

**ORIGINAL**

Commissioner	Yes	No	Not Participating
Zay	√		
Deig	√		
Swinger	√		
Veleta	√		
Ziegner	√		

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**

**PETITION OF WASHINGTON TOWNSHIP WATER ) CAUSE NO. 46302 U**  
**AUTHORITY FOR A NEW SCHEDULE OF RATES )**  
**AND CHARGES FOR WATER SERVICE ) APPROVED: MAR 04 2026**

**ORDER OF THE COMMISSION**

**Presiding Officers:**  
**Bob Deig, Commissioner**  
**Loraine L. Seyfried, Chief Administrative Law Judge**

On September 30, 2025, Washington Township Water Authority (“Washington Township” or “Applicant”) filed its Small Utility Rate Application (“Application”) with the Indiana Utility Regulatory Commission (“Commission”) pursuant to the provisions of Ind. Code § 8-1-2-61.5 and 170 IAC 14-1. On October 7, 2025, the Commission’s Water and Wastewater Division issued a Memorandum indicating that the Application was complete.

On December 29, 2025, the Indiana Office of Utility Consumer Counselor (“OUCC”) filed its report (“Report”) with the Commission as required by 170 IAC 14-1-4(a). The Report detailed its review of the Application and made several recommendations to the Commission concerning the relief requested by Applicant.

On January 22, 2026, Applicant responded to the Report by accepting all the OUCC’s recommendations.

Pursuant to Ind. Code § 8-1-2-61.5, a formal public hearing is not required in rate cases involving small utilities with fewer than 8,000 customers, unless a hearing is requested by at least ten customers, a public or municipal corporation, or the OUCC. No request for a hearing was received by the Commission. Accordingly, no hearing has been held.

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

**1. Notice and Commission Jurisdiction.** Washington Township is a water authority constituted under Ind. Code § 13-18-16-16 and is subject to Ind. Code § 8-1.5-3-8 for purposes of setting its rates and charges. In addition, under Ind. Code §§ 8-1-2-76 through 8-1-2-80, the Commission has jurisdiction over a public utility’s issuance of stocks, bonds, and debt. Therefore, the Commission has jurisdiction over Applicant and the subject matter of this Cause. Washington Township published legal notice of filing this small utility rate case as required by 170 IAC 14-1-2(b). Therefore, we find that notice of this Cause was given and published as required by law. The Commission also finds the Application satisfies the requirements of Ind. Code § 8-1-2-61.5 and 170 IAC 14-1. Accordingly, the Commission has jurisdiction over Washington Township and the subject matter of this proceeding.

2. **Applicant's Characteristics.** Applicant is a water authority organized and existing under and through the laws of the State of Indiana. Applicant serves approximately 1,542 customers within Washington, Bloomington, and Bean Blossom Townships of Monroe County, Indiana, and Baker and Washington Townships of Morgan County, Indiana. Applicant purchases its water wholesale from the City of Bloomington Municipal Water Utility ("Bloomington").

3. **Test Period.** The test year selected for determining Washington Township's revenues and expenses reasonably incurred in providing water service to its customers included the 12 months ended December 31, 2024. With adjustments for changes that are fixed, known, and measurable, the Commission finds that this test year is sufficiently representative of Washington Township's normal operations to provide reliable data for ratemaking purposes.

4. **Background and Relief Requested.** Applicant's current rates and charges were approved in the Commission's June 25, 2014 Order in Cause No. 44469. In its Application, Washington Township requested a 45.74% across-the-board rate increase to be implemented in two phases and produce an additional \$365,749 of operating revenues for operation and maintenance ("O&M") costs. Washington Township also requested financing authority in the amount of \$2,888,000 to fund main replacements and the construction of an elevated tank. In addition, Applicant requested authority to increase its non-recurring tap fee charge from \$1,070 to \$1,910 and to establish a credit card payment option that charges a 3% fee to customers paying with a credit card or with an electronic check (i.e., I-Check).

5. **OUCC Report.** The OUCC recommended a rate increase of 43.42% to be implemented in two phases and produce \$349,109 of additional revenue, which is a decrease of \$16,639 from Applicant's proposal. The OUCC recommended a Phase I increase of 16.01%, or \$128,707 of additional revenues, and a Phase II increase of 23.63%, or \$220,402 of additional revenues.

The OUCC recommended pro forma annual operating revenues of \$814,956, which is a \$6,219 increase to test year revenues of \$808,737. The OUCC accepted Applicant's proposed \$4,890 increase to normalize its test year revenues for customer growth but disagreed with Applicant's proposed \$7,470 increase for tap fee revenues. The OUCC noted that Applicant is capitalizing all of the material costs and most of the labor costs associated with new customer connections rather than recording the revenues as contributions in aid of construction. Thus, the OUCC recommended denial of the increase to tap fee revenues and elimination of \$9,630 of tap fee revenues in the test year. In addition, while the OUCC disagreed with the methodology Applicant used to determine credit card fee revenues, the OUCC ultimately recommended approval as the resulting calculation, with removal of the I-Check costs, was within the OUCC's calculated percentage.

With respect to operating expenses, the OUCC accepted Washington Township's proposed pro forma operating expense adjustments of: (1) a \$4,952 increase to salaries and wages, (2) a \$3,829 increase to employee benefits, (3) a \$2,583 increase to purchased water, (4) a \$882 decrease to purchased power, (5) a \$1,304 increase to insurance, (6) a \$104 increase for postage stamps, and (7) a \$184 increase for payroll taxes. The OUCC disagreed with Applicant's proposed increase of \$5,600 for regulatory expense because rate case expense is included in Applicant's financing. Additionally, the OUCC proposed a \$3,850 increase for periodic maintenance, which was inadvertently omitted from Washington Township's Application, and a \$6,622 decrease for nonrecurring charges.

The OUCC accepted Applicant's proposed annual extensions and replacements revenue requirement of \$108,500 in Phase I, consisting of meter changes, vehicle and equipment replacements and main improvements, and \$123,500 in Phase II, consisting of those same costs as well as costs for tank maintenance.

OUCC witness Dellinger testified regarding Washington Township's requested debt authority and proposed debt and debt service revenue requirement. He noted that Applicant requests authority to borrow \$2,888,000 to finance construction of the elevated tank and related projects. Mr. Dellinger recommended that the debt authority for construction of the tank be increased to \$3,100,000 to address the potential of bids coming in higher than anticipated. He also recommended approval of \$85,000 for a New Truck Lease. Mr. Dellinger recommended the debt authorization expire on December 31, 2027.

Additionally, Mr. Dellinger recommended annual debt service of \$102,556 for Phase I, annual debt service of \$276,322 for Phase II, and debt service reserve of \$31,305 for Phase II. He further recommended that Applicant's debt service reserve be placed in a restricted account and Applicant be required to notify the Commission and OUCC if Applicant spends funds from its debt service reserve for any reason other than to make the last payment on its current or proposed debt issuances. Such notice should be made under this Cause within five business days of the transaction and provide an explanation for the use of the funds, plans to replenish the funds, and any cost-cutting measures that have been implemented.

Mr. Dellinger also recommended Applicant be required to true-up its proposed annual debt service once the interest rate on its proposed debt is known so that Applicant's rates reflect the actual cost of the debt. He added that if both parties state in writing to the Commission that the increase or decrease indicated by the report need not occur because the increase or decrease would be immaterial, the true-up need not be implemented. He proposed the following true-up process:

- (1) Prior to (but no more than 30 days prior to) the issuance of debt, Applicant should file a notice under this Cause, with a copy to the OUCC, indicating the upcoming debt issuance. If additional debt is planned to be issued beyond the \$2,812,000 contemplated, Applicant should provide an explanation and confirm the scope of the project has not been expanded, the bid was public, and there were at least three bidders.
- (2) Within 30 days of closing on its debt issuance, Applicant should file a report explaining the terms of the loan, indicating the actual balance borrowed, and including bid tabulations. The report should include a revised tariff, amortization schedule (if applicable) and a calculation of the rate impact in a form similar to the OUCC's schedules.
- (3) The OUCC should be provided 21 days after service of the true-up report to review and respond to the true-up filings. Applicant should also have 21 days to respond to any concerns raised by the OUCC.

The OUCC recommended the Commission approve the tap fee charge of \$1,910. However, OUCC witness Compton recommended Applicant be permitted to charge only credit card customers a non-recurring 3% transaction fee and remove I-Checks, which were relatively immaterial during the test year, from the tariff language.

**6. Consumer Comments.** The OUCC received several consumer comments, which generally opposed Washington Township's rate increase, citing among other things, the amount of the increase, inflation, and the resulting financial strain on customers.

**7. Washington Township's Response.** In its response to the OUCC's Report, Washington Township agreed to the OUCC's proposed adjustments and accepted the recommended percentage of rate increase.

**8. Commission Discussion and Findings.**

**A. Applicant's Borrowing Authority.** Under Ind. Code §§ 8-1-2-76 through -81 and Ind. Code § 8-1-4-1, the Commission has authority to approve a public utility's proposal to issue bonds, notes, or other evidence of indebtedness payable more than one year from their execution. Washington Township seeks authority to borrow \$2,888,000 to fund construction of an elevated tank and other related projects. The OUCC recommended that Applicant's borrowing authority be increased to \$3,100,000. Mr. Dellinger recommended that the debt authority for construction of the tank be increased to \$3,100,000 to address the potential of bids coming in higher than anticipated and an additional \$85,000 for a New Truck Lease.

Based on the evidence, the Commission finds that Applicant should be authorized to enter into debt financing in the amount of \$3,185,000 as recommended by the OUCC. The evidence demonstrates that Washington Township's proposed capital projects for which the financing will be used are necessary and the proposed financings are reasonable for completing the projects. Such debt authorization shall expire on December 31, 2027.

**B. True-Up.** We find the OUCC's true-up proposals, which Washington Township did not contest, to be reasonable and approve them. As noted by the OUCC, Washington Township's precise interest rates, borrowing amount, and annual debt service for the approved borrowing authorization will not be known until Applicant's debt has been issued. Therefore, Washington Township's rates should be tried up to reflect the actual cost of the debt.

**C. Rates and Revenue Requirement.** Pursuant to Ind. Code § 13-18-16-16, changes to Washington Township's rates and charges for water service are subject to the Commission's jurisdiction in the same manner as municipal water utilities. The statute governing municipal water utilities, Ind. Code § 8-1.5-3-8, requires that a water utility furnish reasonably adequate services and facilities and that the utility's rates and charges be nondiscriminatory, reasonable, and just. Section 8(c) further identifies the revenue requirements to be considered in establishing the utility's rates and charges, including: (1) all legal and other expenses incident to the utility's operation; (2) a sinking fund for the liquidation of bonds or other obligations; (3) debt service reserve; (4) working capital; (5) extensions and replacements to the extent not provided for through depreciation; and (6) taxes.

The OUCC recommended, and the Applicant agreed, upon the following revenue requirement for Phase I and Phase II of the increase to Applicant’s rates as shown in the tables below:

	<b>Per Applicant</b>	<b>Phase I Per OUCC</b>	<b>OUCC More(Less)</b>	<b>Per Applicant</b>	<b>Phase II Per OUCC</b>	<b>OUCC More(Less)</b>
Operating Expenses	\$744,852	\$737,080	\$ (7,772)	\$745,037	\$737,273	\$ (7,764)
Extensions and Replacements	108,500	108,500	-	123,500	123,500	-
Working Capital	-	-	-	-	-	-
Debt Service	114,315	102,556	(11,759)	280,211	276,322	(3,889)
Debt Service Reserve	-	-	-	33,508	31,305	(2,203)
Total Revenue Requirements	967,667	948,136	(19,531)	1,182,256	1,168,400	(13,856)
Less Revenue Requirement Offsets:						
Interest Income	(9,961)	(2,355)	7,606	(9,961)	(2,355)	7,606
Other Income		(2,310)	(2,310)	(2,310)	(2,310)	-
Net Revenue Requirement	957,706	943,471	(14,235)	1,169,985	1,163,735	(6,250)
Less: Revenues at current rates subject to increase	(803,937)	(803,937)	-	(922,484)	(932,644)	(10,160)
Other revenues not subject to increase	(30,429)	(11,019)	19,410	(4,977)	(11,019)	(6,042)
Net Revenue Increase Required	123,339	128,514	5,175	242,524	220,072	(22,452)
Additional IURC Fee	185	193	8	364	331	(33)
Recommended Increase	\$123,524	\$128,707	\$ 5,183	\$242,887	\$220,402	\$ (22,485)
Recommended Percentage Increase	15.36%	16.01%	0.64%	26.33%	23.63%	-2.70%

The evidence demonstrates that Applicant agreed with the OUCC’s recommendations concerning Applicant’s requested rate increase. The requested increase to Applicant’s rates and charges stems primarily from general increases that have occurred to O&M expenses and the increase to debt service and debt service reserve related to necessary capital improvements.

Therefore, the Commission finds that an across-the-board rate increase of 43.42% to provide an additional \$349,109 in operating revenues should be approved for Applicant, resulting in a Phase I increase of 16.01%, or \$128,707 of additional revenues, and a Phase II increase of 23.63%, or \$220,402 of additional revenues. We further find that Applicant’s debt service reserve should be placed in a restricted account and be subject to the conditions recommended by the OUCC concerning the use of those funds.

**D. Non-recurring Charges.** The evidence demonstrates support for Applicant to charge a 3% fee to customers paying with a credit card. The evidence also supports increasing the tap fee charge from \$1,070 to \$1,910. Therefore, both charges are approved.

**9. Effect on Rates.** While we sympathize with the concerns raised by the customers who opposed the increase to Washington Township’s water rates and charges, the increase to Applicant’s rates and charges authorized herein was supported by applicable law and the evidence of record presented by both Applicant and the OUCC.

A residential customer of Washington Township using 4,000 gallons per month currently pays \$41.45. After the authorized Phase II rate increase, such a customer would pay \$59.46, an increase of \$18.04 from current rates.

**10. Alternative Regulatory Program.** If Washington Township elects to participate in the Small Utility Alternative Regulatory Program in accordance with the procedures approved in Cause No. 44203, the eligible operating expenses to which the Annual Cost Index will be applied are \$458,340. Extensions and Replacements of \$123,500 are also eligible expenses to which the Annual Cost Index will be applied.

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

1. Consistent with the above findings, Washington Township Water Authority is authorized to increase its rates and charges by \$349,110 annually, which represents a 43.42% across-the-board increase in its water service rates and charges. Such rate change shall be implemented in two phases, with Phase I to be implemented upon issuance of this Order and resulting in an increase of 16.01%, or \$128,707 of additional revenues, and Phase II to be implemented after issuance of the authorized financing and resulting in an increase of 23.63%, or \$220,402 of additional revenues.

2. Washington Township Water Authority is authorized to borrow up to \$3,185,000. Such authorization shall expire on December 31, 2027, and is subject to the true-up process recommended by the OUCC as set forth above.

3. Washington Township Water Authority is authorized to establish a credit card fee and increase its tap charge fee.

4. Washington Township shall place its debt service reserve within a restricted account and comply with the OUCC's recommended notification requirements.

5. Prior to placing into effect the rates and charges approved herein, Washington Township Water Authority shall file with the Commission's Water and Wastewater Division a schedule of rates and charges in a manner consistent with this Order and the Commission's rules. Such rates shall be effective on and after the date of this Order, subject to the Division's review and agreement with the amounts reflected.

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

**ZAY, DEIG, SWINGER, VELETA, AND ZIEGNER CONCUR:**

**APPROVED: MAR 04 2026**

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

---

**Dana Kosco**  
**Secretary of the Commission**