

ORIGINAL

Commissioner	Yes	No	Not Participating
Huston	√		
Bennett	√		
Freeman	√		
Veleta			√
Ziegner	√		

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**IN THE MATTER OF THE PETITION OF)
 STUCKER FORK CONSERVANCY DISTRICT) CAUSE NO. 46167
 FOR APPROVAL OF A NEW SCHEDULE OF)
 RATES AND CHARGES FOR WATER SERVICE) APPROVED: JUL 02 2025**

ORDER OF THE COMMISSION

Presiding Officers:

David E. Ziegner, Commissioner

Loraine L. Seyfried, Chief Administrative Law Judge

On November 25, 2024, Stucker Fork Conservancy District (“Stucker Fork” or “Petitioner”) filed its Petition with the Indiana Utility Regulatory Commission (“Commission”) requesting approval of a new schedule of rates and charges for its water utility service. Stucker Fork contemporaneously prefiled its direct testimony and exhibits.

On December 10, 2024, Morgan Foods, Inc. (“Morgan Foods”) filed its Petition to Intervene, which the Presiding Officers granted on December 17, 2024.

On January 29, 2025, Stucker Fork filed a Motion to Substitute Correct Version through which the utility sought to substitute workpapers attached to this motion for workpapers it filed previously in this Cause. The Presiding Officers granted this motion on February 4, 2025.

On March 4, 2025, the Indiana Office of Utility Consumer Counselor (“OUCC”) prefiled its direct testimony and exhibits. The OUCC filed corrections on March 21, 2025.

On March 4, 2025, Morgan Foods filed its direct testimony and exhibits.

On April 1, 2025, Morgan Foods filed cross-answering testimony. On that same day, Stucker Fork filed its rebuttal testimony and exhibits.

On May 7, 2025, Stucker Fork filed a Joint Stipulation and Settlement Agreement (“Settlement Agreement”), executed by Stucker Fork, Morgan Foods, and the OUCC. Stucker Fork and the OUCC also filed testimony and exhibits in support of the Settlement Agreement.

The Commission conducted an evidentiary hearing on May 19, 2025, at 2:00 p.m. in Room 222, 101 West Washington Street, Indianapolis, Indiana. Stucker Fork, Morgan Foods, and the OUCC, each by counsel, attended this hearing, during which their respective exhibits were admitted into the record without objection.

Based upon the applicable law and the evidence herein, the Commission now finds:

1. **Statutory Notice and Commission Jurisdiction.** Notice of the hearing in this Cause was given and published by the Commission as required by law. Stucker Fork is a conservancy district that has elected to furnish water under Ind. Code ch. 14-33-20. Pursuant to Ind. Code § 14-33-20-14, the Commission has jurisdiction over changes to Stucker Fork’s rates and charges for the provision of water service. Therefore, the Commission has jurisdiction over Stucker Fork and the subject matter of this Cause.

2. **Petitioner’s Characteristics.** Stucker Fork is a conservancy district, established by an April 9, 1964 Order of the Scott County Circuit Court for the purpose of providing water service to customers within its service area. Stucker Fork uses wells and surface water, water treatment and transmission facilities, storage tanks, distribution facilities, and other property to provide service to approximately 8,000 customers. Stucker Fork’s existing rates and charges were established by the Commission’s July 25, 2018 Order in Cause No. 44987.

3. **Petitioner’s Requested Relief.** Stucker Fork requested approval to adjust its rates and charges for water service based on a cost of service study (“COSS”) prepared by Stucker Fork’s financial advisor and rate consultant. In its Petition and exhibits, Stucker Fork requested an increase to its annual revenue requirement of 31.50% or \$1,574,927, for a total net revenue requirement of \$6,577,801.

In its settlement testimony, Stucker Fork requested the Commission approve the Settlement Agreement, which provides for an overall 25.73% increase to Stucker Fork’s existing rates and charges or an increase in Stucker Fork’s annual revenues of \$1,299,196 to meet its net revenue requirement of \$6,348,255.

4. **Test Year.** The test year for determining Stucker Fork’s actual and pro forma operating revenues, expenses, and operating income under present and proposed rates is the 12 months ended December 31, 2023, adjusted for changes that are fixed, known, and measurable for ratemaking purposes and that occur within the 12 months following the end of the test year.

5. **Summary of the Evidence.**

A. **Stucker Fork’s Direct Evidence.**

i. **Richard A. Burch.** Mr. Burch, Professional Engineer at Midwestern Engineers, Inc., explained that Stucker Fork’s service area spans 420 square miles across Scott, Jefferson, Jackson, Jennings, Washington, and Clark counties. He stated that Stucker Fork’s customer base has been very consistent for the last 10–15 years; however, its Board of Directors (“Board”), based upon discussions with developers and businesses that may locate in and around Stucker Fork’s service area, anticipates an increase in the utility’s customer base and water demand.

Mr. Burch provided an overview of Stucker Fork’s existing facilities. He explained the utility uses wells and surface water, water treatment facilities, transmission and distribution facilities, and storage tanks.

Mr. Burch stated Stucker Fork is seeking to adjust its rates and charges based on its prepared COSS. He explained that he based periodic maintenance expenses on the cost for those expenses in Stucker Fork's last base rate case, unless he had actual costs or bid tabs available, and he also adjusted the costs for inflation. Mr. Burch testified that, consistent with the Commission's prior orders in Cause Nos. 44164, 44687, and 44987, Stucker Fork is seeking an amount for depreciation, which it intends to use to pay for proposed capital improvements and unexpected repairs.

Mr. Burch explained Stucker Fork's proposal to expand the capacity of its Marble Hill water treatment plant ("WTP") facilities. He said the project includes a 3,600 square foot building with four individual million gallon per day ("mgd") filters and related piping. He said the project will allow Stucker Fork to increase its capacity from the Marble Hill WTP from four mgd to eight mgd. Mr. Burch noted that the plant has been operating 20 to 24 hours per day and that the proposed expansion will bring the operating time of the plant to 12 to 16 hours per day, which is more in line with operating practices for water treatment plant facilities. He also noted that in the last several years, Stucker Fork has received inquiries about water service from potential businesses wanting to develop the remaining property at the PSI Marble Hill site and expansion of the plant will make water available for these developments. He estimated that the total cost of the Marble Hill WTP expansion project would be \$7,325,000, which includes all construction and non-construction costs.

ii. **Douglas L. Baldessari**, Mr. Baldessari, a Certified Public Account and principal in Baker Tilly Municipal Advisors, LLC ("Baker Tilly"), stated that Petitioner's last base rate case was approved more than six years ago on July 25, 2018, in Cause No. 44987. He stated that Stucker Fork is now requesting a rate adjustment due to substantial inflationary pressure that caused an increase in operating and maintenance expenses. He said Stucker Fork is also seeking a base rate adjustment because the utility is planning to make certain capital improvements and intends to issue bonds to expand the Marble Hill WTP.

Mr. Baldessari summarized the Consulting Report prepared for Petitioner. In particular, he noted adjustments to test year expenses have been made for fixed, known, and measurable items. The test year cash operating expenses were adjusted to reflect the cost of payroll adjustments, employee benefits, and insurance, among others. He noted adjustments were also made for the expected cost of periodic maintenance requirements based on updated allowances for such expenses by Petitioner's consulting engineers. Other adjustments include the hiring of three new maintenance employees needed to operate the utility, and the retention of professional services for on-going accounting support, financial reporting, and financial guidance. He noted the test year cash operating expenses of \$3,874,478 were increased by \$280,657 to arrive at estimated annual cash operating expenses of \$4,155,135.

Mr. Baldessari said it is anticipated that Stucker Fork will spend almost \$13 million over the next five to seven years on capital improvements, including work trucks, booster station switch gear, expansion of the Marble Hill WTP, new Marble Hill supply wells, an Austin WTP raw water intake structure, and main replacement. He stated that Stucker Fork's annual depreciation expense on its facilities is \$990,030 and that, consistent with the Commission's October 2, 2013 Order in Cause No. 44164, Stucker Fork requests a depreciation allowance of \$990,030. He indicated such

an approach would provide better and smoother funding for these projects as opposed to a cash-funded strategy.

Regarding Stucker Fork's proposed expansion of its Marble Hill WTP, Mr. Baldessari testified that Stucker Fork plans to issue bonds to pay for the expansion, new supply wells, construction contingencies, base rate case expenses, and legal, bond counsel, financial advisory, and general project contingencies totaling \$7,325,000. He stated that although the Commission does not approve debt issuance for conservancy districts, Petitioner currently plans to defer issuing long-term debt to fund the proposed projects until the Commission has issued an order in this Cause. He said Stucker Fork has an underlying S&P rating of "A-" on Petitioner's outstanding debt, and Stucker Fork could estimate stronger bond coverage with additional revenues and, thus, receive the best rating and interest rate possible. He noted that the Consulting Report includes a proposed amortization schedule for the proposed \$7,325,000 revenue bond issue at an assumed interest rate of 4.0%.

Mr. Baldessari testified Stucker Fork anticipates applying to fund the Marble Hill WTP through the State Revolving Fund ("SRF") Loan Program. The actual interest rate on the proposed long-term debt will depend on where Stucker Fork's proposed project ranks on the SRF's Project Priority List and the current quarter's interest rate based on the average residential user rate and median household income for the area. If the project does not score well, then the actual interest rates may be obtained through a competitive sale of bonds. The proposed bonds have been amortized around Petitioner's currently outstanding bonds to achieve debt service that is as level as practicable.

Mr. Baldessari said Petitioner's total revenue requirement is \$6,669,941. He said the reduction of this amount by test year interest income, penalties, and other income results in net revenue requirements to be funded through rates of \$6,577,801. He said the Consulting Report sets forth Petitioner's estimated revenue requirements, which were adjusted to incorporate Petitioner's adjusted operation and maintenance expenses, and includes the average annual debt service on outstanding and proposed bonds, as well as the associated debt service reserve funding. To provide sufficient revenues to meet the estimated annual revenue requirements, current annual revenues of \$5,002,874 (which were adjusted to remove the Washington Township settlement payment included in the wholesale water revenue) would need to be increased by \$1,574,927 or approximately 31.5%.

Mr. Baldessari noted Stucker Fork and Morgan Foods entered into an Agreement Regarding Implementation of Cost of Service Study ("COSS Agreement"), which he sponsored as Petitioner's Exhibit 5. He explained that through this agreement, Stucker Fork, in an effort to avoid rate shock for Morgan Foods and other large users, agreed to implement the results of the COSS in two phases. Based on the COSS Agreement, 50% of the cost of service increase beyond the across-the-board increase will be implemented in this Cause and the remaining 50% would be implemented in the later of five years or in Stucker Fork's next rate case. He testified that the COSS Agreement is fair and reasonable in part because the proposed rates arising out of the agreement are based upon the methodology set forth in the sixth edition of Principles of Water Rates, Fees, and Charges, American Water Works Association M1 Manual, which has long been accepted by the Commission as an appropriate means of establishing cost-based rates for Indiana

utilities. Further, the COSS Agreement applies gradualism principles to rates and eliminates the need for the parties to spend time and resources litigating COSS issues.

Mr. Baldessari stated he included \$325,000 for rate case expenses. He said Stucker Fork's actual base rate case expenses for Cause Nos. 44164, 44687, and 44987 were \$467,768.64, \$367,481.70, and \$317,060.47, respectively. He noted Cause No. 44987 did not include the preparation of a cost of service study but the other two Causes included COSS issues. He explained that he reached the estimated amount by considering the meetings that occurred with the Board; the preparation of consulting reports, ordinances, resolutions, engineering reports, and capital improvement plans; the provision of information to Morgan Foods; and the preparation and filing of testimony and exhibits. He said he also anticipated that Stucker Fork's professionals would incur time and expense responding to discovery and assisting in various filings in this Cause.

Finally, Mr. Baldessari stated that he offered an adjustment to test year expense to include three new employees to be assigned to the maintenance of the water treatment plants and distribution system.

Mr. Baldessari concluded by opining that the rates proposed in the Consulting Report are fair, just, non-discriminatory, reasonable, and necessary to meet the projected revenue requirements of the utility.

B. Morgan Foods' Direct Evidence. Mr. Krohn, a Certified Public Accountant and Securities and Exchange Commission Registered Municipal Advisor, explained that Morgan Foods is a food processor located in Austin, Indiana. He said the company purchases significant water annually from Stucker Fork and is the utility's largest-volume customer. He addressed both the COSS Agreement and raised certain issues regarding Stucker Fork's proposed revenue requirement.

Mr. Krohn testified that the cost of service disagreements between Morgan Foods and Stucker Fork in the utility's prior rate cases resulted in protracted and costly litigation. He described the COSS Agreement and noted that through this agreement, Morgan Foods and Stucker Fork agreed to a phase-in of any COSS-based rates implemented by the Commission. He said this process fostered collaboration between the two parties.

Mr. Krohn testified the COSS Agreement is in the public interest because implementing the COSS-based rates in two phases will help to mitigate any rate shock to Stucker Fork's industrial customers, including Morgan Foods, thus promoting gradualism. He also noted that the agreement permitted the parties to avoid costly litigation by resolving the dispute between Stucker Fork and Morgan Foods on COSS implementation.

Mr. Krohn stated that he disagreed in part with Mr. Baldessari's characterization of the COSS Agreement, testifying that Morgan Foods did not agree upon the actual methodology used by Stucker Fork within the COSS (something that is stated explicitly in the COSS Agreement). He testified that, absent the COSS Settlement, Morgan Foods was prepared to argue about several issues that it believed resulted in an overallocation of costs to Morgan Foods and the industrial

class. Mr. Krohn stated that Morgan Foods reserved the right in the COSS Agreement to make those arguments in cross-answering testimony if the COSS Settlement were challenged.

Regarding Stucker Fork's proposal to expand the Marble Hill WTP, Mr. Krohn testified the proposal was not sufficiently supported and the evidence did not show that completion of the expansion is necessary or in the best interests of Stucker Fork's customers. He also took issue with the structure and payback schedule of Stucker Fork's proposed debt issuance to fund the Marble Hill WTP expansion (among other projects and expenses). He suggested that the WTP expansion be delayed for several years, and the project not be included in base rates in the current proceeding so as to enable a five to eight year wrap that he said would mitigate interest costs.

Mr. Krohn recommended a subdocket be opened to consider issues related to Stucker Fork's proposed WTP expansion and to address alternative methods of funding the project. He also suggested that a system development charge ("SDC"), coupled with delaying the water treatment plant project, could save interest expenses. He provided a hypothetical scenario as to how such a plan could be accomplished.

C. OUCC's Direct Evidence.

i. Jason T. Compton. Mr. Compton, a Utility Analyst in the OUCC's Water/Wastewater Division, recommended the Commission disallow Petitioner's additional debt service and debt service reserve needed for financing the Marble Hill expansion in what he described as Phase I rates and, instead, establish a subdocket to allow for consideration of the Marble Hill expansion and the needed debt issuance to finance the expansion. He suggested that what he described as Phase II rates include the additional debt service and debt service reserves. Mr. Compton further recommended a Phase I overall revenue increase of 12.67% to produce additional revenues of \$641,510 to be applied based on the modifications to Petitioner's proposed COSS described by Mr. Mierzwa. He offered the OUCC's recommendations regarding revenue adjustments and the inclusion of tap fee revenues as an offset to the revenue requirement. He also recommended the removal of non-recurring expenses and capital expenditures from Petitioner's test year revenues, and provided recommendations regarding periodic maintenance, depreciation expense, rate case expense, and the establishment and implementation of an SDC. He further recommended the remaining subsidies for Morgan Foods be eliminated in Petitioner's next rate case or within five years, whichever is earlier.

Mr. Compton suggested the Commission establish a subdocket to receive additional evidence to support the need for, and the extent of, the Marble Hill expansion. He said it would be premature to consider the debt service and debt service reserve for financing the Marble Hill WTP expansion until such additional and sufficient evidence is presented and subject to review and consideration.

Mr. Compton explained Stucker Fork included three revenue requirement offsets: (1) \$25,630 for interest income, (2) \$19,271 for late fees, and (3) \$47,239 for other operating revenues. He disagreed with the utility's inclusion of other operating revenues and late fees as a revenue requirement offset. Mr. Compton instead proposed a total revenue requirement offset of \$89,212, comprised of: (1) \$63,582 for tap fee revenues and (2) \$25,630 for interest income.

Mr. Compton recommended that late fee revenues should instead be included with “Revenues at current rates subject to increase.” He said the percentage used to calculate late fee revenues has not changed, but the revenue this calculation is applied to will increase, which would therefore also increase late fee revenues. He also recommended that other operating revenues be included with “Other revenues at current rates” rather than as a revenue requirement offset. These two shifts led the OUCC to disagree with Stucker Fork’s proposed total pro forma operating revenues and to instead recommend total pro forma operating revenues of \$5,110,855 which is a \$81,696 decrease over test year expenditures of \$5,192,551.

Mr. Compton testified that because the costs of customer taps in the test year are included in operating expenses and therefore a component of Petitioner’s revenue requirement, they should be offset by the revenues collected from customers to cover the costs through its non-recurring tap fee charge. He said labor and materials related to the tap fees recorded to contributions in aid of construction (“CIAC”) were not capitalized, which created a mismatch between the fees collected (the CIAC included in the balance sheet) and the costs incurred (the uncapitalized labor and materials expenses included in the income statement). He suggested that for ratemaking purposes, the easiest way to address this mismatch is to include tap fee revenues as a revenue requirement offset since Petitioner does not track the related labor or material costs and, therefore, the amount actually incurred is not known. He said this approach would eliminate the risk of double recovery.

Mr. Compton explained Petitioner proposed an increase of \$280,657 to test year operating expenses of \$3,874,478 for a total pro forma operating and maintenance expense of \$4,155,135. He testified that the OUCC accepted Petitioner’s proposed adjustments for purchased power, insurance, State Board of Accounts (“SBOA”) audit costs, and annual accounting contractual services. However, the OUCC did not accept Petitioner’s adjustments for salaries and wages, periodic maintenance, and employee benefits (Public Employees’ Retirement Fund (“PERF”) and Federal Insurance Contributions Act (“FICA”). Mr. Compton also recommended an adjustment to remove non-recurring legal expenses, non-recurring transportation costs, and meter costs that should have been capitalized. In light of these changes, he recommended the Commission reduce Petitioner’s pro forma operating and maintenance expense to \$3,891,912.

Mr. Compton stated that the OUCC recommended a reduction of Petitioner’s periodic maintenance expense of \$485,120 to \$403,500. He noted that OUCC Witness Willoughby recommends Petitioner keep an audit file to simplify and facilitate a more efficient and effective process for the review of actual periodic maintenance costs and invoices, with the intention of further alleviating the need for burdensome discovery in Petitioner’s next rate case. Therefore, Mr. Compton testified that the OUCC recommends Petitioner maintain an audit file that includes all periodic maintenance invoices which exceed \$5,000. He also recommended certain bookkeeping practices.

Mr. Compton testified that Stucker Fork does not track when assets are removed from service but has indicated it will endeavor to do so prospectively. He said that Petitioner’s valuation of utility plant in service therefore contains plant that is no longer being used in the provision of water service. He recommended that the Commission require the amortization of CIAC at the composite rate (2%) and recognize the amortization of CIAC as an offset to depreciation. In

support, he detailed the ratemaking advantages of amortizing CIAC as an offset to depreciation, which he stated is allowed by the National Association of Regulatory Utility Commissioners Uniform System of Accounts and most jurisdictions. He said the OUCC recommended depreciation expense of \$777,391.

Mr. Compton testified Petitioner's estimated rate case expenses were unreasonable and lacked sufficient evidentiary support but could be reasonable if a subdocket is necessary. Otherwise, he said the OUCC recommended rate case expense of \$275,000 to be funded through debt.

Mr. Compton said that because Petitioner does not have an SDC, its current customers subsidize the cost of Petitioner's growth-related capital projects. He therefore recommended Petitioner establish an SDC to ensure new customers are paying their share of the costs, and that growth is paying for growth.

Lastly, Mr. Compton contended the timing of the subsidy elimination provided in the COSS Agreement was unreasonable. He instead recommended that the remaining Morgan Foods subsidies be eliminated the earlier of Petitioner's next rate case, or five years after the final order is issued in this Cause.

ii. Thomas W. Malan. Mr. Malan, Utility Analyst in the OUCC's Water/Wastewater Division, accepted Petitioner's removal of non-recurring operating revenues, but disagreed with Petitioner's proposed total pro forma operating revenues and its exclusion of a customer growth adjustment. Thus, he recommended total pro forma operating revenues of \$5,110,855, which is a decrease of \$81,696 over test year revenues of \$5,192,551. To this end, he recommended: (1) an \$18,978 increase to test year residential operating revenues to normalize residential customer growth during the test year, (2) a \$28,014 decrease to residential customer revenues to recognize post-test year residential customer decline, and (3) a \$50,507 increase to commercial customer revenues to recognize post-test year commercial customer growth.

Mr. Malan proposed a \$24,213 increase to test year salaries and wages expense to recognize Petitioner's post-test year merit increases and remove the wages for the three positions that Petitioner double counted. He recommended a \$1,965 increase to test year payroll tax expense, excluding the \$9,282 attributable to the three employees who should not have been included. He further recommended that Stucker Fork's proposed \$17,472 PERF expense increase be decreased to \$6,224 due to the removal of the three previously referenced removed employees.

Mr. Malan also recommended a \$5,836 increase to test year operating expenses to reflect increased variable costs (i.e., purchased power expense, chemical expense, and postage) related to the additional sales that result from customer growth.

Finally, Mr. Malan recommended a reduction of \$7,781 (to remove automobile repairs) to Petitioner's proposed transportation expense of \$83,570 to arrive at a pro forma transportation expense of \$75,789.

iii. **Kristen Willoughby.** Ms. Willoughby, a Utility Analyst in the OUCC's Water/Wastewater Division, critiqued Stucker Fork for not basing its estimated periodic maintenance expenses on actual costs. She also asserted Stucker Fork underspent on periodic maintenance in most years since the Commission's order in the utility's last base rate case. She therefore recommended reducing the total annual allowance for periodic maintenance expense requested from \$485,120 to \$403,500 to better align this expense with the historic averages over the life of the periodic maintenance program while allowing a sufficient increase to address existing and potential increases in materials and labor. She further recommended the Commission order Petitioner to continue placing all periodic maintenance revenues it collects annually into the restricted account.

Ms. Willoughby discussed the value of Stucker Fork's periodic maintenance tracking reports and recommended Stucker Fork continue tracking and reporting periodic maintenance expense. She also recommended Petitioner develop and maintain a periodic maintenance schedule to ensure sound planning practices and help alleviate great deviations in periodic maintenance expense from year to year. She suggested periodic maintenance expenses be based on: (1) the average spent from 2019–2024, (2) the most recent comparable invoice/bid, adjusted for inflation and amortized over time between maintenance, for maintenance performed periodically, and (3) assumed expense amounts for maintenance that has not been recently performed and address in Stucker Fork's next rate case.

Ms. Willoughby noted Petitioner proposed to fund capital improvement projects through depreciation and long-term debt. She took issue with Stucker Fork's basing the estimated costs for all but one of the projects on cost estimates from the utility's last rate case adjusted for inflation using the Consumer Price Index ("CPI"). She did not dispute the estimate of the remaining project.

Lastly, Ms. Willoughby discussed the information provided on the Marble Hill WTP project. She said Stucker Fork wanted to expand the Marble Hill plant due to anticipating new customers and wanting to reduce the number of hours the plant ran per day. Ms. Willoughby stated Stucker Fork did not provide sufficient documentation to support the expansion. She also took issue with Stucker Fork's basing the estimated costs on a 1997 bid adjusted for inflation using the CPI. Therefore, Ms. Willoughby recommended a subdocket be established where additional information about the Marble Hill WTP expansion project could be received.

iv. **Shawn Dellinger.** Mr. Dellinger, a Senior Utility Analyst in the OUCC's Water/Wastewater Division, accepted Stucker Fork's proposed debt service revenue requirement for its existing debt issuances because it is the average cost over the five bond years 2026 through 2030, which he said is an appropriate methodology. He also accepted Stucker Fork's proposed debt service reserve revenue requirement for its existing debt issuances, which includes a debt service reserve revenue requirement of \$15,211 for the existing bonds. He recommended that Stucker Fork's debt service reserve be placed in a restricted account with certain reporting requirements. Mr. Dellinger stated the OUCC supports the establishment of a subdocket for consideration of Petitioner's proposed Marble Hill WTP expansion and any new debt issuance for the reasons stated by Ms. Willoughby and Mr. Compton.

Mr. Dellinger noted Stucker Fork's precise interest rates, borrowing amount, and annual debt service will not be known until the utility's debt has been determined, approved, and issued. He therefore recommended that Petitioner's rates be true-up to reflect the actual cost of the debt at that time. He also proposed certain true-up reporting requirements, a methodology to address disputes regarding Petitioner's true-up report, as well as exceptions to the true-up requirement.

v. **Jerome D. Mierzwa**. Mr. Mierzwa, Principal and President at Exeter Associates, Inc., testified that Stucker Fork's proposed revenue distribution and rates create cross-class subsidies. He testified that this structure was created by the extension of the subsidies set forth in the COSS Agreement to all industrial and wholesale customers. He recommended that the subsidy should only apply to Morgan Foods because the other industrial and wholesale customers were not signatories to the COSS Agreement. He also asserted that the subsidy should be recovered from residential, government, commercial, wholesale, and all other industrial customers. Mr. Mierzwa provided his subsidy recommendation, which he stated supports gradualism.

D. **Morgan Foods' Cross-Answering Testimony**. Mr. Krohn testified that Morgan Foods was not opposed to applying the subsidy reduction established in the COSS Agreement to non-signatories; however, Morgan Foods also would accept a Commission decision that the subsidy reduction only applies to Morgan Foods. He said that because Morgan Foods is Stucker Fork's highest-volume customer any rate increase would affect Morgan Foods' finances more dramatically than it would affect any other Stucker Fork customer. He said that as one of the area's largest employers, the rate shock from implementing a large rate increase all at once could affect Morgan Foods' finances and hamper its ability to invest in the local economy.

E. **Stucker Fork's Rebuttal Evidence**.

i. **Richard A. Burch**. Mr. Burch provided additional details regarding the proposed Marble Hill project. He said the project entails: (1) constructing a filter building addition and installing four new filters to expand the capacity of the Marble Hill WTP from four mgd to eight mgd, and (2) replacing three aging and obsolete wells rated at 600 gallons per minute with new 1,000 gallon per minute wells. He explained this will allow the utility to perform maintenance on the wells as needed while still being able to meet its capacity needs and requirements. He said the expansion will also enable the utility to process greater quantities of water, thus maximizing the plant's usefulness and the utility's water quality. He testified the expansion is critical to the utility's ability to provide safe and cost-effective service to its customers. Mr. Burch sponsored a Preliminary Engineering Report, Application for Funding with the SRF Loan Program, and Bid Tabulations Regarding Filter Media Replacement, among other additional evidence in support of the proposed Marble Hill expansion. He stated Stucker Fork filed its Preliminary Engineering Report with the SRF Loan Program on March 31, 2025. He explained that Stucker Fork did not attempt to complete or include the Preliminary Engineering Report as part of its case in chief because Stucker Fork did not believe the Commission had jurisdiction over the issuance of debt by a water conservancy district.

Mr. Burch asserted Stucker Fork's rates are extremely competitive (currently \$25.00 per month for a residential customer using 4,000 gallons per month), especially considering the rather large geographic size of its service territory.

Mr. Burch disagreed with the OUCC's adjustments to Stucker Fork's periodic maintenance expense. He explained that due to the volatility in periodic maintenance costs, using cost estimates from even a few years ago would not necessarily illustrate Stucker Fork's future maintenance expenses. He said Stucker Fork captured this volatility by adjusting the periodic maintenance expense costs that were agreed upon in Cause No. 44987 by the inflationary increases reflected in the CPI. He added that if Stucker Fork had recently completed a periodic maintenance item, he used the actual invoice for such expense, although some periodic maintenance had not been completed since the last rate case. He therefore disagreed with the OUCC's adjustments to the utility's periodic maintenance expenses. He also identified particular estimates in the OUCC's testimony that he said were incorrect.

Mr. Burch stated Stucker Fork has spent almost all of the periodic maintenance expense monies authorized in Cause No. 44987 and that it has spent more on periodic maintenance than what was included in base rates. Mr. Burch acknowledged that some periodic maintenance has been delayed due to the dramatic increase in such costs and the utility's lack of sufficient funds to complete the work without some delays. He said absent an increase in periodic maintenance expense, Stucker Fork will have insufficient funds to complete the tank rehabilitation projects and the other periodic maintenance needs of its system. He said the OUCC's downward adjustments to periodic maintenance expense, coupled with inflation, jeopardizes Stucker Fork's ability to timely complete periodic maintenance.

Mr. Burch testified that the OUCC's proposed depreciation adjustment would impact Stucker Fork's ability to complete its capital improvement projects in a timely manner, which in many cases are critical to serving customers. Mr. Burch stated he worked with Baker Tilly to identify and estimate the cost of any facilities that have been removed from service. He testified that Baker Tilly used the cost of these retired facilities to reduce the amount of depreciation and that the new calculation for depreciation is included in Mr. Baldessari's testimony and exhibits.

ii. **Douglas L. Baldessari.** Mr. Baldessari disagreed with the OUCC's proposal to include tap fees in the amount of \$63,582 as a revenue requirement offset. He argued against the OUCC's proposal because he said substantially all the materials and supplies associated with a tap are purchased in bulk and thus should be capitalized. He also recommended a methodology to account for the maintenance labor associated with connecting a customer that is already being recovered through Stucker Fork's nonrecurring tap fee charge.

Mr. Baldessari accepted the OUCC's recommendation to remove expenses associated with three new maintenance employees from salaries and wages and the corresponding employee benefits. He also accepted the OUCC's recommendation to remove from contractual services expense payments in the amount of \$1,319 and \$6,462 to Scott County Auto Center and \$17,389 of legal fees associated with the Washington Township dispute.

Mr. Baldessari disagreed with the OUCC's proposal to remove 60 meters from capital expenditures because the cost for these meters was already reclassified to be capitalized on March 31, 2023, as part of a \$50,965.92 adjusting journal entry that was recorded at that time.

Mr. Baldessari also disagreed with the OUCC's proposed downward adjustment to Stucker Fork's periodic maintenance proposal. He said the annual average spent for periodic maintenance expenses is \$343,548, which is more than the amount of \$340,328 that is being recovered through rates pursuant to the order in Cause No. 44987. He explained his disagreement with the OUCC's calculation of the amount of annual periodic maintenance that has been authorized as compared to the amount actually spent by Stucker Fork. Specifically, he asserted that historical costs are not indicative of current costs, periodic maintenance occurs on an irregular schedule, and the lack of a need to perform certain maintenance does not mean it will not be performed in the future. Additionally, he said that for Stucker Fork to perform more maintenance, as recommended by the OUCC, the utility will need more funds, not less.

Mr. Baldessari did not accept the OUCC's recommendation for Stucker Fork to create an audit file to track periodic maintenance invoices. He stated Stucker Fork is already required to annually report its periodic maintenance expenses as part of its annual Commission report filing. He noted the creation and tracking of the audit file would require additional manpower and labor, resulting in additional expense.

Mr. Baldessari also disagreed with the OUCC's calculation of the utility's restricted periodic maintenance account. He said that while Stucker Fork has built up a relatively small amount of periodic maintenance reserve as of the end of 2024, this balance will be needed as Stucker Fork anticipates soliciting bids for two tank rehabilitation projects in 2025 and intends to complete filter media maintenance at the Austin water treatment plant. He said these projects alone will require any current remaining balance and the annual required transfer for 2025.

Mr. Baldessari disagreed with the OUCC's system delivery expense because he said the OUCC's calculations did not accurately account for customer growth.

Mr. Baldessari explained Petitioner's disagreement with Morgan Foods' debt structure recommendation. However, he did agree with the OUCC's recommendation for Petitioner to true-up its proposed annual debt service once the interest rates on the proposed debt are known.

Mr. Baldessari recommended an adjustment to address the OUCC's concerns that Stucker Fork has not been retiring its assets when a line is relocated or an asset is replaced. To address this, he said Stucker Fork compiled an estimated list of assets that have been retired over approximately the last 20 years, and he recommended reducing the depreciable utility plant in service by \$1,195,788.27.

Mr. Baldessari disagreed with the OUCC's recommendation for amortization of CIAC in part because the OUCC's plan would be inconsistent with Indiana law. He also noted an error in Stucker Fork's prior CIAC set forth in its annual report to the Commission and stated that Stucker Fork will make the correction in the utility's next annual report.

Mr. Baldessari disagreed with the OUCC's rate case expense reduction. He stated that Stucker Fork's requested amount is less than the amount it actually incurred in Cause No. 44164, which involved a COSS. He said the amount is also reasonable when compared to its actual expenses in its last two rate cases, which involved across-the-board increases. He stated that the utility, as of the time of his testimony, had already incurred \$335,000 of rate case expense in the current Cause. He also stated that the rate cases highlighted by the OUCC did not include upfront communication with the respective system's largest customer.

As for operating revenues, Mr. Baldessari agreed with the OUCC's recommendation for test year residential growth to increase operating revenues by \$18,978, but he disagreed with the OUCC's test year commercial growth, post-test year commercial growth, and post-test year residential growth.

Mr. Baldessari stated that Morgan Foods overstated the revenue that a system development charge would generate. Mr. Baldessari also disagreed with the OUCC's recommendation to eliminate the 50% subsidy for industrial customers other than Morgan Foods and for wholesale customers. He stated that Stucker Fork has a number of large customers, and that it is not reasonable to only extend the subsidy to one such large customer. He said providing this subsidy to all large users would promote rate gradualism to more customers.

Mr. Baldessari stated that applying the recommendations set forth in his rebuttal testimony lowers Stucker Fork's proposed across-the-board rate increase to 26.78%. Mr. Baldessari also disagreed with the OUCC's concerns regarding the affordability of the utility's rates. He said the utility's rates are within the SRF's affordability threshold and because Stucker Fork serves many rural areas across six counties, it does not benefit from customer density like many other utilities.

6. Settlement Agreement and Settlement Testimony.

A. Settlement Agreement. Subsequent to the pre-filing of evidence, the parties entered into the Settlement Agreement, which resolved all the issues among them. Based on the terms of the Settlement Agreement, the parties agree that Stucker Fork should be authorized to increase its rates and charges for water service to reflect an overall increase of \$1,299,196, or 25.74%, to Stucker Fork's annual revenues to meet a net revenue requirement of \$6,348,255. Stucker Fork and the OUCC provided testimony and exhibits, summarized below, in support of the Settlement Agreement and explained the significant terms of the settlement.

B. Settlement Testimony.

i. Stucker Fork Settlement Evidence. Mr. Baldessari sponsored the Settlement Agreement, which includes as Exhibit A the schedules that describe the financial aspects associated with the agreement. Summarizing the Settlement Agreement, Mr. Baldessari stated that the net revenue requirement and resulting increase in annual revenues are composed of the following elements:

Operating Expenses	\$ 3,991,656
Depreciation Expense	966,114
Working Capital	-
Debt Service	1,452,615
Debt Service Reserve	<u>74,321</u>
Total Revenue Requirements	6,448,706
Less: Revenue Requirement Offsets	
Interest Income	(25,630)
Tap Fees	(63,582)
Other Income	<u>(47,239)</u>
Net Revenue Requirements	6,348,255
Less: Revenues at current rates subject to increase	(5,029,788)
Other revenues at current rates	<u>(19,271)</u>
Net Revenue Increase Required	<u>\$ 1,299,196</u>
Recommended Percentage Increase	<u>25.73%</u>

Mr. Baldessari specifically noted that the Settlement Agreement excluded an adjustment for salaries and wages to add three new maintenance employees along with the corresponding employee pension and benefits; added tap fees as a revenue requirement offset; and included additional adjustments for system delivery expenses related to the revenue normalization for customer growth through December 2024 and to remove non-recurring expenses (two payments (\$7,781) for Scott County Auto Center from transportation expense and legal fees (\$17,389) associated with the Washington Township dispute from contractual services).

Mr. Baldessari discussed the Settlement Agreement term requiring Stucker Fork to report CIAC in the Commission's annual report in a manner consistent with a SBOA 2005 recommendation. He explained that in 2005, the SBOA recommended an adjustment to CIAC in the amount of \$7,465,370. Due to a 2005 audit and this recommendation being made after the deadline to file its annual report, Stucker Fork made an adjustment to its general ledger but did not update its annual report to the Commission. Going forward, Stucker Fork agreed to have CIAC remain at the amount prior to the SBOA adjustment in the Commission's annual report but include a footnote referencing the recommended amount adjusted by the SBOA.

Mr. Baldessari testified that Stucker Fork accepted the OUCC's recommendation regarding asset retirements. He explained Stucker Fork will begin providing additional information in its annual report to the Commission regarding asset additions valued at \$10,000 or greater, associated retirements, and original cost of assets replaced. Stucker Fork agreed to submit a compliance filing in which it will provide its new processes for how it will track all its assets and retirements going forward within six months of the order in this Cause. Stucker Fork also agrees to complete a comprehensive review of all assets listed in its books and identify whether there are additional assets that need to be removed from its calculation of depreciation with its next rate case.

Mr. Baldessari stated Stucker Fork also accepted the OUCC's recommendation regarding periodic maintenance. He stated Stucker Fork agreed to continue placing the agreed upon amount for periodic maintenance expense (\$485,120) in a restricted account that may only be used for certain items. Stucker Fork also agreed to include in its annual report to the Commission a summary of the disbursements from the restricted account. Stucker Fork also agreed, for the purpose of avoiding litigation costs and facilitating a settlement, that it will implement the OUCC's recommendation to create and maintain an audit file for periodic maintenance invoices exceeding \$10,000 and maintain a periodic maintenance schedule consistent with the recommendations of the AWWA, which will include completed periodic maintenance items exceeding an annual cost of \$15,000.

Mr. Baldessari stated that Stucker Fork agreed to file a true-up report after closing on the proposed bonds anticipated to be issued through the SRF Loan Program. He said if Stucker Fork does not close on the proposed bonds within 60 days after the issuance of an order in this Cause, then any monies collected for principal and interest payments will be held in escrow and used to buy down the final project costs.

As to the SDC recommended by the OUCC, Mr. Baldessari said Stucker Fork will determine and implement a SDC within six months of an order in this Cause through a 30-day filing. He said the funds generated by the SDC will be restricted for growth-related capital projects. He also noted that the OUCC and Morgan Foods preserve their rights to object to Stucker Fork's SDC analysis in the 30-day filing.

ii. OUCC Settlement Evidence. Mr. Compton summarized the manner in which the Settlement Agreement modified Stucker Fork's original proposal in this Cause. Specifically, he said the Settlement Agreement reflects the following modifications to: (1) remove the inadvertent inclusion of three new maintenance employees and the corresponding benefits; (2) reduce depreciation for assets that were removed from service but not retired from Petitioner's books and records; (3) require additional future reporting requirements for Petitioner to provide additional information in its Commission annual reports for asset retirements; (4) require Petitioner to footnote the audit adjustment to CIAC; (5) provide Petitioner its requested periodic maintenance in exchange for maintaining its restricted account, continuing to track its periodic maintenance spend, creating and maintaining an audit file, and developing and implementing a periodic maintenance schedule; (6) remove non-recurring expenses; (7) include post-test year growth and a system delivery expense adjustment; (8) include an offset for tap fees; (9) require Petitioner to determine and implement a SDC through the Commission's 30-day filing process; (10) slightly modify the financing for additional SRF loan costs, and (11) require Petitioner to file a new rate case within the next seven years and move all of its customer classes to full cost-of-service.

Mr. Compton said the Settlement Agreement reflects compromise between the OUCC and Stucker Fork and resolves the disputed issues in this proceeding, avoiding expenditure of the time and resources of the parties to litigate contested issues. Mr. Compton stated that through the Settlement Agreement, the Settling Parties acknowledge the investment that is required by Stucker Fork to continue maintaining its system and providing quality water service to its ratepayers. He said the Settlement Agreement will improve affordability by reducing Stucker Fork's proposed

rate increase and also provide all the necessary revenues for Stucker Fork to continue maintaining and improving its system.

Mr. Compton stated the agreed upon operating revenue more accurately represents Stucker Fork's annual operating revenues than the utility's original proposal by acknowledging the growth that it had during its test year and post-test year and incorporates those additional revenues to reduce the required increase. He said the Settlement Agreement recognizes the non-recurring nature of the settlement payout and accepts that term. Additionally, the Settlement Agreement offsets the expenses incurred for tap fees that were not capitalized by including the tap fee revenues, which reduces the required increase and ensures costs are not being double recovered.

Mr. Compton testified that the operating expense terms of the Settlement Agreement provide a more accurate representation of the annual expenses Petitioner will incur to operate its utility. The Settlement Agreement removes the ratepayer burden of paying for wages Petitioner will not incur and reduces the required increase. He stated that the removal of the additional costs for those wages from the flowthrough benefits of FICA and PERF further reduces the increase. He also stated that the Settlement Agreement removes the inclusion of non-recurring charges Petitioner is not likely to incur on an annual basis and more accurately portrays Petitioner's annual operating expenses. He testified that the system delivery expense adjustment simply updates Petitioner's anticipated delivery expenses for the additional bills due to growth. He stated that the periodic maintenance reporting requirements will help ensure that Petitioner is reserving revenues to adequately maintain its system. He noted that these requirements will also help in reducing the discovery burden on Petitioner in future rate cases and ultimately reduce potential rate case expense.

Mr. Compton said the depreciation terms are in the public interest because they ensure that ratepayers are not paying for depreciation expense for assets that are no longer being used to provide service. He stated that the Settlement Agreement provides depreciation expense only for assets that are still being used for the provision of water services. He testified that the Commission's annual report reporting requirements help to provide assurances to ratepayers that Petitioner has corrected its accounting for capital assets and is appropriately retiring assets going forward. Ultimately, he stated that these terms serve to reduce the required rate increase and encourage Petitioner to correct its accounting practices for capital assets.

Mr. Compton asserted the financing terms of the Settlement Agreement are in the public interest because they acknowledge the investment required by Petitioner to continue providing reliable and quality potable drinking water to its customers. He stated the terms ensure Petitioner will adequately recover the revenues required to fund its debt service and debt service reserve to complete its Marble Hill expansion project.

Mr. Compton testified that the footnote for the SBOA audit adjustment will ensure that Petitioner's CIAC balance will continue to be appropriately reflected on its Commission annual report but provide information to the reader that the SBOA made an adjustment to remove the full balance of CIAC from Petitioner's books in a prior audit. This will provide an explanation for the discrepancy between the Commission annual report and Petitioner's books and records in future rate cases and remove the need for future discovery. He testified that the implementation of an

SDC will assist in reducing the burden on Petitioner's existing customers for paying for growth-related projects. The SDC will ensure that Petitioner's growth is paying for growth and that the burden of expanding existing capacity or building new capacity is not placed entirely on existing customers that the new capacity is not required to serve. Finally, Mr. Compton testified that the requirement for Petitioner to file its next rate case within seven years provides a limitation on how long the residential and governmental customer classes will subsidize the industrial and wholesale classes before all classes are moved to full cost-of-service.

7. Commission Discussion and Findings. Settlement agreements presented to the Commission are not ordinary contracts between private parties. *U.S. Gypsum, Inc. v. Ind. Gas Co., Inc.*, 735 N.E.2d 790, 803 (Ind. 2000). Any settlement that is approved by the Commission "loses its status as a strictly private contract and takes on a public interest gloss." *Id.* (quoting *Citizens Action Coal. v. PSI Energy, Inc.*, 664 N.E.2d 401, 406 (Ind. Ct. App. 1996)). Thus, the Commission "may not accept a settlement merely because the private parties are satisfied; rather [the Commission] must consider whether the public interest will be served by accepting the settlement." *Citizens Action Coal.*, 664 N.E.2d at 406.

In addition, any Commission decision, ruling, or order, including the approval of a settlement, must be supported by specific findings of fact and sufficient evidence. *U.S. Gypsum*, 735 N.E.2d at 795 (citing *Citizens Action Coal. of Ind. v. Pub. Serv. Co.* 582 N.E.2d 330 (Ind. 1991)). The Commission's procedural rules require that settlements be supported by probative evidence. 170 IAC 1-1.1-17(d). Before the Commission can approve the Settlement Agreement, the Commission must determine whether the evidence in this Cause sufficiently supports the conclusion that the Settlement Agreement is reasonable, just, and consistent with the purpose of Ind. Code ch. 8-1-2 and that it serves the public interest. Here, the Settling Parties have presented substantial evidence from which we can assess the reasonableness of the terms of the Settlement Agreement.

Pursuant to the Settlement Agreement, Stucker Fork would increase its rates by 25.73%, consistent with Exhibit A attached to the Settlement Agreement. Based on the evidence presented, we find sufficient evidence exists that Stucker Fork's current rates and charges are insufficient to satisfy its annual pro forma net revenue requirement and that the Settlement Agreement reflects a fair, reasonable, and just resolution of the issues raised in this proceeding.

The Settlement Agreement provides for a stipulated decrease of \$78,155 to test year operating revenues of \$5,127,214 for a pro forma total operating revenue of \$5,049,059. The parties agreed to the removal of two automobile repair bills and legal fees associated with the Washington Township dispute regarding contractual services. The evidence establishes that these are non-recurring expenses and removal is appropriate.

The Settlement Agreement also provides for the parties' stipulation to an adjustment for test year and post-test year growth totaling \$26,914. Mr. Compton's settlement testimony indicates that this amount more accurately represents the annual operating revenues Stucker Fork will receive by acknowledging the growth that it experienced during the test year and post-test year and incorporates those additional revenues. These additional revenues serve to reduce the required

rate increase. The Settlement Agreement also includes a revenue requirement offset for tap fees of \$63,582 that further reduces the required increase.

Regarding utility expenses, the Settlement Agreement provides for a stipulated increase of \$117,178 to test year operating expense of \$3,874,478 for a pro forma total operating expense of \$3,991,656 (excluding depreciation). The parties agreed to the removal of salaries and wages associated with three new maintenance employees, including the associated FICA, PERF, and health insurance expense. The evidence established that these expenses should be removed so as to avoid double counting of these expenses. The Settlement Agreement also includes an additional adjustment to remove non-recurring charges to transportation expense and legal contractual services, and includes a system delivery expense adjustment for the revenue growth adjustments.

As for periodic maintenance, the parties agreed Stucker Fork should include \$485,120 as part of its revenue requirement in a restricted account for periodic maintenance. We find this will help ensure that Petitioner is reserving revenues to adequately maintain its system to continue providing reliable and quality drinking water. As part of the Settlement Agreement, Stucker Fork also agreed to certain tracking and reporting requirements, which should help to minimize the amount of discovery in Stucker Fork's next rate case, promote efficiency, and control rate case expenses.

Regarding depreciation and asset retirement, the parties agreed to accept Stucker Fork's removal of depreciable plant from service, which results in a final depreciation expense of \$966,114. Stucker Fork agreed to certain related reporting requirements and to conduct a comprehensive review of all assets listed in its books and identify whether there are additional assets that need to be removed from its calculation of depreciation as part of its next rate case. We find that these terms support accounting transparency, will help to reduce the required rate increase, and may aid in minimizing discovery in Stucker Fork's next base rate case.

The Settlement Agreement provides for Stucker Fork's expansion of its Marble Hill WTP to continue serving new and existing customers while reducing stress on its plant operation. It also provides for implementation of a SDC to fund new capacity in the future. The restriction of the funds generated by the SDC for growth-related capital projects will assist in reducing the burden on Stucker Fork's existing customers of paying for growth-related projects.

Based on the parties' agreement that Stucker Fork should complete the Marble Hill WTP expansion, the parties agreed that Stucker Fork's revenue requirement should include an amount for the estimated debt service on the bonds that will be issued to fund the project. The parties currently estimate that the total amount of the bonds or other evidence of indebtedness will be \$7,370,000. This estimate is an increase of \$45,000 due to various changes to estimated project costs. Thus, the parties agreed to debt service of \$295,552 to be amortized over five years and debt service reserve of \$59,110.

Within 30 days after closing on the issuance of the bonds, Stucker Fork shall file a true-up report. Petitioner's true-up for its debt issuance must use the same methodology that it used to determine its debt service reserve in its case-in-chief and rebuttal evidence. The Settlement Agreement also includes certain reporting requirements, provides the OUCC and Morgan Foods

with an opportunity to respond to the report, and identifies the conditions that would require Stucker Fork to file a revised tariff consistent with the true-up. The Settlement Agreement also accepts Petitioner's existing debt as proposed in Petitioner's case-in-chief.

Cost allocation issues have been a reoccurring issue in Stucker Fork's rate cases. Morgan Foods and Stucker Fork, through the COSS Agreement that is incorporated into the Settlement Agreement, resolved their COSS issues, thus saving time and expense associated with litigating these issues. In recognition that the results of the COSS may create rate shock for Stucker Fork's larger users, the parties also agreed to implement 50% of the rate increase and subsidy reduction upon issuance of the order in this Cause, and the remaining 50% of the rate increase and subsidy reduction in five years or in Stucker Fork's next rate case, whichever occurs later. The Settlement Agreement further provides Stucker Fork will file its next rate case within seven years of the date of this order.

The parties also agreed that Stucker Fork shall continue reporting CIAC in its annual report at the amount prior to the 2005 adjustment made by the SBOA with the inclusion of a footnote reflecting the SBOA audit report adjustment was made to the general ledger but not included in the annual report. We find this will provide information that should help to minimize the amount of discovery in Stucker Fork's next rate case, promote efficiency, and control rate case expenses.

Based on the evidence of record, we find that the Settlement Agreement as a whole presents a reasonable resolution of the issues raised by the parties and minimizes the cost of litigation. Therefore, we find that the Settlement Agreement is reasonable, in the public interest, and should be approved. Accordingly, the Commission finds that Stucker Fork shall be authorized to increase its rates and charges for water service to produce annual revenues of \$6,348,255, which represents an overall increase of \$1,299,196 in annual revenues and a 25.73% increase in current rates. Stucker Fork's net revenue requirements are itemized above in Mr. Baldessari's settlement testimony.

Finally, the Settling Parties agreed that the Settlement Agreement should not be used as precedent in any other proceeding or for any other purpose, except to the extent necessary to implement or enforce its terms. Consequently, with regard to future citation of the Settlement Agreement, we find that our approval herein should be construed in a manner consistent with our findings in *Richmond Power & Light*, Cause No. 40434 (March 19, 1997).

8. Residential Rate Impact. The average monthly residential bill with usage of 4,000 gallons will be \$29.75, which is an increase of \$4.14 from the current rates.

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

1. The Joint Stipulation and Settlement Agreement, which includes by incorporation the COSS Agreement, is approved.¹ The parties shall comply with the provisions of the Joint Stipulation and Settlement Agreement and the COSS Agreement.

¹ A copy of the Joint Stipulation and Settlement Agreement and the COSS Agreement (without the COSS) is attached to this Order.

2. Stucker Fork is authorized to increase its rates and charges as provided in this Order.

3. Prior to implementing the rates authorized in this Order, Stucker Fork shall file new rate schedules in this Cause for approval by the Commission's Water and Wastewater Division. Such rates shall be effective for any and all usage on or after the Order date subject to Division review and agreement with the amounts reflected.

4. In accordance with Ind. Code §§ 14-33-20-12 and 8-1-2-70, Petitioner shall pay the following itemized charges within 20 days from the date of the Order into the state general fund described in Ind. Code § 8-1-6-2(b), through the Secretary of the Commission, as well as any additional costs that were incurred in connection with this Cause:

Commission Charges	\$ 3,367.59
OUCG Charges	\$ 15,000.00
Legal Advertising Charges	\$ <u>42.47</u>
Total:	\$ 18,410.06

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

HUSTON, BENNETT, FREEMAN, AND ZIEGNER CONCUR; VELETA ABSENT:

APPROVED: JUL 02 2025

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

_____ on behalf of
Dana Kosco
Secretary of the Commission

BEFORE THE

INDIANA UTILITY REGULATORY COMMISSION

**IN THE MATTER OF THE PETITION OF
STUCKER FORK CONSERVANCY DISTRICT
FOR APPROVAL OF A NEW SCHEDULE OF
RATES AND CHARGES FOR WATER
SERVICE**

CAUSE NO. 46167

JOINT STIPULATION AND SETTLEMENT AGREEMENT

This Joint Stipulation and Settlement Agreement (“Settlement Agreement”) is entered into this 7th day of May, 2025, by and between Stucker Fork Conservancy District (“Stucker Fork”), Morgan Foods, Inc. (“Morgan Foods”), and the Indiana Office of Utility Consumer Counselor (“OUCC”) (collectively, Stucker Fork, Morgan Foods, and the OUCC are “Settling Parties”), who stipulate and agree for purposes of settling all matters in this Cause that the terms and conditions set forth below represent a fair and reasonable resolution of all issues in this Cause, subject to their incorporation in a final order (“Order”) from the Indiana Utility Regulatory Commission (“Commission”) without modification or the addition of further conditions that may be unacceptable to either party. If the Commission does not approve the Settlement Agreement in its entirety and incorporate the conclusions herein in its Order, the entire Settlement Agreement shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by the Settling Parties.

Terms and Conditions of Settlement Agreement

1. **Requested Relief.** On November 25, 2024, Stucker Fork initiated this Cause by filing its Petition with the Commission requesting authority to adjust its rates and charges.
2. **Intervention.** On December 10, 2024, Morgan Foods, one of Stucker Fork's largest users, filed its Petition to Intervene which was granted by a Commission docket entry on December 17, 2024.
3. **Prefiled Evidence of Parties.** In support of its Petition, Stucker Fork filed the Prefiled Testimony and Exhibits of Richard A. Burch, Professional Engineer, and Douglas L. Baldessari, Certified Public Accountant, on November 25, 2024. On March 4, 2025, the OUCC prefiled the testimony and exhibits of Jason T. Compton, Thomas W. Malan, Kristen Willoughby, Shawn Dillinger, and Jerome D. Mierzwa. On the same day, Morgan Foods prefiled the testimony and exhibits of Otto W. Krohn. On April 1, 2025, Morgan Foods filed the Verified Cross Answering Testimony of Mr. Krohn, and Stucker Fork prefiled the Rebuttal Testimony and Exhibits of Mr. Burch and Mr. Baldessari. On May 7, 2025, Stucker Fork filed this Settlement Agreement along with settlement testimony of Mr. Baldessari and the OUCC prefiled the settlement testimony of Mr. Compton.
4. **Settlement.** Through analysis, discussion, and negotiation, as aided by their respective technical staff and experts, the Settling Parties agree on the terms and conditions as described herein that resolve all issues between them in this Cause. Attached to the Settlement Agreement as Exhibit A are the accounting schedules ("Schedules") that reflect the agreed upon revenue requirement and resulting final rates and charges.

5. **Revenue Requirement and Rates.** The Settling Parties agree that Stucker Fork should be authorized to increase its rates and charges for utility service to reflect ongoing net revenue requirements in the amount of \$6,348,255, resulting in an annual increase of \$1,299,196 or 25.73% over Stucker Fork's existing rates and charges. The attached Schedules reflect the agreed upon revenue requirement, as well as the rates and charges to be imposed, for Stucker Fork.

6. **Cost of Service Study.** The Settling Parties agree that the Cost of Service Study ("COSS") prepared by Mr. Baldessari and included as part of his Prefiled Direct Testimony complies with the principles set forth in the American Water Works Association ("AWWA") M-1 Manual and establishes a reasonable, rational basis to allocate the cost of serving Stucker Fork's various classes of customers. This Joint Stipulation incorporates herein by reference the Cost of Service Study Settlement ("COSS Settlement") entered into between Morgan Foods and Stucker Fork. In recognition that the results of the COSS may create rate shock for Stucker Fork's larger users, including Morgan Foods, the Settling Parties have agreed that Stucker Fork shall implement the results of the COSS in two phases, consistent with the terms of the COSS Settlement. The first phase, 50% of the COSS-based increase, shall be implemented upon issuance of the Order in this Cause, and the second phase, the remaining 50% of the COSS-based increase, will be implemented in five years or in Stucker Fork's next rate case, whichever occurs later.

7. **System Development Charge.** The Settling Parties agree that Stucker Fork will determine and implement a system development charge within six months of the Order in this Cause through a thirty-day filing made with the Commission. The Settling Parties agree that the funds generated by the system development charge will be restricted for growth-related capital projects. The OUCC and Morgan Foods reserve the right to object to Stucker Fork's system development charge analysis in the thirty-day filing.

8. **Salaries and Wages, FICA, PERF, and Health Insurance.** The Settling Parties agree that the final amount to be included in Stucker Fork's revenue requirement for salaries and wages, including FICA, PERF, and health insurance, shall exclude the three new maintenance employees that were included as an adjustment in Stucker Fork's prefiled direct testimony and exhibits.

9. **Depreciation and Asset Retirement.** The Settling Parties agree to accept Stucker Fork's removal of depreciable plant from service as set forth in its rebuttal testimony which results in a final depreciation expense of \$966,114. On a prospective basis, Stucker Fork agrees to provide additional information regarding asset additions that are \$10,000 or greater, associated retirements, and the original costs of the assets replaced. This information will be included in Stucker Fork's annual report filed each year with the IURC ("Annual Report"). Stucker Fork also agrees to complete a comprehensive review of all assets listed on its books and identify whether there are additional assets that need to be removed from its calculation of depreciation as part of its next rate case.

10. **Reporting of Contributions in Aid of Construction ("CIAC").** In its Annual Report, Stucker Fork agrees to continue reporting CIAC at the amount prior to the 2005 adjustment made by the State Board of Accounts ("SBOA") and it will include a footnote reflecting the SBOA audit report adjustment made to the general ledger but not included in the Annual Report.

11. **Periodic Maintenance.** The Settling Parties agree that Stucker Fork should include in its revenue requirement an amount of \$485,120 to be placed in a restricted account for periodic maintenance consistent with the Commission's Order in Cause No. 44987. Stucker Fork agrees to continue to: (i) track and report its periodic maintenance expense in the Annual Report (as outlined in the Final Order in Cause No. 44987); and (ii) continue to maintain the periodic

maintenance restricted account. Stucker Fork also agrees to implement the OUCC's recommendations in this Cause with respect to periodic maintenance, which include: (i.) create and maintain an audit file for periodic maintenance invoices that exceed \$10,000; and (ii.) develop, implement, and maintain a periodic maintenance schedule which shall include periodic maintenance items that, when completed, exceed the annual cost of \$15,000, and which shall reflect a periodic maintenance schedule which is consistent with the recommendations of the AWWA.

12. **Rate Case Expense.** The Settling Parties agree rate case expense is to be financed and shall be the lesser of the estimated expense of \$325,000 or the actual expense incurred by Stucker Fork.

13. **Nonrecurring Charges.** The Settling Parties agree that Stucker Fork should remove two payments from its test year expense, one from the Scott County Auto Center totaling \$7,781 and another in the amount of \$17,389 for legal fees associated with the Washington Township dispute regarding contractual services.

14. **Operating Revenues and Related Expenses.** The Settling Parties agree to an increase of \$26,914 to annual operating revenues. Further, the Settling Parties agree to a \$3,560 increase to test year expenses for the system delivery expense adjustment.

15. **Tap Fees.** The Settling Parties agree to a revenue requirement offset for tap fees of \$63,582.

16. **Marble Hill Water Treatment Plant Expansion.** The Settling Parties agree that Stucker Fork should complete the Marble Hill Water Treatment Plant expansion ("Marble Hill Project"). The Settling Parties further agree that Stucker Fork's revenue requirement should

include an amount for the estimated debt service on the bonds that will be issued to fund the Marble Hill Project. The Parties currently estimate that the total amount of the bonds or other evidence of indebtedness (collectively, "Bonds") will be \$7,370,000.

17. **Debt Service and Debt Service Reserve.** The Settling Parties agree that Stucker Fork's revenue requirement shall include the amounts for existing debt service with additional debt service in the amount of \$295,552 per year for principal and interest payments on the final Bonds referenced in paragraph 16 above and shall include the amounts for existing debt service reserve with additional debt service reserve in the amount of \$59,110 per year to fund the debt service reserve related to the final Bonds referenced in paragraph 16 above.

18. **Closing on Bonds.** Upon receiving the Order, Stucker Fork shall move expeditiously toward closing on the Bonds with the Indiana State Revolving Loan Fund Program ("SRF Program"). If the closing occurs more than sixty (60) days after the issuance of the Order, Stucker Fork shall place that portion of its rates and charges that includes principal and interest on the Bond, in a dedicated account that will be used to reduce the principal amount of the final debt.

19. **True-Up on Bonds.** Within 30 days after closing on the issuance of the Bonds, Stucker Fork shall file in the Cause, and serve on the OUCC and Morgan Foods, a true-up report describing the final terms of the Bonds, the amount of the debt service reserve, and the amortization schedule for the Bonds. The true-up will take into account the final terms of the Bonds and will use the calculation methodology which serves the basis for the debt service reserve of \$59,110 (i.e. as required by the SRF Program).¹ The true-up report shall note that the OUCC, and Morgan Foods will have 21 days from the date of service to object to the true-up report. If there is no

¹ The SRF Program had informally agreed to take into account the debt service reserve for most of Stucker Fork's existing debt for purposes of setting the debt service reserve for the new debt issuance.

objection to the true-up report and the annual debt service and debt service reserve look materially different from the originally estimated amount of \$295,552 and \$59,110, respectively, then Stucker Fork will file with the Commission a revised tariff adjusting its rates and charges to include the final amount of the annual principal and interest on the Bonds and the annual debt service reserve. However, if the actual terms of the financing are such that the Bond payment is less than \$295,552 per year, Stucker Fork need not file a revised tariff if the Settling Parties agree in writing the difference is immaterial for purposes of determining whether Stucker Fork tariffs should be revised. In lieu of a revised tariff, Stucker Fork shall file a notice of that consensus which shall include a written statement by the OUCC and Morgan Foods to that effect. If either the OUCC or Morgan Foods deem the difference to be material, Stucker Fork shall file with the Commission a revised tariff consistent with the true-up. If the cost of the debt is more than \$354,662 per year (including \$59,110 for funding the debt service reserve), Stucker Fork may, in its sole discretion, elect not to file a revised tariff reflecting a higher principal and interest payment for the debt.

20. **Rate Case Filing.** Stucker Fork agrees to file its next rate case within seven years of the Commission issuing its order in this Cause at which time, Stucker Fork will update its COSS and address the remaining COSS subsidies, if any.

21. **Settlement.** Through analysis and arms' length discussions and negotiation, as aided by the respective staff and experts, the Settling Parties have agreed on the terms and conditions described in this Settlement Agreement that resolve all issues between them in this Cause.

22. **Filing of Tariff.** The Settling Parties agree that Stucker Fork may expeditiously file a new tariff after issuance of the Order approving an adjustment to Stucker Fork's rates that is consistent with the Settlement Agreement and Exhibit A.

23. **Admissibility and Sufficiency of Evidence.** The Settling Parties hereby stipulate that the prefiled testimony and exhibits of Stucker Fork, Morgan Foods, and the OUCC should be admitted into the record without objection or cross examination by any party. The Settling Parties agree that such evidence constitutes substantial evidence sufficient to support the Settlement Agreement and provides an adequate evidentiary basis upon which the Commission can make all findings of fact and conclusions of law necessary for the approval of this Settlement Agreement as filed.

24. **Non-Precedential Effect of Settlement.** The Settling Parties agree that the facts in this Cause are unique and all issues presented are fact specific. Therefore, the Settlement Agreement shall not constitute nor be cited as precedent by any person or deemed an admission by any Settling Party in any other proceeding except as necessary to enforce its terms before the Commission or any court of competent jurisdiction. This Settlement Agreement is solely the result of compromise in the settlement process, except as provided herein, is without prejudice to and shall not constitute a waiver of any position that any party may take with respect to any issue in any future regulatory or non-regulatory proceeding.

25. **Authority to Execute.** The undersigned have represented and agreed that they are fully authorized to execute the Settlement Agreement on behalf of the designated parties, who will hereafter be bound thereby.

26. **Approval of Settlement Agreement in its Entirety.** As a condition of this settlement, the Settling Parties specifically agree that if the Commission does not approve this Joint Stipulation and Settlement Agreement in its entirety and incorporate it into the Final Order as provided above, the entire Settlement Agreement shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by the Settling Parties. The Settling Parties further agree that

if the Commission does not issue a Final Order in the form that reflects the Agreement described herein, this matter should proceed to be heard by the Commission as if no settlement had been reached unless otherwise agreed to by the Settling Parties in a writing that is filed with the Commission.

27. **Proposed Order**. The Settling Parties agree to work together in preparing a mutually acceptable proposed order that the Settling Parties agree to file with the Commission on or before May 28, 2025.

STUCKER FORK CONSERVANCY
DISTRICT ("Stucker Fork")



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Exhibit A

Petitioner's Exhibit A

IURC Cause No.46167

***Stucker Fork Conservancy District
Water Utility***

***Consulting Report On
Cost of Service Study***

May 7, 2025

***Baker Tilly Municipal Advisors, LLC
Indianapolis, Indiana***

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STUCKER FORK CONSERVANCY DISTRICT
Water Utility

ESTIMATED INFORMATION

STUCKER FORK CONSERVANCY DISTRICT
Water Utility

ESTIMATED ANNUAL OPERATION AND MAINTENANCE EXPENSES

See explanation of adjustments on pages 2 - 7.

	Petitioner (11/25/2024)	OUCC (3/4/2025)	Petitioner's Rebuttal (4/1/2025)	Settlement	Increase/ (Decrease)	Ref.
Treatment:						
Salaries and wages	\$315,909	\$315,901	\$315,901	\$315,901	\$ -	
Purchased power	523,208	523,208	523,208	523,208	-	
Chemicals	281,412	281,412	281,412	281,412	-	
Materials and supplies	19,830	19,830	19,830	19,830	-	
Contractual services	171,644	121,324	171,644	171,644	-	(2)
Total Treatment	1,312,003	1,261,675	1,311,995	1,311,995	-	
Transmission and Distribution:						
Salaries and wages	586,213	479,698	472,387	479,698	7,311	(1)
Purchased power	44,725	44,725	44,725	44,725	-	
Materials and supplies	186,507	166,107	186,507	186,507	-	(2)
Contractual services	420,158	388,858	420,158	420,158	-	(2)
Transportation	48,209	40,428	40,428	40,428	-	(6)
Total Transmission and Distribution	1,285,812	1,119,816	1,164,205	1,171,516	7,311	
Customer Accounts:						
Salaries and wages	202,107	186,870	186,870	186,870	-	
Contractual services	7,471	7,471	7,471	7,471	-	
Transportation	28,704	28,704	28,704	28,704	-	
Total Customer Accounts	238,282	223,045	223,045	223,045	-	
Administrative and General:						
Salaries and wages	176,296	176,717	176,717	176,717	-	
Employee pensions and benefits	642,511	621,981	618,621	621,981	3,360	(3)(4)(5)
Purchased power	4,477	4,477	4,477	4,477	-	
Materials and supplies	15,931	15,931	15,931	15,931	-	
Contractual services	350,088	332,699	332,699	332,699	-	(6)
Transportation	6,657	6,657	6,657	6,657	-	
Insurance	111,909	111,909	111,909	111,909	-	
Other	11,169	17,005	14,729	14,729	-	(7)
Total Administrative and General	1,319,038	1,287,376	1,281,740	1,285,100	3,360	
Total Operating Expenses	\$4,155,135	\$3,891,912	\$3,980,985	\$3,991,656	\$10,671	

(Continued on next page)

STUCKER FORK CONSERVANCY DISTRICT
Water Utility

(Cont'd)

ESTIMATED ANNUAL OPERATION AND MAINTENANCE EXPENSES
(Explanation of Adjustments)

	<u>Petitioner</u> <small>(11/25/2024)</small>	<u>OUC</u> <small>(3/4/2025)</small>	<u>Petitioner's</u> <u>Rebuttal</u> <small>(4/1/2025)</small>	<u>Settlement</u>	<u>Increase/</u> <u>(Decrease)</u>
<u>Adjustment 1 - Salaries and Wages</u>					
To adjust test year expense for salaries and wages to be capitalized and recovered through tap fees.					
Maintenance labor included in tap fee			166.17		(166)
Times test year new tap connections			44		(44)
Adjustment	\$ -	\$ -	(\$7,311)	\$ -	\$7,311
<u>Adjustment 2 - Periodic Maintenance</u>					
To adjust test year to allow for periodic maintenance on the wells, pumps, intake valves, filter media, lagoon cleaning and tank maintenance, per consulting engineer and utility management.					
I. <u>Intake Structure Cleaning and Pump Maintenance</u>					
a. Cleaning (\$20,000 every 5 years)	\$4,000	\$1,000	\$4,000	\$4,000	\$3,000
b. Intake pump maintenance (\$2,000 each per year, for 3 pumps)	6,000	8,600	6,000	6,000	(2,600)
II. <u>Well Maintenance</u>					
a. Wells and pumps - chemical cleaning (\$1,900 each per year, for 5 wells)	9,500	-	9,500	9,500	9,500
b. Wells and pumps - pump maintenance (\$2,500 each per year, for 5 wells)	12,500	4,000	12,500	12,500	8,500
III. <u>Austin WTP Maintenance</u>					
a. High service pump maintenance (\$1,500 each per year, for 8 pumps)	12,000	6,500	12,000	12,000	5,500
b. Low service pump maintenance (\$600 each per year, for 3 pumps)	1,800	400	1,800	1,800	1,400
c. Backwash pump maintenance (\$1,000 each per year, for 2 pumps)	2,000	-	2,000	2,000	2,000
d. Pump control valve maintenance (\$600 each per year, for 4 valves)	2,400	100	2,400	2,400	2,300
e. Plant production meter calibration (\$600 each per year, for 7 meters)	4,200	200	4,200	4,200	4,000
f. Turbidity meter maintenance (\$600 each per year, for 9 meters)	5,400	800	5,400	5,400	4,600
Sub-total forward	\$59,800	\$21,600	\$59,800	\$59,800	\$38,200

(Continued on next page)

**STUCKER FORK CONSERVANCY DISTRICT
Water Utility**

(Cont'd)

ESTIMATED ANNUAL OPERATION AND MAINTENANCE EXPENSES
(Explanation of Adjustments)

	<u>Petitioner</u> (11/25/2024)	<u>OUCC</u> (3/4/2025)	<u>Petitioner's</u> <u>Rebuttal</u> (4/1/2025)	<u>Settlement</u>	<u>Increase/</u> <u>(Decrease)</u>
<u>Adjustment 2 - Periodic Maintenance (cont'd)</u>					
III. <u>Austin WTP Maintenance (cont'd)</u>					
Sub-total carried forward	\$59,800	\$21,600	\$59,800	\$59,800	\$ -
g. Generator maintenance (\$1,900 per year, for 1 generator)	1,900	4,300	1,900	1,900	-
h. Fire extinguisher maintenance	400	400	400	400	-
i. Filter maintenance (\$8,500 per year, for 8 filters)	68,000	34,400	68,000	68,000	-
j. Lagoon cleaning (\$7,600 every 5 years)	1,520	400	1,520	1,520	-
k. U.V. system maintenance/bulb replacement (3 reactors w/ 4 bulbs each, \$600 annually per bulb)	7,200	7,400	7,200	7,200	-
IV. <u>Marble Hill WTP Maintenance</u>					
a. High service pump maintenance (\$1,500 each per year, for 3 pumps)	4,500	700	4,500	4,500	-
b. Backwash pump maintenance (\$1,000 each per year, for 1 pump)	1,000	-	1,000	1,000	-
c. Pump control valve maintenance (\$600 each per year, for 3 valves)	1,800	2,600	1,800	1,800	-
d. Plant production meter calibration (\$600 each per year, for 4 meters)	2,400	100	2,400	2,400	-
e. Fire extinguisher maintenance	400	100	400	400	-
f. Filter media maintenance (\$2,400 per year, for 4 filters)	9,600	17,800	9,600	9,600	-
V. <u>Tank Maintenance</u>					
a. Cleaning and inspection	7,600	6,900	7,600	7,600	-
b. Tank painting					
1. Austin tank (500,000 gallons) (\$400,000 every fifteen years)	26,700	23,900	26,700	26,700	-
2. Little York tank (100,000 gallons) (\$260,000 every fifteen years)	17,300	17,400	17,300	17,300	-
3. Blocher tank (150,000 gallons) (\$300,000 every fifteen years)	20,000	20,000	20,000	20,000	-
Sub-total forward	\$230,120	\$158,000	\$230,120	\$230,120	\$ -

(Continued on next page)

**STUCKER FORK CONSERVANCY DISTRICT
Water Utility**

(Cont'd)

ESTIMATED ANNUAL OPERATION AND MAINTENANCE EXPENSES
(Explanation of Adjustments)

	Petitioner (11/25/2024)	OUCC (3/4/2025)	Petitioner's Rebuttal (4/1/2025)	Settlement	Increase/ (Decrease)
<u>Adjustment 2 - Periodic Maintenance (cont'd)</u>					
Sub-total carried forward	\$230,120	\$158,000	\$230,120	\$230,120	\$ -
b. Tank painting (Cont'd)					
4. Commiskey tank (100,000 gallons) (\$260,000 every fifteen years)	17,300	17,400	17,300	17,300	-
5. Polk Road tank (100,000 gallons) (\$260,000 every fifteen years)	17,300	17,400	17,300	17,300	-
6. Double or Nothing Road tank (500,000 gallons) (\$400,000 every fifteen years)	26,700	23,900	26,700	26,700	-
7. Radiotower Road (500,000 gallons) (\$400,000 every fifteen years)	26,700	23,900	26,700	26,700	-
8. Lovett tank (100,000 gallons) (\$260,000 every fifteen years)	17,300	17,400	17,300	17,300	-
9. Paynesville Road tank (500,000 gallons) (\$400,000 every fifteen years)	26,700	23,900	26,700	26,700	-
10. Fairview Road tank (250,000 gallons) (\$379,000 every fifteen years)	25,300	21,700	25,300	25,300	-
11. Austin tank 2 (1,000,000 gallons) (\$500,000 every fifteen years)	33,300	33,300	33,300	33,300	-
12. Marble Hill ground tank (500,000 gallons) (\$250,000 every fifteen years)	16,700	13,400	16,700	16,700	-
13. 1 MG Ground Storage Tank (\$15,000 every fifteen years)	1,000	-	1,000	1,000	-
14. Marble Hill WTP aeration tank (\$170,000 every fifteen years)	11,300	11,000	11,300	11,300	-
15. Marble Hill WTP aeration tank (\$170,000 every fifteen years)	11,300	11,000	11,300	11,300	-
VI. <u>Booster Station Maintenance and Pump Replacement</u>					
a. Booster station No. 4 maintenance	3,800	-	3,800	3,800	-
b. Booster station No. 7 maintenance	1,900	-	1,900	1,900	-
c. Booster station No. 8 maintenance	1,900	-	1,900	1,900	-
Average of maintenance costs since last rate case (2019-2024)	-	3,900	-	-	-
VII. <u>Meter/Control Valve Pit Maintenance</u>					
a. Tank 2 control valve pit maintenance	1,500	-	1,500	1,500	-
b. Tank 3 control valve/metering pit maintenance	1,500	-	1,500	1,500	-
c. Tank 4 control valve/metering pit maintenance	1,500	-	1,500	1,500	-
d. Tank 7 control valve/metering pit maintenance	1,500	-	1,500	1,500	-
e. Tank 8 control valve/metering pit maintenance	1,500	-	1,500	1,500	-
Sub-total forward	\$476,120	\$376,200	\$476,120	\$476,120	\$ -

(Continued on next page)

STUCKER FORK CONSERVANCY DISTRICT
Water Utility

(Cont'd)

ESTIMATED ANNUAL OPERATION AND MAINTENANCE EXPENSES
(Explanation of Adjustments)

	Petitioner (11/25/2024)	OUCC (3/4/2025)	Petitioner's Rebuttal (4/1/2025)	Settlement	Increase/ (Decrease)
<u>Adjustment 2 - Periodic Maintenance (cont'd)</u>					
Sub-total carried forward	\$476,120	\$376,200	\$476,120	\$476,120	\$ -
VII. <u>Meter/Control Valve Pit Maintenance</u>					
f. Sommerville control valve/metering pit maintenance	1,500	-	1,500	1,500	-
g. Marysville control valve/metering pit maintenance	1,500	-	1,500	1,500	-
h. Rural membership control valve/metering pit maintenance	1,500	-	1,500	1,500	-
i. Scottsburg control valve/metering pit maintenance	1,500	-	1,500	1,500	-
j. Crothersville control valve/metering pit maintenance	1,500	-	1,500	1,500	-
k. Pepsi control valve/metering pit maintenance	1,500	-	1,500	1,500	-
Average of maintenance costs since last rate case (2019-2024)	-	3,500	-	-	-
VIII. <u>Other Periodic Maintenance Expense</u>					
Average of other maintenance costs since last rate case (2019-2024)	-	23,800	-	-	-
Sub-total	485,120	403,500	485,120	485,120	-
Less test year expense	(436,160)	(436,160)	(436,160)	(436,160)	-
Adjustment	<u>\$48,960</u>	<u>(\$32,660)</u>	<u>\$48,960</u>	<u>\$48,960</u>	<u>\$ -</u>
<u>Adjustment 3 - FICA</u>					
To adjust test year FICA expense to reflect estimated payroll expense.					
Estimated payroll	\$1,280,525	\$1,159,186	\$1,151,875	\$1,159,186	\$7,311
Times FICA rate	7.65%	7.65%	7.65%	7.65%	7.65%
Sub-total	97,960	88,678	88,118	88,678	560
Less test year expense	(86,713)	(86,713)	(86,713)	(86,713)	-
Adjustment	<u>\$11,247</u>	<u>\$1,965</u>	<u>\$1,405</u>	<u>\$1,965</u>	<u>\$560</u>
<u>Adjustment 4 - PERF</u>					
To adjust test year PERF expense to reflect estimated payroll expense and the 2024 PERF rate.					
Estimated payroll (eligible for PERF)	\$1,222,814	\$1,122,385	\$1,115,074	\$1,122,385	\$7,311
Times PERF rate	11.20%	11.20%	11.20%	11.20%	11.20%
Sub-total	136,955	125,707	124,888	125,707	819
Less test year expense	(119,483)	(119,483)	(119,483)	(119,483)	-
Adjustment	<u>\$17,472</u>	<u>\$6,224</u>	<u>\$5,405</u>	<u>\$6,224</u>	<u>\$819</u>

(Continued on next page)

**STUCKER FORK CONSERVANCY DISTRICT
Water Utility**

(Cont'd)

ESTIMATED ANNUAL OPERATION AND MAINTENANCE EXPENSES
(Explanation of Adjustments)

	<u>Petitioner</u> <small>(11/25/2024)</small>	<u>OUCC</u> <small>(3/4/2025)</small>	<u>Petitioner's</u> <u>Rebuttal</u> <small>(4/1/2025)</small>	<u>Settlement</u>	<u>Increase/</u> <u>(Decrease)</u>
<u>Adjustment 5 - Health Insurance</u>					
To adjust test year to reflect estimated health insurance expense.					
Estimated annual health insurance expense	\$418,672	\$418,672	\$418,672	\$418,672	\$ -
Less health insurance included in tap fee	-	-	(1,981)	-	1,981
Sub-total	418,672	418,672	416,691	418,672	1,981
Less test year expense	<u>(370,110)</u>	<u>(370,110)</u>	<u>(370,110)</u>	<u>(370,110)</u>	<u>-</u>
Adjustment	<u>\$48,562</u>	<u>\$48,562</u>	<u>\$46,581</u>	<u>\$48,562</u>	<u>\$1,981</u>
<u>Adjustment 6 - Non-Recurring Expenditures</u>					
To adjust test year expense to eliminate non-recurring costs and costs that are capital in nature from operating expenses.					
Transaction Description	<u>Account</u>				
Payment to Scott County Auto Center	Transportation	\$ -	(\$1,319)	(\$1,319)	(\$1,319)
Payment to Scott County Auto Center	Transportation	-	(6,462)	(6,462)	-
Washington Township Legal Fees	Contractual Service - Legal	-	(17,389)	(17,389)	-
60 5/8" Meters	Materials & Supplies	-	(20,400)	-	-
Adjustment		<u>\$ -</u>	<u>(\$45,570)</u>	<u>(\$25,170)</u>	<u>\$ -</u>
<u>Adjustment 7 - System Delivery Expense Adjustments</u>					
To reflect increased system delivery costs due to customer growth.					
Test Year Cost Per Residential Bill:					
Purchased Power Exp	\$ -	\$1.94	\$1.94	\$1.94	\$ -
Chemical Expense	-	0.95	0.95	0.95	-
Postage	-	0.73	0.73	0.73	-
Sub-total	-	3.62	3.62	3.62	-
Times Increase in Billings	-	699	699	699	-
Increased System Delivery Cost	<u>\$ -</u>	<u>\$2,530</u>	<u>\$2,530</u>	<u>\$2,530</u>	<u>\$ -</u>
Test Year Cost Per Commercial Bill:					
Purchased Power Exp	\$ -	\$ -	\$2.15	\$2.15	\$ -
Chemical Expense	-	-	1.06	1.06	-
Postage	-	-	0.73	0.73	-
Sub-total	-	-	3.94	\$3.94	-
Times Decrease in Billings	-	-	(95)	(95)	-
Decreased System Delivery Cost	<u>\$ -</u>	<u>\$ -</u>	<u>(\$374)</u>	<u>(\$374)</u>	<u>\$ -</u>

(Continued on next page)

STUCKER FORK CONSERVANCY DISTRICT
Water Utility

(Cont'd)

ESTIMATED ANNUAL OPERATION AND MAINTENANCE EXPENSES
(Explanation of Adjustments)

	<u>Petitioner</u> <small>(11/25/2024)</small>	<u>OUCC</u> <small>(3/4/2025)</small>	<u>Petitioner's</u> <u>Rebuttal</u> <small>(4/1/2025)</small>	<u>Settlement</u>	<u>Increase/</u> <u>(Decrease)</u>
<u>Adjustment 7 - System Delivery Expense Adjustments (Cont'd)</u>					
Post Test Year Cost Per Residential Bill:					
Purchased Power Exp	\$ -	\$ 1.82	\$ -	\$ -	\$ -
Chemical Expense	-	0.88	-	-	-
Postage	-	0.73	-	-	-
Sub-total	-	3.43	-	-	-
Times Decrease in Billings	-	(1,068)	-	-	-
Decreased System Delivery Cost	<u>\$ -</u>	<u>(\$3,663)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Post Test Year Cost Per Commercial Bill:					
Purchased Power Exp	\$ -	\$ 2.26	\$ -	\$ -	\$ -
Chemical Expense	-	1.10	-	-	-
Postage	-	0.73	-	-	-
Sub-total	-	4.09	-	-	-
Times Increase in Billings	-	1,704	-	-	-
Increased System Delivery Cost	<u>\$ -</u>	<u>\$6,969</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Post Test Year Cost Per Residential / Commercial Bill:					
Purchased Power Exp	\$ -	\$ -	\$ 1.82	\$ 1.82	\$ -
Chemical Expense	-	-	0.89	0.89	-
Postage	-	-	0.73	0.73	-
Sub-total	-	-	3.44	\$ 3.44	-
Times Increase in Billings	-	-	408	408	-
Increased System Delivery Cost	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,404</u>	<u>\$ 1,404</u>	<u>\$ -</u>
Adjustment	<u>\$ -</u>	<u>\$5,836</u>	<u>\$3,560</u>	<u>\$3,560</u>	<u>\$ -</u>

STUCKER FORK CONSERVANCY DISTRICT
Water Utility

ESTIMATED ANNUAL REVENUE REQUIREMENTS
AND ANNUAL REVENUES

See Explanation of References, page 9 - 10.

	<u>Petitioner</u> (11/25/2024)	<u>OUC</u> (3/4/2025)	<u>Petitioner's</u> <u>Rebuttal</u> (4/1/2025)	<u>Settlement</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Ref.</u>
Revenue Requirements:						
Operation and maintenance	\$4,155,135	\$3,891,912	\$3,980,985	\$3,991,656	\$10,671	(1)
Debt service:						
Outstanding bonds	1,157,063	1,157,063	1,157,063	1,157,063	-	
Proposed bonds	293,752	-	295,552	295,552	-	(2)
Debt service reserve:						
Outstanding bonds	15,211	15,211	15,211	15,211	-	
Proposed bonds	58,750	-	59,110	59,110	-	(3)
Replacements and improvements	990,030	990,438	966,114	966,114	-	(4)
Amortization of CIAC	-	(213,047)	-	-	-	(5)
Sub-totals	6,669,941	5,841,577	6,474,035	6,484,706	10,671	
Less interest income	(25,630)	(25,630)	(25,630)	(25,630)	-	
Less penalties	(19,271)	-	-	-	-	
Less tap fees	-	(63,582)	-	(63,582)	(63,582)	(6)
Less other income	(47,239)	(47,239)	(47,239)	(47,239)	-	
Total Net Revenue Requirements	<u>\$6,577,801</u>	<u>\$5,705,126</u>	<u>\$6,401,166</u>	<u>\$6,348,255</u>	<u>(\$52,911)</u>	
Annual Revenues:						
Metered water revenue	\$2,913,129	\$2,954,600	\$2,940,043	\$2,940,043	\$ -	(7)
Morgan Foods water revenue	1,001,830	1,001,830	1,001,830	1,001,830	-	
Wholesale water revenue	883,755	883,755	883,755	883,755	-	
Fire protection	204,160	204,160	204,160	204,160	-	
Penalties	-	19,271	19,271	19,271	-	
Total Annual Present Rate Revenues	<u>\$5,002,874</u>	<u>\$5,063,616</u>	<u>\$5,049,059</u>	<u>\$5,049,059</u>	<u>\$ -</u>	
Additional Revenues Required	<u>\$1,574,927</u>	<u>\$641,510</u>	<u>\$1,352,107</u>	<u>\$1,299,196</u>	<u>(\$52,911)</u>	
Overall Increase in Revenues Required (If Across-The-Board)	<u>31.48%</u>	<u>12.67%</u>	<u>26.78%</u>	<u>25.73%</u>	<u>-1.05%</u>	

(Continued on next page)

STUCKER FORK CONSERVANCY DISTRICT
Water Utility

(Cont'd)

ESTIMATED ANNUAL REVENUE REQUIREMENTS
AND ANNUAL REVENUES
(Explanation of References)

	Petitioner (11/25/2024)	OUCC (3/4/2025)	Petitioner's Rebuttal (4/1/2025)	Settlement	Increase/ (Decrease)
(1) To reflect estimated operation and maintenance expenses, see pages 1 to 7.					
(2) To reflect the average annual debt service on the Proposed Bonds.					
Adjustment (see page 10)	<u>\$293,752</u>	<u>\$ -</u>	<u>\$295,552</u>	<u>\$295,552</u>	<u>\$ -</u>
(3) To provide an allowance for funding the debt service reserve on the Proposed Bonds over a five-year period.					
Incremental DSR requirement for Proposed Bonds	\$293,752	\$ -	\$295,552	\$295,552	\$ -
Divided by 5 year funding period	<u>5</u>	<u>-</u>	<u>5</u>	<u>5</u>	<u>5</u>
Adjustment	<u>\$58,750</u>	<u>\$ -</u>	<u>\$59,110</u>	<u>\$59,110</u>	<u>\$ -</u>
(4) To provide an allowance for replacements and improvements equal to the annual depreciation allowance.					
Utility plant in service as of 12/31/2023	\$50,086,638	\$50,086,638	\$50,086,638	\$50,086,638	\$ -
Add: capital additions	-	20,400	-	-	-
Less: estimated capital retirements	-	-	(1,195,788)	(1,195,788)	-
Less: land and land rights	<u>(585,142)</u>	<u>(585,142)</u>	<u>(585,142)</u>	<u>(585,142)</u>	<u>-</u>
Depreciable capital assets	49,501,496	49,521,896	48,305,708	48,305,708	-
Times composite depreciation rate	<u>2.0%</u>	<u>2.0%</u>	<u>2.0%</u>	<u>2.0%</u>	<u>2.0%</u>
Adjustment	<u>\$990,030</u>	<u>\$990,438</u>	<u>\$966,114</u>	<u>\$966,114</u>	<u>\$ -</u>
(5) Adjustment to amortize contributions-in-aid of construction ("CIAC") at the same rate it is being depreciated to offset depreciation expense. CIAC as of 12/31/2023 is less per Petitioner's system. The State Board of Accounts ("SBOA") made an adjustment to decrease CIAC during the 2005 Audit, which was never reflected on the IURC Annual Report. The Petitioner will not change CIAC in the IURC Annual Report, but will note that SBOA adjustment. However, this treatment is also inconsistent with Indiana law. Therefore, Petitioner objects to this recommendation and calculates an estimated capital retirements amount to reduce the calculated annual depreciation allowance.					
Contributions-in-Aid of Construction as of 12/31/23	\$ -	\$10,652,352	\$3,186,982	\$10,652,352	\$7,465,370
Times: Composite Depreciation %	<u>-</u>	<u>2.0%</u>	<u>2.0%</u>	<u>2.0%</u>	<u>2.0%</u>
Amortization of contributed plant	<u>\$ -</u>	<u>\$213,047</u>	<u>\$63,740</u>	<u>\$213,047</u>	<u>\$149,307</u>
Adjustment	<u>\$ -</u>	<u>\$213,047</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
(6) Petitioner agrees to include tap fees as a revenue requirement offset due to salaries and wages expense for the labor associated with connecting customers being included with operation and maintenance expense. However, all meters and a majority of materials and supplies associated with connecting a customer are purchased in bulk. Therefore, those costs are capitalized and not included with operation and maintenance expense.					
Adjustment	<u>\$ -</u>	<u>(\$63,582)</u>	<u>\$ -</u>	<u>(\$63,582)</u>	<u>(\$63,582)</u>

(Continued on next page)

STUCKER FORK CONSERVANCY DISTRICT
Water Utility

(Cont'd)

ESTIMATED ANNUAL REVENUE REQUIREMENTS
AND ANNUAL REVENUES
(Explanation of References)

	<u>Petitioner</u> (11/25/2024)	<u>OUCC</u> (3/4/2025)	<u>Petitioner's</u> <u>Rebuttal</u> (4/1/2025)	<u>Settlement</u>	<u>Increase/</u> <u>(Decrease)</u>
(7) To normalize operating revenues for test year customer growth.					
Increase in residential bills (page 6)	-	699	699	699	-
Average residential monthly bill	\$ -	\$27.15	\$27.15	\$27.15	\$ -
Normalized test year residential adjustment	<u>\$ -</u>	<u>\$18,978</u>	<u>\$18,978</u>	<u>\$18,978</u>	<u>\$ -</u>
Decrease in commercial bills (page 6)	-	-	(95)	(95)	-
Average commercial monthly bill	\$ -	\$ -	\$28.89	\$28.89	\$ -
Normalized test year commercial adjustment	<u>\$ -</u>	<u>\$ -</u>	<u>(\$2,745)</u>	<u>(\$2,745)</u>	<u>(\$2,745)</u>
To normalize operating revenues for post test year customer growth.					
Decrease in residential bills (page 6)	-	(1,068)	-	-	-
Average residential monthly bill	\$ -	\$26.23	\$ -	\$ -	\$ -
Normalized post test year residential adjustment	<u>\$ -</u>	<u>(\$28,014)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Increase in commercial bills (page 7)	-	1,704	-	-	-
Average commercial monthly bill	\$ -	\$29.64	\$ -	\$ -	\$ -
Normalized post test year commercial adjustment	<u>\$ -</u>	<u>\$50,507</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Increase in residential / commercial bills (page 7)	-	-	408	408	-
Average residential / commercial monthly bill	\$ -	\$ -	\$26.18	\$26.18	\$ -
Normalized post test year residential / commercial adjustment	<u>\$ -</u>	<u>\$ -</u>	<u>\$10,681</u>	<u>\$10,681</u>	<u>\$ -</u>
Test year metered water revenue	\$2,913,129	\$2,913,129	\$2,913,129	\$2,913,129	\$ -
Plus: Normalized test year residential adjustment	-	18,978	18,978	18,978	-
Normalized test year commercial adjustment	-	-	(2,745)	(2,745)	-
Normalized post test year residential adjustment	-	(28,014)	-	-	-
Normalized post test year commercial adjustment	-	50,507	-	-	-
Normalized post test year residential / commercial adjustment	-	-	10,681	10,681	-
Total normalized metered water revenue	<u>\$2,913,129</u>	<u>\$2,954,600</u>	<u>\$2,940,043</u>	<u>\$2,940,043</u>	<u>\$ -</u>

STUCKER FORK CONSERVANCY DISTRICT
Water Utility

COST OF SERVICE ANALYSIS

STUCKER FORK CONSERVANCY DISTRICT
Water Utility

Settlement

TEST YEAR AND POST TEST YEAR NORMALIZATION

Normalizing Annual Consumption

<u>Cost of Service Customer Class</u>	<u>Test Year Gallons</u>	<u>Adjustment</u>	<u>Equivalent Gallons</u>
Residential	398,915,730	4,952,385 (1)	403,868,115
Commercial	24,938,030	(481,979) (1)	24,456,051
Industrial	525,677,360		525,677,360
Government	19,521,910	(8,238,210) (2)	11,283,700
Wholesale	347,135,582		347,135,582

Normalizing Annual Bills

<u>Cost of Service Customer Class</u>	<u>Test Year Bills</u>	<u>Adjustment</u>	<u>Equivalent Bills</u>
Residential	93,165	1,107 (1)	94,272
Commercial	1,979	(95) (1)	1,884
Industrial	122		122
Government	462		462
Wholesale	60		60

Normalizing Average Connections

<u>Cost of Service Customer Class</u>	<u>Test Year Connections</u>	<u>Adjustment</u>	<u>Equivalent Connections</u>
Residential	7,765	92 (1)	7,857
Commercial	165	(8) (1)	157
Industrial	10		10
Government	38		38
Wholesale	5		5

Normalizing Equivalent Connections

<u>Cost of Service Customer Class</u>	<u>Test Year Connections</u>	<u>Adjustment</u>	<u>Equivalent Connections</u>
Residential	7,952	92 (1)	8,044
Commercial	275	(8) (1)	267
Industrial	132		132
Government	169		169
Wholesale	250		250

(1) Normalization for test year and post test year customer increase/decrease.

(2) Normalization for non-recurring usage during the test year.

**STUCKER FORK CONSERVANCY DISTRICT
Water Utility**

Settlement

TEST YEAR UNITS OF SERVICE

Base-Extra Capacity Method
(12 Months Ended 12/31/2023)
(Per consulting engineer)

	Base		Maximum Day			Maximum Hour			Customer	
	Normalized Annual Sales (1)	Average Day (2)	Capacity Factor (3) %	Total Capacity	Extra Capacity (4) (2)	Capacity Factor (3) %	Total Capacity (2)	Extra Capacity (5) (2)	Equivalent Connections (7)	Normalized Bills (7)
Retail Service:										
Residential	403,868.1	1,106	215	2,378	1,272	350	3,871	1,493	8,044	94,272
Commercial	24,456.1	67	195	131	64	325	218	87	267	1,884
Industrial	525,677.4	1,440	170	2,448	1,008	225	3,240	792	132	122
Government (6)	11,283.7	31	195	60	29	325	101	41	169	462
Wholesale	347,135.6	951	155	1,474	523	230	2,187	713	250	60
Totals	<u>1,312,420.8</u>	<u>3,595</u>		<u>6,491</u>	<u>2,896</u>		<u>9,617</u>	<u>3,126</u>	<u>8,862</u>	<u>96,800</u>

Reference Explanations

- (1) 1,000's of gallons. See page 11.
- (2) 1,000's of gallons per day
- (3) Calculated based on test year usage data
- (4) Capacity in excess of average day usage
- (5) Capacity in excess of maximum day usage
- (6) Normalized test year annual sales to remove usage related to a major water leak on customer premise and non-recurring usage from City of Scottsburg who's treatment operations were down for a portion of the test year.
- (7) See page 11.

STUCKER FORK CONSERVANCY DISTRICT
Water Utility

Settlement

ALLOCATION OF ESTIMATED CASH OPERATION AND MAINTENANCE EXPENSES
TO FUNCTIONAL COST COMPONENTS
Base-Extra Capacity Method

	Estimated Expense	Base	Extra Capacity		Customer Costs		Direct Fire Protection Service	Percentage Allocation						Ref.
			Maximum Day	Maximum Hour*	Meters and Services	Billing and Collection		BAS	MXD	MXH	MET	BILL	FP	
Treatment:														
Salaries and wages	\$315,901	\$174,946	\$140,955					55.38	44.62					(2)
Purchased power	523,208	289,753	233,455					55.38	44.62					(2)
Chemicals	281,412	281,412						100.00						(1)
Materials and supplies	19,830	10,982	8,848					55.38	44.62					(2)
Contractual services	171,644	95,056	76,588					55.38	44.62					(2)
Transmission and Distribution:														
Salaries and wages	479,698	114,792	84,571	\$179,263	\$97,810		\$3,262	23.93	17.63	37.37	20.39		0.68	(3)
Purchased power	44,725	16,718	13,467	14,540				37.38	30.11	32.51				(4)
Materials and supplies	186,507	44,631	32,881	69,698	38,029		1,268	23.93	17.63	37.37	20.39		0.68	(3)
Contractual services	420,158	100,544	74,074	157,013	85,670		2,857	23.93	17.63	37.37	20.39		0.68	(3)
Transportation	40,428	9,675	7,127	15,108	8,243		275	23.93	17.63	37.37	20.39		0.68	(3)
Customer Accounts:														
Salaries and wages	186,870												100.00	(5)
Contractual services	7,471												100.00	(5)
Transportation	28,704												100.00	(5)
Administrative and General:														
Salaries and wages	176,717	52,115	40,566	32,244	17,593	33,612	587	29.49	22.96	18.25	9.96	19.02	0.32	(6)
Employee pensions and benefits	621,981	183,428	142,776	113,488	61,921	118,303	2,065	29.49	22.96	18.25	9.96	19.02	0.32	(7)
Purchased power	4,477	1,349	1,035	951	519	606	17	30.14	23.11	21.24	11.59	13.55	0.39	(8)
Materials and supplies	15,931	4,802	3,681	3,383	1,846	2,158	61	30.14	23.11	21.24	11.59	13.55	0.39	(8)
Contractual services	332,699	100,265	76,883	70,649	38,547	45,071	1,284	30.14	23.11	21.24	11.59	13.55	0.39	(8)
Transportation	6,657	2,006	1,538	1,414	771	902	26	30.14	23.11	21.24	11.59	13.55	0.39	(8)
Insurance	111,909	47,973	31,226	20,919	11,415	-	375	42.87	27.90	18.69	10.20		0.34	(9)
Other	14,729	4,438	3,404	3,128	1,707	1,995	57	30.14	23.11	21.24	11.59	13.55	0.39	(8)
Total Operating Expenses	3,991,656	1,534,885	973,075	681,798	364,071	425,692	12,134	38.45	24.38	17.08	9.12	10.66	0.30	(10)
Less Other Income	(47,239)	(18,163)	(11,516)	(8,069)	(4,309)	(5,038)	(144)	38.45	24.38	17.08	9.12	10.66	0.30	(10)
Less Tap Fees	(63,582)	(24,449)	(15,500)	(10,860)	(5,799)	(6,781)	(193)	38.45	24.38	17.08	9.12	10.66	0.30	(10)
Less Interest Income	(25,630)	(9,855)	(6,248)	(4,378)	(2,338)	(2,733)	(78)	38.45	24.38	17.08	9.12	10.66	0.30	(10)
Net Operating Expenses	\$3,855,205	\$1,482,418	\$939,811	\$658,491	\$351,625	\$411,140	\$11,719	38.45	24.38	17.08	9.12	10.66	0.30	

* Maximum hour demand in excess of maximum day demand.

(Continued on next page)

STUCKER FORK CONSERVANCY DISTRICT
Water Utility

Settlement
(Cont'd)

ALLOCATION OF ESTIMATED CASH OPERATION AND MAINTENANCE EXPENSES
TO FUNCTIONAL COST COMPONENTS
(Explanation of Allocations)

(1) Allocated 100% to base.

(2) Allocated in ratio to maximum day demand.

	1,000's of Gallons	%
Average day demand	3,595	55.38
Maximum day excess capacity	2,896	44.62
Totals	6,491	100.0

(3) Allocated pro rata based on the allocation of total Transmission and Distribution plant.

	Transmission and Distribution Plant	%
Average day demand	\$5,320,638	23.93
Maximum day excess capacity	3,920,986	17.63
Maximum hour excess capacity	8,309,957	37.37
Meters and services	4,534,147	20.39
Direct fire protection	148,777	0.68
Totals	\$22,234,505	100.0

(4) Allocated in ratio to maximum hour demand.

	1,000's of Gallons	%
Average day demand	3,595	37.38
Maximum day excess capacity	2,896	30.11
Maximum hour excess capacity	3,126	32.51
Totals	9,617	100.0

(Continued on next page)

STUCKER FORK CONSERVANCY DISTRICT
Water Utility

Petitioner's Rebuttal
(Cont'd)

ALLOCATION OF ESTIMATED CASH OPERATION AND MAINTENANCE EXPENSES
TO FUNCTIONAL COST COMPONENTS

- (5) Allocated 100% to billing and collection.
- (6) Allocated pro rata to all other functionalized payroll.
- (7) Allocated pro rata based upon total payroll.
- (8) Allocated in ratio to all other functionalized expenses exclusive of purchased power and chemicals.
- (9) Allocated pro rata based upon utility plant.
- (10) Allocated pro rata based on all other functionalized cash operating expenses.

STUCKER FORK CONSERVANCY DISTRICT
Water Utility

Settlement

UNIT COSTS OF SERVICE
(12 Months Ended 12/31/2023)

	Net Estimated Revenue Requirements	Allocable To All Customers					Direct Fire Protection Service Equiv. Hydrants	Ref.
		Extra Capacity		Customer Costs				
		Base	Maximum Day	Maximum Hour*	Meters and Services Equiv. Meters	Billing and Collection Bills		
	(-----1,000's of Gallons-----)							
<u>Units of Service</u>		1,312,420.8	2,896.0	3,126.0	8,862	96,800	202	(1)
<u>Projected Cost of Service</u>								
Net operation and maintenance expense	\$3,855,205	\$1,482,419	\$939,811	\$658,491	\$351,625	\$411,140	\$11,719	(2)
Debt service and debt service reserve	1,526,936	654,578	426,066	285,430	155,747		5,115	(3)
Replacements and improvements	966,114	414,160	269,578	180,596	98,544		3,236	(3)
Sub-totals	6,348,255	2,551,157	1,635,455	1,124,517	605,916	411,140	20,070	
Allocate estimated fire protection			(115,256)	(79,249)			194,505	(4)
Net Cost of Service	<u>\$6,348,255</u>	<u>\$2,551,157</u>	<u>\$1,520,199</u>	<u>\$1,045,268</u>	<u>\$605,916</u>	<u>\$411,140</u>	<u>\$214,575</u>	
Total Unit Costs of Service		<u>\$1.9439</u>	<u>\$524.9306</u>	<u>\$334.3788</u>	<u>\$68.3724</u>	<u>\$4.2473</u>	<u>\$1,062.2525</u>	

* Maximum hour demand in excess of maximum day demand.

- (1) See "Test Year Units of Service", page 29 of Prefiled Petitioner's Exhibit 4.
- (2) As calculated in "Allocation of Estimated Cash Operation and Maintenance Expenses to Functional Cost Components", pages 13 - 15.
- (3) Allocated in ratio to plant values, page 20 of Petitioner's Rebuttal Exhibit 12.
- (4) Assumes 26% of inside Austin revenues from Consumer analysis work paper based upon the Maine Public Utilities Commission's methodology. Estimated fire protection is re-allocated pro rata to maximum day and maximum hour requirements.

**STUCKER FORK CONSERVANCY DISTRICT
Water Utility**

Settlement

COST OF SERVICE ALLOCATED TO CUSTOMER CLASSES
(12 Months Ended 12/31/2023)

	Total Costs of Service	Allocable To All Customers					Direct Fire Protection Service Equiv. Hydrants
		Base	Extra Capacity		Customer Costs		
			Maximum Day (-----1,000's of Gallons-----)	Maximum Hour**	Meters and Services Equiv. Meters	Billing and Collection Bills	
<u>Unit Costs of Service*</u>		<u>\$1.9439</u>	<u>\$524.9306</u>	<u>\$334.3788</u>	<u>\$68.3724</u>	<u>\$4.2473</u>	<u>\$1,062.2525</u>
<u>Allocated Costs of Service</u>							
Residential:							
Units of service		403,868.1	1,272.0	1,493	8,044	94,272	-
Cost	\$2,902,408	\$785,079	\$667,712	\$499,228	\$549,988	\$400,401	\$ -
Commercial:							
Units of service		24,456.1	64.0	87	267	1,884	-
Cost	136,484	\$47,540	\$33,596	\$29,091	\$18,255	\$8,002	\$ -
Industrial:							
Units of service		525,677.4	1,008.0	792	132	122	-
Cost	1,825,365	\$1,021,864	\$529,130	\$264,828	\$9,025	\$518	\$ -
Government:							
Units of service		11,283.7	29	41	169	462	-
Cost	64,384	\$21,934	\$15,223	\$13,710	\$11,555	\$1,962	\$ -
Wholesale:							
Units of service		347,135.6	523.0	713	250	60	-
Cost	1,205,039	\$674,740	\$274,538	\$238,411	\$17,093	\$257	\$ -
Fire Protection:							
Units of service		-	-	-	-	-	202
Cost	214,575	\$ -	\$ -	\$ -	\$ -	\$ -	\$214,575
Total Allocated Cost of Service	\$6,348,255	\$2,551,157	\$1,520,199	\$1,045,268	\$605,916	\$411,140	\$214,575

* See page 16.

** Maximum hour demand in excess of maximum day demand.

STUCKER FORK CONSERVANCY DISTRICT
Water Utility

Settlement

CALCULATION OF PROPOSED MONTHLY SERVICE CHARGES

<u>Meter Size</u>	<u>5/8 Inch Equivalency Factor</u>	<u>Meter Cost Per Equiv. Unit (1)</u>	<u>Meter Cost Per Unit</u>	<u>Billing Cost Per Unit</u>	<u>Total</u>	<u>Rounded</u>
5/8 inch meter	1.0	\$5.6977	\$5.6977	\$4.2473	\$9.9450	\$9.95
3/4 inch meter	1.5	5.6977	8.5466	4.2473	12.7939	12.80
1 inch meter	2.5	5.6977	14.2443	4.2473	18.4916	18.50
1 1/4 inch meter	4.0	5.6977	22.7908	4.2473	27.0381	27.05
1 1/2 inch meter	5.0	5.6977	28.4885	4.2473	32.7358	32.75
2 inch meter	8.0	5.6977	45.5816	4.2473	49.8289	49.85
3 inch meter	15.0	5.6977	85.4655	4.2473	89.7128	89.70
4 inch meter	25.0	5.6977	142.4425	4.2473	146.6898	146.70
6 inch meter	50.0	5.6977	284.8850	4.2473	289.1323	289.15
8 inch meter	80.0	5.6977	455.8160	4.2473	460.0633	460.05
10 inch meter	115.0	5.6977	655.2355	4.2473	659.4828	659.50

(1) Calculated as follows:

Annual charge per equivalent meter (page 17)	\$68.3724
Divided by 12 months	<u>12</u>
Monthly charge per equivalent meter	<u><u>\$5.6977</u></u>

**STUCKER FORK CONSERVANCY DISTRICT
Water Utility**

Settlement

**CALCULATION OF FIRE PROTECTION CHARGES BASED UPON
ALLOCATED COST OF SERVICE**

Automatic Sprinkler Charges:

Size of Connection	Number of Private Sprinkler Connections	Equivalency Ratio*	Number of Fire Protection Equivalent Units	Adjusted Rate for 6 Inch Connection	Adjusted Rates**
1 inch connection		0.02778		\$1,062.25	\$29.51
2 inch connection		0.11111		1,062.25	118.03
3 inch connection		0.25000		1,062.25	265.56
4 inch connection		0.44444		1,062.25	472.11
6 inch connection	2	1.00000	2.0000	1,062.25	1,062.25
8 inch connection	1	1.77778	1.7778	1,062.25	1,888.45
10 inch connection	1	2.77778	2.7778	1,062.25	2,950.70
12 inch connection	2	4.00000	8.0000	1,062.25	4,249.00
Totals	<u>6</u>		<u>14.5556</u>		

* Reflects the sum of the squares methodology.

** Rate for 6" equivalent connection time equivalency ratio.

Fire Hydrants:

Total costs to be recovered from fire protection, see page 17	\$214,575
Divide by 6" equivalent fire hydrant connections (1)	<u>202</u>
Annual charge per equivalent connection	<u>\$1,062.25</u>

(1) See "Calculation of Equivalent Fire Hydrant Connections", page 28 of Prefiled Petitioner's Exhibit 4.

STUCKER FORK CONSERVANCY DISTRICT

Water Utility

Settlement

CALCULATION OF EQUIVALENT CONNECTIONS
FOR PUBLIC FIRE PROTECTION

<u>Meter Size</u>	<u>Total Customers</u>	<u>Ratio to 5/8" Meter</u>	<u>Total Equivalent Connections</u>
5/8"	1,331	1.0	1,331
3/4"	-	1.5	-
1"	10	2.5	25
1 1/2"	1	5.0	5
2"	9	8.0	72
3"	3	15.0	45
4"	1	25.0	25
6"	1	50.0	50
Totals	<u>1,356</u>		<u>1,553</u>

STUCKER FORK CONSERVANCY DISTRICT
Water Utility

Settlement

CALCULATION OF PUBLIC FIRE PROTECTION CHARGE PER
EQUIVALENT CONNECTION BASED UPON ALLOCATED COST OF SERVICE

Total costs to be recovered from fire protection, see page 19		\$214,575
Less:		
Annual charge per equivalent connection	\$1,062.25	
Times private sprinkler equivalent connections	<u>14.5556</u>	
Sub-total		(15,462)
Annual charge per equivalent connection	\$1,062.25	
Times equivalent private fire hydrants	<u>20</u>	
Sub-total		<u>(21,245)</u>
Remaining cost to be recovered through the monthly public fire protection charges		<u><u>\$177,868</u></u>
 Total public fire protection revenues to be recovered		 \$177,868
Divided by total equivalent connections		<u>1,553</u>
Proposed annual charge per equivalent connection		<u><u>\$114.54</u></u>
Proposed monthly charge per equivalent connection		<u><u>\$9.55</u></u>

STUCKER FORK CONSERVANCY DISTRICT
Water Utility

Settlement

ALLOCATION OF ANNUAL PUBLIC FIRE
PROTECTION REVENUE BY METER SIZE

<u>Meter Size</u>	<u>Proposed Annual Charge Per Equivalent Connection</u>	<u>Equivalency Factor</u>	<u>Proposed Annual Charge Per Connection</u>	<u>Total Number of Connections</u>	<u>Annual Revenues Required</u>
5/8"	\$114.54	1.0	\$114.54	1,331	\$152,453
3/4"	114.54	1.5	171.81	-	-
1"	114.54	2.5	286.35	10	2,864
1 1/4"	114.54	4.0	458.16	-	-
1 1/2"	114.54	5.0	572.70	1	573
2"	114.54	8.0	916.32	9	8,247
3"	114.54	15.0	1,718.10	3	5,154
4"	114.54	25.0	2,863.50	1	2,864
6"	114.54	50.0	5,727.00	1	5,727
8"	114.54	80.0	9,163.20	-	-
10"	114.54	115.0	13,172.10	-	-
Estimated total revenue					177,882
Annual public fire protection revenue to be recovered (page 21)					<u>(177,868)</u>
Variance					<u><u>\$14</u></u>

STUCKER FORK CONSERVANCY DISTRICT
Water Utility

Settlement

SUMMARY OF MONTHLY PUBLIC FIRE PROTECTION
CHARGES BASED UPON ALLOCATED COST OF SERVICE

<u>Meter Size</u>	<u>Proposed Annual Charge</u>	<u>Divided by 12 Months</u>	<u>Proposed Monthly Charge</u>
5/8"	\$114.54	12	\$9.55
3/4"	171.81	12	14.32
1"	286.35	12	23.86
1 1/4"	458.16	12	38.18
1 1/2"	572.70	12	47.73
2"	916.32	12	76.36
3"	1,718.10	12	143.18
4"	2,863.50	12	238.63
6"	5,727.00	12	477.25
8"	9,163.20	12	763.60
10"	13,172.10	12	1,097.68

**STUCKER FORK CONSERVANCY DISTRICT
Water Utility**

**COMPARISON OF ALLOCATED COST OF SERVICE
WITH REVENUE UNDER ADJUSTED RATES**

Settlement							
<u>Customer Classification</u>	<u>Cost of Service</u>	<u>Revenue Under Existing Rates</u>	<u>Increase (Decrease)</u>		<u>Revenue Under Adjusted Rates</u>	<u>Variance Between Adjusted Revenues and Cost of Service</u>	
			<u>%</u>	<u>Amount</u>			
Residential	\$2,892,153 (1)	\$2,435,089	18.77	\$457,064	\$2,891,841	(\$312)	-0.01%
Commercial	126,253 (1)	106,163	18.92	20,090	131,312	5,059	4.01%
Industrial	1,821,693 (1)	1,333,079	36.65	488,614	1,821,517	(176)	-0.01%
Government	64,312 (1)	67,542	(4.78)	(3,230)	60,296	(4,016)	-6.24%
Wholesale	1,205,039 (1)	883,755	36.35	321,284	1,204,560	(479)	-0.04%
Fire Protection	214,575	204,160	5.10	10,415	214,575	-	0.00%
Penalties	24,230	19,271	25.73	4,959	24,230	-	0.00%
Totals	\$6,348,255	\$5,049,059	25.73	\$1,299,196	\$6,348,331	\$76	0.00%

Petitioner's Rebuttal (4/1/2025)							
<u>Customer Classification</u>	<u>Cost of Service</u>	<u>Revenue Under Existing Rates</u>	<u>Increase (Decrease)</u>		<u>Revenue Under Adjusted Rates</u>	<u>Variance Between Adjusted Revenues and Cost of Service</u>	
			<u>%</u>	<u>Amount</u>			
Residential	\$2,917,334 (1)	\$2,435,089	19.80	\$482,245	\$2,914,741	(\$2,593)	-0.09%
Commercial	127,256 (1)	106,163	19.87	21,093	132,169	4,913	3.86%
Industrial	1,836,388 (1)	1,333,079	37.76	503,309	1,837,898	1,510	0.08%
Government	64,799 (1)	67,542	(4.06)	(2,743)	60,606	(4,193)	-6.47%
Wholesale	1,214,594 (1)	883,755	37.44	330,839	1,214,975	381	0.03%
Fire Protection	216,363	204,160	5.98	12,203	216,362	(1)	0.00%
Penalties	24,432	19,271	26.78	5,161	24,432	-	0.00%
Totals	\$6,401,166	\$5,049,059	26.78	\$1,352,107	\$6,401,183	\$17	0.00%

(1) Penalties are allocated to reduce the Cost of Service for each customer class based on test year penalties.

STUCKER FORK CONSERVANCY DISTRICT
Water Utility

ESTIMATED ANNUAL OPERATING REVENUE AT ADJUSTED
RATES AND CHARGES BASED UPON ALLOCATED COST OF SERVICE

						Settlement	Petitioner's Rebuttal (4/1/2025)	
						Projected Revenue Under Adjusted Rates	Projected Revenue Under Adjusted Rates	
		Percent of Use %	Billing Determinants Annual Consumption (1,000's of gals.)	Equivalent Bills/Bills	Allocated Cost of Service Rates			
Residential:								
Service Charge:								
Meters and services				96,528	\$5.70	\$550,210	\$553,105	
Billing and collecting				94,284	4.25	400,707	407,307	
Volume Charge:								
First	10,000	gallons	82.08	331,477.0	4.95	1,640,811	1,654,070	
Next	240,000	gallons	17.70	71,480.0	4.15	296,642	296,642	
Next	250,000	gallons	0.23	911.1	3.81	3,471	3,617	
Over	500,000	gallons	-	-	3.43	-	-	
Sub-totals		<u>100.00</u>	<u>403,868.1</u>			<u>2,891,841</u>	<u>2,914,741</u>	
Commercial:								
Service Charge:								
Meters and services				3,204	5.70	18,263	18,359	
Billing and collecting				1,884	4.25	8,007	8,139	
Volume Charge:								
First	10,000	gallons	24.03	5,877.0	4.95	29,091	29,326	
Next	240,000	gallons	64.33	15,732.4	4.15	65,289	65,289	
Next	250,000	gallons	9.67	2,364.4	3.81	9,008	9,387	
Over	500,000	gallons	1.97	482.3	3.43	1,654	1,669	
Sub-totals		<u>100.00</u>	<u>24,456.1</u>			<u>131,312</u>	<u>132,169</u>	
Industrial:								
Service Charge:								
Meters and services				1,584	5.70	9,029	9,076	
Billing and collecting				120	4.25	510	518	
Volume Charge:								
First	10,000	gallons	0.14	709.7	4.95	3,513	3,541	
Next	240,000	gallons	1.47	7,702.7	4.15	31,966	31,966	
Next	250,000	gallons	1.14	6,000.0	3.81	22,860	23,820	
Over	500,000	gallons	97.26	511,265.0	3.43	1,753,639	1,768,977	
Sub-totals		<u>100.00</u>	<u>525,677.4</u>			<u>1,821,517</u>	<u>1,837,898</u>	
Government:								
Service Charge:								
Meters and services				2,028	5.70	11,560	11,620	
Billing and collecting				456	4.25	1,938	1,970	
Volume Charge:								
First	10,000	gallons	14.07	1,587.9	4.95	7,860	7,924	
Next	240,000	gallons	66.73	7,529.4	4.15	31,247	31,247	
Next	250,000	gallons	6.08	686.2	3.81	2,614	2,724	
Over	500,000	gallons	13.12	1,480.2	3.43	5,077	5,121	
Sub-totals		<u>100.00</u>	<u>11,283.7</u>			<u>60,296</u>	<u>60,606</u>	
Wholesale:								
Volume Charge:								
Charge per 1,000 gallons				<u>100.00</u>	<u>347,135.6</u>	3.47	1,204,560	1,214,975
Fire Protection						214,575	216,362	
Penalties						24,230	24,432	
Total						<u>\$6,348,331</u>	<u>\$6,401,183</u>	

STUCKER FORK CONSERVANCY DISTRICT
Water Utility

Settlement

COMPARISON OF PRESENT AND ADJUSTED MONTHLY BILLS AT SELECTED
USAGE AMOUNTS BASED UPON ALLOCATED COST OF SERVICE

<u>Meter Size</u>	<u>Monthly Usage</u>	<u>Monthly Bill</u>			
		<u>Current</u>	<u>Adjusted</u>	<u>Increase/Decrease</u>	
				<u>(Dollars)</u>	<u>(%)</u>
Metered Users					
5/8 inch meter	0 gallons	\$7.85	\$9.95	\$2.10	26.8%
	1,000 gallons	12.29	14.90	2.61	21.2%
	2,000 gallons	16.73	19.85	3.12	18.6%
	3,000 gallons	21.17	24.80	3.63	17.1%
	4,000 gallons	25.61	29.75	4.14	16.2%
	5,000 gallons	30.05	34.70	4.65	15.5%
	10,000 gallons	52.25	59.45	7.20	13.8%
1 inch meter	25,000 gallons	107.25	130.25	23.00	21.4%
	50,000 gallons	196.25	234.00	37.75	19.2%
	100,000 gallons	374.25	441.50	67.25	18.0%
6 inch meter	1,000,000 gallons	3,087.70	4,002.15	914.45	29.6%
	10,000,000 gallons	25,947.70	34,872.15	8,924.45	34.4%
	20,000,000 gallons	51,347.70	69,172.15	17,824.45	34.7%
	30,000,000 gallons	76,747.70	103,472.15	26,724.45	34.8%
Wholesale Users					
	1,000,000 gallons	2,540.00	3,470.00	930.00	36.6%
	5,000,000 gallons	12,700.00	17,350.00	4,650.00	36.6%
	10,000,000 gallons	25,400.00	34,700.00	9,300.00	36.6%

**STUCKER FORK CONSERVANCY DISTRICT
Water Utility**

**SUMMARY OF ADJUSTED WATER RATES AND CHARGES
BASED UPON ALLOCATED COST OF SERVICE**

		Petitioner's Rebuttal (4/1/2025)		Settlement
		Rate Per 1,000 Gallons		
<u>Metered Usage Per Month</u>		Present	Proposed	Proposed
		(1)		
First	10,000 gallons	\$4.44	\$4.99	\$4.95
Next	240,000 gallons	3.56	4.15	4.15
Next	250,000 gallons	3.33	3.97	3.81
Over	500,000 gallons	2.54	3.46	3.43
<u>Monthly Service Charge</u>		Per Month		
<u>Meter Size</u>		Present	Proposed	Proposed
5/8	inch	\$7.85	\$10.05	\$9.95
3/4	inch	8.30	12.90	12.80
1	inch	9.45	18.65	18.50
1 1/4	inch	10.20	27.25	27.05
1 1/2	inch	11.00	32.95	32.75
2	inch	15.35	50.15	49.85
3	inch	47.20	90.25	89.70
4	inch	58.95	147.50	146.70
6	inch	86.40	290.70	289.15
8	inch	117.95	462.55	460.05
10	inch	153.30	663.05	659.50
<u>Wholesale Customers</u>		Present	Proposed	Proposed
Rate per 1,000 gallons (Subject to contract minimums)		\$2.54	\$3.50	\$3.47
<u>Monthly Public Fire Protection Charge</u> (City of Austin customers)		Per Month		
<u>Meter Size</u>		Present	Proposed	Proposed
5/8	inch	\$8.74	\$9.62	\$9.55
3/4	inch	13.14	14.44	14.32
1	inch	21.88	24.06	23.86
1 1/4	inch	34.99	38.50	38.18
1 1/2	inch	43.75	48.12	47.73
2	inch	70.00	76.99	76.36
3	inch	131.25	144.36	143.18
4	inch	218.74	240.60	238.63
6	inch	437.47	481.21	477.25
8	inch	699.97	769.93	763.60
10	inch	1,006.19	1,106.78	1,097.68

(1) Present rates adopted by IURC Cause No. 44987, dated July 25, 2018. The Tariff was approved July 25, 2018.

(Continued on next page)

STUCKER FORK CONSERVANCY DISTRICT
Water Utility

(Cont'd)

SUMMARY OF ADJUSTED WATER RATES AND CHARGES
BASED UPON ALLOCATED COST OF SERVICE

	Petitioner's		Settlement
	Rebuttal		
	(4/1/2025)		
	Per Annum		
<u>Fire Protection Charges (Cont'd)</u>	Present	Proposed	Proposed
	(1)		
Private fire hydrant rental	\$1,061.56	\$1,071.10	\$1,062.25
Automatic sprinkler:			
1 inch connection	29.48	29.76	29.51
2 inch connection	117.96	119.01	118.03
3 inch connection	265.40	267.78	265.56
4 inch connection	471.81	476.04	472.11
6 inch connection	1,061.56	1,071.10	1,062.25
8 inch connection	1,887.23	1,904.18	1,888.45
10 inch connection	2,948.81	2,975.28	2,950.70
12 inch connection	4,246.27	4,284.40	4,249.00
 <u>Tapping Fee</u>			
5/8 inch meter (2)	\$2,080.00	\$2,080.00	\$2,080.00
Larger meters	At cost	At cost	At cost
 <u>Customer Deposit</u>			
	\$70.00	\$70.00	\$70.00
 <u>Service Trip Fee (Per Subsequent Trip) (2)</u>			
During Business Hours	\$70.00	\$70.00	\$70.00
Outside of Business Hours	\$100.00	\$100.00	\$100.00
 <u>Discontinuance of Service, Disconnect and Re-Connection Charge (2)</u>			
Disconnecting water service	\$44.00	\$44.00	\$44.00
Reconnection	\$25.00	\$25.00	\$25.00
	plus minimum monthly charge for each month disconnected, not to exceed 6 months.	plus minimum monthly charge for each month disconnected, not to exceed 6 months.	plus minimum monthly charge for each month disconnected, not to exceed 6 months.
 <u>Damaged Meter Charge (2)</u>			
	\$354.00	\$354.00	\$354.00
 <u>Bad Check Charge</u>			
	\$25.00	\$25.00	\$25.00
 <u>Credit/Debit Card Charge</u>			
- Residential and small commercial	\$0.80	\$0.80	\$0.80
- All other (based on total transaction amount)	2.00%	2.00%	2.00%

(1) Present rates adopted by IURC Cause No. 44987, dated July 25, 2018. The Tariff was approved July 25, 2018.

(2) Present rates adopted by IURC 30-Day Filing No. 50697 dated January 17, 2024.

STUCKER FORK CONSERVANCY DISTRICT
Water Utility

COST OF SERVICE ANALYSIS - PHASED-IN

**STUCKER FORK CONSERVANCY DISTRICT
Water Utility**

CALCULATION OF SUBSIDY TO BE PHASED OUT

<u>Settlement</u>						
<u>Customer Class:</u>	<u>Revenue Under Existing Rates</u>	<u>Allocated Cost of Service</u>	<u>Increase</u>	<u>Required Revenues with Across the Board Increase</u> (1)	<u>50% of Remaining Increase</u> (2)	<u>Adjusted Cost of Service</u>
Industrial	\$1,333,079	\$1,821,693	\$488,614	\$1,676,100	\$72,797	\$1,748,897
Wholesale	883,755	1,205,039	321,284	1,111,158	46,941	1,158,099
Totals	<u>\$2,216,834</u>	<u>\$3,026,732</u>	<u>\$809,898</u>	<u>\$2,787,258</u>	<u>\$119,738</u>	<u>\$2,906,996</u>

(1) Revenues required if doing an across-the-board increase. Reflects an increase of 25.73%. See page 8.
(2) Only including 50% of remaining increase over and above the across-the-board rate increase for industrial and wholesale customer classes to ease effect of rate increase.

<u>Petitioner's Rebuttal (4/1/2025)</u>						
<u>Customer Class:</u>	<u>Revenue Under Existing Rates</u>	<u>Allocated Cost of Service</u>	<u>Increase</u>	<u>Required Revenues with Across the Board Increase</u> (1)	<u>50% of Remaining Increase</u> (2)	<u>Adjusted Cost of Service</u>
Industrial	\$1,333,079	\$1,836,388	\$503,309	\$1,690,069	\$73,160	\$1,763,229
Wholesale	883,755	1,214,594	330,839	1,120,419	47,088	1,167,507
Totals	<u>\$2,216,834</u>	<u>\$3,050,982</u>	<u>\$834,148</u>	<u>\$2,810,488</u>	<u>\$120,248</u>	<u>\$2,930,736</u>

(1) Revenues required if doing an across-the-board increase. Reflects an increase of 26.78%.
(2) Only including 50% of remaining increase over and above the across-the-board rate increase for industrial and wholesale customer classes to ease effect of rate increase.

**STUCKER FORK CONSERVANCY DISTRICT
Water Utility**

CALCULATION OF ADJUSTED COST OF SERVICE

<u>OUCS Settlement</u>	Revenue Under Existing Rates	Cost of Service	Subsidy (1)	Adjusted Cost of Service	% Increase
Customer Class:					
Residential	\$2,435,089	\$2,892,153	\$117,132	\$3,009,285	23.58
Commercial	106,163	126,253		126,253	18.92
Industrial	1,333,079	1,821,693	(72,796)	1,748,897	31.19
Government	67,542	64,312	2,605	66,917	(0.93)
Wholesale	883,755	1,205,039	(46,941)	1,158,098	31.04
Fire Protection	204,160	214,575		214,575	5.10
Penalties	19,271	24,230		24,230	25.73
Totals	\$5,049,059	\$6,348,255	\$ -	\$6,348,255	25.73

<u>Petitioner's Rebuttal (4/1/2025)</u>	Revenue Under Existing Rates	Cost of Service	Subsidy (1)	Adjusted Cost of Service	% Increase
Customer Class:					
Residential	\$2,435,089	\$2,917,334	\$117,634	\$3,034,968	24.63
Commercial	106,163	127,256		127,256	19.87
Industrial	1,333,079	1,836,388	(73,159)	1,763,229	32.27
Government	67,542	64,799	2,613	67,412	(0.19)
Wholesale	883,755	1,214,594	(47,088)	1,167,506	32.11
Fire Protection	204,160	216,363		216,363	5.98
Penalties	19,271	24,432		24,432	26.78
Totals	\$5,049,059	\$6,401,166	\$ -	\$6,401,166	26.78

<u>OUCS (3/4/2025)</u>	Revenue Under Existing Rates	Required Revenues with Across the Board Increase	Cost of Service	Subsidy (2)	Adjusted Cost of Service	% Increase
Customer Class:						
Residential	\$2,405,430	\$3,162,670	\$2,999,621	\$31,016	\$3,030,637	26.00
Commercial	108,908	143,193	145,392	1,503	146,895	34.90
Morgan Foods	994,333	1,307,353	1,409,587	(51,117)	1,358,470	36.60
Industrial	338,746	445,385	480,213	4,965	485,178	43.20
Government	67,542	88,805	67,253	695	67,948	0.60
Wholesale	883,755	1,161,965	1,251,349	12,938	1,264,287	43.10
Fire Protection	204,160	268,430	224,386		224,386	9.90
Totals	\$5,002,874	\$6,577,801	\$6,577,801	\$ -	\$6,577,801	31.50

- (1) Subsidy for Industrial and Wholesale rates is allocated prorata to the Residential and Government customer classes.
(2) Subsidy for Morgan Foods' meters classified as industrial is allocated prorata to all other customer classes.

STUCKER FORK CONSERVANCY DISTRICT
Water Utility

COMPARISON OF ADJUSTED COST OF SERVICE
WITH REVENUE UNDER PROPOSED RATES

<u>Settlement</u> <u>Customer Classification</u>	Adjusted Cost of Service	Revenue Under Existing Rates	Proposed Increase (Decrease)		Revenue Under Proposed Rates	Variance Between Proposed Revenues and Cost of Service	
			%	Amount			
Residential	\$3,009,285	\$2,435,089	23.58	\$574,196	\$3,007,836	(\$1,449)	-0.05%
Commercial	126,253	106,163	18.92	20,090	133,297	7,044	5.58%
Industrial	1,748,897	1,333,079	31.19	415,818	1,748,706	(191)	-0.01%
Government	66,917	67,542	(0.93)	(625)	60,793	(6,124)	-9.15%
Wholesale	1,158,098	883,755	31.04	274,343	1,159,433	1,335	0.12%
Fire Protection	214,575	204,160	5.10	10,415	214,575	-	0.00%
Penalties	24,230	19,271	25.73	4,959	24,230	-	0.00%
Totals	<u>\$6,348,255</u>	<u>\$5,049,059</u>	<u>25.73</u>	<u>\$1,299,196</u>	<u>\$6,348,870</u>	<u>\$615</u>	<u>0.01%</u>

<u>Petitioner's Rebuttal (4/1/2025)</u> <u>Customer Classification</u>	Adjusted Cost of Service	Revenue Under Existing Rates	Proposed Increase (Decrease)		Revenue Under Proposed Rates	Variance Between Proposed Revenues and Cost of Service	
			%	Amount			
Residential	\$3,034,968	\$2,435,089	24.63	\$599,879	\$3,035,406	\$438	0.01%
Commercial	127,256	106,163	19.87	21,093	136,193	8,937	7.02%
Industrial	1,763,229	1,333,079	32.27	430,150	1,760,293	(2,936)	-0.17%
Government	67,412	67,542	(0.19)	(130)	62,158	(5,254)	-7.79%
Wholesale	1,167,506	883,755	32.11	283,751	1,166,376	(1,130)	-0.10%
Fire Protection	216,363	204,160	5.98	12,203	216,362	(1)	0.00%
Penalties	24,432	19,271	26.78	5,161	24,432	-	0.00%
Totals	<u>\$6,401,166</u>	<u>\$5,049,059</u>	<u>26.78</u>	<u>\$1,352,107</u>	<u>\$6,401,220</u>	<u>\$54</u>	<u>0.00%</u>

**STUCKER FORK CONSERVANCY DISTRICT
Water Utility**

**ESTIMATED ANNUAL OPERATING REVENUE
AT PROPOSED RATES AND CHARGES**

	Percent of Use %	Billing Determinants		Allocated Cost of Service Rates	Settlement	Petitioner's Rebuttal (4/1/2025)
		Annual Consumption (1,000's of gals.)	Equivalent Bills/Bills		Projected Revenue Under Adjusted Rates	Projected Revenue Under Adjusted Rates
Residential:						
Service Charge:						
Meters and services			96,528	\$5.70	\$550,210	\$553,105
Billing and collecting			94,284	4.25	400,707	407,307
Volume Charge:						
First 10,000 gallons	82.08	331,477.0		5.29	1,753,514	1,760,143
Next 240,000 gallons	17.70	71,480.0		4.20	300,216	311,653
Next 250,000 gallons	0.23	911.1		3.50	3,189	3,198
Over 500,000 gallons	-	-		3.29	-	-
Sub-totals	<u>100.00</u>	<u>403,868.1</u>			<u>3,007,836</u>	<u>3,035,406</u>
Commercial:						
Service Charge:						
Meters and services			3,204	5.70	18,263	18,359
Billing and collecting			1,884	4.25	8,007	8,139
Volume Charge:						
First 10,000 gallons	24.03	5,877.0		5.29	31,089	31,207
Next 240,000 gallons	64.33	15,732.4		4.20	66,076	68,593
Next 250,000 gallons	9.67	2,364.4		3.50	8,275	8,299
Over 500,000 gallons	1.97	482.3		3.29	1,587	1,596
Sub-totals	<u>100.00</u>	<u>24,456.1</u>			<u>133,297</u>	<u>136,193</u>
Industrial:						
Service Charge:						
Meters and services			1,584	5.70	9,029	9,076
Billing and collecting			120	4.25	510	518
Volume Charge:						
First 10,000 gallons	0.14	709.7		5.29	3,754	3,768
Next 240,000 gallons	1.47	7,702.7		4.20	32,351	33,584
Next 250,000 gallons	1.14	6,000.0		3.50	21,000	21,060
Over 500,000 gallons	97.26	511,265.0		3.29	1,682,062	1,692,287
Sub-totals	<u>100.00</u>	<u>525,677.4</u>			<u>1,748,706</u>	<u>1,760,293</u>
Government:						
Service Charge:						
Meters and services			2,028	5.70	11,560	11,620
Billing and collecting			456	4.25	1,938	1,970
Volume Charge:						
First 10,000 gallons	14.07	1,587.9		5.29	8,400	8,432
Next 250,000 gallons	66.73	7,529.4		4.20	31,623	32,828
Next 240,000 gallons	6.08	686.2		3.50	2,402	2,409
Over 500,000 gallons	13.12	1,480.2		3.29	4,870	4,899
Sub-totals	<u>100.00</u>	<u>11,283.7</u>			<u>60,793</u>	<u>62,158</u>
Wholesale:						
Volume Charge:						
Charge per 1,000 gallons	<u>100.00</u>	<u>347,135.6</u>		3.34	1,159,433	1,166,376
Fire Protection						
					214,575	216,362
Penalties						
					24,230	24,432
Total					<u>\$6,348,870</u>	<u>6,401,220</u>

STUCKER FORK CONSERVANCY DISTRICT
Water Utility

Settlement

COMPARISON OF PRESENT AND PROPOSED MONTHLY BILLS AT
SELECTED USAGE AMOUNTS BASED UPON ADJUSTED COST OF SERVICE

<u>Meter Size</u>	<u>Monthly Usage</u>	<u>Monthly Bill</u>			
		<u>Current</u>	<u>Adjusted</u>	<u>Increase/Decrease</u>	
				<u>(Dollars)</u>	<u>(%)</u>
Metered Users					
5/8 inch meter	0 gallons	\$7.85	\$9.95	\$2.10	26.8%
	1,000 gallons	12.29	15.24	2.95	24.0%
	2,000 gallons	16.73	20.53	3.80	22.7%
	3,000 gallons	21.17	25.82	4.65	22.0%
	4,000 gallons	25.61	31.11	5.50	21.5%
	5,000 gallons	30.05	36.40	6.35	21.1%
	10,000 gallons	52.25	62.85	10.60	20.3%
1 inch meter	25,000 gallons	107.25	134.40	27.15	25.3%
	50,000 gallons	196.25	239.40	43.15	22.0%
	100,000 gallons	374.25	449.40	75.15	20.1%
6 inch meter	1,000,000 gallons	3,087.70	3,870.05	782.35	25.3%
	10,000,000 gallons	25,947.70	33,480.05	7,532.35	29.0%
	20,000,000 gallons	51,347.70	66,380.05	15,032.35	29.3%
	30,000,000 gallons	76,747.70	99,280.05	22,532.35	29.4%
Wholesale Users					
	1,000,000 gallons	2,540.00	3,340.00	800.00	31.5%
	5,000,000 gallons	12,700.00	16,700.00	4,000.00	31.5%
	10,000,000 gallons	25,400.00	33,400.00	8,000.00	31.5%

**STUCKER FORK CONSERVANCY DISTRICT
Water Utility**

SUMMARY OF PRESENT AND PROPOSED WATER RATES AND CHARGES

		Petitioner's Rebuttal (4/1/2025)		Settlement
		Rate Per 1,000 Gallons		
<u>Metered Usage Per Month</u>		Present	Proposed	Proposed
		(1)		(1)
First	10,000 gallons	\$4.44	5.31	5.29
Next	240,000 gallons	3.56	4.36	4.20
Next	250,000 gallons	3.33	3.51	3.50
Over	500,000 gallons	2.54	3.31	3.29
<u>Monthly Service Charge</u>		Per Month		
<u>Meter Size</u>		Present	Proposed	Proposed
				(1)
5/8	inch	\$7.85	\$10.05	\$9.95
3/4	inch	8.30	12.90	12.80
1	inch	9.45	18.65	18.50
1 1/4	inch	10.20	27.25	27.05
1 1/2	inch	11.00	32.95	32.75
2	inch	15.35	50.15	49.85
3	inch	47.20	90.25	89.70
4	inch	58.95	147.50	146.70
6	inch	86.40	290.70	289.15
8	inch	117.95	462.55	460.05
10	inch	153.30	663.05	659.50
<u>Wholesale Customers</u>		Present	Proposed	Proposed
Rate per 1,000 gallons (Subject to contract minimums)		\$2.54	\$3.36	(1) \$3.34
<u>Monthly Public Fire Protection Charge</u> (City of Austin customers)		Per Month		
<u>Meter Size</u>		Present	Proposed	Proposed
				(1)
5/8	inch	\$8.74	\$9.62	\$9.55
3/4	inch	13.14	14.44	14.32
1	inch	21.88	24.06	23.86
1 1/4	inch	34.99	38.50	38.18
1 1/2	inch	43.75	48.12	47.73
2	inch	70.00	76.99	76.36
3	inch	131.25	144.36	143.18
4	inch	218.74	240.60	238.63
6	inch	437.47	481.21	477.25
8	inch	699.97	769.93	763.60
10	inch	1,006.19	1,106.78	1,097.68

(Continued on next page)

STUCKER FORK CONSERVANCY DISTRICT
Water Utility

(Cont'd)

SUMMARY OF PRESENT AND PROPOSED WATER RATES AND CHARGES

	Petitioner's Rebuttal (4/1/2025)		Settlement
	Per Annum		
	Present (1)	Proposed	Proposed (1)
<u>Fire Protection Charges (Cont'd)</u>			
Private fire hydrant rental	\$1,061.56	\$1,071.10	\$1,062.25
Automatic sprinkler:			
1 inch connection	29.48	29.76	29.51
2 inch connection	117.96	119.01	118.03
3 inch connection	265.40	267.78	265.56
4 inch connection	471.81	476.04	472.11
6 inch connection	1,061.56	1,071.10	1,062.25
8 inch connection	1,887.23	1,904.18	1,888.45
10 inch connection	2,948.81	2,975.28	2,950.70
12 inch connection	4,246.27	4,284.40	4,249.00
<u>Tapping Fee</u>			
5/8 inch meter (2)	\$2,080.00	\$2,080.00	\$2,080.00
Larger meters	At cost	At cost	At cost
<u>Customer Deposit</u>	\$70.00	\$70.00	\$70.00
<u>Service Trip Fee (Per Subsequent Trip) (2)</u>			
During Business Hours	\$70.00	\$70.00	\$70.00
Outside of Business Hours	\$100.00	\$100.00	\$100.00
<u>Discontinuance of Service, Disconnect and Re-Connection Charge (2)</u>			
Disconnecting water service	\$44.00	\$44.00	\$44.00
Reconnection	\$25.00	\$25.00	\$25.00
	plus minimum monthly charge for each month disconnected, not to exceed 6 months.	plus minimum monthly charge for each month disconnected, not to exceed 6 months.	plus minimum monthly charge for each month disconnected, not to exceed 6 months.
<u>Damaged Meter Charge (2)</u>	\$354.00	\$354.00	\$354.00
<u>Bad Check Charge</u>	\$25.00	\$25.00	\$25.00
<u>Credit/Debit Card Charge</u>			
- Residential and small commercial	\$0.80	\$0.80	\$0.80
- All other (based on total transaction amount)	2.00%	2.00%	2.00%

(1) Present rates adopted by IURC Cause No. 44987, dated July 25, 2018. The Tariff was approved July 25, 2018.

(2) Present rates adopted by IURC 30-Day Filing No. 50697 dated January 17, 2024.

AGREEMENT REGARDING IMPLEMENTATION OF COST OF SERVICE STUDY

This Agreement Regarding Implementation of Cost of Service Study (“Agreement”), made and entered to this 25th day of November, 2024 (the “Effective Date”), between the Stucker Fork Conservancy District (“Stucker Fork”) and Morgan Foods Inc., f/k/a Morgan Packing Company, Inc. (“Morgan Foods”) (individually, Stucker Fork and Morgan Foods are a “Party” and collectively they are “Parties”).

RECITALS

A. Stucker Fork is an Indiana conservancy district created pursuant to Ind. Code Ind. Code § 14-33 et. seq. for the purpose of, among other things, providing public water supply to retail, commercial, industrial, and wholesale customers located in Scott, Jefferson, Jackson, Jennings, Washington, and Clark Counties, including Morgan Foods.

B. Morgan Foods is an Indiana corporation that owns and operates a food processing plant (“Plant”) located in Austin, Indiana, that is served by Stucker Fork.

C. In a July 25, 2018 final order issued by the Indiana Utility Regulatory Commission (“Commission”) in Cause No. 44987, the Commission required Stucker Fork and Morgan Foods to meet, discuss, and hopefully resolve any cost-of-service issues between them before Stucker Fork filed its next general rate case.

D. Earlier in 2024, the Board of Directors for Stucker Fork determined that Stucker Fork required a rate increase in order to meet its on-going expense of operating and maintaining its water system, including, but not limited to, paying the principal and interest on its outstanding and proposed bonds.

E. Consistent with the Commission’s July 25, 2018 Order, Stucker Fork and Morgan Foods have met on multiple occasions to discuss cost of service issues.

F. Stucker Fork and Morgan Foods have now reached an agreement on the implementation of a cost of service study.

NOW, THEREFORE, the Parties, in consideration of the mutual promises set out in this Agreement, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

1. Incorporation of Recitals. The representations, covenants, and recitations set forth in the forgoing recitals are material to this Agreement and are hereby incorporated into and made part of this Agreement as if fully set forth herein.

2. Agreement on Implementation of Cost of Service Study. Stucker Fork has commissioned the completion of a cost of service study (“COSS”) by Baker Tilly Municipal Advisors, LLC, a copy of which is attached hereto as Exhibit A. While the Parties have not agreed to the methodology set forth in the COSS, for purposes of settlement and subject to the Phase-in agreement set forth below, Stucker Fork and Morgan Foods hereby agree that the COSS shall be

the basis upon which Stucker Fork seeks to increase its rates and charges consistent with the terms and conditions set forth herein.

3. Phased in Rate Increase. Following the Commission's approval of the revised rates in the upcoming Stucker Fork rate case and consistent with the Commission's policy of gradualism, the Parties agree that Stucker Fork will implement the rates approved by the Commission in two (2) separate phases. The first phase to be implemented upon the Commission's approval of an Order in the upcoming rate case will result in a fifty percent (50%) reduction of the subsidy identified in the COSS based on the Commission-approved rates and the second phase will implement the remaining fifty percent (50%) reduction as illustrated in Exhibit A. The second phase will occur on the later of: (i) issuance of a Commission Order in Stucker Fork's next general rate case; or (ii) five (5) years from the date of an Order in Stucker Fork's upcoming rate case. Before making a Compliance Filing to implement rates, Stucker Fork will update the COSS to reflect the rates approved by the Commission and provide Morgan Foods three (3) business days to review the rates.

4. Support for COSS. Morgan Foods hereby consents to the implementation of the COSS consistent with the terms and conditions set forth herein. Morgan Foods agrees to support Stucker Fork's proposed COSS before the Commission. Such support may include, among other things, the pre-filing of testimony and exhibits in opposition to any changes to the COSS proposed by any party not a signatory to this agreement that would impact the terms of this Agreement. Stucker Fork also agrees to support the phased in rate increase described above. It is understood that Morgan Foods may still challenge the revenue requirements, but Morgan Foods will not challenge the COSS methodology or raise an issue that the test year in this case is stale. All Parties retain all rights in future proceedings to take any position with respect to cost of service and rate design not inconsistent with this Agreement.

5. Entire Agreement. This Agreement constitutes the entire agreement of the Parties and supersedes all prior agreements, arrangements, and understandings relating to the subject matter hereof and does not affect the Parties' rights in this proceeding except as to the COSS and the test year matter set forth above.

6. Counterparts. This Agreement may be executed by one or more of the Parties hereto and all said counterparts taken together shall be deemed to constitute one and the same instrument.

7. Modifications. Neither this Agreement nor any term hereof may be changed, modified, altered, waived, discharged, or terminated, except by written instrument. Failure to insist upon strict adherence to any term of this Agreement shall not be considered a waiver or deprive that Party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

8. Authority to Execute. Each Party and signatory hereto has the authority to enter into this Agreement and at all times has full authority to perform this Agreement. No further approval or consent by any other person or authority is required.

9. Successors and Assigns. The Parties agree that this Agreement should be binding on the Parties' successors and assigns. However, Morgan Foods may not assign this Agreement without the express written consent of Stucker Fork.

10. No Waiver. No waiver of any provision of this Agreement shall be deemed to have been made unless expressed in writing and signed by the Party charged therewith. No delay or omission in the exercise of any right or remedy accruing upon the breach of this Agreement shall impair such right or remedy or be construed as a waiver of the breach. The waiver by Stucker Fork or Morgan Foods of any breach shall not be deemed a waiver of any other breach of the same or any other provision of this Agreement.

11. Severability. If any provision of this Agreement is found by a court of competent jurisdiction to be illegal, invalid, or unenforceable, the remaining terms hereof will not be affected, and in lieu of each provision that is found to be illegal, invalid, or unenforceable, a provision will be added as part of this Agreement that is as similar to the illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

12. Governing Law. This Agreement shall be governed by and construed under the laws of the State of Indiana.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement and all rights and responsibilities created by this Agreement shall be binding on their successors and assigns.

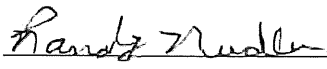
MORGAN FOODS, INC.

By: 

Printed: Steven Hankins

Title: CFO

**STUCKER FORK CONSERVANCY
DISTRICT:**

By: 

Printed: Randy Needler

Title: Supt.

Exhibit A
COSS