

## Improving Procedural Efficiencies

### Water and Wastewater Cases – Case-in-Chief and Initial Testimonial Information Needed as Compiled by the OUCC’s Water and Wastewater Division (6/22/2020)

(The following is a working list and not intended to be exhaustive.):

#### **Base Rate Cases filed under 8-1-2-42.7:**

- ✦ Provide an electronic version of rate schedules, testimony attachments, and workpapers in Excel with all formulas intact where applicable.
- ✦ Any workpapers filed should be clearly labeled with the associated adjustment or topic the workpapers support.

The biggest area lacking supporting documentation in a utility’s future test year case-in-chief filing is capital projects.

- ✦ For capital projects the following should be provided:
  - Project Name;
  - Project Number or another identifier;
  - Brief description of the project including an explanation as to why the project is needed at this time;
  - Prioritization ranking of the project;
  - Brief description of alternatives considered;
  - Whether the project addresses new or existing infrastructure;
  - Latest, or most applicable, engineering report for the project;
  - Estimated project start date;
  - Estimated completion date;
  - Total project cost estimate, including construction costs, contingencies and non-construction costs;
  - Actual or projected total project cost at completion (broken down between construction cost and total non-construction cost);
  - Brief explanation of how projected total project cost was determined (i.e., historical costs; estimated costs from a detailed engineering report; etc.);
  - Detailed work order level estimates for each project (projected test year); and
  - Explanation in testimony as to the reason and scope of each project with a cost of \$500,000 or more.
- ✦ Additional Capital Project Information to be provided.
  - Provide a description and explanation of any inflation or escalation factor used to estimate project costs for future test year cases, including how Petitioner calculated the amount of the inflation or escalation factor.
  - Provide a description and explanation of any contingencies included in estimated project costs for future test year cases, including how Petitioner calculated the amount of the contingency.
  - Provide Petitioner’s allowance for funds used during construction (“AFUDC”) rate calculation and methodology.

- Provide a copy of the latest engineering Master Plan.
- Provide a copy of the latest Asset Management Plan.
- Provide a copy of the latest system map (print or digital).

Additional required information to be provided with a utility's case-in-chief filing will be provided as part of the rulemaking process to update the Commission's MSFR Rule (170 IAC 1-5).

**Distribution System Improvement Charges (“DSIC”):**

The OUCC only has 30 days in which to review the utility's case and file its response so it is important that all information is provided by the utility when it files its case-in-chief.

- ✦ Provide an electronic version of all schedules, calculations, and testimony attachments, in Excel with all formulas intact.
- ✦ Financial Data to be provided:
  - Calculation of DSIC revenue requirement;
  - Calculation of pre-tax rate of return;
  - Calculation of depreciation expense;
  - Reconciliation of prior DSIC, if applicable;
  - Calculation of fixed charge by meter;
  - Calculation of total percent increase due to DSIC since last base rate case. and
  - Copy of proposed tariff, both red-line and clean.
- ✦ For all non-recurring (non-blanket or non-bucket) work order projects included in the filing, provide the following:
  - List of each individual project or work order number, including the following information for each project:
    - Brief project description;
    - Date placed in service;
    - Explanation of project purpose and resulting benefits to the utility and its customers;
    - Applicability of easements;
    - Age and original cost of plant retired;
    - Pipe diameters;
    - Pipe lengths; and
    - Total cost incurred broken down by -
      - Cost of materials;
      - Cost of labor;
      - Contractor services; and
      - Non-construction Costs.
- ✦ For all recurring (blanket or bucket) work order projects (i.e., mains, meters, hydrants, etc.), provide the following:
  - List of each recurring project by project or work order number, including the following information:
    - Brief project description;
    - Explanation of project purpose and resulting benefits to the utility and its customers;
    - Age and original cost of plant retired;

- Quantities of recurring project assets replaced; and
  - Total cost incurred.
- ✦ Provide a list of each project with retirement cost detail by utility plant account.
  - ✦ Provide a list of each project with removal and salvage detail by utility plant account.
  - ✦ Provide Petitioner's allowance for funds used during construction ("AFUDC") rate calculation and methodology.

**Financing Cases:**

- ✦ Provide a chart that shows how much of Petitioner's current outstanding debt was issued with fixed interest rates. Include the issuance date, amount, and fixed interest rate for each issuance of current outstanding debt.
- ✦ Provide a chart that shows how much of Petitioner's current outstanding debt was issued with variable interest rates. Include the issuance date, amount, and variable interest rate for each issuance of current outstanding debt.
- ✦ Provide how much fixed interest rate debt Petitioner issued as a result of its latest financing authority last approved by the Commission. Include the issuance date, original amount financed, and fixed interest rate for each issuance.
- ✦ Provide how much variable interest rate debt Petitioner issued as a result of its latest financing authority last approved by the Commission. Include the issuance date, original amount financed, and variable interest rate for each issuance.
- ✦ If Petitioner has unused long-term debt financing from its last financing authority, explain whether Petitioner intends to use any of the remaining long-term debt financing authority before the authority expires.
- ✦ If Petitioner has unused equity financing from its last financing authority, explain whether Petitioner intends to use any of the remaining equity financing authority before the authority expires.
- ✦ For each note currently outstanding, provide the following:
  - Maturity date.
  - Original amount due for each note.
  - Total amount due for each note as of the latest financial closing period.
  - The monthly required payment (principal and interest listed separately) for each note as of the latest financial closing period.
  - Amortization schedule.
  - The purpose for each note.
- ✦ For each bond currently outstanding, provide the following:
  - Maturity Date
  - Original amount due for each bond.
  - Total amount due for each bond as of the latest financial closing period.
  - The monthly required payment (principal and interest listed separately) for each bond as of the latest financial closing period.
  - Amortization schedule.
  - The purpose of the bond.
- ✦ For equity infusions:
  - Provide the name(s) of each entity or entities that will be funding the infusion of capital.
  - Provide a breakdown of the requested equity by the amount that will be in the form of paid-in-capital, common, and preferred stock.

- If the estimated capital will be infused as pure equity or debt due to a related entity or party, indicate the entity that is lending the funds, the rate and repayment terms.
- ✦ Provide the expected lender(s) for the requested debt issuance.
- ✦ Provide the amount of fixed interest rate debt planned to be issued if the requested financing authority is granted, including an amortization schedule.
- ✦ Provide the amount of variable interest rate debt planned to be issued if the requested financing authority is granted, including an amortization schedule.
- ✦ Describe how the increase in financing authority will be reflected in Petitioner's current capital structure.
- ✦ Provide Petitioner's debt/shareholder equity ratio prior to the proposed debt/equity issuance.
- ✦ Provide Petitioner's debt/shareholder equity ratio if the proposed debt/equity issuance in this Cause is approved.
- ✦ Explain Petitioner's 5-year plan for debt/shareholder equity levels.
- ✦ Explain if each debt issuance requested will be collateralized by an underlying asset, or if each loan will be unsecured.
  - Describe the assets that will be pledged as collateral if the proposed loans will be secured by underlying assets.
- ✦ Provide Petitioner's most recent credit rating reports from Fitch, Moody's and S&P.
- ✦ If Petitioner expects to use multi-year credit facilities, provide the following:
  - The financial institution financing the commitment;
  - The total line of credit commitment;
  - Whether the line of credit is secured, and if so, the collateral securing the loan;
  - Whether there is a corporate guarantor, and if so, who the corporate guarantor is;
  - The maturity date; and
  - The financial covenants associated with the line of credit commitment.
- ✦ Provide Petitioner's most recent Securities and Exchange Commission 10-K and 10-Q filings in electronic format, if applicable.