would not be promoted by the Petitioner's proposal to be the utility providing water and sewer services. Mr. Gassert noted that Petitioner's original financial projection indicated a total of 90 estimated dwelling units (EDU's) by the end of 2007, which estimate included 46 existing homes currently on septic tanks and a complete build-out of 44 lots in The Bluffs development. Thus, Petitioner projected that in addition to the 44 new homes that will be automatically hooked up to the utility, all 46 existing homes currently served by septic systems will also hook up to the utility, a projection Mr. Gassert suggested might not come to pass if those 46 homeowners must fund the extensions of the system. Although Petitioner's projections indicate that Petitioner will be

financially viable, from a cash flow perspective, even if those 46 existing homes do not connect to the utility, Mr. Gassert cautioned that without the 46 existing homes, Petitioner's proposed rates would be inadequate to cover its costs and a rate increase of an estimated 108% would be required.

Mr. Gassert noted that the case-in-chief testimony of Mr. Charles Herriman indicated that Bluffs Basin will also install necessary lift-station(s) and water and sewer extension lines to service both The Bluffs, as well as the surrounding residential properties.¹ But, as Mr. Gassert, noted Petitioner has since indicated that it would not bear the cost of extending lines but that it would be the responsibility of the existing homeowners to acquire the funds to cover costs to extend the water and sewer lines from The Bluffs. Thus, Mr. Gassert noted, while Petitioner will actively "sell" the existing homeowners on the benefits of connecting to Petitioner's water and sewer lines, Petitioner would not itself be providing any funds to extend sewer and/or water lines to the existing homeowners.

Mr. Gassert concluded that the consequence of such a plan of placing the responsibility of funding extensions of the system on owners of existing homes will make it less likely that the utility can count on a customer base of 90 homes. Mr. Gassert noted that the Petitioner was asked by the OUCC to provide financial schedules to illustrate a scenario where none of the 46 existing homes are connected to Petitioner's utility. Those schedules show that from a cash flow perspective, Petitioner will be financially viable. However, on a net income basis, Petitioner's forecast predicts net operating losses for the first 5 years totaling \$61,823. If no more than 50 customers are served by the utility, Mr. Gassert asserted Petitioner's revenue requirement would be \$92,549, assuming cost-based rates, and thus Petitioner would require a rate increase of 108% above the initial proposed rates. With Petitioner's small customer base of 50 to 90 customers, Mr. Gassert asserted that Petitioner would be unable to generate any economies of scale as is generated by larger utilities. Any increases in operating expenses such as repairs and maintenance would be have to borne by the small customer base. For example, he noted that if expense for repairs were increased by \$10,000, this would amount to almost \$17 per month per customer to cover the cost of the repairs. He compared this to a utility with 5,000 customers and noted the same \$10,000 repair would amount to only 16 cents per month per customer.

iii. Commission Findings. With regard to the proposed sewage service to The Bluffs, the Commission finds that that the public convenience and necessity require the rendering of sewage disposal service by Petitioner. Clearly there will be a need for sewage service as the subdivision is completed. It appears from the evidence that the City of Marion will not be extending its own collection system to that subdivision, and it further appears that the City has no objection to Petitioner doing so. The fact that Petitioner's proposed service rates are considerably higher than the City's must be balanced against the higher property taxes that could result from a waiver of remonstrance against future annexation. There is evidence that some homeowners prefer service from Petitioner, notwithstanding the higher monthly service rate, because they prefer not to be annexed. No evidence was presented that any homeowners

¹ Mr. Herriman indicated that "Bluffs Basin will also install necessary lift-station(s) and water and sewer extension lines to service the new subdivision known as The Bluffs, as well as the provision of water and sewer services to surrounding residential properties..."Mr. Gassert noted that Petitioner's initial testimony reflected the utility borrowing \$200,000 to install lines to serve the existing homeowners.

would prefer to receive service from the City. Finally, the Commission rejects arguments by the OUCC that Petitioner should be compelled to contribute its collection system to the City. First, there is no record evidence from the City indicating that it would accept such a contribution, and second, the decision on whether to contribute its plant to the City rests with Petitioner.

With regard to the Wildwood Subdivision, the Commission also finds that the public convenience and necessity require the rendering of sewage disposal service by Petitioner. There is evidence that some of the existing septic systems are failing, and the record includes statements of interest by existing homeowners and prospective builders in receiving utility service from Petitioner. The Commission understands that it may require the joint resources of several homeowners to effect an extension of service to the subdivision. However, in the absence of any alternative source of utility service, the Commission finds that service by Petitioner should be approved. With regard to sewer service to Wildwood, Petitioner has not yet submitted all of the exhibits required by 170 IAC 8.5-3-1. The Commission finds that Petitioner should file all such remaining exhibits, including items (4), (5) and (8) of that Rule, with the Commission at least sixty (60) days prior to beginning construction to extend sewer service to Wildwood.

With regard to the remainder of the CTA Area, the Commission finds it is not appropriate to grant Petitioner a CTA at this time. This remaining area dwarfs the size of the areas approved above, and is apparently undeveloped at this time. Even if there are a few scattered homes with septic problems, the record does not indicate that affected homeowners would have the ability to afford an extension of service. The Commission is reluctant to grant a CTA for such a sizable area in the absence of a statement from the utility or a developer that there are definite plans to pay for the extension of service in the near future. Petitioner is invited to submit a petition to expand its CTA when such plans become more concrete. In planning its future expansion, Petitioner should keep in mind the following statement that appeared in the Commission's February 19, 2003 Order in Cause No. 42232:

The Commission notes that when granting CTAs to render sewage disposal service to areas of new development, we are often left with concerns about surrounding areas adjacent to the CTA area where utility service is not extended. By designing newly developed areas to be served in irregular form in order to include only specific, present development, neighbors are often left without sewage service, yet excluded from viable options by a surrounding patchwork of similarly asymmetric served areas. We see utilities then extending their areas, but focusing again only on new development, designing around some already developed areas, thus compounding this problem. The Commission will give preference to designs in which utilities bordering upon previously developed areas extend CTAs in a symmetric form allowing the option of service and avoiding isolated unserved areas.

We find this evolving problem is consequential enough to be a significant consideration in reviewing subsequent petitions of CTA holders to expand their areas of service, and determining whether the proposed expansions are in the public interest.

5. **Authority To Provide Water Utility Service.** To be granted authority to provide water utility service, Petitioner is required to demonstrate that the public convenience and necessity require the rendering of the proposed water service in the proposed rural area by Petitioner.

A. **Petitioner's Direct Evidence.** Petitioner's witnesses testified that the public convenience and necessity requires the proposed water utility service. Mr. Herriman testified that homeowners to be located in The Bluffs will need water service. Mr. Bryan testified that because of leakage from the failed and failing septic systems located in the area, there is a threat that some of the wells in the area may be contaminated and that water provided by Petitioner's proposed service provides an economical and safe replacement for these wells. Mr. Herriman testified that other options including wells were considered for the area, but that in working with the City of Marion it was determined that Petitioner's proposed water utility service was the best way to provide water service to the area. He stated that, for both existing homes in the service area and new development such as The Bluffs, the value of the residential properties and the safety of the potable drinking water for Petitioner's proposal is superior to wells. Mr. Herriman and Mr. Bryan both testified that the creation of the Utility would also increase the fire protection ability for the area. Mr. Herriman also testified, as discussed in Section 4. C. above, that, unlike the City of Marion, Petitioner will be proactive in connecting customers to its utility water system.

B. **OUCC Evidence.** The OUCC did not differentiate between sewer and water issues in its testimony. Therefore, the same concerns apply to water service that applied to sewage service: the OUCC prefers that Petitioner contribute its distribution system to the City of Marion, and the OUCC has doubts about the number of customers Petitioner will be able to enroll.

C. **Commission Findings.** The Commission finds that there is a need for water service in The Bluffs and, due to the possibility that water supplies may be contaminated, in other parts of the proposed service as well. In the absence of any opposition from the City to Petitioner's proposed service, the Commission finds that the public convenience and necessity would be served by permitting Petitioner to furnish water service as proposed. It is the Commission's understanding that the Indiana Department of Environmental Management ("IDEM") requires a Water System Management Plan (pursuant to 327 IAC 8-3 et seq.) prior to the implementation of a new water utility system in Indiana. Therefore, our approval of Petitioner's proposed water service is conditioned on Petitioner obtaining IDEM approval of its Water System Management Plan prior to serving any customers.

The Commission hereby takes administrative notice of Ind. Code § 36-2-2-23, which requires the consent of the Commission prior to the grant by a Board of County Commissioners of a permit to a utility to use county property (generally roads, easements, rights-of-way, and the like) in rendering utility services. Based upon the finding herein that public convenience and necessity is served by the issuance of a certificate of territorial authority and the authority to provide water service to Petitioner, the Commission hereby consents to the Board of Commissioners of Grant County granting Petitioner a license, permit or franchise for the use of county highways, roads and property in rendering water and sewage disposal service in accordance with applicable Indiana law.

6. Approval of Initial Rates and Charges.

A. Petitioner's Evidence. Petitioner filed an amendment to its initial Verified Application in this case on May 13, 2002, requesting approval of initial rates and charges. Petitioner filed Supplemental Testimony and Exhibits of Charles E. Herriman and Otto W. Krohn supporting those initial rates and charges. Petitioner presented proposed initial tariffs for water and wastewater (Petitioner's Exhibits 12 and 13). The proposed water service minimum monthly charge is \$28.13 based on 5,000 gallons usage, as discussed in Mr. Krohn's supplemental testimony. The proposed water service tariff also contains a connection charge of \$400.00 and a capacity fee of \$412.50. The proposed wastewater service minimum monthly charge is \$46.88 based on 5,000 gallons of water usage, as discussed in Mr. Krohn's supplemental testimony. The proposed wastewater service tariff also contains a connection charge of \$400.00 and a capacity fee of \$687.50. Petitioner proposes that 85% of the proposed water and sewer capacity fees be recorded as contributions in aid of construction ("CIAC") and 15% of the water and sewer capacity fees be recorded as non-operating revenues. Mr. Krohn detailed the estimated \$20,000 in startup costs involved in creating the Utility, breaking down the costs by legal fees, accounting and financial fees and engineering fees. Mr. Krohn testified that because of the lack of an adequate customer base at startup, the initial rates and charges are priced lower than what could otherwise be justified if Petitioner were seeking a return on its investment. Mr. Krohn testified that the initial proposed rates and charges were fair and reasonable, and should be sufficient to sustain operations, retire long-term debt and provide funds for replacements and improvements. Mr. Krohn also demonstrated that the proposed rates are well below those that could be implemented if Petitioner were granted a 10% return on equity.

B. OUC's Evidence. Mr. Gassert criticized Petitioner's proposed rates because they are higher than those charged by the City of Marion. He testified that if the developer of The Bluffs donated the sewer and water mains to Marion, customers would be charged Marion's rates for service rather than Petitioner's proposed rates. He also testified that rate-of-return based rates, using the assumptions contained in Exhibit MEC – Attachment 2 and a 10% return, could cause Petitioner to need a large rate increase in the future to cover the estimated revenue requirement. Mr. Gassert testified that Petitioner should be required to follow the Commission's Main Extension Rules (170 IAC 6-1.5) in allocating the costs that Petitioner expends in constructing the mains within the proposed service area. Mr. Gassert also testified that all capacity fee revenue should be assigned to CIAC, because it is intended to assign capital cost responsibility to future customers.

C. **Commission Findings.** Petitioner has proposed initial rates and charges with a minimum monthly charge of \$28.13 for water service and \$46.88 for sewer service. Additionally, Petitioner proposes a \$400.00 connection fee for water service and a \$400.00 connection fee for sewer service. Petitioner proposes capacity fees of \$412.50 for water service and \$687.50 for sewer service. The initial proposed rates and charges from Petitioner do not seek a return on Petitioner's investment. If Petitioner sought a 10% rate of return, the rates would need to be considerably higher, according to Mr. Krohn's Exhibit No. 14.² Petitioner has decided to forego a return on its investment during the start-up phase of the utility, but anticipates that as the utility grows, the utility's shareholders should eventually be able to earn a reasonable return on their investment.

Petitioner's projections indicate that the initial proposed rates should be adequate to generate sufficient cash flow to operate the utility. Given these projections, the fact that this is a start-up utility, and the personal financial guarantees of the two principals, Mr. Herriman and Mr. Braun, the Commission finds that the proposed rates are appropriate and should be approved.

The Commission shares the OUCC's concern that Petitioner may not be able to enlist the number of customers from Wildwood that projections indicate. If Wildwood customers do not subscribe for service, the evidence indicates that Petitioner's rates and charges might need to be raised considerably higher than what has been initially approved. The Commission finds that it is appropriate to require Petitioner to inform potential buyers for The Bluffs that Petitioner's initial rates do not produce a return on the utility's property and are subject to a considerable increase if additional customers from Wildwood do not hook onto the Utility. The Commission finds that Petitioner should cause written notice of this circumstance to be given to all prospective purchasers of lots in The Bluffs prior to the execution of any commitment to purchase. Notice should also be given to owners of lots that have already been sold. It is Petitioner's responsibility to retain written proof that said notice was given as required. The form of notice to be used should be submitted to the presiding officers for their approval.

7. **Accounting Concerns.** In the event the Commission decided to grant Petitioner authority to provide water and sewer service, Mr. Gassert testified the Commission should prohibit Petitioner from recording the entire \$400,000 investment as equity, should order Petitioner to refinance its line of credit out of Petitioner's name, and should require Petitioner to record all of its capacity fees as CIAC. We address each of these points below.

First, Mr. Gassert asserted that the utility should apply the Commission's main extension rules to the capital construction of Petitioner's plant, and therefore should not treat the entire cost of that construction as equity on the utility's books. According to Mr. Gassert, the total costs to install water and sewer lines to and within The Bluffs are approximately \$400,000 of which \$313,866 relate solely to the infrastructure within The Bluffs. Mr. Gassert noted that according to the Commission's main extension rules (170 IAC 6-1.5), Petitioner should record the Customer Advances for Construction (CAC) at \$221,134 and Contributions in Aid of Construction (CIAC) at \$178,866.

² Assuming service to 85 EDU's, monthly rates would need to be approximately \$40.24 for water service and \$63.89 for sewer service in order to support a 10% rate of return.

Mr. Krohn countered that it was not appropriate to view initial mains and facilities constructed by a Utility as a main extension subject to the Commission's Main Extension Rules (170 IAC 6-1.5). He further clarified that the original Utility trunk lines to be constructed by Petitioner would run from the connection with Marion through Phase I of The Bluffs (but not Phase II) and were designed and sized to serve the entire proposed service area. Mr. Krohn explained that facilities constructed within Phase I of The Bluffs that were strictly to serve homeowners within The Bluffs were excluded from Petitioner's Exhibits 20 and 21. He also clarified that Phase II of The Bluffs would be treated exactly like all other future customers of the Utility and the developer would pay its proportionate share of any mains that would be extended from the Utility's facilities to Phase II.

The Commission finds that under the facts presented the construction of the initial infrastructure of the utility should not be treated as a main extension. The OUCC's suggestion that Petitioner's accounting entry for utility plant should be reduced in accordance with the main extension rules is inappropriate and is therefore rejected.

Next, Mr. Gassert noted that Petitioner has a line of credit with Union Planters Bank in Marion, Indiana. Pursuant to a promissory note dated June 10, 2002, a line of credit is available in the amount of \$200,000. But, as the Public noted, Petitioner will not be showing this debt on its balance sheet. Mr. Gassert noted that Petitioner's owners have chosen to infuse Petitioner with 100% equity and no debt. The Public recommended that if Petitioner's application is granted, Petitioner's owners should be required to refinance the line of credit into their personal names and not in Petitioner's name. According to the Public, if Petitioner is not going to be showing the debt on its balance sheet, the line of credit should not be issued with Petitioner shown as the borrower. The Commission finds that Mr. Gassert's suggestion is reasonable and that under the circumstances described, Petitioner should be required to refinance the line of credit into their personal names and not in Petitioner's name.

Finally, Mr. Gassert challenged Petitioner's proposal that 85% of the capacity fees be recorded as CIAC to cover a portion of capital costs, with 15% of the capacity fees being recorded as non-operating revenue to cover a portion of the operating costs of the utility. According to Mr. Gassert, capacity fees should be recorded as CIAC because those fees will be used to cover capital costs. In reply, Mr. Krohn testified that the 15% of the capacity fees that he allocated to non-operating revenue was to be used to offset operating costs and interest expense and would not qualify as CIAC under GAAP. Therefore, he testified that it was not appropriate to treat that revenue as CIAC as suggested by the OUCC.

The Commission finds that Petitioner should devote the capacity fees it receives 100% to the construction of capital assets. Because capacity fees represent a one-time contribution to the utility, it is more appropriate for those fees to be used to fund fixed assets of the utility. If Petitioner needs revenues to offset initial operating costs and interest expenses, it should request authority to charge a higher monthly rate.

8. Condition Imposed. The Commission is concerned that Petitioner might withdraw from the Commission's jurisdiction before the utility's customer base has grown to a level that is the basis of the financial projections upon which Petitioner's water and sewer rates are based. The Commission believes regulatory oversight can be an important customer

protection while the utility is in the start-up phase and until it has reached the projected level of customers. Accordingly, the Commission finds it is in the public interest that our grant of a sewer CTA, and our finding of public convenience and necessity for the proposed water service should both be conditioned on the requirement that the utility not seek withdrawal from the Commission's jurisdiction until both phases of The Bluffs have been completed.

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

1. Petitioner, Bluffs Basin Utility Company, LLC, shall be and hereby is granted a Certificate of Territorial Authority to render sewage disposal service in the rural area of Grant County, Indiana, which includes The Bluffs and the Wildwood subdivisions. This Order shall be the sole evidence of the Certificate of Territorial Authority granted hereby for the CTA Area.

2. Petitioner Bluffs Basin Utility Company, LLC, shall be and hereby is granted authority to provide water service in Grant County, Indiana. However, to the extent that Petitioner's Water System Management Plan filed with IDEM pursuant to 327 IAC 8-3 et seq. has not been approved by IDEM on the date of this Order, Petitioner shall not be authorized to provide water service in Grant County, Indiana until the date IDEM approves its Water System Management Plan. Petitioner shall file a copy of its Water System Management Plan with the Commission concurrently with filing it at IDEM.

3. The Commission consents to the issuance by the Board of Commissioners of Grant County of permission to Petitioner to use county property in accordance with Indiana Code § 36-2-2-23.

4. The grant of a CTA in Ordering Paragraph No. 1, and the authority to provide water service set forth in Ordering Paragraph No. 2 shall both be subject to the condition set forth in Finding Paragraph No. 8 hereinabove.

5. Petitioner shall file with the Gas/Water/Sewer Division of this Commission within 21 days from the date of this Order, a map and a legal description of the area for which a CTA is granted in Ordering Paragraph No. 1 above.

6. Petitioner shall file with the Gas/Water/Sewer Division of this Commission, within 21 days from the date of this Order, schedules of rates and charges consistent with this Order, which rates and charges shall be effective on and after the date of approval.

7. Petitioner shall comply with the accounting treatments approved in Finding Paragraph No. 7 of this Order.

8. Mr. Herriman and Mr. Braun shall re-execute their financial guarantees so that the five-year period of the guarantee begins with the date of this Order.

9. Petitioner shall comply with the notice requirement set forth in Finding Paragraph No. 6.C.

10. At least sixty (60) days prior to beginning construction to extend sewer service to Wildwood, Petitioner shall file the exhibits described in Finding Paragraph No. 4.C.iii.

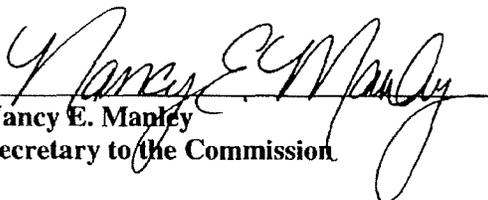
11. This Order shall be effective on and after the date of its approval.

MCCARTY, HADLEY, LANDIS, RIPLEY AND ZIEGNER CONCUR:

APPROVED:

MAR 0 5 2003

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



Nancy E. Manley
Secretary to the Commission

PUBLIC NOTICE

The Bluffs Basin Utility Co., LLC. pursuant to 170 IAC 1-6-1 and Cause No. 45032, will file with the Indiana Utility Regulatory Commission (IURC) a 30 Day Filing to elect cost options as contained in 170 IAC 6-1.5-33(3) and 170 IAC 8.5-4-32(3) granting applicants options in regard to payment for main extensions for water and wastewater utilities. These changes are the result of the 2017 Tax Cut and Jobs Act as follows: applicants for main extension for water and sewer shall be allowed the option of paying the cost of main extensions and full gross-up state and federal taxes associated with the cost of the main extension, and the applicant shall receive refunds as provided in sections 36 through 37 of the above rules, or shall pay the cost of the main extension exclusive of the tax associated with main extensions and the applicant shall forfeit all rights to immediate revenue allowances and to refunds, except for subsequent connector's fees. We expect to file this by March 26, 2018. This election is not anticipated to adversely affect existing customers. A Commission decision on this 30 Day Filing is anticipated no sooner than thirty days after the date of filing. Objection to this filing should be made to the IURC and the Office of Utility Consumer Counselor.

The contact information for both of these offices is as follows:

Mary Becerra
Secretary of the Commission
Indiana Utility Regulatory Commission
101 W. Washington St., Ste. 1500E
Indianapolis, IN 46204

Indiana Office of Utility Consumer Counselor
115 W. Washington St., Ste. 1500S
Indianapolis, IN 46204



CUSTOMER NOTICE

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