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SMALL UTILITY RATE APPLICATION

INDIANA UTILITY REGULATORY COMMISSION

INVESTOR-OWNED WATER

44551-0

Apple Valley Utilities, Incorporated

NAME OF UTILITY

17151 Morse Street, P. O. Box 395

STREET ADDRESS

Lowell, IN 46356

CITY, STATE & ZIP CODE

WEBSITE URL:

INDIANA UTILITY REGULATORY COMMISSION



PERSON TO WHOM CORRESPONDENCE CONCERNING THIS REPORT SHOULD BE ADDRESSED:

NAME: Evelyn Francis TITLE: Office Manager TELE. NO.: 219-690-1888

ADDRESS (If Different Than Above):

E-MAIL ADDRESS: applevalleyutilities@yahoo.com

DATE SUBMITTED: 10/20/14

ORIGINAL

# General Information

As a utility board it is important the water utility you oversee has sufficient revenues to cover its annual operating expenses and to maintain the operating system in compliance with State and Federal laws and regulations. This application will assist you in adjusting the utility's rates to achieve these objectives.

In 1986, Title 170 of the Indiana Administrative Code (IAC), Article 14 was enacted to allow Commission regulated utilities, serving fewer than 5,000 customers, an opportunity to increase rates and charges through a less costly regulatory procedure. This Small Utility Rate Application was developed to provide small systems with standard forms that can be filed with the Commission as a Petition without the need for an attorney or accountant.

Below are definitions of common terms used throughout these forms:

**Above-the-Line Expense** - An expense paid by a utility in directly providing utility service. These are the expenses that may be charged to ratepayers in a case.

**Amortization** - The allocation of an expense over a predetermined time period -more than one year. Amortization typically occurs for expenses that do not occur annually such as rate case expense, debt service reserve or working capital. These items are typically amortized over the expected life of the proposed rates. Annual costs should be included in rates for the utility to have sufficient funds to cover its costs when incurred.

**Annual Report** - A financial and operational report required to be filed by a regulated utility with the Commission on April 30th of every year.

**Below-the-Line Expense** - incurred by a utility for a reason other than rendering utility service. These expenses are generally charged against income that is available for the utility's shareholders.

**Capital or Capitalized** - money used for construction projects or expenses that should be considered assets.

**Capital Structure** - The various classes of funds from lenders and investors that financially support the corporate investment, including debt securities, equity issues of preferred and common stock, customer deposits, and "cost-free" funds such as deferred taxes that the utility remains obligated to pay.

**Commission or IURC** - means the Indiana Utility Regulatory Commission.

**Contributions In Aid of Construction (CIAC)** - Any amount or item of money, services or property received by a utility at no cost to the utility, which represents an addition or transfer to capital of the utility, and which is utilized to offset the acquisition, improvement or construction costs of the utility's property.

**Cost of Capital** - The combined cost of money received from lenders and investors through the sale of various types of securities, e.g., bonds, preferred stock, common stock, commercial paper, etc. In estimating the overall cost of capital, "cost free" sources of capital are also taken into account.

**Cost of Equity** - A return expected by investors who purchase the common stock securities of a public utility.

**Depreciation Expense** - An annual operating expense which reflects an allowance to recover the cost of utility property as the property declines in value due to wear, tear, deterioration or technological obsolescence.

**Fair Value Rate Base** - The current value of utility property which is used and useful for providing utility service. According to Indiana law, it is the fair value rate base upon which investors should be allowed to earn a return. The fair value of the rate base is a subjective determination made by the Commission after considering many factors.

**Fixed, Known and Measurable** - This term is often used as a basis to propose an adjustment to test year revenues and expenses. Proposed or Pro-forma adjustments are fixed in time, known to occur and measurable in amount. These adjustments can occur either during the test year or within twelve months of the test year.

**Net Operating Income** - The amount of operating revenue that remains after operating expenses are deducted.

**Non-Recurring Charges** - Charges or expenses that do not occur annually or may be a one-time fee. Non-recurring charges can also mean fees that the utility assess customers for one-time or infrequent services (i.e., tap fees, bad check fees, etc.).

## General Information (cont.)

Below is a continuation of definitions for common terms used throughout these forms:

**Normalize** - The process of adjusting test year revenues and expenses to capture changes that occurred during the test year.

**Operating Revenues** - The amount a utility collects for services rendered.

**Operating Expenses** - Costs a utility incurs to provide service (i.e., maintenance, depreciation, taxes, etc.).

**Original Cost Rate Base** - The value of the assets of a public utility that are used and useful as it would be determined through the use of the "original cost" valuation method. The "original cost" valuation method for public utility assets shall be used when filing a small utility rate application and will be considered the fair value of the utility's assets.

**Order** - A written decision of the Commission in any matter before it.

**OUC** - means the Indiana Office of Utility Consumer Counselor.

**Petition** - under Title 170 of the Indiana Administrative Code, Article 14, a Petition includes the Small Utility Rate Application and various documents as listed on the checklist shown on the next page.

**Pro-forma Adjustments** - Operating revenue and expense adjustments made to the test year amounts to capture changes that are fixed, known and measurable, which will result in a better reflection of the utility's ongoing needs. These adjustments can be based on known changes that occurred during the test year or up to twelve months subsequent to the test year.

**Revenue Requirement** - An annual amount of money a utility must collect to cover all its costs of providing service.

**Small Utility Rate Application** - means the current set of forms and instructions generated by the Commission and made available to those who would petition for a rate change under 170 IAC 14.

**Tariff** - A schedule utilities must file with the IURC that reflects the rates and charges imposed on utility customers.

**Test Year** - A twelve month period of time, or calendar year, for which operating revenues and expenses will be adjusted to reflect the utility's ongoing needs. For purposes of the Small Utility Rate Application, the test year will be the most recent calendar year as reported in the Utility's Annual Report. *Please note* that if a utility is not current with its annual report filings to the Commission, it must do so before requesting a change in rates.

**Weighted Cost of Capital** - The cost rate of funds (debt, preferred and common equity, etc.) of a public utility weighted by the proportion of the individual fund category to the total of the funds. The percentage figure is applied to rate base to determine the net operating income that a utility is allowed to earn.

# INSTRUCTIONS

These forms were designed to minimize the Commission's request for information and the utility's time for completion. You will notice that many of the forms are already complete. These numbers were obtained from the utility's most recent Annual Report on file with the Commission. Please note that if the utility's annual report on file with the Commission contains errors, test year data may change. Before you begin, please answer the two questions below. Then familiarize yourself with each Rate Application page. Each page will provide instruction as to why the schedule is in the Rate Application and the utility records needed to complete the page. Please note that shaded areas contain formulas and should not be overwritten. When reading through this application, focus on the "*Supporting Documentation*" sections shown throughout this document. Other documentation needed is shown below. To save time, gather this documentation before you begin. Remember, if you are unfamiliar with a term, please see the General Information section. Once you completed the above review of the application, you will begin your adjustments on Schedule 5. You will need to complete Schedules 5, 6, 7, 9, 10 and 11. For each schedule, be sure to read the instruction on that page and gather your *Supporting Documentation* required for that schedule before you begin. If you have any questions, please call the IURC's Water/Sewer Division at (317) 232-2750.

## Life of Proposed Rates:

The rates developed in these schedules should be based on a three or five year period. The time period you select should be based on the time period the utility expects to pass before the utility requests another rate case.

What is the expected life of the rates proposed by the utility? →  5 Years

Does utility have a water treatment plant? →  2.2% Composite Depreciation Rate

## Financing Request:

Is utility requesting financing authority from the commission? →  Please Pick (Y) for Yes or (N) for No

**UNLESS DIRECTED, DO NOT HIT THIS BUTTON** →

Enter Test Year Ending Date (XX/XX/XXXX): → \_\_\_\_\_

## Supporting Documentation Needed to Complete Application:

- 1 General Ledger
- 2 General Ledger Trial Balance for Test Year End
- 3 Billing Records or Sales Journal
- 4 Payroll Register
- 5 Current Health Insurance Premiums
- 6 12 months of Purchased Water Treatment Bills received during the test year
- 7 12 months of Purchased Power Bills received during the test year
- 8 Notice of Rate Change from Power or Water Provider
- 9 Copies of Capital and/or Non-recurring Expense Invoices
- 10 Current Insurance Premium Renewals (eg. Vehicle, liability, property)
- 11 Contracts or Agreements with Consultants to provide any services associated with this filing.
- 12 Loan Documents for Outstanding Debt

## INSTRUCTIONS (cont.)

Once you have completed all sections of the Rate Application, Schedule 1 (shown on page 6) will provide the recommended revenue and percentage increase needed to the utility's current rates. This percentage increase should be included in the customer notices required under the Small Utility Rate Application process. Customer notices should be mailed as soon as possible. Rate changes will not be before 90 days have passed after the date customer notices were sent.

Before filing the Utility's Petition, check that the following items are included:

*Examples of publication/customer notices described below, can be found on the Commission's website at [www.in.gov/urc](http://www.in.gov/urc). Then click on the Water/Sewer Division tab, then click "Toolkit", then click "Small Utility Rate Application Checklist".*

- A completed Small Utility Rate Application, with Supporting Documentation; note the Documentation listed on page 3 of these Instructions should not be filed with the application. However, these items should be made available at the utility's office for the OUCC to complete its review.
- A copy of the authorization from the utility's governing body for the requested rate change (i.e., rate ordinance or board resolution); and
- A copy of the utility's proposed written notice for publication.

*Remember, proof of publication (i.e., publisher's affidavit) of the actual notice must be filed within fifteen (15) days after the utility files its Petition. An actual copy of the customer notice must also be filed within fifteen (15) days after the utility files its Petition.*

Once the utility's Petition is assembled, mail an original and five (5) copies to the address shown below:

*Indiana Utility Regulatory Commission*  
ATTN: Secretary of the Commission  
101 West Washington Street, Ste. 1500E  
Indianapolis, IN 46204

# Case Summary

Instruction: Please complete this summary after the rate application is complete. In the space below, please briefly describe the utility's need for its rate increase (i.e., operating expense increases, new project, etc.), which should include the overall percentage and revenue increase requested (See Schedule 1 for percentage and revenue increase). If the utility needs Commission authority to incur new debt, please explain what the proposed debt will be used for. If the new debt will be used to fund a project, a preliminary engineering report (PER) must be filed with this rate application. Finally, if the utility is proposing any changes to its non-recurring charges, place a check in the following box below.

The monies received as a result of a rate increase for water usage would assist us in the cost of operation. It would also allow us to have money set aside to be able to effectively repair and/or replace equipment, if needed. We would like to give our employees a raise as well, if it is possible to do so. Cost of living raises have not been afforded for several years.

## Apple Valley Utilities, Incorporated

NAME OF UTILITY

### REVENUE REQUIREMENT

*This schedule will provide the utility with the recommended revenue increase needed to cover its costs to provide service.*

Instruction: All cells in this schedule are automatically filled.

Line No.	Description	Amount
	<b>REVENUE REQUIREMENTS</b>	
1	Rate Base	\$41,221
2	Times: Cost of Capital	0.00%
3	Net Operating Income Required	0
4	Less: Pro-forma Net Operating Income at Present Rates	(17,662)
5	Increase in Net Operating Income Required	17,662
10	Multiply By: Gross Revenue Conversion Factor	1.2952
11	<b>Recommended Increase</b>	<b>\$22,875</b>
	<b>Recommended Percentage Increase</b>	<b>34.99%</b>

Gross Revenue Conversion Factor:	Percent Factor	Amount	
Gross Revenue Change	100.0000%	\$ 22,875	
Less: Bad Debt Expense	0.7123%	163	
Revenue Subject to Utility Receipts Tax and IURC Fee	99.2877%	22,712	
Less: IURC Fee	0.1208%	28	
Income Before State Inc. Taxes	99.1669%	22,684	
State Income Tax (7.0%)	6.9417%	1,577	
Utility Receipts Tax	1.3900%	318	
Income Before Federal Income Taxes	90.8352%	20,790	Effective Federal Tax Rate
<i>Enter Effective Federal Tax Rate shown in cell E39 (do not copy or cut)→</i>	13.6253%	3,117	13.6253%
Change in Operating Income	77.2099%	\$ 17,673	
<b>Gross Revenue Conversion Factor</b>	<b>1.2952</b>		

**Apple Valley Utilities, Incorporated**  
NAME OF UTILITY

YEAR OF REPORT

**COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS**

ACCT. NO. (a)	ACCOUNT NAME (b)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
<b>UTILITY PLANT</b>			
101-106	Utility Plant	\$2,258,877	\$2,252,241
108	Less: Accumulated Depreciation of Utility Plant	68,287	56,254
110	Accumulated Amortization of Utility Plant		
	Net Plant	2,190,590	2,195,987
114-115	Utility Plant Acquisition Adjustment (Net)		
116	Other Utility Plant Adjustments		
	<i>Total Net Utility Plant</i>	2,190,590	2,195,987
<b>OTHER PROPERTY AND INVESTMENTS</b>			
121	Nonutility Property		
122	Less: Accumulated Depreciation and Amortization of Nonutility Property		
	<i>Net Nonutility Property</i>		
123	Investment In Associated Entities		
124	Utility Investments		
125	Other Investments		
126-127	Special Funds		
	<i>Total Other Property &amp; Investments</i>		
<b>CURRENT AND ACCRUED ASSETS</b>			
131	Cash	30,335	29,330
132	Special Deposits	(5,750)	(5,157)
133	Other Special Deposits		
134	Working Funds		
135	Temporary Cash Investments		
141-144	Accounts and Notes Receivable, Less Accumulated Provision for Uncollectible Accounts	(423)	(1,821)
145	Accounts Receivable from Associated Entities		
146	Notes Receivable from Associated Entities		
151-153	Materials and Supplies Inventory		
161	Stores Expense		
162	Prepayments		
171	Accrued Interest and Dividends Receivable		
172	Rents Receivable		
173	Accrued Utility Revenues		
174	Misc. Current and Accrued Assets		
	<i>Total Current and Accrued Assets</i>	\$24,162	\$22,352



Apple Valley Utilities, Incorporated  
NAME OF UTILITY

YEAR OF REPORT

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
<b>EQUITY CAPITAL</b>				
201	Common Stock Issued		\$1,000	\$1,000
204	Preferred Stock Issued			
202,205	Capital Stock Subscribed			
203,206	Capital Stock Liability for Conversion			
207	Premium on Capital Stock			
209	Reduction in Par or Stated Value of Capital Stock			
210	Gain on Resale or Cancellation of Reacquired Capital Stock			
211	Other Paid-In Capital			
212	Discount on Capital Stock			
213	Capital Stock Expense			
214-215	Retained Earnings		(733,373)	(688,261)
216	Reacquired Capital Stock			
218	Proprietary Capital (Proprietorship and Partnership Only)			
	<i>Total Equity Capital</i>		<i>(732,373)</i>	<i>(687,261)</i>
<b>LONG-TERM DEBT</b>				
221	Bonds			
222	Reacquired Bonds			
223	Advances from Associated Companies			
224	Other Long-Term Debt		827,170	827,170
	<i>Total Long-Term Debt</i>		<i>827,170</i>	<i>827,170</i>
<b>CURRENT AND ACCRUED LIABILITIES</b>				
231	Accounts Payable		76,021	34,820
232	Notes Payable			
233	Accounts Payable to Associated Companies			
234	Notes Payable to Associated Companies			
235	Customer Deposits			
236	Accrued Taxes		3,901	3,901
237	Accrued Interest		1,729	1,403
238	Accrued Dividends			
239	Matured Long-Term Debt			
240	Matured Interest			
241	Miscellaneous Current and Accrued Liabilities			
	<i>Total Current and Accrued Liabilities</i>		<i>\$81,651</i>	<i>\$40,124</i>

**Apple Valley Utilities, Incorporated**  
NAME OF UTILITY

YEAR OF REPORT

**COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES**

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
<b>DEFERRED CREDITS</b>				
251	Unamortized Premium on Debt			
252	Advances for Construction		3,886	3,886
253	Other Deferred Credits			
255	Accumulated Deferred Investment Tax Credits			
	<i>Total Deferred Credits</i>		3,886	3,886
<b>OPERATING RESERVES</b>				
261	Property Insurance Reserve			
262	Injuries and Damages Reserve			
263	Pensions and Benefits Reserve			
265	Miscellaneous Operating Reserves			
	<i>Total Operating Reserves</i>			
<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b>				
271	Contributions In Aid of Construction		2,034,420	2,034,420
272	Accumulated Amortization of Contributions In Aid of Construction			
	<i>Total Net Contributions In Aid of Construction</i>		2,034,420	2,034,420
<b>ACCUMULATED DEFERRED INCOME TAXES</b>				
281	Accumulated Deferred Income Taxes - Accelerated Amortization			
282	Accumulated Deferred Income Taxes - Liberalized Depreciation			
283	Accumulated Deferred Income Taxes - Other			
	<i>Total Accumulated Deferred Income Taxes</i>			
<b>TOTAL EQUITY CAPITAL AND LIABILITIES</b>			<b>\$2,214,754</b>	<b>\$2,218,339</b>

**Apple Valley Utilities, Incorporated**

YEAR OF REPORT

NAME OF UTILITY

**COMPARATIVE OPERATING STATEMENT**

ACCT. NO. (a)	ACCOUNT NAME (b)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
<b>UTILITY OPERATING INCOME</b>			
460	Unmetered Water Revenue	\$65,294	
461.1	Metered Residential Revenue	319	
461.2	Metered Commercial Revenue		
461.3	Metered Industrial Revenue		
461.4	Revenues From Public Authorities	456	
461.5	Other Revenues	900	
430.1	Public Fire Protection		
462.2	Private Fire Protection		
464	Other Sales to Public Authorities		
465	Sales to Irrigation Customers		
466	Sales for Resale		
464	Interdepartmental Sales		
470	Late Payment Charges		
471	Miscellaneous Service Revenues		
472	Rents from Water Property		
473	Interdepartmental Rents		
474	Other Water Revenues		
	<i>Total Water Revenues</i>	<b>66,969</b>	
601	Salaries & Wages - Employees	13,875	
603	Salaries & Wages - Officers, Directors and Majority Stockholders		
604	Employee Pensions and Benefits		
610	Purchased Water		
615	Purchased Power	5,280	
616	Fuel for Power Production		
618	Chemicals	8,880	
620	Materials and Supplies	6,531	
630	Contractual Services - Billing		
631	Contractual Services - Engineering		
632	Contractual Services - Accounting	385	
633	Contractual Services - Legal	435	
634	Contractual Services - Management Fees	18,389	
635	Contractual Services - Other/Testing	1,330	
636	Contractual Services - Other	9,810	
640	Rents		
641	Rental of Building/Real Property		
642	Rental of Equipment		
650	Transportation Expenses	3,000	
655 - 659	Insurance	3,649	
660	Advertising Expense		
665	Regulatory Commission Expense		
666	Regulatory Commission Expenses - Amortization of Rate Case Expense		
667	Regulatory Commission Expenses - Other		
670	Bad Debt Expense	477	
675	Miscellaneous Expenses	7,321	
	<i>Total Water Operating Expenses</i>	<b>79,362</b>	

Apple Valley Utilities, Incorporated

YEAR OF REPORT

NAME OF UTILITY

**DO NOT ENTER DATA ON THIS PAGE**

**COMPARATIVE OPERATING STATEMENT (cont.)**

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
403	Depreciation Expense		\$2,874	
406	Amortization of Utility Plant Acquisition Adjustment			
407	Amortization Expense			
408.11	Property Taxes			
408.12	Payroll Taxes			
408.13	Other Taxes and Licenses			
08.1-408	Utility Receipts Tax			
409.1	Income Taxes - Federal			
409.1	Income Taxes - State			
410.10	Deferred Federal Income Taxes			
410.11	Deferred State Income Taxes			
411.10	Provision for Deferred Income Taxes Credit			
412.10	Investment Tax Credits Deferred to Future Periods			
412.11	Investment Tax Credits Restored to Operating Income			
	<i>Net Operating Income</i>		(15,267)	
413	Income From Utility Plant Leased to Others			
414	Gains (Losses) From Disposition of Utility Property			
	<i>Total Utility Operating Income</i>		(15,267)	
	<b>OTHER INCOME AND DEDUCTIONS</b>			
415	Revenues from Merch., Jobbing & Contract Work			
416	Costs and Expenses of Merch., Jobbing & Contract Work			
419	Interest and Dividend Income			
420	Allowance for Funds Used During Construction			
421	Nonutility Income			
426	Miscellaneous Nonutility Expenses			
	<b>TAXES APPLICABLE TO OTHER INCOME</b>			
408.20	Taxes Other Than Income, Other Income & Ded			
409.20	Income Taxes, Other Income & Deductions			
410.20	Provision for Deferred Income Taxes, Other Income & Deductions			
411.20	Provision for Deferred Income Taxes - Credit, Other Income & Deductions			
412.20	Investment Tax Credits - Net, Nonutility Operations			
412.30	Investment Tax Credits Restored to Nonoperating Income, Utility Operations			
	<i>Total Taxes Applicable To Other Income</i>			
	<b>INTEREST EXPENSE</b>			
427	Interest Expense			
428	Amortization of Debt Discount & Expense			
429	Amortization of Premium on Debt			
	<i>Total Interest Expense</i>			
	<b>EXTRAORDINARY ITEMS</b>			
433	Extraordinary Income			
434	Extraordinary Deductions			
409.3	Income Taxes, Extraordinary Items			
	<i>Total Extraordinary Items</i>			
	<b>NET INCOME</b>		(\$15,267)	

Pro-forma Net Operating Income Statement

**DO NOT ENTER DATA ON THIS PAGE**

This schedule provides a summary of proposed operating revenues and expenses the utility has included in its rate application. All the revenue and expense adjustments shown on Schedules 5 and 6, respectively will be reflected in Column (b) below. If additional revenue or expense adjustments are needed, please contact the IURC Water/Sewer Division at (317) 232-2750 for further assistance.

	(a) Year Ended 1/0/00	(b) Adjustments	(c) Sch Ref	(d) Pro-forma Present Rates	(e) Adjustments	(f) Sch Ref	(g) Pro-Forma Proposed Rates
Operating Revenues							
Metered Revenue	\$ 1,675	\$ (1,594)	5-1 5-2	\$ 81	\$ 27	1	\$ 108
Unmetered Revenue	65,294			65,294	22,848	1	88,142
Fire Protection Revenue	-			-	-	1	-
Sales For Resale	-			-	-	1	-
Forfeited Disc./Late Pymt Chgs.	-			-	-	1	-
Other Revenue	-			-	-		-
<b>Total Operating Revenues</b>	<b>66,969</b>	<b>(1,594)</b>		<b>65,375</b>	<b>22,875</b>		<b>88,250</b>
Operation & Maint. Expense	78,885			80,196			80,223
Salaries and Wages		1,388	6-1				
Employee Benefits - Insurance		-	6-2A				
Emp. Benefits - Pensions		-	6-2B				
Purchased Water		-	6-3A				
		-	6-3B				
Purchased Power		0	6-4A				
		(123)	6-4B				
Maintenance Expense		-	6-5				
Capital Expenditures		-	6-6				
Insurance		-	6-7				
Rate Case Expense		-	6-8				
Miscellaneous Expense		(33)	6-10				
Bad Debt Expense	477			477	163	1	640
IURC Fee		80	6-12		28	1	
Adjustment 13		-	6-13				
Adjustment 14		-	6-14				
Depreciation Expense	2,874	2,042	7	4,916			4,916
Amortization Expense	-			-			-
Taxes Other than Income:							
Property Taxes	-	-	6-11	-			-
Payroll Taxes	-	1,168	6-9	1,168			1,168
Other Taxes and Licenses	-			-			-
Income Taxes:							
Federal Income Taxes	-	(3,117)	6-15	(3,117)	3,117	1	(0)
State Income Taxes	-	(1,497)	6-16	(1,497)	1,577	1	80
Utility Receipts Tax	-	895	6-16	895	318	1	1,213
Federal Deferred Income Tax	-			-			-
State Deferred Income Tax	-			-			-
Other Taxes and Licenses	-			-			-
<b>Total Operating Expenses</b>	<b>82,236</b>	<b>801</b>		<b>83,037</b>	<b>5,202</b>		<b>88,239</b>
<b>Net Operating Income</b>	<b>\$ (15,267)</b>	<b>\$ (2,395)</b>		<b>\$ (17,662)</b>	<b>\$ 17,673</b>		<b>\$ 11</b>

All the "Difference" cells located in the Proof Box located below, should contain a "-" or \$0; if not, then an error exists in the Rate Schedules.

<b>Proof Box:</b>				Difference
Total Operating Revenues	\$ 66,969	\$ 66,969		\$ -
Total Operating Expenses	82,236	82,236		-
Net Operating Income	\$ (15,267)	\$ (15,267)		\$ -

**Revenue Adjustments**

(1)

**Water Sales** - To adjust test year residential sales to normalize the change in the number of customers that occurred during the test year.

*This adjustment should be used to capture changes in the number of residential customers that occurred during the test year.*

Enter the following data:

Months	Number of Residential Customers	Increase/ (Decrease) in Number of Bills	Multiplier	Additional Monthly Bills
Jan	258		-	
Feb	255	(3)	1	(3)
Mar	252	(3)	2	(6)
Apr	255	3	3	9
May	258	3	4	12
Jun	260	2	5	10
Jul	261	1	6	6
Aug	262	1	7	7
Sep	262		8	
Oct	254	(8)	9	(72)
Nov	259	5	10	50
Dec	251	(8)	11	(88)
12 Month Total	3,087			(75)
		Number of Additional Bills		
		Times: Average Bill		\$21.25
		Adjustment Increase/(Decrease)		(\$1,594)

Test Year Residential Sales	\$65,613
Divided By: 12 Month Total # of Residential Customers	3,087
Average Bill per Residential Customer	<u>\$21.25</u>

*Supporting Documentation: Utility's billing records and/or sales journal.*

**Revenue Adjustments (con't)**

(2)

**Water Sales** - To adjust test year commercial sales to normalize the change in the number of customers that occurred during the test year.

*This adjustment should be used to capture changes in the number of commercial customers that occurred during the test year.*

Enter the following data:

Months	Number of Commercial Customers	Increase/ (Decrease in Number of Bills)	Multiplier	Additional Monthly Bills
Jan	10		-	
Feb	10		1	
Mar	10		2	
Apr	10		3	
May	10		4	
Jun	10		5	
Jul	10		6	
Aug	10		7	
Sep	10		8	
Oct	10		9	
Nov	10		10	
Dec	10		11	
12 Month Total	120	Number of Additional Bills		
		Times: Average Bill		
		Adjustment Increase/(Decrease)		

Test Year Commercial Sales  
 Divided By: 12 Month Total # of Commercial Customers 120  
 Average Bill per Commercial Customer           

Supporting Documentation: Utility's billing records and/or sales journal.



**Expense Adjustments (con't)**

(2)

**Employee Benefit Expense** - To adjust health care, life and dental benefits to current premiums and for any additions or deletions of employees on the utility's payroll either during the test year or twelve (12) months subsequent to the test year. Changes in employee status should also be considered (Married/Single). (Note: The utility's employee benefit account may include expenses other than health, dental or life insurance that should be removed from the test year employee benefit expense that will be entered in cell K13 below.) The utility's employee benefit expense for the test year can be found on the utility's general ledger.

The following adjustment should be used if the utility has had any changes in its health care, dental or life insurance premiums.

(A) Enter Pro-forma Health, Dental and Life Insurance Expense	—————>	_____	
Enter Test Year Health, Dental and Life Insurance Expense	—————>	_____	
Adjustment - Increase/(Decrease)			=====

An additional benefit that may need adjusted for changes in contribution rates is Pension Expense.

(B) Pro-forma Payroll subject to Pensions		\$15,263	
Enter Pension Rate as a percent of salary	—————>	_____	
Sub-Total			
Enter Test Year Pension Expense	—————>	_____	
Adjustment - Increase/(Decrease)			=====

**Supporting Documentation:** Copies of current health, dental and life insurance premium invoices and if applicable, Pension Statement.

Pro-forma Health, Dental and Life Insurance Expense should represent the amount of insurance your utility expects to incur over the next 12 months. A common and reliable method to make this determination is to multiply the most recent insurance invoice by 12 months.\* The most recent invoice will typically reflect the current premiums, number of employees and employees' status. However, if you received notice from your benefits provider that an increase is imminent, you should include the increase in your pro-forma expense. Also, your most recent invoice may not reflect the utility's employee level if a vacant position exists that you intend to fill or if you plan to add an employee. If either of these situations exist, you should adjust your pro-forma expense to account for the additional employee(s).

\*Within the limits of the fixed, known and measurable standard, no more than 12 months beyond the end of the test year.

**Expense Adjustments (con't)**

(3)

**Purchased Water Expense** - To adjust test year purchased water to normalize any changes in cost that occurred during the test year or twelve months subsequent to the test year and to increase/decrease this expense due to the sales normalization adjustment shown on Schedule 5.

(A) The following adjustment should be used if the utility purchases wholesale water from another utility ("wholesale supplier" or "Supplier") and that utility increased rates during the test year or twelve months subsequent to the test year.

Name of Wholesale Supplier: \_\_\_\_\_  
 Effective Date of Rate Change: \_\_\_\_\_

NOTE: For column (e), you will need to collect the bills your utility received during the test year from the utility's wholesale supplier ("Supplier"). Once you have this information, you need to know how the Supplier charges your utility for the water that it purchases. This may require you to contact the Supplier to obtain their wholesale tariff or if applicable, a copy of the special contract ("contract") your utility has with its Supplier. Once you obtain your Supplier's rate tariff or contract with your utility, review the utility's bills to add the utility's water purchased for each month during the test year by rate block on lines 1 - 7 below. For example, XYZ Utility purchased all its water from Supplier. Supplier implemented a rate increase in June of XYZ Utility's test year. The Supplier's new tariff reflects a first rate block of \$5.00 per 1,000 gallons up to 10,000 gallons in a month. The Supplier's second rate block reflects \$3.00 per 1,000 gallons for the next 10,001 gallons to 20,000 gallons in a month. XYZ purchased 20,000 gallons of water each month during the test year or 240,000 gallons (20,000 x 12 months). Therefore, 120 would be entered on line 1, column (e), which represents 120,000 gallons ((10,000 gallons X 12 months)/1,000) and 120 would be entered on line 2, column (e).

Metered Rates Per Month - enter wholesale supplier's rate blocks below (a)	Prior Rates Charged per 1,000 gallons or 100 Cu.ft. (b)	Current Rates Charged per 1,000 gallons or 100 Cu.ft. (c)	1,000 Gallons or 100 Cu.ft. by rate blocks- see above (e)	Adjustment (f)
1	_____	_____	_____	_____
2	_____	_____	_____	_____
3	_____	_____	_____	_____
4	_____	_____	_____	_____
5	_____	_____	_____	_____
6	_____	_____	_____	_____
7	_____	_____	_____	_____
Fixed Charges/Meter Charge	_____	_____	_____	_____
		Pro-forma Purchased Water		
		Less: Test Year Expense		
		Adjustment - Increase/(Decrease)		_____

(B) The following adjustment increases/decreases the cost to the utility for the increase/decrease in number of residential customers that occurred during the test year as shown on Schedule 5, Adjustment 1.

Test Year Purchased Water Expense	_____
Plus: (A) adjustment above	_____
Sub-Total	_____
Divided By: # of Test Year Bills	3,207
Cost Per Bill	_____
Times: Number of Additional Bills	(75)
Adjustment - Increase/(Decrease)	_____

**Supporting Documentation:** Bills received for test year, January through December, from the water utility(ies) that provide wholesale water and copy of the ordinance/resolution by wholesale utility to support changed rates or letter from wholesale utility notifying of the increase in rates.

**Expense Adjustments (con't)**

(4)

**Purchased Power Expense** - To adjust test year purchased power to normalize any changes in cost that occurred during the test year or twelve months subsequent to the test year and to increase/decrease this expense due to the sales normalization adjustment shown on Schedule 5.

(A) The following adjustment should be used if the utility's purchased power/electricity vendor increased its rates during the test year or twelve months subsequent to the test year.

Name of Electric Utility Supplier: NIPSCO  
 Effective Date of Rate Change: \_\_\_\_\_

NOTE: For column (e), you will need to collect the bills your utility received during the test year from the utility's vendor(s) that supplies electricity ("Supplier"). Once you have this information, you need to know how the Supplier charges your utility for the electricity that it purchases. This may require you to contact the Supplier to obtain their user rate tariff ("tariff"). Once you obtain your Supplier's tariff, review the utility's bills to add the utility's usage for each month during the test year by rate block on lines 1-7 below. For example, XYZ Utility purchased all its electricity from Supplier. Supplier implemented a rate increase in June of XYZ Utility's test year. The Supplier's new tariff reflects a first rate block of \$0.05 per kilowatt hour ("kWh"), up to 1,000 kWh in a month. The Supplier's second rate block reflects \$.025 per kWh for the next 1,001 to 2,000 kWh in a month. XYZ Utility used 2,000 kWh of electricity each month during the test year or 24,000 kWh (2,000 x 12 months). Therefore, 12,000 would be entered on line 1, column (e), which represents kWhs purchased through the Supplier's first rate block during the test year and 12,000 would be entered on line 2, column (e).

Metered Rates Per Month - enter rate per rate blocks below	Prior Rates Charged per kWh	Current Rates Charged per kWh	Usage by rate block-see note above	Adjustment (f)
(a)	(b)	(c)	(e)	(f)
1 \$0.21	\$ 0.2100	#####	0.2100	\$5,280
2 _____	_____	_____	_____	_____
3 _____	_____	_____	_____	_____
4 _____	_____	_____	_____	_____
5 _____	_____	_____	_____	_____
6 _____	_____	_____	_____	_____
7 _____	_____	_____	_____	_____
Fixed Charges/Meter Charge	_____	_____	_____	_____
		Pro-forma Purchased Power		\$5,280
		Less: Test Year Expense		\$5,280
		Adjustment - Increase/(Decrease)		\$0

(B) The following adjustment increases/decreases your utility's power cost for the increase/decrease in number of residential customers that occurred during the test year as shown on Schedule 5, Adjustment 1.

Test Year Purchased Power Expense	\$5,280
Plus: (A) adjustment above	0
Sub-Total	5,280
Divided By: # of Test Year Bills	3,207
Cost Per Bill	\$1.65
Times: Number of Additional Bills	(75)
Adjustment - Increase/(Decrease)	(\$123)

**Supporting Documentation:** Bills received for test year, January through December, from the electric utility(ies) that provide electricity and copy of ordinance/resolution by the electric utility to support its changed rates or the letter from the electric utility notifying of the rate increase.

**Expense Adjustments (con't)**  
**(5)**

**Maintenance Expense** - To adjust test year maintenance expense to reflect the utility's average annual cost associated with system maintenance. (Add more lines if necessary)

*This adjustment allows the utility to accrue funds for annual system maintenance that may not have been performed during the test year. To determine test year expense add all costs incurred during the test year for the maintenance items listed below and enter total in cell M20.*

	<i>Enter Actual Cost (Invoice) or Estimate/Quote:</i>
<i>Enter Estimated Cost to flush lines:</i> _____	_____
<i>Enter Estimated Cost for Annual Hydrant Maintenance:</i> _____	_____
<i>Enter Estimated Cost to Exercise Valves:</i> _____	_____
<i>Enter Description of Any Other Annual Maintenance Performed Below:</i>	
_____	_____
_____	_____
_____	_____
_____	_____
	<i>Enter Test Year Expense Adjustment - Increase/(Decrease)</i> _____

*Supporting Documentation:* Test year invoices, estimates or quotes obtained from the Vendors that provide each of the above services. Also, provide any documentation or calculations used to support test year expense.



**Expense Adjustments (con't)**  
**(8)**

**Rate Case Expense** - To adjust test year operating expenses to include costs associated with this rate case amortized over the utility's expected life of its proposed rates. Typically, utilities will propose a rate life of three to five years, which means that within three to five years of the implementation of the rates in this case, the utility plans to file another rate case.

*The following adjustment is needed to capture costs the utility incurs to process this rate application. If costs associated with this case were incurred during the test year, enter the total amount of test year rate case costs in cell M17.*

Enter Accounting Contract Amount, if applicable	_____	→	_____
Enter Engineering Fees, if applicable	_____	→	_____
Enter Other Fees, if applicable (enter description)	_____	→	_____
IURC Fees	_____	→	_____
Sub-Total			_____
Divided By: Expected Life of Rates			5
Pro forma Test Year Rate Case Expense			_____
Enter Test Year Rate Case Expenses	_____	→	_____
Adjustment - Increase/(Decrease)			_____

*Supporting Documentation:* Written contract or agreement with consultants for proposed services. Also, provide documentation and any calculations used to support test year costs.

**(9)**

**Payroll Taxes** - To adjust test year payroll taxes to reflect pro-forma adjustments in Adjustment 6-1.

*The adjustment is needed to capture in the utility's proposed rates any changes in payroll expense shown in adjustment 1 above.*

Pro-forma Payroll		\$15,263
Times: FICA Rate		7.65%
Pro-forma FICA Expense		1,168
Enter Test Year FICA Expense	_____	→
Adjustment - Increase/(Decrease)		1,168

*Supporting Documentation:* None

**(10)**

**Miscellaneous Expense** - To adjust test year postage expense to reflect increase/decrease in test year number of customers.

# of Additional Bills		(75)
Enter Current Postage Rate	_____	→
Adjustment - Increase/(Decrease)		(\$33)

*Supporting Documentation:* None



**Expense Adjustments (con't)**

**(13)**

**Other Expense Adjustment** - enter description below:

---

<i>Enter Pro-forma Expense Amount</i>	_____>	_____
<i>Enter Test Year Expense</i>	_____>	_____
Adjustment - Increase/(Decrease)		<u>\$ -</u>

*Supporting Documentation* : Provide any spreadsheets and/or workpapers used to compute the Proforma expense amount shown above as well as a narrative

---

**(14)**

**Other Expense Adjustment** - enter description below:

---

<i>Enter Pro-forma Expense Amount</i>	_____>	_____
<i>Enter Test Year Expense</i>	_____>	_____
Adjustment - Increase/(Decrease)		<u>\$ -</u>

*Supporting Documentation* : Provide any spreadsheets and/or workpapers used to compute the Proforma expense amount shown above as well as a narrative

---

**Income Tax Adjustments**

(15)

Federal Income Taxes

To adjust Federal Income Taxes to Pro-forma Present Rate amount.  
 Please note that the hard entered numbers will need to be updated if the amount in the cell referenced in the comment changes.

	Pro-Forma Present Rates	Pro-Forma Proposed Rates
Pre-Tax Net Income	(\$21,381)	\$1,304
Less: Synchronized Interest Expense (See Sch. 8)		
Add: Enter Depreciation of CIAC		
Amortization of Acquisition Adjustment		
Sub-Total	(21,381)	1,304
Less State Income Taxes:		
Utility Receipts Tax	895	1,213
SNIT	(1,497)	91
Total State Income Tax	(602)	1,304
Federal Taxable Income	(\$20,779)	(\$0)
First \$50,000	(\$20,779)	(\$0)
times: Tax Rate	15.00%	15.00%
Sub-total	(3,117)	(0)
Next \$25,000		
time: Tax Rate	25.00%	25.00%
Next \$25,000		
times: TaxRate	34.00%	34.00%
next \$235,000		
times: tax rate	39%	39%
Federal Income Tax	-	-
<b>Please Enter</b> \$ (3,117) Here (do not copy or cut)	(3,117)	(0)
Less: Test Year		(3,117)
Adjustment - Increase/(Decrease)	(\$3,117)	\$3,117

(16)

State Taxes

To adjust State Income Taxes to Pro-forma Present Rate amount

	Pro-Forma Present Rates	Pro-Forma Proposed Rates
Utility Receipts Tax		
Operating Revenues	\$65,375	\$88,250
Less: Bad Debt Expense	477	640
Exemption	1,000	1,000
Operating Revenues subject to utility receipts tax	63,898	86,610
Rate	1.40%	1.40%
Tax	895	1,213
SNIT		
<b>Please Enter</b> \$ (21,381) Here (do not copy or cut)	(21,381)	1,304
Rate	7.00%	7.00%
SNIT	(1,497)	91
Pro-Forma Present Rate State	(1,497)	91
Less: Test Year		(1,497)
Adjustment - Increase/(Decrease)	(\$1,497)	\$1,588

Utility Name:

Apple Valley Utilities, Incorporated

Schedule 7

**Calculation of Rate Base**

The shareholders of investor-owned utilities earn a return on the capital investments shareholders make in the infrastructure of the utility, often called rate base. This schedule is used to determine the appropriate level of rate base for which a return on investment will be computed. The amounts shown below were taken from the utility's annual report.

Description:	Amount
Utility Plant in Service as of <u>12/31/13</u>	\$375,835
Less:	
<i>Enter Disallowed Plant, if applicable</i>	
Accumulated Depreciation	5,246
Accumulated Amortization	
Contrib. in Aid of Construction (net)	338,748
<i>Enter Advances for Construction</i>	
Sub-total	31,841
Plus or Minus:	
Acquisition Adjustments (net)	
Materials and Supplies Inventory	
Working Capital Allowance (1)	9,380
Original Cost Rate Base	\$41,221

(1) Working Capital	
Pro-forma Present Rate Operation and Maintenance Expense	\$80,196
Less: Purchased Power	5,157
Purchased Water	
Total Working Capital Expenses	75,039
Divided by: 45-day factor	8
Total Working Capital	\$9,380

**Depreciation Expense**

Utility Plant in Service	\$ 375,835
<i>Enter Cost of Land and Land Rights</i>	86,684
Depreciable Utility Plant in Service	\$ 289,151
Times: Composite Depreciation Rate	1.70%
Pro Forma Depreciation Expense	4,916
Less: Test Year Depreciation Expense	2,874
Adjustment - Increase/(Decrease)	\$ 2,042



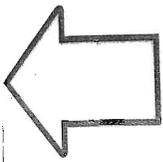
Utility Name: Apple Valley Utilities, Incorporated

Schedule 9

Current and Proposed Rates and Charges

The rates charged to the utility's customers are contained on the utility's tariff. These rates should be entered below. If more lines are necessary, please call the Commission at (317) 232-2750.

<i>Enter the following rates below:</i>	<u>Current Rates</u>	<u>Tracker</u>	<u>Adjusted Current Rates</u>	<u>Proposed Rates</u>	<u>Proposed Increase</u>	<u>Percent Increase</u>
Metered Rates Per Month - enter rate blocks below						
_____	_____	_____				
_____	_____	_____				
_____	_____	_____				
_____	_____	_____				
_____	_____	_____				
_____	_____	_____				
Service Charge or Minimum Rate Per Month Per Meter Size - If minimum rate is used, please also enter usage allowance						
Flat Rate	\$21.02		\$21.02	\$28.37	\$7.35	34.99%
_____	_____					
_____	_____					
_____	_____					
_____	_____					
_____	_____					
Fire Lines/Sprinklers Per Month or Year						
_____	_____					
_____	_____					
Hydrant Charge Per Month or Year						
_____	_____					
_____	_____					
_____	_____					
Fire Protection Surcharge Per 1,000g or 100cf						
_____	_____					
_____	_____					
_____	_____					



### 3 - Small Utility Rate Application Checklist

The small utility rate application was established to provide small utilities with an opportunity to increase rates and charges through a less costly regulatory procedure. Under the small utility rate application procedure, a utility completes standard forms that can be obtained through the Indiana Utility Regulatory Commission (Commission). These forms can be filed with the Commission without the need for an attorney or accountant. Utilities primarily providing retail service to fewer than 5,000 customers and do not extensively serve another utility qualify for this process.

If utility personnel have questions when completing the forms, the utility can contact the Indiana Office of Utility Consumer Counselor (OUCC) or the Commission.

A checklist of items needed to file a small utility rate application is provided below.

- The Cover Letter (per Dana)*
- Application Form*
  - A completed rate change application forms Forms can be obtained by calling the Commission at (317) 232-2750. *(1) for water (1) for wastewater*
  - Be sure to include a complete proposed tariff (RATE SHEET PROPOSED)*
  - Authorization (See example resolution, page 33)*
    - A copy of the authorization from the utility's governing body for the requested rate change. (i.e., rate ordinance or board resolution)
  - Proposed Public Legal Notice (See example legal notice, page 30)*
    - A copy of the utility's proposed written notice for publication.
  - Proof of Publication (See example publisher's affidavit, page 31)*
    - Proof of publication (i.e., publisher's affidavit) of the actual notice must be filed within fifteen (15) days after the utility's filing of its application with the Commission.
  - Actual Copy of Customer Notice (See example customer notice, page 32)*

*To Be Completed*

*Dana Lynn IURC Contact for Questions  
(317) 232-2750*

**APPLE VALLEY UTILITIES, INC.**  
**P. O. BOX 395**  
**LOWELL, IN 46356**

**PHONE: 219-690-1888 X140**  
**FAX: 219-696-2252**

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10/22/2014

To whom it may concern:

Enclosed you will find one (1) legal notice with the submission of two (2) rate applications.

The first is for Proposed Increase for Apple Valley Utilities, Inc. Water Rates and the 2<sup>nd</sup> is for Proposed Increase for Apple Valley Utilities, Inc. Wastewater Rates.

They will be under one (1) legal entity for one (1) Case/Cause Number.

Evelyn Francis  
Apple Valley Utilities, Inc.  
17151 Morse Street - P.O. Box 395  
Lowell, IN 46356  
PWSID: IN5245001

**ORIGINAL**

**BOARD OF DIRECTOR'S  
RESOLUTION  
FOR  
APPLE VALLEY UTILITIES, INC.**

Whereas, Apple Valley Utilities, Inc. was established by Order of the Indiana Utility Regulatory Commission.

Whereas, Apple Valley Utilities, Inc. was organized for the purposes of sewer operations and maintenance and providing potable water services, including treatment and distribution for domestic and commercial use through mains, pipes, and conduits within the Apple Valley Utilities, Inc. area located in Lake County, Indiana.

Whereas, 170 IAC 14-1-2(b)(4) requires Apple Valley Utilities, Inc.'s governing body, the Board of Directors, to authorize the application for rate change with the Indiana Utility Regulatory Commission.

Upon a motion duly made, seconded, and unanimously carried, it was adopted by the Board of Directors that:

**RESOLVED**, that the Board of Directors authorize and direct the President Ronald P. Bergstrom and Secretary Jennifer Kidd to apply to the Indiana Utility Regulatory Commission for an increase in Apple Valley Utilities, Inc.'s rates to cover the cost of Apple Valley Utilities, Inc.'s sewer operations and maintenance as well as potable water service, treatment, and distribution and such increase shall be across the board.

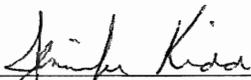
The undersigned, Ronald P. Bergstrom and Paulette Bergstrom, certify that they are all of the duly authorized Directors of the Corporation, and that the above is a true and correct copy of the resolution that was duly adopted at a meeting of the Board of Directors, which was held in accordance with State law and the Bylaws of Apple Valley Utilities, Inc..

Dated: 10/20/14

  
\_\_\_\_\_  
Ronald P. Bergstrom, Director

  
\_\_\_\_\_  
Paulette Bergstrom, Director

ATTEST:

  
\_\_\_\_\_  
Jennifer Kidd, Secretary

**ORIGINAL**

**APPLE VALLEY UTILITIES, INC.  
HEBRON, INDIANA**

**WATER AND SEWER DIVISIONS  
PROPOSED CUSTOMER RATES**

**MONTHLY CUSTOMER CHARGES**

FLAT WATER CUSTOMER RATE – APPROVED IURC CAUSE NO.	\$28.37
FLAT SEWER CUSTOMER RATE – APPROVED IURC CAUSE NO.	\$70.54
SALES TAX ON WATER REQUIRED BY INDIANA STATE (7%)	<u>\$ 1.99</u>
	\$ 100.90

**COMMERCIAL CUSTOMERS**

**METERED SEWER CUSTOMER MONTHLY BASE CHARGES**

5/8 – 3/4 INCH	\$ 29.19
1 INCH	\$ 74.73
1 & 1/2 INCH	\$168.13
2 INCH	\$298.88
3 INCH	\$672.48
4 INCH	\$1195.54

**METERED SEWER CUSTOMER RATES**

<u>TREATED</u>	<u>PER MONTH</u>	<u>RATE PER 1,000 GAL</u>
FIRST	2,000 GALLONS	(1)
NEXT	4,000 GALLONS	\$ 4.46
NEXT	6,000 GALLONS	\$ 4.08
OVER	12,000 GALLONS	\$ 3.70

(1) THE FIRST 2,000 GALLONS ARE INCLUDED IN THE METERED SEWER CUSTOMER BASE CHARGES.

**ORIGINAL**

Resolution 170 IAC 14-1-2(b)(4)

APPLE VALLEY UTILITIES, INC.  
RESOLUTION 99-1

WHEREAS, Apple Valley Utilities, Inc. was heretofore established by Order of the Indiana Utility Regulatory Commission, in Cause No. **39889** ; and

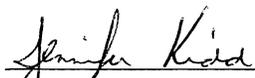
WHEREAS, the company was organized for the purpose of sewer operations and maintenance & providing water service including treatment and distribution for domestic and commercial use through mains, pipes, and conduits within the Apple Valley Utilities, Inc. area located in Lake County, Indiana;

NOW THEREFORE, be it resolved that Apple Valley Utilities, Inc. is hereby authorized to apply to the Indiana Utility Regulatory Commission for an increase in the District's rates to cover the cost of said sewer operations and maintenance as well as water service, treatment & distribution. Be it further resolved that this increase shall be across the board.

Dated: This 22 day of October, 2014.

  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

ATTEST:

  
\_\_\_\_\_  
Secretary

Customer Notice 170 IAC 14-1-2 (b)(2)

WATER & WASTEWATER CUSTOMERS OF  
APPLE VALLEY UTILILITIES, INC.

In Re: Proposed Water & Wastewater Rate Increase

Dear Customer:

The purpose of this letter is to notify you that Apple Valley Utilities, Inc. did on October 31, 2014, file an application with the Indiana Utility Regulatory Commission to increase the water & wastewater rate charged to customers of Apple Valley Utilities, Inc.

This application was filed pursuant to Ind. Code 8-1-2-61.5 without the necessary cost of a Utility Regulatory Commission hearing; however a public hearing by the Utility Regulatory Commission may be held if any public or municipal corporation, ten (10) individuals, firms corporations or associations, or ten (10) complainants of all or any of these classes affected by the proposed rate change requests a formal public hearing by filing a written, signed request with the Secretary of the Commission, Utility Regulatory Commission, 101 Washington Street, Suite 1500 East, Indianapolis, Indiana 46204. Said request must be received by the Utility Regulatory Commission within forty (40) days after the date the application was filed with the Utility Regulatory Commission and declared complete. In addition, a public hearing may be held if the same is requested by the Utility Consumer Counselor.

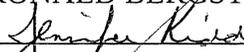
The proposed increase in the water rate requested by the application is approximately 33.99% and is proposed to be an "Across the Board" increase.

The proposed increase in the wastewater rate requested by the application is approximately 45.21% and is proposed to be an "Across the Board" increase.

In the absence of a written request provided herein, there likely will be no hearing conducted by the IURC on this application.

**APPLE VALLEY UTILITIES, INC.**

  
\_\_\_\_\_  
RONALD BERGSTROM, PRESIDENT

  
\_\_\_\_\_  
JENNIFER KIDD, SECRETARY

Legal Notice 170IAC 14-1-2(b)(1)

NOTICE OF PROPOSED INCREASE IN WATER & WASTEWATER RATES  
FOR CUSTOMERS OF APPLE VALLEY UTILITIES, INC.

Notice is hereby given that Apple Valley Utilities, Inc. did on October 31, 2014, file an Application with the Indiana Utility Regulatory Commission to increase the water and wastewater rates charged to customers of Apple Valley Utilities, Inc.

This application was filed pursuant to Ind. Code 8-1-2-61.5 without the necessary cost of a Utility Regulatory Commission hearing; however a public hearing by the Utility Regulatory Commission may be held if any public or municipal corporation, (10) individuals, firms, corporations or associations, or ten (10) complainants of all or any of these classes affected by the proposed rate change requests a formal public hearing by filing a written, signed request with the Secretary of the Commission, Utility Regulatory Commission, 101 W. Washington Street, Suite 1500 East, Indianapolis, IN 46204. Said request must be received by the Utility Regulatory Commission within forty (40) days after the date the application was filed with the Utility Regulatory Commission and declared complete. In addition, a public hearing may be held if the same is requested by the Utility Consumer Counselor.

The proposed increase in the water rate requested by the application is approximately 33.99% and is proposed to be an "Across the Board" increase.

The proposed increase in the wastewater rate requested by the application is approximately 45.21% and is proposed to be an "Across the Board" increase.

In the absence of a written request as provided herein, there likely will be no hearing conducted by the Utility Regulatory Commission on these applications.

APPLE VALLEY UTILITIES, INC.



---

RONALD BERGSTROM, PRESIDENT



---

JENNIFER KIDD, SECRETARY

COPY

FILED

SMALL UTILITY RATE APPLICATION

OCT 24 2014  
INDIANA UTILITY  
REGULATORY COMMISSION

INVESTOR-OWNED WASTEWATER

44551-0

Apple Valley Utilities, Incorporated

NAME OF UTILITY

17151 Morse Street, P. O. Box 395

STREET ADDRESS

Lowell, IN 46356

CITY, STATE & ZIP CODE

WEBSITE URL:

INDIANA UTILITY REGULATORY COMMISSION



PERSON TO WHOM CORRESPONDENCE CONCERNING THIS REPORT SHOULD BE ADDRESSED:

NAME: Evelyn Francis TITLE: Office Manager TELE. NO.: 219-690-1888

ADDRESS (If Different Than Above): \_\_\_\_\_

E-MAIL ADDRESS: applevalleyutilities@yahoo.com

DATE SUBMITTED: 10/14/14

ORIGINAL

# General Information

As a utility board it is important the water utility you oversee has sufficient revenues to cover its annual operating expenses and to maintain the operating system in compliance with State and Federal laws and regulations. This application will assist you in adjusting the utility's rates to achieve these objectives.

In 1986, Title 170 of the Indiana Administrative Code (IAC), Article 14 was enacted to allow Commission regulated utilities, serving fewer than 5,000 customers, an opportunity to increase rates and charges through a less costly regulatory procedure. This Small Utility Rate Application was developed to provide small systems with standard forms that can be filed with the Commission as a Petition without the need for an attorney or accountant.

Below are definitions of common terms used throughout these forms:

**Above-the-Line Expense** - An expense paid by a utility in directly providing utility service. These are the expenses that may be charged to ratepayers in a case.

**Amortization** - The allocation of an expense over a predetermined time period -more than one year. Amortization typically occurs for expenses that do not occur annually such as rate case expense, debt service reserve or working capital. These items are typically amortized over the expected life of the proposed rates. Annual costs should be included in rates for the utility to have sufficient funds to cover its costs when incurred.

**Annual Report** - A financial and operational report required to be filed by a regulated utility with the Commission on April 30th of every year.

**Below-the-Line Expense** - incurred by a utility for a reason other than rendering utility service. These expenses are generally charged against income that is available for the utility's shareholders.

**Capital or Capitalized** - money used for construction projects or expenses that should be considered assets.

**Capital Structure** - The various classes of funds from lenders and investors that financially support the corporate investment, including debt securities, equity issues of preferred and common stock, customer deposits, and "cost-free" funds such as deferred taxes that the utility remains obligated to pay.

**Commission or IURC** - means the Indiana Utility Regulatory Commission.

**Contributions In Aid of Construction (CIAC)** - Any amount or item of money, services or property received by a utility at no cost to the utility, which represents an addition or transfer to capital of the utility, and which is utilized to offset the acquisition, improvement or construction costs of the utility's property.

**Cost of Capital** - The combined cost of money received from lenders and investors through the sale of various types of securities, e.g., bonds, preferred stock, common stock, commercial paper, etc. In estimating the overall cost of capital, "cost free" sources of capital are also taken into account.

**Cost of Equity** - A return expected by investors who purchase the common stock securities of a public utility.

**Depreciation Expense** - An annual operating expense which reflects an allowance to recover the cost of utility property as the property declines in value due to wear, tear, deterioration or technological obsolescence.

**Fair Value Rate Base** - The current value of utility property which is used and useful for providing utility service. According to Indiana law, it is the fair value rate base upon which investors should be allowed to earn a return. The fair value of the rate base is a subjective determination made by the Commission after considering many factors.

**Fixed, Known and Measurable** - This term is often used as a basis to propose an adjustment to test year revenues and expenses. Proposed or Pro-forma adjustments are fixed in time, known to occur and measurable in amount. These adjustments can occur either during the test year or within twelve months of the test year.

**Net Operating Income** - The amount of operating revenue that remains after operating expenses are deducted.

**Non-Recurring Charges** - Charges or expenses that do not occur annually or may be a one-time fee. Non-recurring charges can also mean fees that the utility assess customers for one-time or infrequent services (i.e., tap fees, bad check fees, etc.).

## General Information (cont.)

Below is a continuation of definitions for common terms used throughout these forms:

**Normalize** - The process of adjusting test year revenues and expenses to capture changes that occurred during the test year.

**Operating Revenues** - The amount a utility collects for services rendered.

**Operating Expenses** - Costs a utility incurs to provide service (i.e., maintenance, depreciation, taxes, etc.).

**Original Cost Rate Base** - The value of the assets of a public utility that are used and useful as it would be determined through the use of the "original cost" valuation method. The "original cost" valuation method for public utility assets shall be used when filing a small utility rate application and will be considered the fair value of the utility's assets.

**Order** - A written decision of the Commission in any matter before it.

**OUC** - means the Indiana Office of Utility Consumer Counselor.

**Petition** - under Title 170 of the Indiana Administrative Code, Article 14, a Petition includes the Small Utility Rate Application and various documents as listed on the checklist shown on the next page.

**Pro-forma Adjustments** - Operating revenue and expense adjustments made to the test year amounts to capture changes that are fixed, known and measurable, which will result in a better reflection of the utility's ongoing needs. These adjustments can be based on known changes that occurred during the test year or up to twelve months subsequent to the test year.

**Revenue Requirement** - An annual amount of money a utility must collect to cover all its costs of providing service.

**Small Utility Rate Application** - means the current set of forms and instructions generated by the Commission and made available to those who would petition for a rate change under 170 IAC 14.

**Tariff** - A schedule utilities must file with the IURC that reflects the rates and charges imposed on utility customers.

**Test Year** - A twelve month period of time, or calendar year, for which operating revenues and expenses will be adjusted to reflect the utility's ongoing needs. For purposes of the Small Utility Rate Application, the test year will be the most recent calendar year as reported in the Utility's Annual Report. *Please note* that if a utility is not current with its annual report filings to the Commission, it must do so before requesting a change in rates.

**Weighted Cost of Capital** - The cost rate of funds (debt, preferred and common equity, etc.) of a public utility weighted by the proportion of the individual fund category to the total of the funds. The percentage figure is applied to rate base to determine the net operating income that a utility is allowed to earn.

# INSTRUCTIONS

These forms were designed to minimize the Commission's request for information and the utility's time for completion. You will notice that many of the forms are already complete. These numbers were obtained from the utility's most recent Annual Report on file with the Commission. Please note that if the utility's annual report on file with the Commission contains errors, test year data may change. Before you begin, please answer the two questions below. Then familiarize yourself with each Rate Application page. Each page will provide instruction as to why the schedule is in the Rate Application and the utility records needed to complete the page. Please note that shaded areas contain formulas and should not be overwritten. When reading through this application, focus on the "*Supporting Documentation*" sections shown throughout this document. Other documentation needed is shown below. To save time, gather this documentation before you begin. Remember, if you are unfamiliar with a term, please see the General Information section. Once you completed the above review of the application, you will begin your adjustments on Schedule 5. You will need to complete Schedules 5, 6, 7, 9, 10 and 11. For each schedule, be sure to read the instruction on that page and gather your *Supporting Documentation* required for that schedule before you begin. If you have any questions, please call the IURC's Water/Sewer Division at (317) 232-2750.

Proposed Rates are based on Test Year Ending (Enter Date): \_\_\_\_\_ → 12/31/13

## Life of Proposed Rates:

The rates developed in these schedules should be based on a three or five year period. The time period you select should be based on the time period the utility expects to pass before the utility requests another rate case.

What is the expected life of the rates proposed by the utility? \_\_\_\_\_ →  5 Years

Does utility have a sewage treatment plant? \_\_\_\_\_ →  2.5% Composite Depreciation Rate

## Financing Request:

Is utility requesting financing authority from the commission? \_\_\_\_\_ →  Please Pick (Y) for Yes or (N) for No

**UNLESS DIRECTED, DO NOT HIT THIS BUTTON** \_\_\_\_\_ →

## Supporting Documentation Needed to Complete Application:

- 1 General Ledger
- 2 General Ledger Trial Balance for Test Year End
- 3 Billing Records or Sales Journal
- 4 Payroll Register
- 5 Current Health Insurance Premiums
- 6 12 months of Purchased Wastewater Treatment Bills received during the test year
- 7 12 months of Purchased Power Bills received during the test year
- 8 Notice of Rate Change from Power or Wastewater Provider
- 9 Copies of Capital and/or Non-recurring Expense Invoices
- 10 Current Insurance Premium Renewals (eg. Vehicle, liability, property)
- 11 Contracts or Agreements with Consultants to provide any services associated with this filing.
- 12 Loan Documents for Outstanding Debt

## INSTRUCTIONS (cont.)

Once you have completed all sections of the Rate Application, Schedule 1 (shown on page 6) will provide the recommended revenue and percentage increase needed to the utility's current rates. This percentage increase should be included in the customer notices required under the Small Utility Rate Application process. Customer notices should be mailed as soon as possible. Rate changes will not be before 90 days have passed after the date customer notices were sent.

Before filing the Utility's Petition, check that the following items are included:

*Examples of publication/customer notices described below, can be found on the Commission's website at [www.in.gov/urc](http://www.in.gov/urc). Then click on the Water/Sewer Division tab, then click "Toolkit", then click "Small Utility Rate Application Checklist".*

- A completed Small Utility Rate Application, with Supporting Documentation; note the Documentation listed on page 3 of these Instructions should not be filed with the application. However, these items should be made available at the utility's office for the OUCC to complete its review.
- A copy of the authorization from the utility's governing body for the requested rate change (i.e., rate ordinance or board resolution); and
- A copy of the utility's proposed written notice for publication.

*Remember, proof of publication (i.e., publisher's affidavit) of the actual notice must be filed within fifteen (15) days after the utility files its Petition. An actual copy of the customer notice must also be filed within fifteen (15) days after the utility files its Petition.*

Once the utility's Petition is assembled, mail an original and five (5) copies to the address shown below:

*Indiana Utility Regulatory Commission*  
ATTN: Secretary of the Commission  
101 West Washington Street, Ste. 1500E  
Indianapolis, IN 46204

# Case Summary

Instruction: Please complete this summary after the rate application is complete. In the space below, please briefly describe the utility's need for its rate increase (i.e., operating expense increases, new project, etc.), which should include the overall percentage and revenue increase requested (See Schedule 1 for percentage and revenue increase). If the utility needs Commission authority to incur new debt, please explain what the proposed debt will be used for. If the new debt will be used to fund a project, a preliminary engineering report (PER) must be filed with this rate application. Finally, if the utility is proposing any changes to its non-recurring charges, place a check in the following box below.

The monies received as a result of a rate increase for water usage would assist us in the cost of operation. It would also allow us to set money aside to be able to effectively repair and/or replace equipment, if needed. We would like to give our employees a raise as well. Cost of living raises have not been afforded for several years.

**Apple Valley Utilities, Incorporated**

NAME OF UTILITY

**REVENUE REQUIREMENT**

*This schedule will provide the utility with the recommended revenue increase needed to cover its costs to provide service.*

Instruction: All cells in this schedule are automatically filled.

Line No.	Description	Amount
	<b>REVENUE REQUIREMENTS</b>	
1	Rate Base	\$129,502
2	Times: Cost of Capital	0.00%
3	Net Operating Income Required	0
4	Less: Pro-forma Net Operating Income at Present Rates	(76,830)
5	Increase in Net Operating Income Required	76,830
10	Multiply By: Gross Revenue Conversion Factor	1.2934
11	<b>Recommended Increase</b>	<b>\$99,372</b>
	<b>Recommended Percentage Increase</b>	<b>45.21%</b>

Gross Revenue Conversion Factor:	Percent Factor	Amount	
Gross Revenue Change	100.0000%	\$ 99,372	
Less: Bad Debt Expense	0.5760%	572	
Revenue Subject to Utility Receipts Tax and IURC Fee	99.4240%	98,800	
Less: IURC Fee	0.1210%	120	
Income Before State Inc. Taxes	99.3030%	98,679	
State Income Tax (7.0%)	6.9512%	6,868	
Utility Receipts Tax	1.3919%	1,383	
Income Before Federal Income Taxes	90.9599%	90,428	Effective Federal Tax Rate
<i>Enter Effective Federal Tax Rate shown in cell E39 (do not copy or cut) →</i>	13.6440%	13,558	13.6440%
Change in Operating Income	77.3159%	\$ 76,870	
<b>Gross Revenue Conversion Factor</b>	<b>1.2934</b>		

Apple Valley Utilities, Incorporated

NAME OF UTILITY

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)	CURRENT YEAR (c)	PREVIOUS YEAR (d)
<b>UTILITY PLANT</b>			
101-106	Utility Plant	\$2,258,877	\$2,252,241
108	Less: Accumulated Depreciation of Utility Plant	68,287	56,254
110	Accumulated Amortization of Utility Plant		
	Net Plant	2,190,590	2,195,987
114-115	Utility Plant Acquisition Adjustment (Net)		
116	Other Utility Plant Adjustments		
	<i>Total Net Utility Plant</i>	2,190,590	2,195,987
<b>OTHER PROPERTY AND INVESTMENTS</b>			
121	Nonutility Property		
122	Less: Accumulated Depreciation and Amortization of Nonutility Property		
	<i>Net Nonutility Property</i>		
123	Investment In Associated Entities		
124	Utility Investments		
125	Other Investments		
126-127	Special Funds		
	<i>Total Other Property &amp; Investments</i>		
<b>CURRENT AND ACCRUED ASSETS</b>			
131	Cash	30,335	29,330
132	Special Deposits	(5,750)	(5,157)
133	Other Special Deposits		
134	Working Funds		
135	Temporary Cash Investments		
141-144	Accounts and Notes Receivable, Less Accumulated Provision for Uncollectible Accounts	(423)	(1,821)
145	Accounts Receivable from Associated Entities		
146	Notes Receivable from Associated Entities		
151-153	Materials and Supplies Inventory		
161	Stores Expense		
162	Prepayments		
171	Accrued Interest and Dividends Receivable		
172	Rents Receivable		
173	Accrued Utility Revenues		
174	Misc. Current and Accrued Assets		
	<i>Total Current and Accrued Assets</i>	\$24,162	\$22,352



Apple Valley Utilities, Incorporated

NAME OF UTILITY

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	CURRENT YEAR (c)	PREVIOUS YEAR (d)
<b>EQUITY CAPITAL</b>			
201	Common Stock Issued	\$1,000	\$1,000
204	Preferred Stock Issued		
202,205	Capital Stock Subscribed		
203,206	Capital Stock Liability for Conversion		
207	Premium on Capital Stock		
209	Reduction in Par or Stated Value of Capital Stock		
210	Gain on Resale or Cancellation of Reacquired Capital Stock		
211	Other Paid-In Capital		
212	Discount on Capital Stock		
213	Capital Stock Expense		
214-215	Retained Earnings	(733,373)	(688,261)
216	Reacquired Capital Stock		
218	Proprietary Capital (Proprietorship and Partnership Only)		
	<i>Total Equity Capital</i>	<i>(\$732,373)</i>	<i>(\$687,261)</i>
<b>LONG-TERM DEBT</b>			
221	Bonds		
222	Reacquired Bonds		
223	Advances from Associated Companies		
224	Other Long-Term Debt	827,170	827,170
	<i>Total Long-Term Debt</i>	<i>827,170</i>	<i>827,170</i>
<b>CURRENT AND ACCRUED LIABILITIES</b>			
231	Accounts Payable	76,021	34,820
232	Notes Payable		
233	Accounts Payable to Associated Companies		
234	Notes Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes	3,901	3,901
237	Accrued Interest	1,729	1,403
238	Accrued Dividends		
239	Matured Long-Term Debt		
240	Matured Interest		
241	Miscellaneous Current and Accrued Liabilities		
	<i>Total Current and Accrued Liabilities</i>	<i>\$81,651</i>	<i>\$40,124</i>

**Apple Valley Utilities, Incorporated**  
NAME OF UTILITY

**COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES**

ACCT. NO. (a)	ACCOUNT NAME (b)		CURRENT YEAR (c)	PREVIOUS YEAR (d)
<b>DEFERRED CREDITS</b>				
251	Unamortized Premium on Debt			
252	Advances for Construction		3,886	3,886
253	Other Deferred Credits			
255	Accumulated Deferred Investment Tax Credits			
	<i>Total Deferred Credits</i>		3,886	3,886
<b>OPERATING RESERVES</b>				
261	Property Insurance Reserve			
262	Injuries and Damages Reserve			
263	Pensions and Benefits Reserve			
265	Miscellaneous Operating Reserves			
	<i>Total Operating Reserves</i>			
<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b>				
271	Contributions In Aid of Construction		2,034,420	2,034,420
272	Accumulated Amortization of Contributions In Aid of Construction			
	<i>Total Net Contributions In Aid of Construction</i>		2,034,420	2,034,420
<b>ACCUMULATED DEFERRED INCOME TAXES</b>				
281	Accumulated Deferred Income Taxes - Accelerated Amortization			
282	Accumulated Deferred Income Taxes - Liberalized Depreciation			
283	Accumulated Deferred Income Taxes - Other			
	<i>Total Accumulated Deferred Income Taxes</i>			
	<b>TOTAL EQUITY CAPITAL AND LIABILITIES</b>		<b>\$2,214,754</b>	<b>\$2,218,339</b>

**Apple Valley Utilities, Incorporated**

NAME OF UTILITY

**COMPARATIVE OPERATING STATEMENT**

ACCT. NO. (a)	ACCOUNT NAME (b)	CURRENT YEAR (c)	PREVIOUS YEAR (d)
<b>UTILITY OPERATING INCOME</b>			
521.1	Residential Flat Rate Revenues	\$150,757	
521.2	Commercial Flat Rate Revenues		
521.3	Industrial Flat Rate Revenues		
521.4 - .6	Other Flat Rate Revenues		
522.1	Residential Metered Revenues		
522.2	Commercial Metered Revenues	72,690	
522.3	Industrial Metered Revenues		
522.4-.5	Other Metered Revenues		
523	Revenues From Public Authorities	2,434	
524	Revenues From Other Systems		
525	Interdepartmental Revenues		
531	Sale of Sludge		
532	Forfeited Discounts		
534	Rents from Wastewater Property		
535	Interdepartmental Rents		
536	Other Wastewater Revenues		
	<i>Total Wastewater Operating Revenues</i>	<b>225,881</b>	
701	Salaries & Wages - Employees	76,413	
703	Salaries & Wages - Officers, Directors and Majority Stockholders		
704	Employee Pensions and Benefits		
710	Purchased Wastewater Treatment		
711	Sludge Removal Expense	42,680	
715	Purchased Power	45,699	
716	Fuel for Power Production		
718	Chemicals	2,890	
720	Materials and Supplies	17,849	
730	Contractual Services - Billing		
731	Contractual Services - Engineering		
732	Contractual Services - Accounting	570	
733	Contractual Services - Legal	60	
734	Contractual Services - Management Fees		
735	Contractual Services - Other/Testing	17,761	
736	Contractual Services - Other	26,004	
740	Rents		
741	Rental of Building/Real Property		
742	Rental of Equipment		
750	Transportation Expenses	4,478	
755 - 759	Insurance	3,649	
760	Advertising Expense		
765	Regulatory Commission Expense		
766	Regulatory Commission Expenses - Amortization of Rate Case Expense		
767	Regulatory Commission Expenses - Other		
770	Bad Debt Expense	1,301	
775	Miscellaneous Expenses	7,209	
	<i>Total Wastewater Operating Expenses</i>	<b>246,563</b>	

Apple Valley Utilities, Incorporated  
NAME OF UTILITY

COMPARATIVE OPERATING STATEMENT (cont.)

ACCT. NO. (a)	ACCOUNT NAME (b)	CURRENT YEAR (c)	PREVIOUS YEAR (d)
403	Depreciation Expense	\$9,159	
406	Amortization of Utility Plant Acquisition Adjustment		
407	Amortization Expense		
408.11	Property Taxes		
408.12	Payroll Taxes		
408.13	Other Taxes and Licenses		
08.1-408.	Utility Receipts Tax		
409.1	Income Taxes - Federal		
409.1	Income Taxes - State		
410.10	Deferred Federal Income Taxes		
410.11	Deferred State Income Taxes		
411.10	Provision for Deferred Income Taxes Credit		
412.10	Investment Tax Credits Deferred to Future Periods		
412.11	Investment Tax Credits Restored to Operating Income		
	<i>Net Operating Income</i>	(29,841)	
413	Income From Utility Plant Leased to Others		
414	Gains (Losses) From Disposition of Utility Property		
	<i>Total Utility Operating Income</i>	(29,841)	
	<b>OTHER INCOME AND DEDUCTIONS</b>		
415	Revenues from Merch., Jobbing & Contract Work		
416	Costs and Expenses of Merch., Jobbing & Contract Wk.		
419	Interest and Dividend Income		
420	Allowance for Funds Used During Construction		
421	Nonutility Income		
426	Miscellaneous Nonutility Expenses		
	<b>TAXES APPLICABLE TO OTHER INCOME</b>		
408.20	Taxes Other Than Income, Other Income & Ded		
409.20	Income Taxes, Other Income & Deductions		
410.20	Provision for Deferred Income Taxes, Other Income & Deductions		
411.20	Provision for Deferred Income Taxes - Credit, Other Income & Deductions		
412.20	Investment Tax Credits - Net, Nonutility Operations		
412.30	Investment Tax Credits Restored to Nonoperating Income, Utility Operations		
	<i>Total Taxes Applicable To Other Income</i>		
	<b>INTEREST EXPENSE</b>		
427	Interest Expense		
428	Amortization of Debt Discount & Expense		
429	Amortization of Premium on Debt		
	<i>Total Interest Expense</i>		
	<b>EXTRAORDINARY ITEMS</b>		
433	Extraordinary Income		
434	Extraordinary Deductions		
409.3	Income Taxes, Extraordinary Items		
	<i>Total Extraordinary Items</i>		
	<b>NET INCOME</b>	(29,841)	

Pro-forma Net Operating Income Statement

**DO NOT ENTER DATA ON THIS PAGE**

This schedule provides a summary of proposed operating revenues and expenses the utility has included in its rate application. All the revenue and expense adjustments shown on Schedules 5 and 6, respectively will be reflected in Column (b) below. If additional revenue or expense adjustments are needed, please contact the IURC Water/Sewer Division at (317) 232-2750 for further assistance.

	(a) Test Year	(b) Adjustments	(c) Sch Ref	(d) Pro-forma Present Rates	(e) Adjustments	(f) Sch Ref	(g) Pro-Forma Proposed Rates
Operating Revenues							
Measured Rate Revenue	\$ 72,690	\$ (3,663)	5-1 5-2	\$ 69,027	\$ 31,209	1	\$ 100,236
Flat Rate Revenue	150,757	-		150,757	68,163	1	218,920
Forfeited Disc./Late Pymt Chgs.	-	-		-	-	1	-
Other Revenue	2,434	-		2,434	-		2,434
Total Operating Revenues	<u>225,881</u>	<u>(3,663)</u>		<u>222,218</u>	<u>99,372</u>		<u>321,590</u>
Operation & Maint. Expense	245,262			260,703			260,823
Salaries and Wages		7,641	6-1				
Employee Benefits - Insurance		-	6-2A				
Emp. Benefits - Pensions		-	6-2B				
Purchased Wastewater Treatment		-	6-3A				
		-	6-3B				
Purchased Power		-	6-4A				
		7,563	6-4B				
Maintenance Expense		-	6-5				
Capital Expenditures		-	6-6				
Insurance		(1)	6-7				
Rate Case Expense		-	6-8				
Miscellaneous Expense		(33)	6-10				
Bad Debt Expense	1,301			1,301	572	1	1,873
IURC Fee		270	6-12		120	1	
Adjustment 13		-	6-13				
Adjustment 14		-	6-14				
Depreciation Expense	9,159	37,167	7	46,326			46,326
Amortization Expense	-			-			-
Taxes Other than Income:							
Property Taxes	-	1,339	6-11	1,339			1,339
Payroll Taxes	-	6,430	6-9	6,430			6,430
Other Taxes and Licenses	-			-			-
Income Taxes:							
Federal Income Taxes	-	(13,558)	6-15	(13,558)	13,558	1	0
State Income Taxes	-	(6,572)	6-16	(6,572)	6,868	1	296
Utility Receipts Tax	-	3,079	6-16	3,079	1,383	1	4,462
Federal Deferred Income Tax	-			-			-
State Deferred Income Tax	-			-			-
Other Taxes and Licenses	-			-			-
Total Operating Expenses	<u>255,722</u>	<u>43,327</u>		<u>299,049</u>	<u>22,502</u>		<u>321,551</u>
Net Operating Income	<u>\$ (29,841)</u>	<u>\$ (46,989)</u>		<u>\$ (76,830)</u>	<u>\$ 76,870</u>		<u>\$ 40</u>

All the "Difference" cells located in the Proof Box located below, should contain a "-" or \$0; if not, then an error exists in the Rate Schedules.

<b>Proof Box:</b>				Difference
Total Operating Revenues	\$ 225,881	\$ 225,881		\$ -
Total Operating Expenses	255,722	255,722		-
Net Operating Income	\$ (29,841)	\$ (29,841)		\$ -

**Revenue Adjustments**

(1)

**Wastewater Sales** - To adjust test year residential sales to normalize the change in the number of customers that occurred during the test year.

*This adjustment should be used to capture changes in the number of residential customers that occurred during the test year.*

Enter the following data:

Months	Number of Residential Customers	Increase/ (Decrease) in Number of Bills	Multiplier	Additional Monthly Bills
Jan	258		-	
Feb	255	(3)	1	(3)
Mar	252	(3)	2	(6)
Apr	255	3	3	9
May	258	3	4	12
Jun	260	2	5	10
Jul	261	1	6	6
Aug	262	1	7	7
Sep	262		8	
Oct	254	(8)	9	(72)
Nov	259	5	10	50
Dec	251	(8)	11	(88)
12 Month Total	3,087			(75)
		Number of Additional Bills		
		Times: Average Bill		\$48.84
		Adjustment Increase/(Decrease)		(\$3,663)

Test Year Residential Sales	\$150,757
Divided By: 12 Month Total # of Residential Customers	3,087
Average Bill per Residential Customer	<u>\$48.84</u>

*Supporting Documentation: Utility's billing records and/or sales journal.*

**Revenue Adjustments (con't)**

(2)

**Wastewater Sales** - To adjust test year commercial sales to normalize the change in the number of customers that occurred during the test year.

*This adjustment should be used to capture changes in the number of commercial customers that occurred during the test year.*

Enter the following data:

Months	Number of Commercial Customers	Increase/ (Decrease in Number of Bills	Multiplier	Additional Monthly Bills
Jan	10		-	
Feb	10		1	
Mar	10		2	
Apr	10		3	
May	10		4	
Jun	10		5	
Jul	10		6	
Aug	10		7	
Sep	10		8	
Oct	10		9	
Nov	10		10	
Dec	10		11	
12 Month Total	120	Number of Additional Bills		
		Times: Average Bill		\$605.75
		Adjustment Increase/(Decrease)		

Test Year Commercial Sales	\$72,690
Divided By: 12 Month Total # of Commercial Customers	120
Average Bill per Commercial Customer	\$605.75

Supporting Documentation: Utility's billing records and/or sales journal.



Expense Adjustments (con't)

(2)

Employee Benefit Expense - To adjust health care, life and dental benefits to current premiums and for any additions or deletions of employees on the utility's payroll either during the test year or twelve (12) months subsequent to the test year. Changes in employee status should also be considered (Married/Single). (Note: The utility's employee benefit account may include expenses other than health, dental or life insurance that should be removed from the test year employee benefit expense that will be entered in cell K13 below.) The utility's employee benefit expense for the test year can be found on the utility's general ledger.

The following adjustment should be used if the utility has had any changes in its health care, dental or life insurance premiums.

(A) Enter Pro-forma Health, Dental and Life Insurance Expense	_____	→	_____
Enter Test Year Health, Dental and Life Insurance Expense	_____	→	_____
Adjustment - Increase/(Decrease)			=====

An additional benefit that may need adjusted for changes in contribution rates is Pension Expense.

(B) Pro-forma Payroll subject to Pensions			\$84,054
Enter Pension Rate as a percent of salary	_____	→	_____
Sub-Total			_____
Enter Test Year Pension Expense	_____	→	_____
Adjustment - Increase/(Decrease)			=====

Supporting Documentation: Copies of current health, dental and life insurance premium invoices and if applicable, Pension Statement.

Pro-forma Health, Dental and Life Insurance Expense should represent the amount of insurance your utility expects to incur over the next 12 months. A common and reliable method to make this determination is to multiply the most recent insurance invoice by 12 months.\* The most recent invoice will typically reflect the current premiums, number of employees and employees' status. However, if you received notice from your benefits provider that an increase is imminent, you should include the increase in your pro-forma expense. Also, your most recent invoice may not reflect the utility's employee level if a vacant position exists that you intend to fill or if you plan to add an employee. If either of these situations exist, you should adjust your pro-forma expense to account for the additional employee(s).

\*Within the limits of the fixed, known and measurable standard, no more than 12 months beyond the end of the test year.

**Expense Adjustments (con't)**

(3)

**Purchased Wastewater Expense** - To adjust test year purchased wastewater to normalize any changes in cost that occurred during the test year or twelve months subsequent to the test year and to increase/decrease this expense due to the sales normalization adjustment shown on Schedule 5.

(A) The following adjustment should be used if the utility purchases wholesale treatment services from another utility ("wholesale supplier" or "Supplier") and that utility increased rates during the test year or twelve months subsequent to the test year.

Name of Wholesale Supplier: n/a  
 Effective Date of Rate Change: n/a

NOTE: For column (e), you will need to collect the bills your utility received during the test year from the utility's wholesale supplier ("Supplier"). Once you have this information, you need to know how the Supplier charges your utility for the wastewater treatment that it purchases. This may require you to contact the Supplier to obtain their wholesale tariff or if applicable, a copy of the special contract ("contract") your utility has with its Supplier. Once you obtain your Supplier's rate tariff or contract with your utility, review the utility's bills to add the utility's effluent treated for each month during the test year by rate block on lines 1 - 7 below. For example, XYZ Utility has all its effluent treated by Supplier. Supplier implemented a rate increase in June of XYZ Utility's test year. The Supplier's new tariff reflects a first rate block of \$5.00 per 1,000 gallons treated up to 10,000 gallons in a month. The Supplier's second rate block reflects \$3.00 per 1,000 gallons treated for the next 10,001 gallons to 20,000 gallons in a month. Supplier treated 20,000 gallons of effluent each month during the test year or 240,000 gallons (20,000 x 12 months). Therefore, 120 would be entered on line 1, column (e), which represents 120,000 gallons ((10,000 gallons X 12 months)/1,000) and 120 would be entered on line 2, column (e).

Metered Rates Per Month - enter wholesale supplier's rate blocks below	Prior Rates Charged per 1,000 gallons or 100 Cu.ft.	Current Rates Charged per 1,000 gallons or 100 Cu.ft.	1,000 Gallons or 100 Cu.ft. Treated by rate blocks- see above	Adjustment
(a)	(b)	(c)	(e)	(f)
1				
2				
3				
4				
5				
6				
7				
Fixed Charges/Meter Charge				
		Pro-forma Purchased Wastewater		
		Less: Test Year Expense		
		Adjustment - Increase/(Decrease)		

(B) The following adjustment increases/decreases the cost to the utility for the increase/decrease in number of residential customers that occurred during the test year as shown on Schedule 5, Adjustment 1.

Test Year Purchased Wastewater Expense	
Plus: (A) adjustment above	
Sub-Total	
Divided By: # of Test Year Bills	3,207
Cost Per Bill	
Times: Number of Additional Bills	(75)
	Adjustment - Increase/(Decrease)

Supporting Documentation: Bills received for test year, January through December, from the wastewater utility(ies) that provide wholesale treatment service and copy of the ordinance/resolution by wholesale utility to support changed rates or letter from wholesale utility notifying of the increase in rates.

**Expense Adjustments (con't)**

(4)

**Purchased Power Expense** - To adjust test year purchased power to normalize any changes in cost that occurred during the test year or twelve months subsequent to the test year and to increase/decrease this expense due to the sales normalization adjustment shown on Schedule 5.

(A) The following adjustment should be used if the utility's purchased power/electricity vendor increased its rates during the test year or twelve months subsequent to the test year.

Name of Electric Utility Supplier: NIPSCO  
 Effective Date of Rate Change: \_\_\_\_\_

NOTE: For column (e), you will need to collect the bills your utility received during the test year from the utility's vendor(s) that supplies electricity ("Supplier"). Once you have this information, you need to know how the Supplier charges your utility for the electricity that it purchases. This may require you to contact the Supplier to obtain their user rate tariff ("tariff"). Once you obtain your Supplier's tariff, review the utility's bills to add the utility's usage for each month during the test year by rate block on lines 1-7 below. For example, XYZ Utility purchased all its electricity from Supplier. Supplier implemented a rate increase in June of XYZ Utility's test year. The Supplier's new tariff reflects a first rate block of \$0.05 per kilowatt hour ("kWh"), up to 1,000 kWh in a month. The Supplier's second rate block reflects \$.025 per kWh for the next 1,001 to 2,000 kWh in a month. XYZ Utility used 2,000 kWh of electricity each month during the test year or 24,000 kWh (2,000 x 12 months). Therefore, 12,000 would be entered on line 1, column (e), which represents kWhs purchased through the Supplier's first rate block during the test year and 12,000 would be entered on line 2, column (e).

Metered Rates Per Month - enter rate per rate blocks below	Prior Rates Charged per kWh	Current Rates Charged per kWh	Usage by rate block-see note above	Adjustment
(a)	(b)	(c)	(e)	(f)
1 _____	\$ 0.1400	\$ 0.1400	#####	\$45,699
2 _____	_____	_____	_____	_____
3 _____	_____	_____	_____	_____
4 _____	_____	_____	_____	_____
5 _____	_____	_____	_____	_____
6 _____	_____	_____	_____	_____
7 _____	_____	_____	_____	_____
Fixed Charges/Meter Charge	_____	_____	_____	_____
		Pro-forma Purchased Power		\$45,699
		Less: Test Year Expense		\$45,699
		Adjustment - Increase/(Decrease)		(\$0)

(B) The following adjustment increases/decreases your utility's power cost for the increase/decrease in number of residential customers that occurred during the test year as shown on Schedule 5, Adjustment 1.

Test Year Purchased Power Expense	\$45,699
Plus: (A) adjustment above	(0)
Sub-Total	45,699
Divided By: # of Test Year Bills	3,207
Cost Per Bill	\$14.25
Times: Number of Additional Bills	531
Adjustment - Increase/(Decrease)	\$7,563

Supporting Documentation: Bills received for test year, January through December, from the electric utility(ies) that provide electricity and copy of ordinance/resolution by the electric utility to support its changed rates or the letter from the electric utility notifying of the rate increase.

**Expense Adjustments (con't)**  
**(5)**

**Maintenance Expense** - To adjust test year maintenance expense to reflect the utility's average annual cost associated with system maintenance. (Add more lines if necessary)

*This adjustment allows the utility to accrue funds for annual system maintenance that may not have been performed during the test year. To determine test year expense add all costs incurred during the test year for the maintenance items listed below and enter total in cell M20.*

	<i>Enter Actual Cost (Invoice) or Estimate/Quote:</i>	
<i>Enter Estimated Cost to Televis and Clean 10% of Utility's System:</i> _____ →	\$3,075	
<i>Enter I&amp;I Assessment/Abatement Activity Cost:</i> _____ →		
<i>Enter Cost Associated with Lift Station Pump-down Tests:</i> _____ →		
<b>Enter Description of Any Other Annual Maintenance Performed Below:</b>		
Sludge removal _____	46,075	
Flow meter calibration _____	379	
_____		
_____		
		49,529
<i>Enter Test Year Expense</i> _____ →		49,529
<b>Adjustment - Increase/(Decrease)</b>		<u>          </u>

**Supporting Documentation:** Test year invoices, estimates or quotes obtained from the Vendors that provide each of the above services. Also, provide any documentation or calculations used to support test year expense.

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Utility Name:

Apple Valley Utilities, Incorporated

Schedule 6(g)

Expense Adjustments (con't)

(8)

Rate Case Expense - To adjust test year operating expenses to include costs associated with this rate case amortized over the utility's expected life of its proposed rates. Typically, utilities will propose a rate life of three to five years, which means that within three to five years of the implementation of the rates in this case, the utility plans to file another rate case.

The following adjustment is needed to capture costs the utility incurs to process this rate application. If costs associated with this case were incurred during the test year, enter the total amount of test year rate case costs in cell M17.

Enter Accounting Contract Amount, if applicable	_____	→	_____
Enter Engineering Fees, if applicable	_____	→	_____
Enter Other Fees, if applicable (enter description)	_____	→	_____
IURC Fees	_____	→	_____
Sub-Total			_____
Divided By: Expected Life of Rates			5
Pro forma Test Year Rate Case Expense			_____
Enter Test Year Rate Case Expenses	_____	→	_____
Adjustment - Increase/(Decrease)			_____

Supporting Documentation: Written contract or agreement with consultants for proposed services. Also, provide documentation and any calculations used to support test year costs.

(9)

Payroll Taxes - To adjust test year payroll taxes to reflect pro-forma adjustments in Adjustment 6-1.

The adjustment is needed to capture in the utility's proposed rates any changes in payroll expense shown in adjustment 1 above.

Pro-forma Payroll		\$84,054
Times: FICA Rate		7.65%
Pro-forma FICA Expense		6,430
Enter Test Year FICA Expense	_____	→
Adjustment - Increase/(Decrease)		\$6,430

Supporting Documentation: None

(10)

Miscellaneous Expense - To adjust test year postage expense to reflect increase/decrease in test year number of customers.

# of Additional Bills		(75)
Enter Current Postage Rate	_____	→
Adjustment - Increase/(Decrease)		(\$33)

Supporting Documentation: None



**Expense Adjustments (con't)**

(13)

**Other Expense Adjustment** - enter description below:

---

Enter Pro-forma Expense Amount	_____>	_____
Enter Test Year Expense	_____>	_____
Adjustment - Increase/(Decrease)		<u>\$ -</u>

*Supporting Documentation* : Provide any spreadsheets and/or workpapers used to compute the Proforma expense amount shown above as well as a narrative

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(14)

**Other Expense Adjustment** - enter description below:

---

Enter Pro-forma Expense Amount	_____>	_____
Enter Test Year Expense	_____>	_____
Adjustment - Increase/(Decrease)		<u>\$ -</u>

*Supporting Documentation* : Provide any spreadsheets and/or workpapers used to compute the Proforma expense amount shown above as well as a narrative

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Utility Name: Apple Valley Utilities, Incorporated

Schedule 6(j)

**Income Tax Adjustments**

(15)

Federal Income Taxes

To adjust Federal Income Taxes to Pro-forma Present Rate amount.  
Please note that the hard entered numbers will need to be updated if the amount in the cell referenced in the comment changes.

	Pro-Forma Present Rates	Pro-Forma Proposed Rates
Pre-Tax Net Income	(\$93,881)	\$4,798
Less: Synchronized Interest Expense (See Sch. 8)		
Add: Enter Depreciation of CIAC		
Amortization of Acquisition Adjustment		
Sub-Total	(93,881)	4,798
Less State Income Taxes:		
Utility Receipts Tax	3,079	4,462
SNIT	(6,572)	336
Total State Income Tax	(3,493)	4,798
Federal Taxable Income	(\$90,388)	\$0
First \$50,000	(\$90,388)	\$0
times: Tax Rate	15.00%	15.00%
Sub-total	(13,558)	0
Next \$25,000		
time: Tax Rate	25.00%	25.00%
Next \$25,000		
times: TaxRate	34.00%	34.00%
next \$235,000		
times: tax rate	39%	39%
Federal Income Tax	-	-
<b>Please Enter</b> \$ (13,558) Here (do not copy or cut)	(13,558)	0
Less: Test Year		(13,558)
Adjustment - Increase/(Decrease)	(\$13,558)	\$13,558

(16)

State Taxes

To adjust State Income Taxes to Pro-forma Present Rate amount

	Pro-Forma Present Rates	Pro-Forma Proposed Rates
Utility Receipts Tax		
Operating Revenues	\$222,218	\$321,590
Less: Bad Debt Expense	1,301	1,873
Exemption	1,000	1,000
Operating Revenues subject to utility receipts tax	219,917	318,717
Rate	1.40%	1.40%
Tax	3,079	4,462
SNIT		
<b>Please Enter</b> \$ (93,881) Here (do not copy or cut)	(93,881)	4,798
Rate	7.00%	7.00%
SNIT	(6,572)	336
Pro-Forma Present Rate State	(6,572)	336
Less: Test Year		(6,572)
Adjustment - Increase/(Decrease)	(\$6,572)	\$6,908

Utility Name:

Apple Valley Utilities, Incorporated

Schedule 7

**Calculation of Rate Base**

The shareholders of investor-owned utilities earn a return on the capital investments shareholders make in the infrastructure of the utility, often called rate base. This schedule is used to determine the appropriate level of rate base for which a return on investment will be computed. The amounts shown below were taken from the utility's annual report.

Description:	Amount
Utility Plant in Service as of <u>12/31/13</u>	<u>\$1,883,043</u>
Less:	
<i>Enter Disallowed Plant, if applicable</i>	
Accumulated Depreciation	79,091
Accumulated Amortization	
Contrib. in Aid of Construction (net)	1,695,672
Advances for Construction	3,886
Sub-total	<u>104,394</u>
Plus or Minus:	
Acquisition Adjustments (net)	
Materials and Supplies Inventory	
Working Capital Allowance (1)	25,108
Original Cost Rate Base	<u><u>\$129,502</u></u>

(1) Working Capital	
Pro-forma Present Rate Operation and Maintenance Expense	\$246,564
Less: Purchased Power	45,699
Purchased Wastewater Treatment	
Total Working Capital Expenses	<u>200,865</u>
Divided by: 45-day factor	8
Total Working Capital	<u><u>\$25,108</u></u>

**Depreciation Expense**

Utility Plant in Service	\$ 1,883,043
<i>Enter Cost of Land and Land Rights</i>	30,000
Depreciable Utility Plant in Service	<u>\$ 1,853,043</u>
Times: Composite Depreciation Rate	2.50%
Pro Forma Depreciation Expense	46,326
Less: Test Year Depreciation Expense	9,159
Adjustment - Increase/(Decrease)	<u><u>\$ 37,167</u></u>

**Capital Structure**

This schedule computes the utility's weighted cost of capital, which is multiplied by the utility's rate base to determine the shareholder's return on investment. This schedule lists the various components of corporate investment.

Components of Capital Structure:	Amount	Percent of Total Capital	Cost Rate	Weighted Cost
Common Equity	\$ (732,373)	-772.57%		
Long-term Debt	827,170	872.57%		
Preferred Stock	-			
Deferred Income Taxes	-			
Customer Deposits	-		6.00%	
<b>Total</b>	<b>\$ 94,797</b>			

**Synchronized Interest Calculation**

Description:	As Of Year
Total Original Cost Rate Base	\$ 129,502
Times: Weighted Cost of Debt	0.00%
Synchronized Interest Expense	\$ -

**Weighted Cost of Debt**

For each outstanding long-term debt issuance outstanding, please enter the requested information below (information will be found on debt amortization schedules):

Type of Debt Issued	Date Issued (XX/XX/XX)	Maturity Date (XX/XX/XX)	Principal Amt. Outstanding @ (XX/XX/XX)	Unamortized Debt Expense @ (XX/XX/XX)	Carrying Value
					\$ -
					-
					-
					-
					-
					-
			\$ -	\$ -	\$ -

Annual Interest	Annual Amortization	Total Annual Cost	Cost of Long-term Debt
		\$ -	
		-	
		-	
		-	
		-	
		-	
		\$ -	

Current and Proposed Rates and Charges

The rates charged to the utility's customers are contained on the utility's tariff. These rates should be entered below. If more lines are necessary, please call the Commission at (317) 232-2750.

<i>Enter the following rates below:</i>	<u>Current Rates</u>	<u>Tracker</u>	<u>Adjusted Current Rates</u>	<u>Proposed Rates</u>	<u>Proposed Increase</u>	<u>Percent Increase</u>
Flat Rate Per Month Residential	\$48.58		\$48.58	\$70.54	\$21.96	45.21%
Service Charge or Minimum Rate Per Month Per Meter Size - If minimum rate is used, please also enter usage allowance						
5/8" - 3/4" meters (incl. 2,000g)	\$20.10		\$20.10	\$29.19	\$9.09	45.21%
1"	\$51.46		\$51.46	\$74.73	\$23.27	45.21%
1 1/2"	\$115.78		\$115.78	\$168.13	\$52.35	45.21%
2"	\$205.82		\$205.82	\$298.88	\$93.06	45.21%
3"	\$463.10		\$463.10	\$672.48	\$209.38	45.21%
4"	\$823.30		\$823.30	\$1,195.54	\$372.24	45.21%
Flow Rates Per Month - enter rate blocks below						
First 2,000 gallons						
Next 4,000 gallons	\$3.07		\$3.07	\$4.46	\$1.39	45.21%
Next 6,000 gallons	\$2.81		\$2.81	\$4.08	\$1.27	45.21%
Over 12,000 gallons	\$2.55		\$2.55	\$3.70	\$1.15	45.21%