



December 7, 2018

**VIA HAND DELIVERY**

**Jonathan P. Nase**

Direct Phone 717-773-4191

Direct Fax 215-372-2340

[jnase@cozen.com](mailto:jnase@cozen.com)

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor North  
Harrisburg, PA 17120

**Re: PENNSYLVANIA PUBLIC UTILITY COMMISSION V. BOROUGH OF INDIANA,  
DOCKET NO. R-2018-3003141**

**JOINT STIPULATION FOR ADMISSION OF EVIDENCE**

Dear Secretary Chiavetta:

Enclosed for filing with the Commission is the original of the Joint Stipulation for Admission of Evidence ("Stipulation") in the above-referenced proceeding. Also enclosed are two copies of the statements and exhibits of the Borough of Indiana along with accompanying witness verifications, for submission into the evidentiary record. A CD-ROM containing electronic copies of the Stipulation, statements, and exhibits is also enclosed.

Thank you for your attention to this matter. If you have any questions, please contact me. Please date-stamp the extra copy and return it with our messenger.

Sincerely,

COZEN O'CONNOR

By: Jonathan P. Nase  
Counsel for *Borough of Indiana*

JPN

Enclosure

cc: Honorable Mary D. Long  
Per Certificate of Service  
Neva Stotler, Esq.

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2018-3003141
	:	
Borough of Indiana	:	

**CERTIFICATE OF SERVICE**


I hereby certify that I have this day served a true copy of the foregoing **Joint Stipulation for Admission of Evidence**, upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

**VIA E-MAIL AND FIRST CLASS MAIL:**

Harrison W. Breitman, Esq.  
Christine Maloni Hoover, Esq.  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place, 5<sup>th</sup> Floor  
Harrisburg, PA 17101-1923  
Counsel for *Office of Consumer Advocate*  
E-mail: HBreitman@paoca.org  
E-mail: CHoover@paoca.org

Erika McLain, Esq.  
Bureau of Investigation and Enforcement  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120  
Counsel for  
*Bureau of Investigation and Enforcement*  
E-mail: ermclain@pa.gov

DATED: December 7, 2018

  
\_\_\_\_\_  
Jonathan P. Nase, Esquire  
Counsel for *Borough of Indiana*

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

---

**Administrative Law Judge Mary D. Long**

---

Pennsylvania Public Utility Commission,	:	
Office of Consumer Advocate	:	
	:	Docket Nos. R-2018-3003141,
v.	:	C-2018-3003732
	:	
Borough of Indiana	:	

---

**JOINT STIPULATION FOR ADMISSION OF EVIDENCE**

---

The Borough of Indiana (“Indiana”), the Office of Consumer Advocate (“OCA”) and the Pennsylvania Public Utility Commission’s Bureau of Investigation & Enforcement (“I&E”), being all of the parties to the above-captioned proceeding (hereinafter collectively referred to as the “Stipulating Parties”), file this Joint Stipulation for Admission of Evidence (“Stipulation”) in the above-captioned proceeding. In support of the Stipulation, the Stipulating Parties represent as follows:

1. Paragraphs 1 through 18 (regarding “Stipulation of Facts”) of the “Joint Petition for Approval of Settlement of Rate Proceeding” (“Settlement”), filed on this same date in the above-captioned proceedings, are hereby incorporated by reference.

2. The Stipulating Parties hereby jointly stipulate to the authenticity of and admission into the evidentiary record in this matter of the filings, statements, and exhibits listed below. All such filings, statements, and exhibits are authenticated by the enclosed verifications from each supporting witness.

Direct Testimony of the Borough of Indiana:

Borough of Indiana Statement RF-1, Direct Testimony of Roland Francis, Pretreatment Coordinator at the Waste Water Treatment Plant;

Borough of Indiana Statement KAD-1, Direct Testimony of Kimberly A. Dorchak, CPA, CGPM, a shareholder with the public accounting firm of Kotzan CPA and Associates, P.C., together with Borough Exhibit No. 1; and

Borough of Indiana Statement DMK-1, Direct Testimony of Dennis M. Kalbarczyk, the principal in Utility Rate Resources, together with Appendix A and DMK Exhibit No. 1 and DMK Exhibit No. 2.

3. This Stipulation is presented by the Stipulating Parties in conjunction with the Settlement, which is intended to settle all issues in the above-captioned proceeding. If the Commission rejects or otherwise modifies the Settlement, the Stipulating Parties reserve their respective procedural rights to object to the admission of the above-referenced statements and exhibits, submit additional testimony and exhibits, and cross-examine witnesses at on-the-record evidentiary hearings.

4. This Stipulation is being presented, in conjunction with the Settlement, only to resolve issues in the above-captioned proceeding. Regardless of whether this Stipulation is approved, no adverse inference shall be drawn, nor shall prejudice result to any Signatory Party in this or any future proceeding as a consequence of this Stipulation, or any of its terms or conditions.


5. Two copies of the foregoing statements, and exhibits are being filed with the Commission's Secretary for inclusion in the official case record upon approval of this Stipulation.

6. Attached hereto as **Appendix A** is a proposed “Order Granting Joint Stipulation for Admission of Evidence” for consideration by the Honorable Administrative Law Judge Mary D. Long.

WHEREFORE, the Stipulating Parties, by their respective counsel, respectfully request that the Honorable Administrative Law Judge Mary D. Long admit the foregoing statements and exhibits into the record in this proceeding on the terms and conditions set forth in the Stipulation.

[Signatures appear on next page.]

Respectfully submitted,



---

Jonathan P. Nase, Esquire (PA ID 44003)  
Cozen O'Connor  
17 N. Second Street, Suite 1410  
Harrisburg, PA 17101  
Telephone: (717) 773-4191  
E-mail: [jnase@cozen.com](mailto:jnase@cozen.com)  
Counsel for *Borough of Indiana*

Date: December 7, 2018

---

Harrison Breitman, Esquire (PA ID 320580)  
Christine Maloni Hoover, Esquire (PA ID 50026)  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place, 5<sup>th</sup> Floor  
Harrisburg, PA 17101-1923  
Telephone: (717) 783-5048  
E-mail: [hbreitman@paoca.org](mailto:hbreitman@paoca.org)  
E-mail: [choover@paoca.org](mailto:choover@paoca.org)  
Counsel for *Office of Consumer Advocate*

Date: \_\_\_\_\_

---

Erika McLain, Esquire (PA ID 320526)  
Pennsylvania Public Utility Commission  
Bureau of Investigation & Enforcement  
Commonwealth Keystone Building  
400 North Street, 2 West  
P.O. Box 3265  
Harrisburg, PA 17105-3265  
Telephone: (717) 787-8754  
E-mail: [ermclain@pa.gov](mailto:ermclain@pa.gov)  
Counsel for *Bureau of Investigation & Enforcement*

Date: \_\_\_\_\_

Respectfully submitted,

---

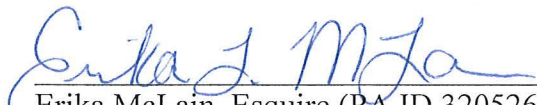
Jonathan P. Nase, Esquire (PA ID 44003)  
Cozen O'Connor  
17 N. Second Street, Suite 1410  
Harrisburg, PA 17101  
Telephone: (717) 773-4191  
E-mail: [jnase@cozen.com](mailto:jnase@cozen.com)  
Counsel for *Borough of Indiana*

Date: \_\_\_\_\_

---

Harrison Breitman, Esquire (PA ID 320580)  
Christine Maloni Hoover, Esquire (PA ID 50026)  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place, 5<sup>th</sup> Floor  
Harrisburg, PA 17101-1923  
Telephone: (717) 783-5048  
E-mail: [hbreitman@paoca.org](mailto:hbreitman@paoca.org)  
E-mail: [choover@paoca.org](mailto:choover@paoca.org)  
Counsel for *Office of Consumer Advocate*

Date: \_\_\_\_\_



---

Erika McLain, Esquire (PA ID 320526)  
Pennsylvania Public Utility Commission  
Bureau of Investigation & Enforcement  
Commonwealth Keystone Building  
400 North Street, 2 West  
P.O. Box 3265  
Harrisburg, PA 17105-3265  
Telephone: (717) 787-8754  
E-mail: [ermclain@pa.gov](mailto:ermclain@pa.gov)  
Counsel for *Bureau of Investigation & Enforcement*

Date: 12/7/18

Respectfully submitted,

---

Jonathan P. Nase, Esquire (PA ID 44003)  
Cozen O'Connor  
17 N. Second Street, Suite 1410  
Harrisburg, PA 17101  
Telephone: (717) 773-4191  
E-mail: jnase@cozen.com  
Counsel for *Borough of Indiana*

Date: \_\_\_\_\_



---

Harrison Breitman, Esquire (PA ID 320580)  
Christine Maloni Hoover, Esquire (PA ID 50026)  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place, 5<sup>th</sup> Floor  
Harrisburg, PA 17101-1923  
Telephone: (717) 783-5048  
E-mail: hbreitman@paoca.org  
E-mail: choover@paoca.org  
Counsel for *Office of Consumer Advocate*

Date: 12/07/18

---

Erika McLain, Esquire (PA ID 320526)  
Pennsylvania Public Utility Commission  
Bureau of Investigation & Enforcement  
Commonwealth Keystone Building  
400 North Street, 2 West  
P.O. Box 3265  
Harrisburg, PA 17105-3265  
Telephone: (717) 787-8754  
E-mail: ermclain@pa.gov  
Counsel for *Bureau of Investigation & Enforcement*

Date: \_\_\_\_\_



## APPENDIX A

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission,	:	
Office of Consumer Advocate	:	
	:	Docket Nos. R-2018-3003141,
v.	:	C-2018-3003732
	:	
Borough of Indiana	:	

**ORDER GRANTING JOINT STIPULATION  
FOR ADMISSION OF EVIDENCE**

On December 7, 2018, the Borough of Indiana, the Office of Consumer Advocate, and the Pennsylvania Public Utility Commission’s Bureau of Investigation & Enforcement (collectively, the “Stipulating Parties”) filed a Joint Stipulation for Admission of Evidence (“Stipulation”) in the above-captioned proceeding. Each of the Stipulating Parties stipulated to the authenticity of the statements and exhibits listed in the Stipulation and requested that they be admitted into the record of this proceeding on the terms and conditions set forth in the Stipulation. The Stipulation is attached to this Order.

As this request is reasonable, it will be granted.

THEREFORE, IT IS ORDERED:

1. That the Stipulation, filed on December 7, 2018, is APPROVED;
2. The statements, and exhibits listed therein are admitted into the record of this proceeding on the terms and conditions set forth in the Stipulation; and,

3. That two copies of each filing, statement, and exhibit listed in the Stipulation be filed with the Secretary's Bureau of the Commission, unless previously filed.

Date: \_\_\_\_\_

\_\_\_\_\_  
Mary D. Long  
Administrative Law Judge

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

---

**Administrative Law Judge  
Mary D. Long**

---

**PENNSYLVANIA PUBLIC UTILITY COMMISSION :**  
:  
v. : **Docket No. R-2018-3003141**  
:  
**BOROUGH OF INDIANA :**

---

**DIRECT TESTIMONY OF  
ROLAND FRANCIS**

---

**DATE SERVED: November 2, 2018**  
**DATE ADMITTED: \_\_\_\_\_**

**Borough Of Indiana**  
**Statement RF-1**

1 **Q. WHAT IS YOUR NAME FOR THE RECORD?**

2 A. Roland Francis.

3

4 **Q. FOR WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am employed by the Borough of Indiana as the Pretreatment Coordinator at the Waste  
6 Water Treatment Plant (“WWTP”).

7

8 **Q. HOW LONG HAVE YOU BEEN IN THAT CAPACITY?**

9 A. 25 years.

10

11 **Q. WHAT ARE YOUR DUTIES AND RESPONSIBILITIES IN THAT POSITION?**

12 A. I am in charge of the WWTP compliance with the Department of Environmental Protection  
13 regulations regarding the pretreatment of waste water entering the WWTP. I am part of  
14 the management team that oversees the function and operation of the plant. I oversee the  
15 construction contracts for plant upgrades, working with the Borough’s engineers to  
16 recommend plant upgrades, and working with the Borough accountant to evaluate the rates  
17 and rate increases. I am the liaison between the WWTP and the Manager and Borough  
18 Council.

19

20 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

1 A. My testimony will provide some historical background of the WWTP as well as  
2 information on quality of service.

3

4 **Q. CAN YOU GIVE A GENERAL OVERVIEW OF THE WWTP?**

5 A. The plant has been operating at 1678 Wayne Avenue since 1973. The WWTP is an  
6 activated sludge plant utilizing an extended aeration biological process for wastewater  
7 treatment. The plant is currently designed to treat an average daily flow of 8.2 MGD and a  
8 BOD loading of 10,000 lbs. per day. The plant currently serves customers inside Indiana  
9 Borough limits including Indiana University of Pennsylvania (non-jurisdictional  
10 customers), and customers outside Indiana Borough in White Township (jurisdictional  
11 customers), having nearly 10,500 equivalent dwelling units (EDU's), with over 70 miles of  
12 sewer.

13

14 **Q. THE LAST RATE INCREASE WAS IN 2002. CAN YOU DESCRIBE CHANGES**  
15 **MADE TO THE PLANT SINCE THAT TIME?**

16 A. The most significant change to the WWTP since 2002 is the replacement of the existing  
17 belt filter press with a more efficient rotary-type press for sludge disposal. The rotary press  
18 installation required minor modification and replacement of the process piping in the  
19 building and replacement of the existing polymer feed system. The rotary press employs a  
20 much cleaner and more efficient operation for dewatering sludge, reducing by as much as  
21 30 percent the amount of waste landfilled by the WWTP while using approximately the

1 same quantity of polymer. The rotary press also allows for a higher throughput within a  
2 smaller footprint, including installation of two units each capable of pressing  
3 approximately 50 percent more sludge than the existing belt filter press. This will provide  
4 some necessary redundancy so sludge will not need to be hauled away in the event of a  
5 mechanical failure in addition to providing additional capacity for future collection system  
6 expansion. The belt press was operated at maximum capacity even though the plant is  
7 currently operating at approximately 75 percent of its organic capacity. This project  
8 increased the overall sludge processing capacity by nearly 200 percent, limiting the  
9 vulnerability of mechanical failures and freeing up some necessary capacity for future  
10 expansion within the surrounding collection system while lowering the long-term expenses  
11 of the sludge processing operation.

12 Other improvements since that time include: building and outfitting the laboratory,  
13 replacing the roof on the control building, enlarging and replacing various main line sewers  
14 to the plant, installing new channel grinders at the headworks, adding a flow-trend filtering  
15 system for the vacuum truck, purchase of a new loader, security system, various vehicles,  
16 dump trucks, and upgrades to the heating and lighting systems.

17  
18 **Q. WHEN WILL THE SLUDGE PRESS PROJECT BE COMPLETED?**

19 A. The project is substantially complete with only minor punch list items remaining, which  
20 will be finished by the end of 2018.

1 **Q. HAVE THERE BEEN CHANGES IN THE NUMBER OF JURISDICTIONAL**  
2 **CUSTOMERS AND THEIR USAGE SINCE THE LAST RATE INCREASE?**

3 A. Yes, the number of jurisdictional customer accounts increased from 3,324 (2002 Rate  
4 Study) to 3,973 (June 2018 Rate Study, Schedule J) or by 19.5% from 2002 to 2017.  
5 During this same period, their organic loading increased from 4,063 lbs/day to 5,908  
6 lbs/day equating to a 45.4% increase in the organic loading at the WWTP.

7

8 **Q. ARE YOU AWARE OF ANY COMPLAINTS FILED WITH THE COMMISSION**  
9 **AGAINST THE BOROUGH OF INDIANA IN THE LAST FIVE YEARS?**

10 A. No.

11

12 **Q. WHAT IS THE PROCESS FOR RESPONDING TO BILLING QUESTIONS OR**  
13 **COMPLAINTS?**

14 A. The Borough has two administrative employees dedicated to utility billing who can be  
15 reached directly by customers during business hours of the work week. These employees  
16 respond to questions and complaints on the same day or within twenty-four hours of a call.

17

18 **Q. IS THE PROCESS FOR RESPONDING TO BILLING MATTERS THE SAME**  
19 **FOR BOTH JURISDICTIONAL AND NON-JURISDICTIONAL CUSTOMERS?**

20 A. Yes.



1 **Q. WHAT IS THE PROCESS FOR SERVICE QUESTIONS OR COMPLAINTS?**

2 A. For non-jurisdictional customers, calls come to the main number for the Borough which is  
3 answered by a person during the business hours of the workweek. Service calls are  
4 forwarded to the Director of Public Works who with in the same day, dispatches the street  
5 crew to inspect. For emergencies regarding sanitary sewer service during non-business  
6 hours or weekends, the Director of Public Works is dispatched 24/7 through 911. Service  
7 questions or complaints from jurisdictional customers are handled similarly by the  
8 Township public works staff.

9

10 **Q. IS THE WWTP CURRENTLY UNDER ANY CONSENT ORDER OR NOTICE OF**  
11 **VIOLATION FROM THE PA DEP?**

12 A. There are no consent orders. The Borough received a notice of violation on September 6,  
13 2017 regarding inflow and infiltration (“I&I”) of storm water in certain low-lying areas  
14 within the Borough. None of the areas affect Township customers.

15

16 **Q. WHAT IS BEING DONE TO ADDRESS THE NOTICE OF VIOLATION?**

17 A. The Borough is in the process of conducting a flow study to determine how and where  
18 storm water enters the wastewater treatment system, and upon receipt of the results, the  
19 Borough will begin to make the necessary changes in infrastructure and policies to address  
20 any I&I issues identified in the study.

21

1 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

2 A. Yes.

VERIFICATION

I, Roland Francis, hereby state that the facts above set forth are true and correct (or are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. §4904 (relating to unsworn falsification to authorities).

Roland Francis

November 2, 2018

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

---

**Administrative Law Judge  
Mary D. Long**

---

**PENNSYLVANIA PUBLIC UTILITY COMMISSION :**  
:  
**v. :** **Docket No. R-2018-3003141**  
:  
**BOROUGH OF INDIANA :**

---

**DIRECT TESTIMONY  
OF KIMBERLY A. DORCHAK, CPA, CGFM**

---

**DATE SERVED: November 2, 2018**  
**DATE ADMITTED: \_\_\_\_\_**

**Borough Of Indiana**  
**Statement KAD-1**

1 **Q. STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Kimberly A. Dorchak, CPA, CGFM. My business address is 334 Budfield  
3 Street, Suite 180, Johnstown, Pennsylvania 15904.

4

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am a Certified Public Accountant (“CPA”) and Certified Government Financial Manager  
7 (“CGFM”) and am a shareholder with the public accounting firm of Kotzan CPA &  
8 Associates, P.C. In general, I provide accounting services to include, but not limited to,  
9 financial auditing services to both governmental and non-governmental entities in  
10 Pennsylvania.

11

12 **Q. STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

13 A. I graduated from the University of Pittsburgh at Johnstown in 1997 with a Bachelor of  
14 Arts Degree in Business with concentrations in both Accounting and Finance. I began  
15 my career in public accounting in September 1997 with the national accounting firm of  
16 Deloitte & Touche, LLP, working from their Pittsburgh office and obtained my CPA  
17 license in 1999. I continued my career in public accounting with the firm of Dennis P.  
18 Kotzan, CPA. In 2008, I was promoted to Shareholder in the newly incorporated firm of  
19 Kotzan CPA & Associates, P.C. Upon the retirement of our managing partner in 2016, I  
20 assumed the role of Vice-President of our corporation and 50% shareholder.

21

1 I have developed extensive experience in accounting and auditing as well as individual  
2 taxation. However, I specialize in government and non-profit accounting and auditing,  
3 earning the designation of Certified Government Financial Manager in September 2007.  
4 I actively manage audits of many local governments ranging from small water, sewer,  
5 and airport authorities to large boroughs, townships and school districts.

6  
7 I am an active member of the Central Chapter of the Pennsylvania Institute of Certified  
8 Public Accountants (PICPA); the Central Pennsylvania Chapter of the Association of  
9 Government Accountants (AGA); the American Institute of Certified Public Accountants  
10 (AICPA); and the Pitt-Johnstown Alumni Association.

11  
12 **Q. ON WHOSE BEHALF ARE YOU SUBMITTING YOUR TESTIMONY IN THIS**  
13 **PROCEEDING?**

14 **A.** I am appearing on behalf of Borough of Indiana – Sewer Fund (“Borough” or “Sewer  
15 Fund”) located in Indiana County, Pennsylvania. The Borough provides sewer service to  
16 customers inside the Borough’s municipal limits as well as to customers outside its  
17 municipal limits in portions of White Township, Indiana County, Pennsylvania. More  
18 specifically, my firm served as the independent auditors for the Borough of Indiana for the  
19 years ended December 31, 2016 and 2017. I was the partner in charge of the audit  
20 engagements which included the audit of the financial statements of the Borough’s  
21 governmental activities, business-type activities, each major fund, and the aggregate

1 remaining fund information for the years ended December 31, 2016 and 2017. Additionally,  
2 I assisted in the preparation of the rate study for its Sewer Fund, based upon that audited  
3 information, which supported an \$880,920 increase in revenues over current rates. That rate  
4 study was submitted to the Pennsylvania Public Utility Commission (“PaPUC” or  
5 “Commission”) on June 28, 2018.  
6

7 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

8 A. The purpose of my testimony is to present my professional opinion related to the \$880,920  
9 total system revenue increase and more importantly the \$390,062 overall jurisdictional  
10 revenue requirement increase requested by the Borough as it relates to the PaPUC’s  
11 jurisdictional responsibilities.  
12

13 **Q. STATE THE BASIS OF YOUR INVOLVEMENT IN THIS RATE CASE**  
14 **PROCEEDING.**

15 A. On June 28, 2018, the Borough filed Supplement No. 11 to Sewer – Pa. P.U.C. No. 1 with  
16 the PaPUC requesting that its proposed rates become effective on September 1, 2018.  
17 Additionally, the Borough submitted a detailed rate study, with which I assisted, setting  
18 forth the underlying determinants in support of its requested increase in rates. That rate  
19 study is identified as **Borough Exhibit No. 1.**  
20

1 My understanding is that the Commission suspended the rate filing for investigation and  
2 adjudication until April 1, 2019, unless permitted by Commission Order to become effective  
3 at an earlier date. Administrative Law Judge Mary D. Long (“ALJ”) is assigned to hear the  
4 case and to issue a Recommended Decision in this case.

5  
6 The Borough advised the ALJ and complainants that it agreed to enter into mediation in  
7 order to resolve this proceeding; and, the Borough filed Tariff Supplement No. 12 to Sewer-  
8 PA P.U.C. No. 1, suspending Tariff Supplement No. 11 until June 1, 2019. In September  
9 2018, the Sewer Fund requested Dennis M. Kalbarczyk of Utility Rate Resources’  
10 assistance in the pending matter, which services would include, but not be limited to: review  
11 the as-filed rate case, prepare and provide any required updates to its filing in support of the  
12 increase requested, and assist in all subsequent phases of the pending rate investigation  
13 process.

14  
15 **Q. WHAT IS THE STATUS OF THAT PROCESS AS OF THE DATE OF YOUR**  
16 **TESTIMONY HERE?**

17 A. In that regard, I have provided assistance to him during his review process; and, his updated  
18 rate study results have been provided in his direct testimony at Statement DMK-1, to also  
19 include **DMK Exhibit Nos. 1 and 2**. Thus, my direct testimony will provide the results of  
20 the Borough’s as-filed rate study, i.e., **Borough Exhibit No. 1**, to include the development  
21 of the required increase in revenues and rates over that produced under current rates.



1 By way of additional comment, Mr. Kalbarczyk, in his direct testimony, indicated that the  
2 per books historical cost information was well documented and he relied upon that  
3 information in his study. However, he noted that the rate base values and overall rate of  
4 return components required to determine an appropriate level of net income under the  
5 Commission's traditional ratemaking concepts was done in error. He further stated that his  
6 review of the as-filed expense claims also found that some items of expense were either over  
7 or understated and some additional cost items should be included and/or updated so as to  
8 reflect the more appropriate cost on a pro forma going forward basis.

9  
10 Thus, I will defer to Mr. Kalbarczyk's overall findings and recommendations as to the  
11 appropriate level of revenue requirement in this instant proceeding. It is important to note  
12 that his study results indicate a higher revenue increase than that requested under the as-filed  
13 rate study in **Borough Exhibit No. 1**.

14  
15 **Q. DESCRIBE AND SUMMARIZE YOUR RATE STUDY, BOROUGH EXHIBIT**  
16 **NO. 1.**

17 A. The as-filed rate study, i.e., **Borough Exhibit No. 1** contains a full description of the  
18 study approach, along with supporting schedules, and the resultant requested revenue  
19 increase and rates necessary to produce the total revenue requirements. The specific  
20 reasons for the proposed increase are detailed on page 1, which are to provide the  
21 following:

1 1) sufficient revenues to enable it to discharge its duties to furnish conveyance  
2 and treatment services subject to the regulation of the PaPUC, the Pennsylvania  
3 Department of Environmental Protection (“PaDEP”) and the U.S. Environmental  
4 Protection Agency (“EPA”).

5 2) required cash flow necessary to continue to operate, maintain and renew its  
6 facilities and meet its financial obligations; and,

7 3) an opportunity to achieve an adequate return of and on its investment.  
8

9 **Q. PROVIDE A BRIEF OVERVIEW OF THE SEWER FUND.**

10 A. As of year-end 2017, the Sewer Fund provided wastewater services to 3,973  
11 jurisdictional and 3,214 non-jurisdictional customers, a total of 7,187 customers. The  
12 bulk of the customers are residential flat rate customers consisting of 3,524 jurisdictional  
13 and 2,770 non-jurisdictional customers, a total of 6,294. The current flat monthly rate is  
14 \$12.57, which, under proposed rates, would increase to \$16.72 per month, an increase of  
15 \$4.15 or 33%. In other words the flat rate residential customer is charged \$150.84 on an  
16 annual basis under current rates, which would increase to \$200.64 on an annual basis  
17 under proposed rates or a charge of \$.55 per day. The customer levels and associated  
18 revenues under current and proposed rates are more fully detailed in **Borough Exhibit**  
19 **No. 1**, Schedules C and J.

20  
21 A general description of the wastewater treatment facility and collection and conveyance  
22 system facilities are contained in Schedule L and provide specific information related to  
23 the Sludge Press capital project addition estimated then at a cost of \$1,702,350. As Mr.  
24 Kalbarczyk describes in his testimony, the project is now estimated to be completed at a  
25 cost of \$1,570,320.

1   **Q.   PLEASE SUMMARIZE THE SEWER FUND’S PROPOSED REVENUE**  
2   **INCREASE UNDER ITS AS-FILED PROPOSED RATE DESIGN.**

3   A.   The Borough’s as-filed revenues under current and proposed rates are summarized in the  
4   table below and more fully detailed in its filing at **Borough Exhibit No. 1**, Schedule C, page  
5   5.

6

<b>KAD Table-1</b>	<b>Current and Proposed Revenues</b>		
	Borough Exh. 1, Sch. C, pg. 5		
Customer Classes	Current Revenues	Proposed Increase	Proposed Revenues
Outside:			
Residential	\$ 751,752	\$248,078	\$ 999,830
Commercial	428,216	141,311	569,527
Institutional	0	0	0
Industrial	2,039	673	2,712
Totals	\$1,182,007	\$390,062	\$1,572,069
Inside:			
Residential	\$551,111	\$181,867	\$ 732,978
Commercial	215,427	71,091	286,518
Institutional	707,100	233,343	940,443
Industrial	13,810	4,557	18,367
Totals	\$1,487,448	\$490,858	\$1,978,306
Grand Totals	\$2,669,455	\$880,920	\$3,550,375

7

8   **Q.   WHAT IS YOUR RECOMMENDATION WITH REGARD TO THE BOROUGH’S**  
9   **AS-FILED PROPOSED RATES?**

10  A.   As illustrated above, our study recommended an overall increase of \$880,920; and, I am  
11  aware that Mr. Kalbarczyk’s testimony indicated that the as-filed proposed rates were

1 overstated due to rounding and needed to be slightly adjusted so as to produce revenues no  
2 greater than the proposed \$880,920 increase. Further, while his testimony supports a total  
3 increase greater than that under our study, I am aware that under Commission requirements  
4 the final approved jurisdictional revenues and required rates cannot exceed the Borough's  
5 as-filed request. Thus, I am in agreement with Mr. Kalbarczyk's recommendation that the  
6 proposed level of increase to the jurisdictional revenues under current rates of \$1,176,887  
7 should not exceed the adjusted \$388,510 or 33% revenue increase noted in his testimony at  
8 DMK Tables 3 and 4, to produce approximately \$1,565,397 of jurisdictional revenues.

9  
10 In summary, as referenced in Statement DMK-1 at DMK Table-4, his proposed rates will  
11 produce a total increase of \$880,898 which is \$22 below the overall \$880,920 requested  
12 increase; the proportional jurisdictional increase is \$388,510 (44.1% of \$880,898) or  
13 \$1,552 below the \$390,062 as-filed request. The Sewer Fund reserves the right to further  
14 adjust its overall request when appropriate; however, consistent with Commission  
15 requirements the Sewer Fund will not request a jurisdictional revenue increase greater than  
16 that noted above.

17  
18 **Q. PLEASE CONTINUE WITH YOUR OVERVIEW OF THE BOROUGH'S AS-**  
19 **FILED RATE STUDY APPROACH IN THE INSTANT PROCEEDING.**

20 A. The Sewer Fund's as-filed rate study developed its pro forma revenue requirement based  
21 upon the "utility approach," *i.e.*, operation and maintenance expenses, depreciation

1 expenses, and net income claim. My testimony will address the underlying cost elements  
2 used to determine the overall revenue requirement in the as-filed rate study. However, I will  
3 defer to Mr. Kalbarczyk's testimony as to the appropriate revenue requirement and related  
4 cost elements in developing the Borough's overall revenue requirement under the  
5 Commission's traditional ratemaking methodologies.

6  
7 **Q. WHAT DOES YOUR RATE STUDY INCLUDE?**

8 A. Included in the rate study is the development of the pro forma total system and jurisdictional  
9 revenue requirement. Briefly, Schedule D, Statements of Income provides the 2016 and  
10 2017 per books revenues, and by general category related operation and maintenance  
11 expenses (including labor and general payroll taxes) and other related administrative cost,  
12 and depreciation expenses. Schedule D also provides the annualization adjustments I made  
13 to which supporting detail is provided on Schedule N.

14  
15 To the extent Mr. Kalbarczyk determined that the Borough's as-filed adjustments to  
16 specific cost element claims was over/under stated, or failed to reflect a claim for  
17 purposes of developing the overall revenue requirement, and therefore made an  
18 appropriate adjustment, I will defer to his recommendations. To the extent Mr.  
19 Kalbarczyk made no further adjustment, it is my understanding that he reviewed the  
20 underlying detail of the Borough's claim and/or adjustment and accepted same as his  
21 study result for purposes of developing the final cost element claim in his updated study.

1     **Q.   EXPLAIN THE ADJUSTMENTS MADE IN YOUR RATE STUDY ON SCHEDULE**  
2     **D TO INCLUDE SUPPORTING SCHEDULE N.**

3     A.   Schedules D and N provide for the following adjustments to 2017 operating expenses: A  
4     payroll expense adjustment to reflect a January 1, 2018 3% wage increase provided for  
5     under union contract, along with the associated employer share of payroll taxes related to  
6     the payroll increase. Chemical expenses were adjusted to reflect changes in rising costs  
7     and usage. Lastly, the 2018 claim for electric and gas utility expenses were based upon  
8     an annualization of the cost incurred for the first five months of 2018.

9  
10    **Q.   PLEASE CONTINUE WITH AN OVERVIEW OF THE MEASURES OF VALUE**  
11    **AND RATE OF RETURN INFORMATION CONTAINED ON PAGE 8.**

12    A.   The measures of value calculation was based upon major cost elements on the Borough's  
13    2017 Balance Sheet, a total of \$14,198,776 - \$12,082,838 investment in capital, net of debt  
14    (net book value of plant assets, construction work in progress, less capital debt) and  
15    \$2,115,938 cash working capital claim (cash and investments less outstanding payables and  
16    other current liabilities). The anticipated revenue increase was estimated to produce a net  
17    income of \$1,118,828 that when divided by the \$15,079,696 adjusted measures of value  
18    (\$14,198,776 2017 measures of value plus \$880,920 proposed increase) produced a 7.42%  
19    rate of return. Schedules F and G and provide debt cost information related to the  
20    Borough's long term debt and rate of return; however, the information only covered debt  
21    cost and did not include anything related to the Borough's equity value.

1 Mr. Kalbarczyk will address the development of an appropriate overall rate of return and net  
2 income claim, as his testimony explains that the above approach for developing said claim  
3 was not consistent with the Commission's traditional ratemaking approach.  
4

5 **Q. BRIEFLY EXPLAIN SCHEDULE H, DEPRECIATION REPORT.**

6 A. Schedule H of the rate study contains the Summary and detailed pro forma Depreciation  
7 report as of December 31, 2017 for all constructed assets in-service, construction work in  
8 progress, and the accumulated reserves for depreciation on original cost and CIAC assets  
9 by account. See also Schedule E which provides information related to changes in plant  
10 in service values since the Borough's last rate case filing. The Schedule H depreciation  
11 study results are carried forward to the Schedule B 2017 Balance Sheet for purposes of  
12 determining the Original Cost Measures of Value schedule at page 8. Thus, this  
13 information provides the supporting data used in the development of the net income  
14 claim based upon the Original Cost Measures of Value and annual depreciation expense  
15 revenue requirement claims; in other words, the opportunity for the Borough to earn a  
16 return on (profit) and return of (depreciation) their associated cost values.  
17

18 **Q. WHAT IS YOUR OVERALL RECOMMENDATION WITH REGARD TO THE**  
19 **JURISDICTIONAL REVENUE REQUIREMENT AND AS-FILED PROPOSED**  
20 **INCREASE IN RATES?**

1 A. In summary, I am aware that under Commission requirements the final approved  
2 jurisdictional revenues and required rates cannot exceed the Borough's as-filed request.  
3 Thus, I agree with Mr. Kalbarczyk's recommendation that the proposed level of increase to  
4 the jurisdictional revenues under current rates of \$1,176,887 will not exceed the adjusted  
5 \$388,510 or 33% revenue increase noted in his testimony, to produce approximately  
6 \$1,565,397 of jurisdictional revenues under our proposed adjusted rates.

7  
8 Further, given that the Sewer Fund's requested increase to the jurisdictional customers is  
9 lower than that supported by Mr. Kalbarczyk's updated revenue requirement rate study, I  
10 recommend that the ALJ and ultimately the Commission approve Mr. Kalbarczyk's  
11 recommended modified rates as contained in Statement DMK-1, DMK Table-3. As  
12 discussed earlier, the Borough's as-filed rates were slightly overstated due to rounding and  
13 produced a revenue increase greater than requested; URR's proposed modified rates are  
14 slightly reduced to produce a revenue increase not greater than that requested.

15  
16 **Q. DO YOU HAVE ANY OTHER COMMENTS WITH REGARD TO THE INSTANT**  
17 **FILING?**

18 A. Yes, I reserve the right to amend my testimony to reflect changes in the rate case expense  
19 claim as it is impossible for the Sewer Fund to determine ahead of time how much discovery  
20 a rate filing will generate or what issues the other parties may raise. In addition, I reserve  
21 the right to make any other changes that may, or may not, occur as a result of further



1 discussions, including updated cost information, possible stipulated issues and other various  
2 revenue requirement elements that may have an impact on the revenue requirement claim  
3 and proposed rate increase claim.

4

5 **Q. DOES THAT CONCLUDE YOUR TESTIMONY AT THIS TIME?**

6 A. Yes.

---

# **Borough Exhibit No. 1**

The Borough of Indiana  
80 N 8<sup>th</sup> Street, Suite 102  
Indiana, Pennsylvania 15701  
(724) 465-6691 / FAX (724) 463-4177

June 28, 2018

Secretary of the Commission  
Commonwealth of Pennsylvania  
Public Utility Commission  
400 North Street  
Keystone Building, 2<sup>nd</sup> Floor.  
Harrisburg, PA 17120

Re: Borough of Indiana Sewage Treatment Rate Filing  
Docket Number R-2018-\_\_\_\_\_

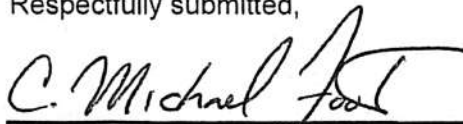
Dear Secretary:

On behalf of the Borough of Indiana please accept the following documents and data in connection with proposed Tariff Supplement No. 11 to Tariff – Water/Wastewater Pa. P.U.C. No. 1 requesting an increase in base rates for all customer classes served by Borough of Indiana Wastewater Treatment Plant.

As required by 52 Pa. Code § 53.51(b) *et seq* the Borough of Indiana is submitting one (1) original of the following documents and information:

1. Tariff or Tariff Supplement No. 11 to Tariff- Water/Wastewater Pa. P.U.C. No. 1.
2. Supporting data and calculations in support of Tariff or Tariff Supplement No. 11 to Tariff – Water/Wastewater Pa. P.U.C. No. 1.
3. Notice to customers of the proposed increase and an affidavit verifying posting of the notice in the company's office and also the mailing of individual notices to all customers.
4. The news release and an affidavit of its distribution to the local news media on 06/25/2018 for publication.
5. An affidavit of the factual nature of all information presented in this filing.

Respectfully submitted,



---

C. Michael Foote / Manager  
Borough of Indiana

cc: Bureau of Investigation and Enforcement (w/enclosures)  
Office of Consumer Advocate (w/enclosures)  
Office of Small Business Advocate (w/enclosures)

Supplement No. 11  
to  
Sewer-PA P.U.C. No. 1

BOROUGH OF INDIANA

Rates, Rules and Regulations Governing the Furnishing of Collection and Sewage  
Treatment Services to Areas of White Township, Indiana County, Pennsylvania  
by the Borough of Indiana

ISSUED: June 28, 2018

EFFECTIVE: September 1, 2018

By: C. Michael Foote (C)  
Borough Manager  
Indiana, Pennsylvania

# NOTICE

THIS TARIFF MAKES INCREASES AND CHANGES IN EXISTING RATES.  
See Page 1A. (C)

Borough of Indiana  
Indiana, Pennsylvania

Supplement No.11 to (C)  
Sewer- PA, P.U.C. No.1  
THIRD REVISED Page No. 1A  
CANCELLING SECOND REVISED Page  
No. 1A

LIST OF CHANGES MADE BY THIS TARIFF

INCREASES

Rates for all classes of service are increased approximately 33% across-  
the-board.

CHANGES

Minor wording changes have been made for clarification.

TABLE OF CONTENTS

Title Page		Supplement No.11	(C)
List of Changes Made by This Tariff	1A	Third Revised	(C)
Table of Contents	2	Fifth Revised	(C)
Rate Schedules	3	Sixth Revised	(C)
Rules and Regulations	7	Original	
Definitions	7	Original	
Article II, Regulating Wastes to be Discharged to the Public Sanitary Sewerage System	9	Original	
Article III, Prohibited Wastes	11	Original	
Billing and Collection	15	Second Revised	
Article VII, Delinquencies, Violations and Remedies	16	Original	

RATE SCHEDULES

FLAT RATE SERVICE:

Monthly Rate

Residential

For service to a single family resident	\$16.72 (I)
For service to an apartment building and/or structure Containing six or less apartment dwelling units: Per apartment dwelling (Billing shall be to property owner or his duly authorized agent at the above unit monthly charge multiplied by the number of apartment units.)	\$16.72 (I)

METER RATE SERVICE:

(Service furnished under this schedule to the classes of  
customers shown below is based on water meter readings for  
service furnished by the Pennsylvania-American Water  
Company (Indiana District) applied to the rate schedule shown  
below.)

Commercial Housing

(Each building or structure housing more than six apartment  
dwelling units and having water service through a single  
meter.)

Commercial (other than housing)

(For service to each commercial establishment having a  
separate metered water service.)

(I) Indicates Increase.

Issued: June 28, 2018

Effective: September 1, 2018

RATE SCHEDULES (cont'd)

METER RATE SERVICE. cont'd.

Public (School, Library, etc.)

(For services to each public customer establishment having a  
separately metered water service.)

Minimum charge, per month	\$16.72 (I)
Consumption Block	Rate
<u>Per Month</u>	<u>Per 1,000 Gallons</u>
First 4,000 Gallons	Minimum Charge
Next 16,000 Gallons	\$4.18 (I)
All over 20,000 Gallons	\$3.46 (I)

INDUSTRIAL SERVICE:

A. Treatment of Sanitary Sewage Wastes Only.

The sewage treatment service charge to industrial customers for treating Sanitary sewage wastes only and not including any industrial waste arising from or created by any processes employed by such industrial customer, shall be based upon the equivalent employees at such industrial locations, as follows:

The number of equivalent employees shall be determined by taking the total man-hours worked at the industrial location being billed during the previous year by all persons working at such location as his base of operation, and dividing these total man-hours by 2,040. The result of this calculation shall be multiplied by \$4.42 to determine the monthly service charge to the industrial customer being billed. (I)

(I) Indicates Increase.  
(C) Indicates Change.

Issued: June 28, 2018

Effective: September 1, 2018



BOROUGH OF INDIANA  
SEWER FUND  
Indiana, Pennsylvania

RATE STUDY AND DATA  
IN SUPPORT OF  
PROPOSED SUPPLEMENT NO.11  
TO  
TARIFF SEWER-PA. P.U.C. NO.1

80 N 8<sup>th</sup> Street, Suite 102  
Indiana, Pennsylvania

BOROUGH OF INDIANA

SEWER FUND

TABLE OF CONTENTS

Subsection  
53.52 of  
Tariff  
Regulations

(a)(1) & (b)(1) (b)(2)	Specific Reasons for Proposed Increase in Sewer Rates..... 1 Total Number of Customers Served Inside and Outside the Borough .....3
(a)(3) through (a) (11) (b)(4) & (c)(5)	Statement of the Effect of the Proposed Tariff Changes on the Utility's Customers.....4 Statement of Operating Revenues for the Twelve Months Ended December 31, 2017 and the Proposed Revenue Increase by Customer Classification (Schedule C).....5
(b)(2) & (c)(1)	Statement of the Calculation of the Operating Residual Under Present Rates for the Twelve Months Ended December 31, 2017 and the Anticipated Operating Residual Under Proposed Rates (Schedule D) .....6
(b)(5) (b)(6)	Number of Customers Whose Bills Will be Decreased .....7 Calculation of Total Revenue Decrease Under the Proposed Rates Projected to an Annual Basis.....7
(c)(1)	Original Cost Measure of Value as of December 31, 2017.....8 Rate of Return Measure of Value as of December 31, 2017.....8
(c)(2) (c)(1) through (c)(4)	Balance Sheet as of December 31, 2017 (Schedule B).....9 Summary by Detailed Plant Accounts of the Book Value of Sewer Utility Plant in Service and Depreciation as of December 31, 2017 (Schedule H).....10
(c)(6)	Plant in Service – Changes Since last Rate increase (Schedule E).....14 Annualization Adjustments to Expenses under Present Rates.....15 Capital Structure Schedule (Schedule F).....16 Rate of Return Schedule (Schedule G) .....17

Schedules

A	General Information..... 18
B	Balance Sheets.....9
C	Statements of Revenues.....5
D	Statements of Income.....6
E	Plant in Service – Changes Since Last Rate Case.....14
F	Capital Structure.....16
G	Rate of Return.....17
H	Depreciation Schedule.....10-13
I	Typical Wastewater Bills.....19
J	Billing Analysis.....3-4
K	Revenue and Expenses (Cash Basis from Audit).....20
L	Treatment Plant Description and Construction in Progress.21-22
M	Job Descriptions, Wages Salaries, and Benefits.....23
N	Capital improvement Plan.....24

BOROUGH OF INDIANA - SEWER FUND  
SPECIFIC REASONS FOR PROPOSED INCREASE IN SEWER RATES

Pursuant to Subsection 53.52(a)(1) and (b)(1) of Tariff Regulations

The Borough of Indiana (Borough) submits herewith the data required under 52 PA Code § 53.52 of the Pennsylvania Public Utility Commission Tariff Regulations in support of the proposed rates under Supplement No.11 to Tariff Sewer-Pa. P.U.C. No.1. The supporting data for the tariff revision is for the twelve-month period ended December 31, 2017. The last rate revision was effective October, 2002, based on a test year ended December 31, 2001. The proposed rate and percentage increase is the same for all customers within our service area and will have no effect on services provided.

The revenue requirement requested in this rate filing includes operation and maintenance expenses from the Borough's sewer treatment fund, depreciation expense, and a return on the Borough's investment in sewer plant facilities.

The specific reasons for the Borough of Indiana's proposal to increase its rates for sewer service are as follows:

- (a) To provide sufficient revenues to enable it to properly discharge its public duty to furnish sewage conveyance and treatment services pursuant to the standards prescribed and enforced by the PA Department of Environmental Protection and the Federal Environmental Protection Agency;
  - (b) To provide the cash flow necessary to continue to operate, maintain and renew its facilities properly and meet its financial obligations;
- and

- (c) To afford the opportunity to achieve an adequate return of and on its investment in wastewater property.

#### REVENUE REQUIREMENTS - UTILITY BASIS

On May 9, 2002, the Pennsylvania Public Utility Commission approved its Bureau of Audits Original Cost Study for the Borough of Indiana's Wastewater Utility Plant at December 31, 2001. The last PUC filing calculated a revenue requirement on a rate base incorporating the Commission's study adjusted for additions and retirements of plant that had occurred through December 31, 2001. This study has been updated to include capital improvements and retirements from January 1, 2002 through December 31, 2017. The changes total \$19,340,080 bringing the total cost of facilities to \$29,270,933 as shown on the Depreciation Schedule H on page 13.

#### PROPOSED RATES

Under Supplement NO.11 to Tariff Sewer-Pa. P.U.C. No.1, an increase in general service sewer rates for each classification is proposed which would provide a 33% increase in revenues from all customers, both inside and outside of the Borough's jurisdiction. The bill for a typical residential customer would increase from \$12.57 per month to \$16.72 per month or 33%. Refer to page 3 for the increases by classification for inside-Borough and outside-Borough customers.

The data presented in support of proposed Supplement No.11 to Tariff Sewer-Pa. P.U.C. No.1 clearly indicates that the level of revenues from the Borough of Indiana's present sewer rates is inadequate, and immediate rate relief is necessary. It is essential that the rates proposed under Supplement No.11 to Tariff Sewer-Pa. P.U.C. No.1 become effective as soon as possible, so that the Borough of Indiana can recover the total cost of rendering sewer service and to provide its customers with efficient, safe and reliable service.

BOROUGH OF INDIANA  
SEWER FUND  
TOTAL NUMBER OF CUSTOMERS SERVED INSIDE AND OUTSIDE THE BOROUGH

Pursuant to Subsection 53.52 (b) (2) of Tariff Regulations

As of December 31, 2016 and 2017

Customer Classification (1)	2016		2017	
	Inside Borough (2)	Outside Borough (3)	Inside Borough (4)	Outside Borough (5)
Residential	2,765	3,529	2770	3524
Commercial	449	447	441	448
Industrial	2	1	2	1
Indiana University of PA	1	0	1	0
<b>Total</b>	<b>3,217</b>	<b>3,977</b>	<b>3,316</b>	<b>3,973</b>

NUMBER OF CUSTOMERS WHOSE BILLS WILL INCREASE INSIDE AND OUTSIDE BOROUGH  
Pursuant to Subsection 53.52 (a)(3) and (b)(3) of Tariff Regulations

As of December 31, 2017

<u>Customer Classification</u>	<u>Inside Borough</u>	<u>Outside Borough</u>
Residential-(Flat rate customers)	2770	3524
Commercial (# Customers)	441	448
Consumption in Gallons	67,959,000	153,423,442
Industrial (# Customers)	2	1
IUP (per agreement)	1	0
<u>Customer Revenue</u>	<u>Inside Borough</u>	<u>Outside Borough</u>
Residential-(Flat rate customers)	\$ 551,111	\$ 751,752
Commercial	\$ 215,427	\$ 428,216
Commercial (Consumption in Gallons)	67,959,000	153,423,442
Industrial (billed per man hour)	\$ 13,809	\$ 2,039
IUP (per agreement)	\$ 707,100	\$ 0

PROJECTED (PROPORTIONAL 33% ) INCREASE IS PROPOSED FOR ALL CUSTOMERS AND CLASSES

<u>Customer Revenue</u>	<u>Inside Borough</u>	<u>Outside Borough</u>
Residential-(Flat rate customers)	\$ 181,867	\$ 248,078
Commercial	\$ 71,090	\$ 141,311
Industrial (billed per man hour)	\$ 4,557	\$ 673
IUP (per agreement)	<u>\$ 233,343</u>	<u>\$ 0</u>
<b>Total</b>	<b>\$ 490,857</b>	<b>\$ 390,062</b>

BOROUGH OF INDIANA - SEWER FUND

STATEMENT OF THE EFFECT OF THE PROPOSED  
TARIFF CHANGES ON THE UTILITY'S CUSTOMERS

Pursuant to Subsection 53.52(a)(4) through (a)(11)  
of Tariff Regulations

- (a)(4): The proposed tariff changes will increase all customers' rates for inside- and outside-Borough sewage service by 33 percent. The overall increase in revenues is approximately 32.18 percent.
- (a)(5): Refer to page 9 in response to Subsection 53.52(c)(1), for the effect of the proposed tariff changes on the Borough's revenues and expenses.
- (a)(6): The proposed tariff changes will not change the service rendered by the Borough.
- (a)(7): Not applicable.
- (a)(8): Not applicable.
- (a)(9): Customer polls were not taken to indicate customer acceptance and desire for the proposed tariff changes. However, the proposed rate of \$16.72 is well below the typical wastewater rate, as seen on the graph produced by the American Water Works Association as seen on Schedule I on page 16. The tariff changes are in the public interest as stated in response to Subsection 53.52(a)(1) of the tariff regulations.
- (a)(10): The Borough of Indiana will implement the proposed tariff changes upon the Commission's approval.
- (a)(11): Not applicable.

Name of Utility: Borough of Indiana Sewer Fund

## Statements of Revenues

INSIDE BOROUGH	Number of Customers for the Test Year Ended 12/31/2017		Actual Revenues for the Year Ended 12/31		Annualization adjustments (5)	Totals as Annualized (6=5+4)	Proposed Increase (7)	Totals after Increase (8=6+7)
	Beginning of year (1)	End of year (2)	Prior Year 2016 (3)	Test Year 2017 (4)				
	CUSTOMER CLASS							
Metered Sales:								
522.1 Residential			\$ -	\$ -		\$ -		\$ -
522.2 Commercial	449	441	\$ 214,474	\$ 215,427		\$ 215,427	\$ 71,091	\$ 286,518
522.3 Industrial				\$ -		\$ -		\$ -
SUB TOTAL	449	441	\$ 214,474	\$ 215,427	\$ -	\$ 215,427	\$ 71,091	\$ 286,518
Unmetered Sales:								
521.1 Residential	2,765	2,770	\$ 550,381	\$ 551,111		\$ 551,111	\$ 181,867	\$ 732,978
521.2 Commercial (IUP)	1	1	\$ 707,100	\$ 707,100		\$ 707,100	\$ 233,343	\$ 940,443
521.3 Industrial	2	2	\$ 14,370	\$ 13,810		\$ 13,810	\$ 4,557	\$ 18,367
521.6 Other				\$ -		\$ -		\$ -
SUB-TOTAL	2,768	2,773	\$ 1,271,851	\$ 1,272,021	\$ -	\$ 1,272,021	\$ 419,767	\$ 1,691,788
532.0 Penalties and Forfeitures						\$ -		\$ -
536.0 Other Revenue			\$ 25,631	\$ 22,227		\$ 22,227		\$ 22,227
<b>TOTAL INSIDE REVENUE</b>			<b>\$ 1,511,956</b>	<b>\$ 1,509,675</b>	<b>\$ -</b>	<b>\$ 1,509,675</b>	<b>\$ 490,858</b>	<b>\$ 2,000,533</b>
OUTSIDE BOROUGH	Number of Customers for the Test Year Ended 12/31/2017		Actual Revenues for the Year Ended 12/31		Annualization adjustments (5)	Totals as Annualized (6=5+4)	Proposed Increase (7)	Totals after Increase (8=6+7)
	Beginning of year (1)	End of year (2)	Prior Year 2016 (3)	Test Year 2017 (4)				
	CUSTOMER CLASS							
Metered Sales:								
522.1 Residential			\$ -	\$ -		\$ -		\$ -
522.2 Commercial	447	448	\$ 426,323	\$ 428,216		\$ 428,216	\$ 141,311	\$ 569,527
522.3 Industrial				\$ -		\$ -		\$ -
SUB TOTAL	447	448	\$ 426,323	\$ 428,216	\$ -	\$ 428,216	\$ 141,311	\$ 569,527
Unmetered Sales:								
521.1 Residential	3,529	3,524	\$ 750,756	\$ 751,752		\$ 751,752	\$ 248,078	\$ 999,830
521.2 Commercial (IUP)	0	0	\$ -	\$ -		\$ -	\$ -	\$ -
521.3 Industrial	1	1	\$ 2,122	\$ 2,039		\$ 2,039	\$ 673	\$ 2,712
521.6 Other				\$ -		\$ -		\$ -
SUB-TOTAL	3,530	3,525	\$ 752,878	\$ 753,791	\$ -	\$ 753,791	\$ 248,751	\$ 1,002,542
532.0 Penalties and Forfeitures						\$ -		\$ -
536.0 Other Revenue			\$ 37,247	\$ 45,964		\$ 45,964		\$ 45,964
<b>TOTAL OUTSIDE REVENUE</b>			<b>\$ 1,216,448</b>	<b>\$ 1,227,971</b>	<b>\$ -</b>	<b>\$ 1,227,971</b>	<b>\$ 390,062</b>	<b>\$ 1,618,033</b>
<b>GRAND TOTAL REVENUE</b>			<b>\$ 2,728,404</b>	<b>\$ 2,737,646</b>	<b>\$ -</b>	<b>\$ 2,737,646</b>	<b>\$ 880,920</b>	<b>\$ 3,618,566</b>

Name of Utility: Borough of Indiana Sewer Fund

Statements of Income

	Actual for the Year Ended 12/31		Annualization Adjustments	Totals as Annualized	Proposed Increase	Totals after Increase
	Prior Year 2016 (1)	Test Year 2017 (2)				
<b>Total Revenue: 1</b>	\$ 2,728,404	\$ 2,737,646	\$ -	\$ 2,737,646	\$ 880,920	\$ 3,618,566
<b>Operating Expenses:</b>						
701.0 Operating Labor	\$ 177,958	\$ 183,888	\$ 5,517	\$ 189,405		\$ 189,405
720.0 Operating Supplies	\$ 145,137	\$ 79,443		\$ 79,443		\$ 79,443
701.0 Maintenance Labor	\$ 348,579	\$ 459,185	\$ 13,776	\$ 472,961		\$ 472,961
704.0 Employee Benefits	\$ 206,569	\$ 214,585		\$ 214,585		\$ 214,585
720.0 Maintenance Supplies	\$ 88,086	\$ 95,205		\$ 95,205		\$ 95,205
711.0 Sludge Removal	\$ 117,877	\$ 115,429		\$ 115,429		\$ 115,429
715.0 Purchased Power (Utility - Electric)	\$ 239,976	\$ 204,065	\$ 68,234	\$ 272,299		\$ 272,299
716.0 Fuel for Power (Utility - Gas)	\$ 17,374	\$ 14,482	\$ 3,775	\$ 18,257		\$ 18,257
731.0 Contracted Svc - Engineer	\$ 32,724	\$ 36,845		\$ 36,845		\$ 36,845
732.0 Contracted Svc - Accounting	\$ 7,000	\$ 3,333		\$ 3,333		\$ 3,333
733.0 Contracted Svc - Other	\$ 21,938	\$ 27,180		\$ 27,180		\$ 27,180
735.0 Testing Expense	\$ 32,388	\$ 35,881		\$ 35,881		\$ 35,881
718.0 Chemicals	\$ 107,598	\$ 110,143	\$ 22,857	\$ 133,000		\$ 133,000
750.0 Transportation (Vehicles)	\$ 9,621	\$ 7,202		\$ 7,202		\$ 7,202
757.0 Insurance - Gen Liability	\$ 41,505	\$ 47,594		\$ 47,594		\$ 47,594
758.0 Insurance - Workers Comp	\$ 86,022	\$ 88,092		\$ 88,092		\$ 88,092
701.0 General Office Salaries	\$ 101,825	\$ 120,877	\$ 3,626	\$ 124,503		\$ 124,503
775.0 General Office Expenses	\$ 44,551	\$ 41,786		\$ 41,786		\$ 41,786
403.0 Depreciation Expense	\$ 558,158	\$ 555,986		\$ 555,986		\$ 555,986
775.0 Other Misc. Expenses	\$ 4,987	\$ 7,362		\$ 7,362		\$ 7,362
<b>Taxes:</b>						
409.0 State Income Taxes				\$ -		\$ -
409.0 Federal Income Taxes				\$ -		\$ -
408.0 All Other Taxes (Payroll)	\$ 41,633	\$ 51,175	\$ 9,020	\$ 60,195		\$ 60,195
<b>Total Expenses</b>	\$ 2,431,506	\$ 2,499,738	\$ 126,805	\$ 2,626,543	\$ -	\$ 2,626,543
<b>Net Operating Income</b>	\$ 296,898	\$ 237,908	\$ (126,805)	\$ 111,103	\$ 880,920	\$ 992,023
421.0 Non-Operating Income	\$ 30,018	\$ 28,350		\$ 28,350		\$ 28,350
<b>Non-Operating Deductions:</b>						
426.0 Other				\$ -		\$ -
427.0 Interest	\$ 215,482	\$ 188,148		\$ 188,148		\$ 188,148
<b>Net Income</b>	\$ 111,434	\$ 78,110	\$ (126,805)	\$ (48,695)	\$ 880,920	\$ 832,225

1. Carried over from Statements of Revenues



BOROUGH OF INDIANA - SEWER FUND

NUMBER OF CUSTOMERS WHOSE BILLS WILL BE DECREASED

Pursuant to Subsection 53.52(b)(5) of Tariff Regulations

Under the proposed rates, no customers' bills will be decreased for sewer service.

CALCULATION OF TOTAL REVENUE DECREASE  
UNDER THE PROPOSED RATES PROJECTED TO AN ANNUAL BASIS

Pursuant to Subsection 53.52(b)(6) of Tariff Regulations

Under the proposed rates, operating revenues for sewer service will not decrease.

The Borough of Indiana Sewer Fund  
 Calculation of the Rate of Return Under Present and Proposed Rates

Pursuant to Subsection 53.52 (b) (2) and (c) (1) of Tariff Regulations

	Actual for the Year Ended 12/31 <u>Test Year 2017</u>	Proposed Increase	Under Proposed Rates
Net Operating Income (Per Schedule D)	237,908	880,920	1,118,828
Original Cost Measure of Value	14,198,776	880,920	15,079,696
Rate of Return	1.68%		7.42%

The Borough of Indiana Sewer Fund  
 Original Cost Measure Value as of December 31, 2017

Pursuant to Subsection 53.52 (c) (1) of Tariff Regulations

	Per Schedule B <u>As of 12/31/17</u>
Original Cost of Utility Plant In Service	27,819,199
ADD: Construction Work in Progress	1,451,734
LESS: Accumulated Depreciation	(12,000,627) *
LESS: Capital Debt	<u>(5,187,468)</u>
Investment in Capital, Net Debt	<u>12,082,838</u>
Cash and Investments	2,092,205
Payables and Other Current Liabilities	<u>(23,733)</u>
Cash Working Capital	<u>2,115,938</u>
Total Original Cost Measure of Value	14,198,776

\* See attached detailed depreciation schedule titled "Book Asset Detail 01/01/17 - 12/31/17" on pages 10-12.

Name of Utility: Borough of Indiana Sewer Fund

## BALANCE SHEETS

<u>ASSETS</u>	End of Test Year 12/31/2017	End of Prior Year 12/31/2016
<u>UTILITY PLANT</u>		
101.0 Utility Plant in Service	\$ 27,819,199	\$ 27,756,862
105.0 Construction Work In Progress	\$ 1,451,734	\$ 50,443
114.0 Utility Plant Acquisition Adjustment		
TOTAL UTILITY PLANT	\$ 29,270,933	\$ 27,807,305
108.1 Less: Accumulated Depreciation	\$ 12,000,627	\$ 11,444,641
NET UTILITY PLANT	\$ 17,270,306	\$ 16,362,664
<u>CURRENT ASSETS</u>		
131.1 Cash and Investments	\$ 2,092,205	\$ 3,680,268
141.0 Accounts Receivable	\$ 332,764	\$ 450,585
144.0 Notes Receivable		
151.0 Materials and Supplies		
162.0 Prepayments		
174.0 Other Current Assets		
TOTAL CURRENT ASSETS	\$ 2,424,969	\$ 4,130,853
<u>OTHER ASSETS and DEFERRED CHARGES</u>		
186.0 Deferred Debt Expense		
186.0 Deferred Charges/Debits		
186.0 Other		
TOTAL OTHER ASSETS and DEFERRED CHARGES	\$ -	\$ -
<u>TOTAL ASSETS</u>	\$ 19,695,275	\$ 20,493,517

Name of Utility: Borough of Indiana Sewer Fund

## BALANCE SHEETS

<u>LIABILITIES &amp; EQUITY</u>	End of Test Year 12/31/2017	End of Prior Year 12/31/2016
<u>STOCKHOLDERS' EQUITY</u>		
201.0 Common Stock		
211.0 Capital in Excess of Par Value		
215.0 Retained Earnings	\$ 14,484,074	\$ 14,405,964
TOTAL STOCKHOLDERS' EQUITY	\$ 14,484,074	\$ 14,405,964
<u>LONG-TERM DEBT</u>		
224.0 Long-term debt, excluding current portion	\$ 4,327,822	\$ 5,172,815
<u>CURRENT LIABILITIES</u>		
Current Portion of Long-term Debt	\$ 859,646	\$ 821,372
231.0 Accounts Payable	\$ 6,258	\$ 75,891
232.0 Notes Payable		
236.0 Accrued Taxes		
237.0 Accrued Interest		
241.0 Other Current Liabilities	\$ 17,475	\$ 17,475
TOTAL CURRENT LIABILITIES	\$ 883,379	\$ 914,738
<u>OTHER LIABILITIES and DEFERRED CREDITS</u>		
252.0 Advances for Construction		
253.0 Other Deferred Credits		
255.0 Deferred Investment Tax Credits		
271.0 Contributions in Aid of Construction		
282.0 Deferred Inc. Taxes - Lib. Depr.		
TOTAL OTHER LIABILITIES and DEFERRED CREDITS	\$ -	\$ -
<u>TOTAL LIABILITIES &amp; EQUITY</u>	\$ 19,695,275	\$ 20,493,517

SUMMARY OF ORIGINAL COST AND DEPRECIATION OF SEWER UTILITY PLANT AS OF DECEMBER 31, 2017

ACCOUNT	DESCRIPTION	ORIGINAL COST	ACCUMULATED DEPRECIATION
353.00	Land and Land Rights	2,550.00	0.00
354.00	Structures and Improvements	3,016,332.88	2,350,971.91
355.00	Power Generation Equipment	176,091.00	176,091.00
361.00	Collection Sewers - Gravity	18,651,479.44	5,259,754.85
362.00	Special Collecting Structures	57,824.97	57,824.97
364.00	Flow Metering Devices	46,925.00	46,925.00
371.00	Pumping Equipment	280,139.40	280,139.80
380.10	Treatment and Disposal Equipment	4,299,712.07	2,004,023.41
380.20	Treatment and Disposal Equipment - Chemical	1,455,524.88	729,844.40
381.00	Plant Sewers	475,900.00	401,683.21
382.00	Outfall Sewer Lines	51,833.00	19,735.68
390.00	Office Furniture and Equipment	40,054.00	40,054.00
390.01	Office Furniture and Equipment - Computers	90,827.67	90,827.67
391.00	Transportation Equipment	291,522.43	272,886.43
393.00	Tools, Shop and Garage Equipment	52,187.84	52,187.84
394.00	Laboratory Equipment	86,661.94	85,236.21
395.00	Power Operated Equipment	98,037.97	36,219.48
396.00	Communication Equipment	36,563.51	36,563.51
397.00	Miscellaneous Equipment	60,765.00	59,660.63
	<b>SUBTOTAL</b>	<b>29,270,933.00</b>	<b>12,000,630.00</b>
<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b>			
354.00	Structures and Improvements	2,124,699.00	2,124,699.00
355.00	Power Generation Equipment	17,458.00	17,458.00
361.00	Collection Sewers - Gravity	610,279.58	591,819.77
362.00	Special Collecting Structures	2,127.66	2,127.66
364.00	Flow Metering Devices	29,733.00	29,733.00
371.00	Pumping Equipment	109,657.00	109,657.00
380.10	Treatment and Disposal Equipment	2,583,927.00	1,833,662.33
380.20	Treatment and Disposal Equipment - Chemical	880,583.00	691,064.40
381.00	Plant Sewers	448,200.00	401,683.21
394.00	Laboratory Equipment	227.00	227.00
	<b>SUBTOTAL</b>	<b>6,806,891.24</b>	<b>5,802,131.37</b>
	<b>TOTAL UTILITY PLANT NET CAPITAL CONTRIBUTIONS</b>	<b>\$ 22,464,041.76</b>	<b>\$ 6,198,498.63</b>

Book Asset Detail 1/01/17 - 12/31/17

FYE: 12/31/2017

Asset Id	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
<b>Group:</b>											
1	Pretreatment Additions	7/01/93	2,701.00	0.00	0.00	2,701.00	0.00	2,701.00	0.00	S/L	5.00
2	Pretreatment Additions	7/01/94	2,224.00	0.00	0.00	2,224.00	0.00	2,224.00	0.00	S/L	5.00
3	Pretreatment Additions	7/01/95	744.00	0.00	0.00	744.00	0.00	744.00	0.00	S/L	5.00
4	Pretreatment Additions	7/01/96	5,224.00	0.00	0.00	5,224.00	0.00	5,224.00	0.00	S/L	5.00
5	Pretreatment Additions	7/01/02	1,605.00	0.00	0.00	1,605.00	0.00	1,605.00	0.00	S/L	5.00
6	Pretreatment Additions	7/01/03	1,629.00	0.00	0.00	1,629.00	0.00	1,629.00	0.00	S/L	5.00
	<b>No Group</b>		<b>14,127.00</b>	<b>0.00c</b>	<b>0.00</b>	<b>14,127.00</b>	<b>0.00</b>	<b>14,127.00</b>	<b>0.00</b>		
<b>Group: Construction in Progress</b>											
70	Sludge Press Upgrades (2016)	12/31/16	50,442.83	0.00	0.00	0.00	0.00	0.00	50,442.83	CIP	0.0
71	Sludge Press Upgrade (2017)	12/31/17	1,401,291.03	0.00c	0.00	0.00	0.00	0.00	1,401,291.03	CIP	0.0
	<b>Construction in Progress</b>		<b>1,451,733.86</b>	<b>0.00c</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,451,733.86</b>		
<b>Group: Equipment</b>											
15	Equipment	1/01/79	7,404.00	0.00	0.00	7,404.00	0.00	7,404.00	0.00	S/L	5.00
16	Equipment	1/01/80	11,102.00	0.00	0.00	11,102.00	0.00	11,102.00	0.00	S/L	5.00
17	Equipment	1/01/81	17,385.00	0.00	0.00	17,385.00	0.00	17,385.00	0.00	S/L	5.00
18	Equipment	1/01/83	17,806.00	0.00	0.00	17,806.00	0.00	17,806.00	0.00	S/L	5.00
19	Equipment	1/01/84	5,094.00	0.00	0.00	5,094.00	0.00	5,094.00	0.00	S/L	5.00
20	Equipment	1/01/85	42,646.00	0.00	0.00	42,646.00	0.00	42,646.00	0.00	S/L	5.00
21	Equipment	1/01/86	31,499.00	0.00	0.00	31,499.00	0.00	31,499.00	0.00	S/L	5.00
22	Equipment	1/01/88	7,250.00	0.00	0.00	7,250.00	0.00	7,250.00	0.00	S/L	5.00
23	Equipment	1/01/90	61,128.00	0.00	0.00	61,128.00	0.00	61,128.00	0.00	S/L	5.00
25	Air Conditioner	1/01/92	5,100.00	0.00	0.00	5,100.00	0.00	5,100.00	0.00	S/L	5.00
26	Equipment	1/01/93	45,722.00	0.00	0.00	45,722.00	0.00	45,722.00	0.00	S/L	5.00
27	Equipment	1/01/94	3,624.00	0.00	0.00	3,624.00	0.00	3,624.00	0.00	S/L	5.00
28	Equipment	1/01/95	55,449.00	0.00	0.00	55,449.00	0.00	55,449.00	0.00	S/L	5.00
29	Equipment	1/01/96	65,023.00	0.00	0.00	65,023.00	0.00	65,023.00	0.00	S/L	5.00
30	Equipment	1/01/96	17,531.00	0.00	0.00	17,531.00	0.00	17,531.00	0.00	S/L	5.00
31	Equipment	1/01/96	12,801.00	0.00	0.00	12,801.00	0.00	12,801.00	0.00	S/L	5.00
32	Equipment	1/01/97	216,740.00	0.00	0.00	216,740.00	0.00	216,740.00	0.00	S/L	5.00
33	Equipment	1/01/98	72,620.00	0.00	0.00	72,620.00	0.00	72,620.00	0.00	S/L	5.00
34	Equipment	1/01/99	76,851.00	0.00	0.00	76,851.00	0.00	76,851.00	0.00	S/L	5.00
35	Equipment	7/01/00	63,807.00	0.00	0.00	63,807.00	0.00	63,807.00	0.00	S/L	5.00
36	Equipment	7/01/01	125,466.00	0.00	0.00	125,466.00	0.00	125,466.00	0.00	S/L	5.00
37	Equipment	7/01/02	48,664.00	0.00	0.00	48,664.00	0.00	48,664.00	0.00	S/L	5.00
38	Equipment	7/01/03	38,780.00	0.00	0.00	38,780.00	0.00	38,780.00	0.00	S/L	5.00
39	Equipment	7/01/03	23,165.00	0.00	0.00	23,165.00	0.00	23,165.00	0.00	S/L	5.00
40	Equipment	7/01/04	21,451.00	0.00	0.00	21,451.00	0.00	21,451.00	0.00	S/L	5.00
44	Grundfos Pump	11/21/06	3,129.95	0.00	0.00	3,129.95	0.00	3,129.95	0.00	S/L	5.00
46	UV System - Lamp	10/23/07	20,657.59	0.00	0.00	18,936.13	1,721.46	20,657.59	0.00	S/L	10.00
47	Sterilizer	8/09/07	4,968.77	0.00	0.00	4,678.95	289.82	4,968.77	0.00	S/L	10.00
48	Comminutor Service Exchange	5/04/07	28,498.00	0.00	0.00	27,548.07	949.93	28,498.00	0.00	S/L	10.00
49	Boiler	8/13/08	3,667.88	0.00	0.00	3,087.15	366.79	3,453.94	213.94	S/L	10.00
52	Plow/Spreader	7/21/09	6,975.00	0.00	0.00	5,173.13	697.50	5,870.63	1,104.37	S/L	10.00

Book Asset Detail 1/01/17 - 12/31/17

FYE: 12/31/2017

Asset	Property Description	Date In Service	Book Cost	Book Sec 179 Exp	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
<b>Group: Equipment (continued)</b>											
53	Dumpster w/ Filter	9/22/09	31,925.00	0.00	0.00	23,145.63	3,192.50	26,338.13	5,586.87	S/L	10.00
57	Channel Monster & Install	12/14/09	33,404.89	0.00	0.00	23,661.80	3,340.49	27,002.29	6,402.60	S/L	10.00
62	Model 4700 Refrigerated Sampler	2/04/11	4,624.00	0.00	0.00	2,735.87	462.40	3,198.27	1,425.73	S/L	10.00
63	SCADA Workstation Computer	6/17/11	4,826.51	0.00	0.00	4,826.51	0.00	4,826.51	0.00	S/L	5.00
64	Autoclave	9/01/12	6,165.00	0.00	0.00	5,343.00	822.00	6,165.00	0.00	S/L	5.00
65	Muffin Monster	4/12/12	32,900.00	0.00	0.00	15,627.50	3,290.00	18,917.50	13,982.50	S/L	10.00
66	Muffin Monster/Gear Reducer	12/03/12	35,775.00	0.00	0.00	14,608.13	3,577.50	18,185.63	17,589.37	S/L	10.00
67	UV Light	4/16/13	40,964.73	0.00	0.00	15,020.39	4,096.47	19,116.86	21,847.87	S/L	10.00
68	Comminutor	2/03/15	39,926.00	0.00	0.00	7,652.48	3,992.60	11,645.08	28,280.92	S/L	10.00
72	JCB Wheeled Loader	12/01/17	62,337.00	0.00c	0.00	0.00	519.48	519.48	61,817.52	S/L	10.00
	<b>Equipment</b>		<b>1,454,853.32</b>	<b>0.00c</b>	<b>0.00</b>	<b>1,269,282.69</b>	<b>27,318.94</b>	<b>1,296,601.63</b>	<b>158,251.69</b>		
<b>Group: Land</b>											
41	Land	7/01/73	2,550.00	0.00	0.00	0.00	0.00	0.00	2,550.00	Land	0.00
	<b>Land</b>		<b>2,550.00</b>	<b>0.00c</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2,550.00</b>		
<b>Group: Plant</b>											
1	Original Plant	7/01/73	2,282,986.00	0.00	0.00	1,986,197.82	45,659.72	2,031,857.54	251,128.46	S/L	50.00
2	Plant Addition	7/01/82	297,638.00	0.00	0.00	205,370.22	5,952.76	211,322.98	86,315.02	S/L	50.00
3	Plant Addition	7/01/82	2,464,103.00	0.00	0.00	1,700,231.07	49,282.06	1,749,513.13	714,589.87	S/L	50.00
4	Plant Addition	7/01/82	565,751.00	0.00	0.00	390,368.19	11,315.02	401,683.21	164,067.79	S/L	50.00
5	Plant Addition	7/01/86	11,298.00	0.00	0.00	6,891.78	225.96	7,117.74	4,180.26	S/L	50.00
6	Plant Addition	7/01/82	118,520.00	0.00	0.00	81,778.80	2,370.40	84,149.20	34,370.80	S/L	50.00
9	Plant Addition	7/01/98	1,771,960.00	0.00	0.00	655,625.20	35,439.20	691,064.40	1,080,895.60	S/L	50.00
10	Plant Addition	7/01/99	4,662.00	0.00	0.00	1,631.70	93.24	1,724.94	2,937.06	S/L	50.00
11	Plant Addition	7/01/00	262,222.00	0.00	0.00	86,533.26	5,244.44	91,777.70	170,444.30	S/L	50.00
45	Shed	11/15/06	2,648.00	0.00	0.00	1,794.72	176.53	1,971.25	676.75	S/L	15.00
50	Concrete at Treatment Plant	10/22/08	3,177.00	0.00	0.00	2,594.55	317.70	2,912.25	264.75	S/L	10.00
59	Treatment Plant Roof	8/01/10	51,750.00	0.00	0.00	6,641.25	1,035.00	7,676.25	44,073.75	S/L	50.00
	<b>Plant</b>		<b>7,836,715.00</b>	<b>0.00c</b>	<b>0.00</b>	<b>5,125,658.56</b>	<b>157,112.03</b>	<b>5,282,770.59</b>	<b>2,553,944.41</b>		
<b>Group: Sewer System</b>											
7	Water/waste system construction	7/01/92	1,128,285.00	0.00	0.00	552,859.65	22,565.70	575,425.35	552,859.65	S/L	50.00
8	Manhole #45	7/01/93	33,458.00	0.00	0.00	15,725.26	669.16	16,394.42	17,063.58	S/L	50.00
12	Improvements per DEP	7/01/03	14,488,438.00	0.00	0.00	3,911,878.26	289,768.76	4,201,647.02	10,286,790.98	S/L	50.00
13	Construction	7/01/03	388,432.00	0.00	0.00	104,876.64	7,768.64	112,645.28	275,786.72	S/L	50.00
14	Construction	7/01/05	38,226.00	0.00	0.00	8,791.98	764.52	9,556.50	28,669.50	S/L	50.00
42	Construction: Cap Interest	1/01/06	417,692.97	0.00	0.00	91,892.46	8,353.86	100,246.32	317,446.65	S/L	50.00
54	Cherry Avenue Project	7/01/09	53,538.29	0.00	0.00	8,030.77	1,070.77	9,101.54	44,436.75	S/L	50.00
55	Marsh/Whites Run Project	6/30/10	57,250.38	0.00	0.00	7,442.56	1,145.01	8,587.57	48,662.81	S/L	50.00
56	Wayne Avenue Project	7/01/11	76,899.48	0.00	0.00	8,458.94	1,537.99	9,996.93	66,902.55	S/L	50.00
58	Wayne Avenue Project	7/01/11	1,650,684.81	0.00	0.00	181,575.35	33,013.70	214,589.05	1,436,095.76	S/L	50.00
61	Wayne Avenue Project	7/01/11	12,037.39	0.00	0.00	1,324.12	240.75	1,564.87	10,472.52	S/L	50.00

Book Asset Detail 1/01/17 - 12/31/17

FYE: 12/31/2017

Asset Id	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
<b>Group: Sewer System (continued)</b>											
	Sewer System		<u>18,344,942.32</u>	<u>0.00c</u>	<u>0.00</u>	<u>4,892,855.99</u>	<u>366,898.86</u>	<u>5,259,754.85</u>	<u>13,085,187.47</u>		
<b>Group: Vehicles</b>											
24	Luther Ford	1/01/92	14,480.00	0.00	0.00	14,480.00	0.00	14,480.00	0.00	S/L	5.00
43	Truck/Dump Body/Hoist	5/24/06	96,063.93	0.00	0.00	96,063.93	0.00	96,063.93	0.00	S/L	10.00
51	2009 F-250 Pickup Truck	4/30/09	21,173.00	0.00	0.00	21,173.00	0.00	21,173.00	0.00	S/L	5.00
60	2004 Jeep Grand Laredo	9/23/10	11,000.00	0.00	0.00	11,000.00	0.00	11,000.00	0.00	S/L	5.00
69	2017 Jeep Cherokee	12/30/16	23,295.00	0.00	0.00	0.00	4,659.00	4,659.00	18,636.00	S/L	5.00
	<b>Vehicles</b>		<u>166,011.93</u>	<u>0.00c</u>	<u>0.00</u>	<u>142,716.93</u>	<u>4,659.00</u>	<u>147,375.93</u>	<u>18,636.00</u>		
	<b>Grand Total</b>		<u>29,270,933.43</u>	<u>0.00c</u>	<u>0.00</u>	<u>11,444,641.17</u>	<u>555,988.83</u>	<u>12,000,630.00</u>	<u>17,270,303.43</u>		

Name of Utility: Borough of Indiana Sewer Fund

101.0 Plant In Service - Changes Since the Last Rate Case

Date Plant Installed/Retired mm/yyyy	Plant Additions		Plant Retirements		Plant Adjustments	Changes Since the Last Rate Case
	List Major Items by Class	Amounts	List Major Items by Class	Amounts		
07/2002	Pretreatment Additions	\$ 1,605				\$1,605
07/2002	Sewer Operating Equip.	\$ 48,664				\$48,664
07/2003	Pretreatment Additions	\$ 1,629				\$1,629
07/2003	Sewer Operating Equip.	\$ 61,945				\$61,945
07/2003	Sewer System Improvements per DEP	\$ 14,488,438	Collection Sewers - Gravity	\$ 1,232,409		\$13,256,029
07/2003	Sewer System Construction	\$ 388,432	Special Collecting Structures	\$ 155,339		\$233,093
07/2004	Sewer Operating Equip.	\$ 21,451				\$21,451
07/2005	Sewer System Construction	\$ 38,226				\$38,226
11/2006	Grundfos Pump	\$ 3,130				\$3,130
11/2006	Plant Shed	\$ 2,648				\$2,648
01/2006	Sewer System Construction: Cap Interest	\$ 417,693	Land and Land Rights	\$ 136,512		\$281,181
05/2006	Truck/Dump Body/Hoist	\$ 96,064				\$96,064
10/2007	UV System - Lamp	\$ 20,658				\$20,658
08/2007	Sterilizer	\$ 4,969				\$4,969
05/2007	Comminutor Service Exchange	\$ 28,498				\$28,498
08/2008	Boiler	\$ 3,668				\$3,668
10/2008	Concrete at Treatment Plant	\$ 3,177				\$3,177
07/2009	Plow/Spreader	\$ 6,975				\$6,975
09/2009	Dumpster with Filter	\$ 31,925				\$31,925
12/2009	Channel Monster & Install	\$ 33,405				\$33,405
07/2009	Cherry Avenue Project	\$ 53,538				\$53,538
04/2009	2009 F-250 Pickup Truck	\$ 21,173				\$21,173
08/2010	Treatment Plant Roof	\$ 51,750				\$51,750
06/2010	Marsh/Whites Run Project	\$ 57,250				\$57,250
09/2010	2004 Jeep Grand Laredo	\$ 11,000				\$11,000
02/2011	Model 4700 Refrigerated Sampler	\$ 4,624				\$4,624
06/2011	SCADA Workstation Computer	\$ 4,827				\$4,827
07/2011	Wayne Avenue Project	\$ 76,899				\$76,899
07/2011	Wayne Avenue Project	\$ 1,650,685				\$1,650,685
07/2011	Wayne Avenue Project	\$ 12,037				\$12,037
04/2012	Muffin Monster	\$ 32,900				\$32,900
09/2012	Autoclave	\$ 6,165				\$6,165
12/2012	Muffin Monster/Gear Reducer	\$ 35,775				\$35,775
04/2013	UV Light	\$ 40,965				\$40,965
02/2015	Comminutor	\$ 39,926				\$39,926
12/2016	2017 Jeep Cherokee	\$ 23,295				\$23,295
12/2016	Sludge Press Upgrades (CIP)	\$ 50,443				\$50,443
12/2017	JCB Wheeled Loader	\$ 62,337				\$62,337
12/2017	Sludge Press Upgrades (CIP)	\$ 1,401,291				\$1,401,291
						\$0
						\$0
						\$0
<b>TOTALS</b>		<b>\$19,340,080</b>		<b>\$1,524,260</b>	<b>\$0</b>	<b>\$17,815,820</b>



BOROUGH OF INDIANA SEWER FUND

ANNUALIZATION ADJUSTMENTS TO OPERATING EXPENSES  
UNDER PRESENT RATES

To adjust 2017 wage expense and payroll taxes for standard 3% COLA increases:

	2017 Test Year	Adjustments 3% COLA	2018 Proforma
Operating Labor	\$ 183,888	\$ 5,517	\$ 189,405
Maintenance Labor	\$ 459,185	\$ 13,776	\$ 472,961
General Office Salaries	\$ 120,877	\$ 3,626	\$ 124,503
Total Wages	\$ 763,950		\$ 786,869
FICA	X 7.65%	X	7.65%
	\$ 58,442		\$ 60,195
Adjustment to Book	(7,267)		0
Payroll Taxes	\$ 51,175	\$ 9,020	\$ 60,195

While there is no adjustment to employee benefits for 2018 due to rate hold, increase in hospitalization caps at 9% in 2019. The projected impact on employee benefits is as follows:

	2017 Test Year	2018 Proforma	9% Premium Increase	2019 Proforma
Health Care Buy Out	22,800	22,800	2,052	24,852
Hospitalization	144,116	144,116	12,970	157,086
Life Insurance	4,701	4,701		4,701
Pension	32,340	32,340		32,340
Shoe Allowance	1,433	1,433		1,433
Uniform Cleaning Allowance	9,195	9,195		9,195
	214,585	214,585	15,022	229,607

To adjust for increased costs of electricity and gas power due to plant additions:

	2017 Test Year	Jan - May 2018 Actual	2018 Proforma Annualized ( /5 mo X 12 mo)	Adjustments
Electricity	\$ 204,065	\$ 113,458	\$ 272,299	\$ 68,234
Gas	\$ 14,482	\$ 7,607	\$ 18,257	\$ 3,775

To adjust chemical expense for increased payments budgeted due to rising costs and usage:

	2017 Test Year	Budgeted Increase	2018 Proforma
Liquid Polymer	\$ 6,935	\$ 565	\$ 7,500
Dry Polymer	\$ 24,067	\$ 5,933	\$ 30,000
Chlorine	\$ 3,031	\$ 2,469	\$ 5,500
Mag Hydroxide	\$ 76,110	\$ 13,890	\$ 90,000
Total Chemicals	\$ 110,143	\$ 22,857	\$ 133,000

Name of Utility: Borough of Indiana Sewer Fund

**Capital Structure**

Year Ended 12/31/2017

	<u>Per Books</u>	<u>Pro Forma</u>	<u>Pro Forma Ratio</u>
232.0 Short-Term Debt	\$ -	\$ -	0.00%
224.0 Long-Term Debt		\$ 5,187,468	100.00%
Common Equity:			
201.0 Common Stock	\$ -	\$ -	
204.0 Preferred Stock	\$ -	\$ -	
211.0 Misc. Paid-in-Capital	\$ -	\$ -	
215.0 Retained Earnings		\$ -	
216.0 Reacquired Stock	\$ -	\$ -	
	\$ -	\$ -	
Total Equity	\$ -	\$ -	0.00%
Total Capital	\$ -	\$ 5,187,468	100.00%

**Cost Rates**

<u>Type</u>	<u>Principal Amount</u>	<u>Cost Rates</u>	<u>Interest Expense</u>
232.0 Short Term Debt:			
Loan A	\$ -	0.00%	\$ -
Loan B	\$ -	0.00%	\$ -
New Loan	\$ -	0.00%	\$ -
Total Short-Term Debt	\$ -	0.00%	\$ -
224.0 Long-Term Debt:			
Pennvest	\$ 2,112,725	1.35%	\$ 28,501
First Commonwealth	\$ 3,025,657	4.79%	\$ 144,778
JCB Finance	\$ 49,086	3.10%	\$ 1,522
Total Long-Term Debt	\$ 5,187,468	3.37%	\$ 174,800

Name of Utility: Borough of Indiana Sewer Fund

<b>Rate of Return</b>			
Year Ended 12/31/2017			
Type of Capital	Capital Structure <u>(1)</u>	Cost Rates <u>(2)</u>	Weighted Cost of Capital <u>(3=1x2)</u>
232.0 Short-Term Debt	0.00%	0.00%	0.00%
224.0 Long-Term Debt	100.00%	3.37%	3.37%
Common Equity	<u>0.00%</u>	0.00%	<u>0.00%</u>
Total	<u><u>100.00%</u></u>		<u><u>3.37%</u></u>

BOROUGH OF INDIANA - SEWER FUND

STATEMENT OF THE CHANGE IN THE OPERATING OR FINANCIAL  
CONDITION OF THE UTILITY OCCURRING BETWEEN DECEMBER 31, 2017  
AND THE PROPOSED TARRIFF REVISION

Pursuant to Subsection 53.52(C)(6) of Tariff Regulations

There has been no major change in the financial or operating condition of the utility since the date of the balance sheet required by this paragraph and the transmittal of this tariff revision.

PENNSYLVANIA PUBLIC UTILITY COMMISSION  
P.O. BOX 3265 Harrisburg, PA 17120

Information Required for Small Wastewater Utilities Requesting a Rate Increase  
under 52 Pa CS § 53.54

**I. NAME OF UTILITY, OFFICE MAILING ADDRESS AND AREA SERVED**

- A. Utility Name: Borough of Indiana Sewer Fund
- B. Street Address: 80 North 8th Street
- C. City or Borough: Indiana Borough Township: \_\_\_\_\_
- D. County: Indiana County Zip Code: 15701
- E. Area Served: Indiana Borough and White Township

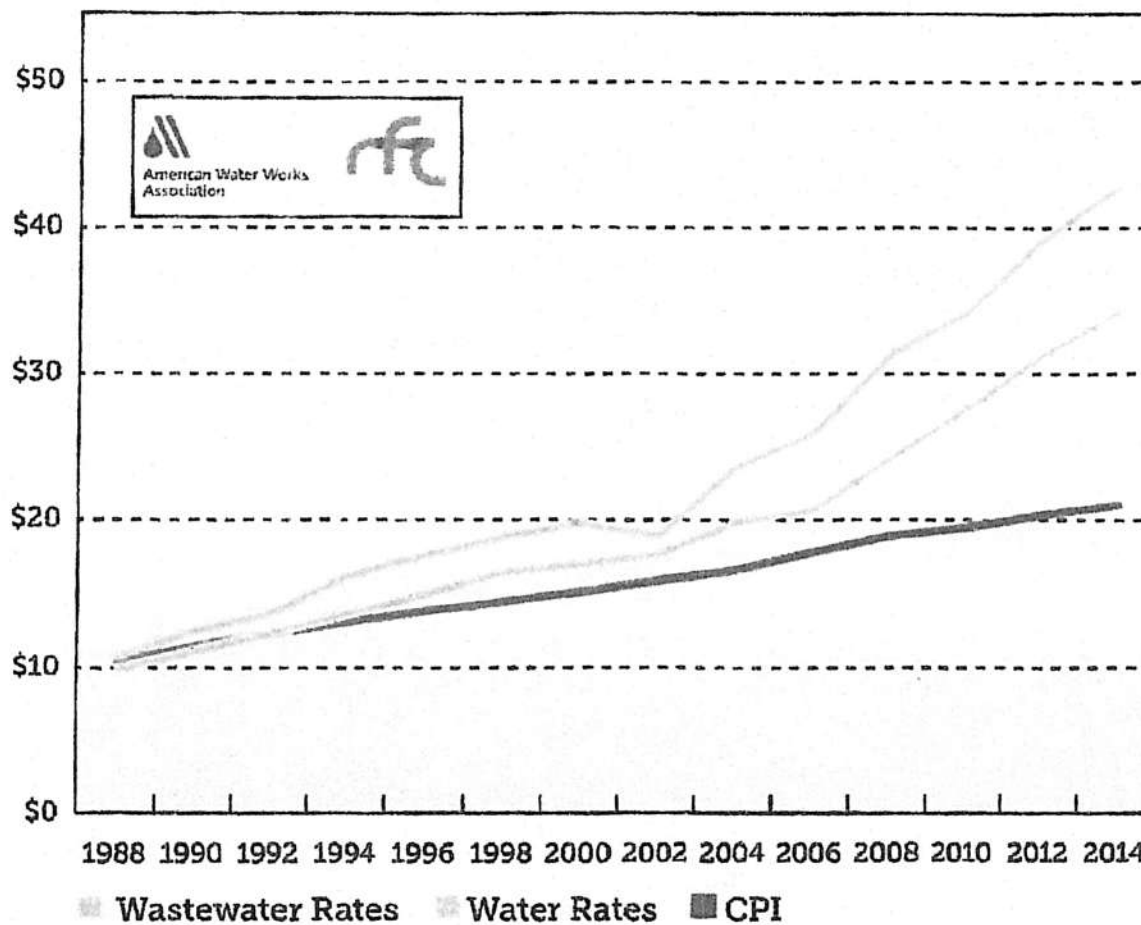
**II. TYPE OF ORGANIZATION AND PRINCIPAL OFFICERS**

- A. Type of Ownership:  
Corporation: \_\_\_\_\_ Partnership: \_\_\_\_\_ Individual: \_\_\_\_\_ Other: X
- B. If a corporation list names of the officers. If an individual or partnership list the name of the individual or each partner. N/A
- C. If the controlling ownership of this utility changed during the last twelve (12) months, state the date of ownership change and the name and address of the prior owner.  
N/A
- D. Date the utility was formed or incorporated: Spring 1973
- E. Is the utility controlled by another corporation? Y N If yes, by whom? No

**III. PERSON TO CONTACT REGARDING THE INFORMATION SUPPLIED ON THESE FORMS**

- A. Name and Title: Roland Francis, Pretreatment Coordinator
- B. Address: 80 North 8th Street, Indiana, PA 15701
- C. City or Borough: Indiana Borough
- D. Telephone Number with Area Code: 724-465-6691  
Cell Phone Number with Area Code: \_\_\_\_\_  
Fax Number with Area Code: 724-463-4176  
e-mail address: rfrancis@indianaboro.com
- E. If not an officer, owner or employee, give name of firm employed by:  
N/A

## Typical Water and Wastewater Bills\*



\*Residential monthly water or wastewater bills at a usage level of 7,480 gallons/month. CPI: starting with the average of the water and wastewater bills in 1988, this level increases based on changes in the Consumer Price Index (CPI) provided by the Bureau of Labor Statistics

For more information, see the Water and Wastewater Rates webpage at [awwa.org](http://awwa.org)

**Borough of Indiana**  
**Combining Statement of Revenues, Expenses and**  
**Changes in Fund Net Position – Modified Cash Basis**  
**Proprietary Funds**  
**For the Year Ended December 31, 2017**

	Sewer			Parking	Sanitation	Total Proprietary
	Operating	Maintenance	Combined			
<b>Operating Revenues</b>						
Charges for services:						
Sewer	\$ 2,684,152	\$ 817,003	\$ 3,501,155	\$ 0	\$ 0	\$ 3,501,155
Sanitation	0	0	0	0	708,812	708,812
Parking	0	0	0	814,760	0	814,760
Total operating revenues	<u>2,684,152</u>	<u>817,003</u>	<u>3,501,155</u>	<u>814,760</u>	<u>708,812</u>	<u>5,024,727</u>
<b>Operating Expenses</b>						
Sewer	3,475,758	689,960	4,165,718	0	0	4,165,718
Sanitation	0	0	0	0	716,156	716,156
Parking	0	0	0	755,579	0	755,579
Total operating expenses	<u>3,475,758</u>	<u>689,960</u>	<u>4,165,718</u>	<u>755,579</u>	<u>716,156</u>	<u>5,637,453</u>
Operating income (loss)	<u>(791,606)</u>	<u>127,043</u>	<u>(664,563)</u>	<u>59,181</u>	<u>(7,344)</u>	<u>(612,726)</u>
<b>Non-Operating Revenues (Expenses)</b>						
Investment income	20,072	2,267	22,339	548	1,517	24,404
Proceeds from long-term debt	62,337	0	62,337	937,750	0	1,000,087
Proceeds from disposition of assets	7,600	0	7,600	0	0	7,600
Operating transfers	8,278	(8,278)	0	0	0	0
Capital grant	0	0	0	0	57,071	57,071
Debt Service:						
Principal	(869,047)	0	(869,047)	(699,268)	0	(1,568,325)
Interest	(188,148)	0	(188,148)	(93,242)	0	(281,390)
Total non-operating revenues (expenses)	<u>(958,918)</u>	<u>(6,011)</u>	<u>(964,929)</u>	<u>145,788</u>	<u>58,588</u>	<u>(760,553)</u>
Change in net position	(1,750,524)	121,032	(1,629,492)	204,969	51,244	(1,373,279)
Total net position - beginning, restated	<u>3,932,141</u>	<u>615,582</u>	<u>4,547,723</u>	<u>(2,094,675)</u>	<u>480,346</u>	<u>2,933,394</u>
Total net position - ending	<u>\$ 2,181,617</u>	<u>\$ 736,614</u>	<u>\$ 2,918,231</u>	<u>\$ (1,889,706)</u>	<u>\$ 531,590</u>	<u>\$ 1,560,115</u>

## Treatment Plant Description and Construction in Progress

The Indiana Borough's Wastewater Treatment Plant is an activated sludge plant utilizing an extended aeration biological process for wastewater treatment. The plant is designed to treat an average daily flow of 8.2 MGD and a BOD loading of 10,000 lbs./day. The plant currently serves Indiana Borough, White Township and IUP having nearly 10,500 equivalent dwelling units (EDU's), with over 70 miles of sewer.

In addition to the extended aeration biological process, the plant utilizes two anaerobic digesters to treat waste sludge and an aerated holding tank to store digested sludge prior to processing. The anaerobically digested sludge is processed using a two meter belt filter press. Approximately 36,000 gallons of sludge are processed per day for at least five days a week. During a typical day of operation, the press is in operation for approximately six and one-half hours, operating at a sludge intake rate of nearly 100 gallons per minute.

The existing sludge processing equipment is severely deteriorated and approaching the end of its useful life. The belt filter press frame is severely corroded beyond repair and the mechanical components experience frequent failures. Additionally, due to the amount of sludge produced by the existing WWTP biological process, sludge must be processed at least 5 days per week, which causes operational difficulties. If the existing press is inoperable, the Borough must pay to have sludge hauled away for processing and disposal. This can lead to significant costs if the press is down for an extended length of time.

Currently the Borough has a sludge processing improvement project under construction which includes the replacement of the existing two meter belt filter press with a new 6-channel rotary press manufactured by Fournier Industries, Inc. The rotary press installation will require minor modification and replacement of the process piping in the building. The rotary press will also present a much cleaner operation overall. The capacity of the 6-channel press is approximately 90 gallons per minute, slightly less than the average throughput of the existing belt filter press of approximately 93 gallons per minute. However, due to the ease of operation, limited preparation before operation, and limited cleanup at the end of the day, the rotary press can operate for nearly the entire eight hour shift each day. The existing belt filter press is only in operation for approximately six and one-half hours during an eight hour shift. As a result, the daily throughput is higher with the rotary press than the existing operation. The plant produces a significant quantity of sludge, requiring the sludge processing equipment to operate daily. The costs associated with hauling sludge away to be processed if the unit is out of service are significant.

The cost of this capital investment in progress is approximately \$1,702,350

A summary of the project costs for the alternatives is provided in Table 1 below.  
Table 1

	Estimated Construction Cost	Contingency (10%)	Estimated Eng./Admin. (25%)	Total Project Cost
6-Channel Rotary Press	\$1,261,000	\$126,100	\$315,250	\$1,702,350

Three contracts were issued for the sludge press project:

Contract 2017-1 – G.M McCrossin  
\$1,095,564.00 Original contract amount  
C.O. 1 \$8813.78  
C.O. 2 \$10,787.18  
Final Contract amount \$1,115,164.56  
\$1,015,921.26 paid thru 12/31/17  
91% complete

Contract 2017-2 – Church & Murdock  
\$102,000.00 Original contract  
C.O.1 \$3107.32  
Final contract amount \$105,107.32  
\$105,107.32 paid thru 12/31/17  
100% complete

Contract 2017-3 – McCutcheon Enterprises  
\$129,528 Original contract  
\$106,860 paid thru 12/31/17  
\$106,860 will be final contract amount  
100% complete

**The Final total construction cost \$1,327,131.88. This does not include Engineering and Administration costs.**



INDIANA WASTEWATER TREATMENT PLANT EMPLOYEE INFORMATION

<u>NAME</u>	<u>JOB DESCRIPTION</u>	<u>CERTIFICATION</u>	<u>EXPIRATION DATE</u>	<u>WEEKLY HOURS</u>	<u>WAGES</u>
PAUL CRIBBS	SUPERINTENDENT	A,E - 1,2,3,4	6/30/2021	46	\$63,180 Salary
JOHN RELICK	ASST. SUPERINTENDENT	A,E - 1,2,3,4	6/30/2021	46	\$58,233 Salary
ROLAND FRANCIS	PRE-TREATMENT COORDINATOR	A,E - 1,4	9/30/2019	46	\$63,180 Salary
EMERY BUNYAK	OPERATOR	A,E - 1,2,3,4,5	6/30/2021	46	\$24.27 per hour
DAVID ALLAN	LABORATORY SUPERVISOR	A,E - 1,2,3,4	9/30/2018	46	\$25.69 per hour
PAUL FODOR	OPERATOR	A,E - 1,2,3,4,5	12/31/2018	46	\$24.27 per hour
ROBERT DURALIA	OPERATOR	A - 1	12/31/2019	46	\$24.27 per hour
ROBERT FASENMYER	OPERATOR IN TRAINING	PENDING	N/A	46	\$21.25 per hour
ALEXANDRA RUFFNER	OPERATOR IN TRAINING	PENDING	N/A	46	\$21.25 per hour
JACQUELINE CUNNINGHAM	CLERK	N/A	N/A	40	\$19.03 per hour
PAULA D'AMICO	CLERK	N/A	N/A	40	\$13.51 per hour
ANDREA CARROLL	CLERK	N/A	N/A	40	\$13.51 per hour

**Life Insurance:**

The Borough shall carry group term life, accidental death and dismemberment insurance for each employee.  
The borough will provide a \$100,000.00 death benefit and a \$200,000.00 accidental work related death benefit.

**Health Insurance:**

The Borough will provide employees with Community Blue Option Health Insurance, United Concordia Dental Plan and an Optical plan.  
Deductible of \$1,000.00 and \$2,000.00 for multi-tier members will be implemented of the which the employee is responsible for the first \$250.00 individual member deductible and \$500.00 for multi-tier deductible . The Borough absorbs the remaining deductible.

## 5 YEAR CAPITAL IMPROVEMENT PLAN

### SEWAGE OPERATING FUND 2019 - 2023

#### 2019

08-429-740	CLEAN DIGESTERS #1 & #2 CHANNEL MONSTER	
		TOTAL \$200,000.00
		<u>\$50,000.00</u>
		\$250,000.00

#### 2020

08-479-740	REPLACE DRAIN PUMP GALLERY #1 REBUILD 3 RE-CIRC PUMPS IN DIGESTER BUILDING	\$50,000.00
	REBUILD BOTH GRIT CHANNELS	
		TOTAL \$45,000.00
		<u>\$55,000.00</u>
		\$150,000.00

#### 2021

08-429-740	UPGRADE SCADA SYSTEMS REPLACE 2009 PICKUP TRUCK	
		TOTAL \$100,000.00
		<u>\$25,000</u>
		\$125,000.00

#### 2022

08-429-740	REPLACE PRIMARY PUMPS #1 & #2 REPLACE PRIMARY TANK #1 & #2 AND SCUM PIT AUTOMATIC VALVES	\$80,000.00
		TOTAL
		<u>\$50,000.00</u>
		\$130,000.00

#### 2023

08-429-740	REBUILD PRIMARY TANKS #1 & #2 REBUILD FINAL TANKS #1 & #2	
		TOTAL \$125,000
		<u>\$125,000</u>
		\$250,000.00

## NOTICE OF PROPOSED RATE CHANGES

To Our Customer:

The Borough of Indiana is filing a request with the Pennsylvania Public Utility Commission (PUC) to increase your Sewage Treatment rates as of September 1<sup>st</sup> 2018. This notice describes the company's rate request, the PUC's role, and what actions you can take.

Indiana Borough has requested an overall rate increase of \$880,920 per year. If the Borough's entire request is approved, the total bill for a residential customer would increase from \$12.57 to \$16.72 per month or by 33%.

The total bill for a commercial customer using less than 4,000 gallons would also increase from \$12.57 to \$16.72 per month or by 33%. Larger consumptions have the same percentage increase.

The total bill for an industrial customer using would also increase from \$3.32 to \$4.42 for each man-hour per month or by 33%.

To find out your customer class or how the requested increase may affect your sewer bill, contact the Borough of Indiana at (724) 465-6691. The rates requested by the Borough may be found in Supplement #11 to Tariff No 1. You may examine the material filed with the PUC which explains the requested increase and the reasons for it. A copy of this material is kept at the Borough Office.

The state agency that approves rates for public utilities is the PUC. The PUC will examine the requested rate increase and can prevent existing rates from changing until it investigates and/or holds hearings on the request. The company must prove that the requested rates are reasonable. After examining the evidence, the PUC may grant all, some, or none of the request or may reduce existing rates.

The PUC may change the amount of the rate increase or decrease requested by the utility for each customer class. As a result, the rate charged to you may be different than the rate requested by the company and shown above.

There are three ways to challenge the Borough's request to change its rates:

1) You can file a formal complaint. If you want a hearing before a PUC judge, you must file a formal complaint. By filing a formal complaint, you assure yourself the opportunity to take part in hearings about the rate increase request. All complaints should be filed with the PUC before (proposed effective date of the rate increase). If no formal complaints are filed, the Commission may grant all, some or none of the request without holding a hearing before a PUC judge.

2) You can send the PUC a letter telling why you object to the requested rate increase. Sometimes there is information in these letters that makes the PUC aware of problems with the company's service or management. This information can be helpful when the PUC investigates the rate request.

Send your letter or formal complaint form to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg PA 17105-3265.

3) You can be a witness at a public input hearing. Public input hearings are held if the PUC opens an investigation of the company's rate request and if there is a large number of customers interested in the case. At these hearings you have the opportunity to present your views in person to the PUC judge hearing the case and the company representatives. All testimony given "under oath" becomes part of the official rate case record. These hearings are held in the service area of the Borough.

## PRESS RELEASE

After several months of evaluation, the Borough of Indiana will file with the Pennsylvania Public Utility Commission ("PUC") on June 28, 2018 to request a sewer rate increase for customers serviced outside of the Borough by the Borough of Indiana. The rates charged by the Borough of Indiana for sewer service to customers outside the Borough are regulated by the PUC. Rates for customers inside the Borough are not regulated by the PUC, however, the Borough plans to increase sewer rates for customers inside the Borough to the same levels that will be set for customers outside the Borough.

The Borough of Indiana has not raised its sewage treatment rates since 2002 and has completed over 19 million dollars in capital improvements since the last rate increase.

The Borough will request the PUC to approve a proposed annual increase of \$880,920 for all customers. This equates to a 33% increase to the Borough's annual sewer customer revenues. The total bill for a typical residential customer would increase from \$12.57 to \$16.72 per month. The proposed effective date of the increase will be for services rendered on or after September 1, 2018.

The Borough of Indiana is requesting the rate increase to provide additional funds to meet the increasing costs of operating and maintaining the sewer system. These costs also include the renewal and replacement of the aging infrastructure so that the Borough can continue to provide safe and reliable service.

C. Michael Foote  
Borough Manager  
Borough of Indiana

AFFIDAVIT

COMMONWEALTH OF PENNSYLVANIA

} ss:

.....Indiana..... County

.....C. Michael Foote....., being duly sworn (affirmed) according to law, deposes

and says that he/she is ...Borough Manager..... of the Borough of Indiana;

that he/she is authorized to and does make this affidavit for it; and that the facts set forth (are true

and correct; or are true and correct to the best of his/her knowledge, information and belief and

he/she expects the said .....document..... to be able to prove the same at

the hearing hereof).

C. Michael Foote, Manager

(Officer Name and Title)

C. Michael Foote, Manager  
Signature of Affiant(s)

Sworn and subscribed before me this

28 day of June 2018

My Commission Expires .....7-10-21.....

Nichole A. Sipos  
Signature of Official Administering Oath

Affidavit affirming factual nature of all data submitted

COMMONWEALTH OF PENNSYLVANIA  
NOTARIAL SEAL  
Nichole A. Sipos, Notary Public  
Indiana Boro, Indiana County  
My Commission Expires July 10, 2021  
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

AFFIDAVIT

COMMONWEALTH OF PENNSYLVANIA

} SS:

Indiana County

C. Michael Foote, being duly sworn (affirmed) according to law,

deposes and says that he/she is **Manager of Indiana Borough**; that he/she is authorized to and does make this affidavit for it; and that a copy of the proposed tariff revisions and all it's supporting documentation was sent to the PUC Office of the Secretary, Bureau of Investigation and Enforcement, Office of Consumer Advocate, and Office of Small Business Advocate. This document was mailed this day of **28<sup>th</sup>** in the month of **June** in the year of **2018**.

*C. Michael Foote*

C. Michael Foote, Manager

Signature of Affiant(s)

Sworn and subscribed before me this

28th day of June 2018

My Commission Expires ..... 7-10-21

*Nichole A. Sipos*  
Signature of Official Administering Oath

COMMONWEALTH OF PENNSYLVANIA  
NOTARIAL SEAL  
Nichole A. Sipos, Notary Public  
Indiana Boro, Indiana County  
My Commission Expires July 10, 2021  
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

AFFIDAVIT

COMMONWEALTH OF PENNSYLVANIA

} ss:

Indiana County

C. Michael Foote, being duly sworn (affirmed) according to law,

deposes and says that he/she is **Manager of Indiana Borough**; that he/she is authorized to and does make this affidavit for it; and that the customer notice was mailed this day of **25<sup>th</sup>** in the month of **June** in the year of **2018**.

*C. Michael Foote, Manager*

C. Michael Foote, Manager

Signature of Affiant(s)

Sworn and subscribed before me this

28th day of June, 2018.

My Commission Expires *7-10-21*

*Nichole A. Sipos*  
Signature of Official Administering Oath

COMMONWEALTH OF PENNSYLVANIA  
NOTARIAL SEAL  
Nichole A. Sipos, Notary Public  
Indiana Boro, Indiana County  
My Commission Expires July 10, 2021  
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

Customer Notice Affidavit

PRESS RELEASE

After several months of evaluation, the Borough of Indiana will file with the Pennsylvania Public Utility Commission ("PUC") on June 28, 2018 to request a sewer rate increase for customers serviced outside of the Borough by the Borough of Indiana. The rates charged by the Borough of Indiana for sewer service to customers outside the Borough are regulated by the PUC. Rates for customers inside the Borough are not regulated by the PUC, however, the Borough plans to increase sewer rates for customers inside the Borough to the same levels that will be set for customers outside the Borough.

The Borough of Indiana has not raised its sewage treatment rates since 2002 and has completed over 19 million dollars in capital improvements since the last rate increase.

The Borough will request the PUC to approve a proposed annual increase of \$880,920 for all customers. This equates to a 33% increase to the Borough's annual sewer customer revenues. The total bill for a typical residential customer would increase from \$12.57 to \$16.72 per month. The proposed effective date of the increase will be for services rendered on or after September 1, 2018.

The Borough of Indiana is requesting the rate increase to provide additional funds to meet the increasing costs of operating and maintaining the sewer system. These costs also include the renewal and replacement of the aging infrastructure so that the Borough can continue to provide safe and reliable service.

C. Michael Foote  
Borough Manager  
Borough of Indiana





**VERIFICATION**

I, Kimberly A. Dorchak, CPA hereby state that the facts set forth above are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: 11-2-18

 Kimberly A. Dorchak, CPA

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

---

**Administrative Law Judge  
Mary D. Long**

---

**PENNSYLVANIA PUBLIC UTILITY COMMISSION :**  
:  
**v. :** **Docket No. R-2018-3003141**  
:  
**BOROUGH OF INDIANA :**

---

**DIRECT TESTIMONY  
OF DENNIS M. KALBARCZYK**

---

**DATE SERVED: November 2, 2018**  
**DATE ADMITTED: \_\_\_\_\_**

**Borough Of Indiana  
Statement DMK-1**

1 **Q. STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Dennis M. Kalbarczyk. My business address is 910 Piketown Road,  
3 Harrisburg, Pennsylvania 17112.

4

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am the principal in Utility Rate Resources (“URR”) and provide consulting services in the  
7 field of public utility regulation and ratemaking.

8

9 **Q. STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

10 A. My educational background and experience are set forth in **Appendix A** to this testimony.

11

12 **Q. ON WHOSE BEHALF ARE YOU SUBMITTING YOUR TESTIMONY IN THIS**  
13 **PROCEEDING?**

14 A. I am appearing on behalf of Borough of Indiana – Sewer Fund (“Borough” or “Sewer  
15 Fund”) located in Indiana County, Pennsylvania. The Borough provides sewer service to  
16 customers inside the Borough’s municipal limits as well as to customers outside its  
17 municipal limits in portions of White Township, Indiana County, Pennsylvania. Borough  
18 Ordinance Chapter 360 regulates service to customers inside the Borough limits – i.e.,  
19 non-jurisdictional customers; while the Pennsylvania Public Utility Code (“Code”), 66  
20 Pa. C.S. §§ 101 *et seq.*, requires the Pennsylvania Public Utility Commission (“PaPUC”  
21 or “Commission”) to regulate service provided by the Borough to those customers served  
22 outside the Borough limits – i.e., jurisdictional customers.

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2 A. The purpose of my testimony is to present my professional opinion related to the \$880,920  
3 total system revenue increase and more importantly the \$390,062 overall jurisdictional  
4 revenue requirement increase requested by the Borough as it relates to the PaPUC  
5 jurisdictional responsibilities. Additionally, I will testify in support of the Borough's  
6 proposed increase over current approved Commission rates to jurisdictional customers and  
7 the total jurisdictional revenues under proposed Commission rates.

8

9 **Q. STATE THE BASIS OF YOUR INVOLVEMENT IN THIS RATE CASE**  
10 **PROCEEDING.**

11 A. On June 28, 2018, the Borough filed Supplement No. 11 to Sewer – Pa. P.U.C. No. 1 with  
12 the PaPUC requesting that its proposed rates become effective on September 1, 2018.  
13 Additionally, the Borough submitted a detailed rate study setting forth the underlying  
14 determinants in support of its requested increase in rates. That rate study is identified as  
15 **Borough Exhibit No. 1**, which is sponsored by Kim Dorchak and attached to Statement  
16 KAD-1

17

18 On July 31, 2018 the Office of Consumer Advocate (“OCA”) filed a complaint opposing the  
19 rate increase; and, on August 16, 2018 the Commission’s Bureau of Investigation and  
20 Enforcement (“I&E”) also entered a Notice of Appearance, hereinafter referred to  
21 collectively as the “complainants.”

1  
2 On August 23, 2018, the Commission entered an Order suspending the rate filing for  
3 investigation and adjudication until April 1, 2019, unless permitted by Commission Order to  
4 become effective at an earlier date. Administrative Law Judge Mary D. Long (“ALJ”) is  
5 assigned to hear the case and to issue a Recommended Decision in this case.  
6

7 On August 31, 2018 the Borough advised the ALJ and complainants that it agreed to enter  
8 into mediation in order to resolve this proceeding. Consequently, on September 5, 2018, the  
9 Borough filed Tariff Supplement No. 12 to Sewer-PA P.U.C. No. 1, suspending Tariff  
10 Supplement No. 11 until June 1, 2019. In September 2018, the Sewer Fund requested  
11 Utility Rate Resources’ assistance in the pending matter, which services would include, but  
12 not be limited to: review its as-filed rate case, prepare and provide any required updates to  
13 its filing in support of the increase requested, assist in the discovery and mediation process,  
14 as well as settlement negotiations, if any; and, to provide expert testimony to support the  
15 appropriate level of increase in the instant proceeding, as necessary.  
16

17 **Q. DID YOU ACTIVELY PARTICIPATE IN THE MEDIATION AND**  
18 **SETTLEMENT PROCESS, AND IF SO, WHAT IS THE STATUS OF THAT**  
19 **PROCESS AS OF THE DATE OF YOUR TESTIMONY HERE?**

20 A. Yes, I actively participated in the process. However, as of the date of my direct testimony,  
21 the Borough and complainants have been unable to reach a full and/or partial settlement

1 agreement. Thus, my direct testimony will provide the results of my review of the  
2 Borough's rate study, i.e., **Borough Exhibit No. 1**, along with my findings and  
3 recommendations as to the appropriate level of jurisdictional revenue increase over current  
4 rates to produce the necessary revenue requirement for the Borough under well-accepted  
5 PaPUC ratemaking methodologies to those customers regulated by the Commission.  
6

7 **Q. DESCRIBE AND SUMMARIZE YOUR REVIEW PROCESS.**

8 A. My study review and analysis is broken down into two phases.

9 Phase 1 - A Proof of Revenue Analysis Under Current and As-Filed Proposed Rates on a  
10 jurisdictional and non-jurisdictional basis. The supporting data and schedules related to this  
11 review accompanies my direct testimony as **DMK Exhibit No. 1**. In summary, this Proof  
12 Of Revenue analysis disclosed that the rates as originally proposed would produce revenues  
13 in excess of the as-filed request; due primarily to rounding-up errors in the proposed rate  
14 design. As will be discussed later, the as-filed proposed rates would need to be slightly  
15 reduced to produce the as-filed requested revenue requirements and overall revenue  
16 increase.  
17

18 Phase 2 – Updated Revenue Requirement Study. I have undertaken a full review of the  
19 Borough's original rate case study filing and determined that there were some shortcomings  
20 in the filing which did not comport with the Commission's well-accepted ratemaking  
21 methodologies for determining the appropriate level of revenue requirements. In brief, the

1 rate base values and overall rate of return components required to determine an appropriate  
2 level of net income under the Commission's traditional ratemaking concepts was done in  
3 error. My detailed review of the as-filed expense claims also found that some items of  
4 expense were either over or understated and some additional cost items should be included  
5 and/or updated so as to reflect the more appropriate cost on a pro forma going forward basis.  
6 My Updated Revenue Requirement Study develops the necessary revenue requirement and  
7 related increase with required rate design under the Commission's generally-accepted  
8 ratemaking methodologies. The updated revenue requirement study along with supporting  
9 schedules and other relevant data accompanies my direct testimony as **DMK Exhibit No. 2**.  
10 In summary, as will be discussed later, the Updated Revenue Requirement Study supports a  
11 jurisdictional revenue requirement and revenue increase over current rates greater than that  
12 of the Borough's as-filed request.

13  
14 By way of further background, I have participated in a number of discussions with I&E and  
15 the OCA in which most, if not all, of the results of my Updated Revenue Requirement Study  
16 had been conveyed to them, to also include additional responses to formal and informal  
17 discovery related to same.

18  
19 **Q. HAVE THE SEWER FUND AND ANY OF THE COMPLAINANTS REACHED**  
20 **ANY AGREEMENTS AND/OR STIPULATIONS IN THE INSTANT**  
21 **PROCEEDING?**

1 A. At this time, discovery is still on-going and no agreements or stipulations were reached at  
2 the time my direct testimony was prepared. Should this change, I reserve the right to revise  
3 my testimony accordingly to reflect such agreements and / or stipulations, if changes would  
4 be necessary or appropriate.  
5

6 **Q. PROVIDE A BRIEF OVERVIEW OF THE SEWER FUND.**

7 A. The Borough of Indiana – Sewer Fund was created in 1973. The original wastewater  
8 treatment facility and collection system facilities were upgraded in 2002 from an average  
9 design capacity of 6 million gallons per day to 8.2 million gallons per day, to also include  
10 improved ammonia nitrogen removal and wet weather handling capabilities. The current  
11 wastewater system services over 70 miles with a 24/7 employee coverage at the  
12 wastewater treatment plant, operating within the parameters set by the Pennsylvania  
13 Department of Environmental Protection and the U.S. Environmental Protection Agency.  
14 As of year-end 2017, the Sewer Fund provided service to approximately 3,214 and 3,973  
15 customers inside and outside the Borough limits, respectively, a total of 7,187 customers.  
16

17 **Q. CAN YOU PROVIDE A BREAKDOWN OF THE CLASSES OF CUSTOMERS**  
18 **THE BOROUGH PRESENTLY SERVES?**

19 A. DMK Table-1 below provides a summary of the Sewer Fund's customer base as of year-  
20 end 2017 which is the same level reflected for the pro forma 2018 period.  
21



1

DMK Table-1	2017/2018 Borough of Indiana Sewer Fund Jurisdictional/Non-Jurisdictional No. Customers		
	Outside Jurisdictional	Inside Non-Jurisdictional	Total System
Customer Classes:			
Residential	3,524	2,770	6,294
Commercial	448	441	889
Institutional	0	1	1
Industrial	1	2	3
Total Customers	3,973	3,214	7,187

2

3 **Q. PLEASE SUMMARIZE THE SEWER FUND'S PROPOSED REVENUE**  
4 **INCREASE UNDER ITS AS-FILED PROPOSED RATE DESIGN.**

5 A. The Borough's as-filed revenues under current and proposed rates are detailed in its filing at  
6 **Borough Exhibit No. 1**, Schedule C, page 5. With the assistance of Borough staff, and  
7 their outside customer billing program technicians, I was able to prepare a Proof Of  
8 Revenue Analysis based upon its current and as-filed proposed rates, see **DMK Exhibit No.**  
9 **1**, Schedule 1 pages 1-2. DMK Table-2 below provides a summary comparison of those  
10 results which supports the following findings. First, a review of the proof of revenues  
11 under current rates revealed a small misclassification error - that is, the Outside  
12 Commercial revenues were overstated by \$5,120 and conversely Inside Commercial  
13 revenues were understated by the same amount. However, the application of the  
14 Borough's As-Filed Proposed Rates produced a total increase of \$888,793 which exceeds  
15 the overall \$880,920 requested increase by \$7,873; on a jurisdictional basis the resultant

1            increase would be \$394,282 as compared to the \$390,062 as-filed request or \$4,220  
2            greater than requested.

DMK Table-2	Borough of Indiana – Sewer Fund					
	Proof Of Revenues – Borough As-Filed / URR Analysis					
	Borough Exh. 1, Sch. C, pg. 5			DMK Exh. 1, Sch. 1, pgs. 1-2		
Customer Classes	Current Revenues	Proposed Increase	Proposed Revenues	Current Revenues	Proposed Increase	Proposed Revenues
Outside:						
Residential	\$ 751,752	\$248,078	\$ 999,830	\$ 751,752	\$248,192	\$ 999,944
Commercial	428,216	141,311	569,527	423,096	145,414	568,510
Institutional	0	0	0	0	0	0
Industrial	2,039	673	2,712	2,039	676	2,715
Totals	\$1,182,007	\$390,062	\$1,572,069	\$1,176,887	\$394,282	\$1,571,169
Inside:						
Residential	\$551,111	\$181,867	\$ 732,978	\$551,111	\$181,950	\$ 733,061
Commercial	215,427	71,091	286,518	220,547	74,642	295,189
Institutional	707,100	233,343	940,443	707,100	233,343	940,443
Industrial	13,810	4,557	18,367	13,810	4,576	18,386
Totals	\$1,487,448	\$490,858	\$1,978,306	\$1,492,568	\$494,511	\$1,987,079
Grand Totals	\$2,669,455	\$880,920	\$3,550,375	\$2,669,455	\$888,793	\$3,558,248

3  
4            **Q.     WHAT IS YOUR RECOMMENDATION WITH REGARD TO THE BOROUGH’S**  
5            **AS-FILED PROPOSED RATES?**

6            A.     Based upon my review and analysis, it is clear that the as-filed proposed rates were  
7            overstated due to rounding up errors when the current rates were increased by the proposed  
8            33% increase. As shown on the following two tables, and more fully reflected in **DMK**  
9            **Exhibit No. 1**, Schedule 2, pages 1-2, these errors in rate design only require minor  
10            reductions to the as-filed proposed rates (DMK Table-3) to produce the revenue increase  
11            within the as-filed request submitted to the Commission (DMK Table-4).

1

DMK Table-3	Borough Of Indiana – Sewer Fund			
	As-Filed Current and Proposed Rates / URR Adj. Prop. Rates			
	Current Rates	Proposed Rates	URR Rate Adj.	URR Proposed Rates
Min. Flat Rate Chrg.	\$12.57	\$16.72	(\$0.01)	\$16.71
Metered Rates:				
Minimum Charge	\$12.57	\$16.72	(\$0.01)	\$16.71
First 4,000 Gallons	Min. Chrg.	Min. Chrg.	Min. Chrg.	Min. Chrg.
Next 16,000 Gallons	\$3.14/1,000	\$4.18/1,000		\$4.18/1,000
All Over 20,000 Gallons	\$2.56/1,000	\$3.46/1,000	(\$0.05)	\$3.41/1,000
Ind. Flat Rate Unit Chrg.	\$3.32	\$4.42	(\$0.01)	\$4.41
Inside Inst. Flat Rate Cust.	\$707,100	\$940,443		\$940,443

2

3

DMK Table-4	Borough Of Indiana – Sewer Fund						
	URR Proof of Revenues - As-Filed Prop. Rates / URR Prop. Adj. Rates						
	DMK Exh 1, Sch. 1, pgs 1-2			DMK Exh-1, Sch 2, pgs 1-2			
Customer Classes	Current Revenues	Proposed Increase	Proposed Revenues	Current Revenues	Prop. %	Proposed Increase	Proposed Revenues
Outside:							
Residential	\$ 751,752	\$248,192	\$ 999,944	\$ 751,752		\$247,594	\$ 999,346
Commercial	423,096	145,414	568,510	423,096		140,247	563,343
Institutional	0	0	0	0		0	0
Industrial	2,039	676	2,715	2,039		669	2,708
Totals	\$1,176,887	\$394,282	\$1,571,169	\$1,176,887	44.1%	\$388,510	\$1,565,397
Inside:							
Residential	\$551,111	\$181,950	\$ 733,061	\$551,111		\$181,511	\$ 732,622
Commercial	220,547	74,642	295,189	220,547		73,000	293,547
Institutional	707,100	233,343	940,443	707,100		233,343	940,443
Industrial	13,810	4,576	18,386	13,810		4,534	18,344
Totals	\$1,492,568	\$494,511	\$1,987,079	\$1,492,568	55.9%	\$492,388	\$1,984,956
Grand Total	\$2,669,455	\$888,793	\$3,558,248	\$2,669,455	100.0%	\$880,898	\$3,550,353

4

1 In summary, URR's proposed rates, as referenced in DMK Table-4 above, will produce a  
2 total increase of \$880,898 which is \$22 below the overall \$880,920 requested increase;  
3 the proportional jurisdictional increase is \$388,510 (44.1% of \$880,898) or \$1,552 below  
4 the \$390,062 as-filed request.

5  
6 **Q. PROVIDE A BRIEF OVERVIEW OF YOUR UNDERSTANDING OF THE**  
7 **BOROUGH'S AS-FILED RATE STUDY IN THE INSTANT PROCEEDING.**

8 A. While the Sewer Fund's as-filed rate study developed its pro forma revenue requirement  
9 based upon the "utility approach," *i.e.*, operation and maintenance expenses, depreciation  
10 expenses, and net income claim, some of the cost elements and adjustments did not fully  
11 comport with the Commission's traditional ratemaking concepts.

12 By way of example, the filing reflected a claimed "Original Cost Measure of Value," which  
13 under Commission rate making is more traditionally referred to as "Rate Base." The  
14 Original Cost Measure of Value calculation included the net book value of utility assets in-  
15 service but failed to exclude the net value for contributions-in-aid of construction ("CIAC").  
16 The calculated value also included construction work in progress ("CWIP"), a deduction for  
17 both capital debt and payables all of which would not be included in a Rate Base value  
18 calculation and misstated its cash working capital ("CWC") claim. The Commission's well  
19 accepted CWC method for smaller utilities is to be based upon 1/8<sup>th</sup> of the pro forma  
20 operating expense, exclusive of depreciation, income taxes, and bad debt expenses.

1 My detailed review of the as-filed expense claims found that some items of expense were  
2 either over or understated and some additional cost items should be included and/or updated  
3 so as to reflect a more appropriate overall revenue requirement on a pro forma going  
4 forward basis. For example, administrative cost were slightly overstated based upon a  
5 review of actual services being provided by appropriate staff, while no claim for their  
6 associated health and welfare expenses and related employer cost for payroll taxes was  
7 reflected in the original filing. As will be more fully discussed later in my testimony, there  
8 was no rate case expense claim associated with the preparation of the filing and support of  
9 same on a fully litigated basis; and, depreciation expense was overstated as it did not  
10 exclude CIAC depreciation values. My study review also identified other pro forma  
11 adjustments which are necessary to reflect updated cost information along with traditional  
12 normalization and/or annualization adjustments to determine the appropriate level of total  
13 pro forma going forward revenue requirement, to also include a net income level based upon  
14 an overall rate of return value expressed as a percentage times the appropriate calculated pro  
15 forma net rate base value. My updated Revenue Requirement Study accompanies my direct  
16 testimony as **DMK Exhibit No. 2.**

17  
18 **Q. WHAT DOES YOUR RATE STUDY AND TESTIMONY INCLUDE?**

19 A. Included in the rate study is the development of the pro forma total system and jurisdictional  
20 revenue requirement under the Commission's well accepted ratemaking methodologies.  
21 Thus, I will testify in support of the pro forma operation and maintenance expense, general

1 payroll taxes, and depreciation expense claims. I will also testify in support of the net  
 2 income claim, to include the rate base and overall rate of return claims. Rate base values  
 3 consist of three elements: 1) utility plant original cost less book depreciation reserves to  
 4 reflect a net book value, with the exclusion of CIAC net asset values; 2) inventory claim, if  
 5 any; and, 3) a cash working capital claim based on 1/8 or 12.5% of the operating expenses  
 6 exclusive of depreciation expense. The Borough makes no claim for state and federal  
 7 income taxes as it is not subject to such charges. The overall rate of return claim, generally  
 8 expressed as a percentage, takes into consideration the utility's debt and equity capital  
 9 structure along with the relevant associated costs for each. I will also testify as to the  
 10 required rate design necessary to produce the overall revenue requirement and resultant  
 11 revenue increase over existing rates as supported by my rate study. In summary, as  
 12 illustrated in DMK Table-5, my study results determined a pro forma total system revenue  
 13 increase of \$924,124 which is \$43,226 higher than the \$880,898 revenue increase produced  
 14 under the updated adjustment to the Borough's as-filed rates.  
 15

<b>DMK Table-5</b>		<b>Borough Of Indiana – Sewer Fund Summary Revenues &amp; Increases Under Adj. Prop. Rates vs. URR Rate Study</b>						
	As-Filed*	URR Adj. – DMK Exh.-1 Sch. 2 Rates				DMK Exh.-2 Sch. C **		
	Curr. Rate Revenues	Curr. Rate Revenues	\$ Amt. Inc.	% Inc.	Prop. Rate Revenues	\$ Amt. Inc.	% Inc.	Prop. Rate Revenues
Outside	\$1,182,007	\$1,176,887	\$388,510	33%	\$1,565,397	\$429,832	36%	\$1,606,719
Inside	1,487,488	1,492,568	492,388	33%	1,984,956	494,292	33%	1,986,860
<b>Totals</b>	<b>\$2,669,455</b>	<b>\$2,669,455</b>	<b>\$880,898</b>	<b>33%</b>	<b>\$3,550,353</b>	<b>\$924,124</b>	<b>35%</b>	<b>\$3,593,579</b>
*Borough Exh-1, Sch. C **DMK Exh.-2, Sch. C, pg. 1 – Non-Jurisdictional and Jurisdictional Current Rate Revenues both increased by 33.12%; with Jurisdictional Customers receiving an additional increase of \$40,084 for cost associated w/PaPUC rate case review & litigation phase.								

1 Under the results of URR's rate study the jurisdictional customers' revenues from current  
2 rates of \$1,176,887 would increase by \$429,832 or 36.52%, for a total revenue requirement  
3 stream of \$1,606,719; the \$1,492,568 of current revenues under current rates for the non-  
4 jurisdictional customers would increase by \$494,292 or 33.12%, for a total revenue  
5 requirement of \$1,986,860. The jurisdictional customers receive a slightly higher increase  
6 as their current rate revenues are increased by 33.12% along with all of the additional  
7 revenue requirement rate case expense cost of \$40,084 associated with the PaPUC review  
8 and litigation phase of the instant proceeding as the PaPUC only regulates this group of  
9 customers. The development of the required rate design is fully set forth in **DMK Exhibit**  
10 **No. 2**, Schedule C, page 1.

11  
12 **Q. WHAT LEVELS OF INCREASED JURISDICTIONAL REVENUES ARE YOU**  
13 **PROPOSING IN THE INSTANT PROCEEDING?**

14 A. The Sewer Fund, upon my engagement, advised that it would update its rate filing to  
15 comport with the Commission's traditional ratemaking methodologies and that its overall  
16 revenue increase request where appropriate would be adjusted accordingly. The Sewer  
17 Fund's as-filed study supported a \$880,920 total system increase, of which the  
18 jurisdictional customer revenues would increase proportionally by \$390,062 or 33%.  
19 Upon review, I determined that the as-filed overall increase should have reflected a  
20 slightly lower increase of \$880,898 of which the jurisdictional customers' proportional  
21 increase should have been \$388,510, at the same 33% proposed increase levels. As

1 discussed earlier these changes are due in-part to a minor misclassification error between  
2 the customer groups and the need to slightly adjust downward the as-filed rates to  
3 produce the necessary proportional revenue requirement among the customer groups.

4 Finally, the results of my rate study indicate a required total increase of \$924,124 of  
5 which the assigned increase to the jurisdictional customers is \$429,832. In other words,  
6 under current rates the jurisdictional customer revenues of \$1,176,887 would increase by  
7 \$429,832 to \$1,606,719 or by 36%. I am aware that under Commission requirements the  
8 final approved jurisdictional revenues and required rates cannot exceed its as-filed request.

9 Thus, the proposed level of increase to the jurisdictional revenues under current rates of  
10 \$1,176,887 will not exceed the adjusted \$388,510 or 33% revenue increase noted above, to  
11 produce approximately \$1,565,397 of jurisdictional revenues under my proposed adjusted  
12 rates.

13 The Sewer Fund reserves the right to further adjust its overall request when appropriate;  
14 however, consistent with Commission requirements the Sewer Fund would not request a  
15 jurisdictional revenue increase greater than that noted above. Since the updated request  
16 reflects only minor changes I believe it would be appropriate to first discuss the revenue  
17 increase as-filed and then provide the relative changes in the overall request at the end of my  
18 testimony.

19  
20 **Q. SUMMARIZE YOUR OPINION WITH REGARD TO THE INSTANT**  
21 **PROCEEDING BASED UPON YOUR RATE STUDY?**



1 A. Based upon my independent review and analysis of the books and operations of the Sewer  
2 Fund for the 12 months ended December 31, 2017, to which pro forma adjustments were  
3 made to reflect operations for a pro forma future test year of December 31, 2018; in my  
4 opinion the elements within my rate study, as shown on **DMK Exhibit No. 2**, Schedule D  
5 support a total system increase of \$924,124. As discussed earlier and detailed later in my  
6 testimony, in my opinion the jurisdictional revenue requirement to be recovered through  
7 rates is \$1,606,719 which when compared to the \$1,176,887 of current jurisdictional  
8 revenues would require an increase of \$429,832 or 36%; however, the Sewer Fund proposes  
9 to increase the \$1,176,887 of jurisdictional revenues by only \$388,510 or 33% which will  
10 produce a total jurisdictional revenue stream of only \$1,565,397.

11 Further, in my opinion, the pro forma operating and depreciation expenses claimed in the  
12 development of my pro forma revenue requirement, i.e., **DMK Exhibit No. 2** and resultant  
13 revenue increase supported therein, to include the allocated jurisdictional revenue increase  
14 requirement, are reasonable, prudent and necessary for the Sewer Fund's operations in order  
15 for it to continue to provide safe, reliable, and adequate service.

16 Similarly, the Sewer Fund's rate base claim in my revenue requirement study, i.e., **DMK**  
17 **Exhibit No. 2** for the pro forma test period appropriately reflects plant asset values net of  
18 accumulated reserves for depreciation. Further, the rate base claim appropriately excludes  
19 all contributed assets and construction work in progress, which would not qualify for  
20 PaPUC traditional ratemaking consideration. The plant assets included, and their related net  
21 book values and annual depreciation expenses, reflect those Sewer Fund facilities that are

1 used and useful in providing service and are required to provide safe, reliable, and adequate  
2 service to jurisdictional customers. Thus, in my opinion, the pro forma rate base values used  
3 to derive the Sewer Fund's net income claim, which are also included in the pro forma  
4 revenue requirement and resultant revenue increase requested, *i.e.*, rate base times the  
5 overall rate of return calculation, are also reasonable and necessary to maintain the Sewer  
6 Fund's financial viability so it can continue to provide safe, reliable, and adequate service.

7  
8 **Q. WHAT IS THE OVERALL RATE OF RETURN UNDER CURRENT RATES; URR**  
9 **ADJUSTED PROPOSED BOROUGH RATES; AND, THAT REQUIRED UNDER**  
10 **YOUR RATE STUDY?**

11 A. The overall rate of return ("RofR") calculations, are shown on **DMK Exhibit No. 2,**  
12 **Schedule F-1,** and are also detailed on Schedule D. DMK Table-6, below provides a more  
13 concise and illustrative summary of the revenues, expenses, net income, rate base values and  
14 resultant overall rates of return at both current and pro forma proposed rates (as-adjusted), to  
15 that of which is required under my full revenue requirement study results. In summary, the  
16 overall RofR without rate relief is .50%; while the updated rate study supports a 6.21%  
17 RofR, the proposed revenue increase cannot exceed the as-filed request resulting in a 5.94%  
18 RofR.

19

DMK Table-6	Borough Of Indiana – Sewer Fund Pro Forma Revenues – Current/Proposed and Rate of Return		
	Current Rates	URR Adj. Rates	URR Full Rev. Req.
Revenues From Rates:			
Current	\$ 2,669,455	\$ 2,669,455	\$ 2,669,455
Increase		880,920	924,124
Total Rev. Req. from Rates	\$ 2,669,455	\$ 3,550,375	\$ 3,593,579
Other Revenues	68,191	68,191	68,191
Total Revenues	\$ 2,737,646	\$ 3,618,566	\$ 3,661,770
Total Pro Forma Expenses	2,656,928	2,656,928	2,656,928
Net (Loss)/Income	\$ 80,718	\$ 961,638	\$ 1,004,842
Rate Base	\$16,181,038	\$16,181,038	\$16,181,038
Rate Of Return	.50%	5.94%	6.21%

1

2 **Q. DESCRIBE MORE FULLY THE CONTENTS OF DMK EXHIBIT NO 2.**

3 A. **DMK Exhibit No. 2** contains all of the relevant schedules and supporting data to determine  
 4 the Borough’s pro forma full cost of service or revenue requirement consistent with the  
 5 Commission’s generally well accepted ratemaking concepts and methodologies, to include  
 6 the necessary rate design and corresponding rates to produce said revenue requirement. I  
 7 would note that, in addition to the rate study, to date the complainants have propounded  
 8 numerous interrogatories and requests for documents, many consisting of multi-part  
 9 questions, to which the Sewer Fund has responded or is in the process of responding. The  
 10 Borough has also participated in the mediation session and provided additional information  
 11 to the complainants on both a formal and informal basis; and, continues to do so in an effort  
 12 to assist the PaPUC’s regulatory and review oversight as it pertains to the jurisdictional  
 13 customers’ revenue increase.

14

1   **Q.**    **PLEASE CONTINUE.**

2    A.    In an effort to provide some consistency, the Schedule references in my study are generally  
3       the same as that contained in **Borough Exhibit No. 1**. For example, the Sewer Fund's as-  
4       filed 2017 Balance Sheet is referenced as **Borough Exhibit No. 1**, Schedule B. The as-filed  
5       2017 Balance Sheet did not separately list Contributions In Aid of Construction, net of their  
6       accumulated reserve values; thus, **DMK Exhibit No. 2**, Schedule B-1, contains an updated  
7       2017 Balance Sheet which corrects for this oversight, and Schedule B-2 provides the pro  
8       forma going forward 2018 Balance Sheet ratemaking values, i.e., net utility plant, net  
9       contributed plant, debt obligations, and equity balances. By way of further discussion, the  
10      2017 Balance Sheet reflected Construction Work In Progress valued at \$1,451,734 all  
11      associated with the construction of a new Sludge Press. This item is currently providing  
12      service in a test-phase and will be fully completed and placed-into service before year end  
13      2018. Thus, CWIP is not listed on the 2018 Balance Sheet, but rather Utility Plant In  
14      Service has been increased by \$1,570,320 to reflect the total estimated completion cost of  
15      this project. Lastly, the accumulated reserves for depreciation on all Utility Plant In Service  
16      to also include CIAC assets has been updated to 2018 year end values and appropriately  
17      reflected on the Balance Sheet shown on Schedule B-2. All rate related times are then  
18      carried forward to Schedule F for the purpose of developing the pro forma Rate Base value  
19      necessary to determine the appropriate net income level at the required overall rate of return  
20      allowance.

1 **Q. PLEASE CONTINUE WITH AN OVERVIEW OF THE RATE BASE**  
2 **DETERMINATION AND RATE OF RETURN INFORMATION CONTAINED IN**  
3 **SCHEDULE F.**

4 A. Schedules F-1 through F-4 provide the major components for determining the appropriate  
5 net income level amount included in the total cost of service or revenue requirement, based  
6 upon rate base values times an overall rate of return, expressed as a percentage. Schedule  
7 F-1 provides the per books and pro forma going forward calculation of the Net Rate Base  
8 Value of \$15,056,781 and \$16,181,038, respectively. For example, pro forma values of  
9 \$16,799,722 of Net Utility Plant-In-Service (Schedule B-1&2; and, Schedule H), a  
10 \$269,159 CWC claim based upon 1/8<sup>th</sup> of \$2,153,268 of operating expenses exclusive of  
11 Depreciation (Schedule F-2), and a \$887,893 deduction to remove contributed assets at  
12 their net book value or net rate base value of \$16,181,038. Thus, the \$237,908 of 2017  
13 per books net income divided by the corresponding rate base for this period of  
14 \$15,056,781 would produce an overall rate of return of 1.58%.<sup>1</sup> (See Sch. F-1 as well as  
15 Sch. D). On a pro forma adjusted future test period basis under pro forma current rates  
16 the pro forma net operating income will decrease to \$111,104 under the Borough's as-  
17 filed rate study and \$80,718 under my study results; when these income levels are  
18 divided by the pro forma rate base value of \$16,181,038 will produce a .69% return under  
19 the Borough's filing and a return of only .50% under my study results. (See Sch. F-1 and  
20 Sch. C) Under the Borough's as-filed case a revenue increase of \$880,920 will produce a

---

<sup>1</sup> Net plant-in-service value is \$15,818,572 with a CWC allowance of \$242,969 (1/8 of \$1,943,752 operating deduction, less \$1,004,760 of net CIAC values).

1 pro forma net income of \$992,024 and when divided by the same \$16,181,038 will  
2 provide a 6.13% overall rate of return. However, the Borough's desired net income of  
3 \$992,024 would be further reduced by \$30,386 due to net additional revenue requirement  
4 deductions determined under my study results, in other words a net income of \$961,638  
5 or 5.94% overall rate of return based upon a \$16,181,038 rate base value. (See Sch. F-1)  
6

7 **Q. WHAT NET INCOME LEVEL AND OVERALL RATE OF RETURN DO YOUR**  
8 **STUDY RESULTS INDICATE?**

9 A. Under my study results the more appropriate net income level would have been  
10 \$1,004,808 based upon a pro forma rate base of \$16,180,480 times a 6.21% overall rate  
11 of return. In summary, under my pro forma revenue requirement study current rates  
12 would only produce \$85,178 of net income as compared to the \$1,004,808 required net  
13 income level or an increase in rates of \$924,124. (See Sch. F-1 and Sch. C)  
14

15 **Q WHAT IS YOUR RECOMMENDED OVERALL FAIR RATE OF RETURN?**

16 A. I recommend that the Sewer Fund be allowed the opportunity to earn a 6.21% overall fair  
17 rate of return. The Sewer Fund overall rate of return proposal is detailed on Schedule F-  
18 3. In an effort to minimize controversy, I propose using a hypothetical capital structure  
19 of 40% / 60% debt to equity. As shown Schedule F-3, the actual and pro forma future  
20 test year debt to equity capital structures were 28%/72% and 24%/76%, respectively.  
21 The cost of debt and equity is then appropriately applied to the respective capital

1 structure, for purposes of determining the overall rate of return.

2  
3 **Q. HOW DID YOU DETERMINE THE COST OF DEBT?**

4 A. The determination of the cost of debt is relatively easy and, as shown on Schedule F-3,  
5 page 1, is based upon the estimated principal balances of the Sewer Fund's long term  
6 debt instruments of which their relative ratio to the total debt is then multiplied by their  
7 respective cost of debt rates; the sum of which produced the 3.39% cost of debt rate.

8  
9 **Q. HOW DID YOU DETERMINE THE COST OF EQUITY?**

10 A. Generally, the cost of equity rate is one of the more contentious elements within a rate  
11 case filing. The Sewer Fund did not prepare a detailed cost of equity study at the time of  
12 submitting its rate filing in an effort to minimize rate case expense, but reserves the right  
13 to do so should the case be fully litigated. The Borough's requested 9.50% cost of  
14 common equity was also based in part on an effort to minimize controversy. I am aware  
15 of recent rate filings by other water/wastewater utilities which have requested equity rate  
16 returns greater than 9.50%; and, Commission authorized Distribution System  
17 Improvement Charge quarterly earnings rates of 9.85% for water/wastewater utilities.  
18 Finally, as of the date of my testimony I am aware of a Commission poll in *Pennsylvania*  
19 *Public Utility Commission v. UGI Utilities, Inc. – Electric Division*, Docket No. R-2017-  
20 2640058, which provides a strong indication in support of a Commission approved 9.85%  
21 cost of equity allowance.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21

**Q CAN YOU PROVIDE SOME EXAMPLES OF THE MORE RECENT COST OF EQUITY RATES AUTHORIZED BY THE COMMISSION AND/OR REQUESTED BY OTHER REGULATED UTILITIES?**

A. The Commission’s reports for the periods ended March 31, 2018 and June 30, 2018 (M-2018-30053513 and M-2018-3005325, August 2 and October 25, 2018 public meetings, respectively) authorized a Distribution System Improvement Charge equity return of 9.85% for water/wastewater utilities, based upon a Discounted Cash Flow (DCF) methodology for determining the equity rate of return. The June 30<sup>th</sup> report listed a Market Indicated Common Equity Cost Rate Range between 8.06-11.10%, before ultimately arriving at the approved 9.85% equity rate. In that same report, the reported historic 1<sup>st</sup> and 2<sup>nd</sup> 2018 quarterly water industry DCF equity returns were 9.67% and 9.58%, respectively. To minimize controversy the Borough utilized a 9.50% equity rate. The Sewer Fund submits that its requested cost of equity rate is lower than that supported by cost of equity rate studies submitted by other water/wastewater utilities in recent rate case filings. For example, Aqua Pennsylvania, Inc. at Dockets No. R-2018-3003558 and R-2018-3003561 for its water/wastewater utilities submitted testimony to include detailed study results supporting a cost of equity range of 10.50% to 11.25%, with a requested equity rate of 10.75%. Suez Water Pennsylvania Inc., at Docket No. R-2018-3000834 similarly submitted testimony and study results indicating a cost of equity range of 10.40% to 11.50%. Pennsylvania-American Water Company at Docket No. R-2017-



1 2595853 submitted testimony recommending a cost of equity rate of 10.80% for both its  
2 water and wastewater operations.

3  
4 Again, the Sewer Fund submits that its requested cost of equity rate is lower than that  
5 supported by cost of equity rate studies submitted by other water/wastewater utilities in  
6 recent rate case filings.

7  
8 **Q WHY DOES YOUR OVERALL RATE OF RETURN CALCULATION OF 6.21%  
9 INCLUDE A COST OF EQUITY RATE OF 8.08% RATHER THAN 9.50%?**

10 A. The Sewer Fund's 9.50% cost of equity was reduced by 15%, tax rate adjustment factor  
11 based upon prior Commission decisions based upon the premise that investors will accept  
12 a lower return in exchange for tax exemption. While the Sewer Fund does not agree with  
13 the tax reduction, it applied such reduction in its filing to minimize controversy.  
14 However, should the cost of equity rate be litigated, the Sewer Fund reserves the right to  
15 adjust and/or remove the tax factor with appropriate support by its rate of return expert.  
16 The Sewer Fund notes that the City of Bethlehem requested a 10.60% cost of equity rate  
17 utilizing a 5% tax factor reduction, which resulted in an adjusted cost of equity rate of  
18 10.07% in its 2013 rate case filing. (See Docket No. R-2013-2390244). The Sewer Fund  
19 also notes that the tax rate adjustment factors adopted by the Commission in a number of  
20 recent cases involving municipal systems have varied considerably and has been  
21 declining somewhat. For example, I am aware of, a rate as high as 25% down to 20% in

1 a 2001 and 2011 City of Lancaster rate cases, respectively; and approximately 18% in a  
2 more recent 2016 City of DuBois case. The Sewer Fund submits that these prior cases  
3 preceded the Tax Cuts and Jobs Act of 2017 which made considerable changes to tax  
4 laws and rates. Thus, without the benefit of doing extensive review of the changes in the  
5 tax law and impact on perceived returns related to same which would have increased the  
6 cost of rate case expense, the Sewer Fund utilized a 15% tax rate adjustment factor. The  
7 9.50% cost of equity rate adjusted downward by a 15% tax rate adjustment factor  
8 produced a 8.08% cost of equity rate which, I submit, balances the interest of the  
9 customers and Borough and helps to minimize controversy. Thus, as shown on Schedule  
10 F-3, the above filed 40% / 60% debt to equity capital structure with a 3.39% and 8.08%  
11 cost of debt and equity, respectively, produces a weighted cost of debt and equity of  
12 1.36% and 4.85% , respectively, for an overall rate of return of 6.21%.

13  
14 **Q. EXPLAIN SCHEDULE D, STATEMENT OF INCOME; AND, SCHEDULE N, URR**  
15 **ADJUSTMENTS.**

16 A. Schedule D of the revenue requirement study sets forth a summary and detailed income  
17 statement for the twelve months ended December 31, 2016 and 2017 along with pro  
18 forma adjustments to reflect pro forma values as of December 31, 2018. In brief,  
19 Schedule D provides detailed support for the development of the total cost of service or  
20 revenue requirement based upon the Borough's as-filed claims and URR's rate study  
21 results. Upon review of the Borough's 2016 and 2017 financial data, I accepted and

1           relied upon that data for the development of my study; the historical cost information of  
2           my study does not differ from that of the Borough's as-filed study. Further, my rate  
3           study includes the Borough's adjustments as reflected on its Schedule D and Schedule N.  
4           To the extent my review determined that the Borough's as-filed adjustments to specific  
5           cost element claims was over/under stated, or failed to reflect a claim for purposes of  
6           developing the overall revenue requirement, an appropriate adjustment was made and is  
7           so reflected in URR Adjustment column with a corresponding reference to the  
8           schedule(s) in **DMK Exhibit Nos. 1 and 2** for purposes of developing the respective cost  
9           element claim. To the extent no further adjustment was made by URR to the Borough's  
10          claimed cost and/or adjustment the amount was appropriately reflected in my rate study.  
11          In that regard, I reviewed the underlying detail of the Borough's claim and/or adjustment  
12          and accepted same as my study result for purposes of developing the final cost element  
13          claim.

14  
15       **Q. EXPLAIN THE ADJUSTMENTS MADE IN YOUR RATE STUDY ON SCHEDULE**  
16       **D TO INCLUDE SUPPORTING SCHEDULE N.**

17       A.    The first pro forma adjustment on Schedule D includes a \$5,120 adjustment to operating  
18       revenues due to the misclassification of commercial revenues between the jurisdictional  
19       and non-jurisdictional groups, see **DMK Exhibit No. 1**, Sch. 2 for additional supporting  
20       detail. The remaining pro forma adjustments are fully detailed and explained on  
21       Schedules D and N. Depreciation expenses were adjusted to reflect the annualized level

1 of expense for Sludge Press being placed into service in 2018, see Schedule N,  
2 adjustment URR 1 for detail. A further adjustment was also made to remove the  
3 annualized level of CIAC depreciation expense as traditional PaPUC ratemaking  
4 principles do not allow for the inclusion of these costs in the revenue requirement claim.  
5

6 **Q. PLEASE CONTINUE WITH A DESCRIPTION OF THE URR 2 ADJUSTMENT.**

7 A. The Borough's filing did not reflect a claim associated with the cost of the instant rate  
8 case proceeding. Thus, an adjustment was made to reflect a claim of \$127,501 for rate  
9 case expense normalized over a three year period or an annual claim of \$42,500. The  
10 adjustment provides additional detail, to include its \$42,830 revenue requirement value,  
11 i.e., expense and return on CWC rate base value ( $1/8^{\text{th}}$  of the expenses times the 6.21%  
12 overall rate of return claim). Of the \$42,830 claim, \$2,746 of the cost to file is shared  
13 proportionally between the jurisdictional and non-jurisdictional customers' current rate  
14 revenues; and, the \$40,084 balance related to the PaPUC review and litigation process is  
15 directly assigned to the jurisdictional customers.  
16

17 **Q. PLEASE CONTINUE.**

18 A. Adjustment URR 3 reflects an appropriate increased claim for accounting/auditing  
19 expenses, a claim of \$5,000 in lieu of the undervalued services at a cost of \$3,333. URR  
20 4, adjustment General Liability insurance downward by \$18,182 based upon lower 2018  
21 premium cost; and Workers Compensation insurance is increased slightly by \$10,700 due

1 to increased premium cost. See also Schedule N for supporting details. URR 5, reflects a  
2 3% increase in wages on 1/1/2019; under the union contract which expires on 12/31/19  
3 wages can increase based upon the Consumer Price Index at the beginning of the year,  
4 but not less than 3%. URR 6, appropriately adjust General Office Salaries based upon  
5 those positions which provide service to the Sewer Fund at their appropriate allocation  
6 factor and salaries as of 1/1/19. URR 7 reflects the appropriate employer's share of  
7 payroll taxes related to the Sewer Fund's total workforce payroll cost. Finally, URR 9  
8 reflects an appropriate claim for health and welfare benefits associated with the Sewer  
9 Fund's share of General Office employee services.

10

11 **Q. BRIEFLY EXPLAIN ADJUSTMENTS URR 9 AND 10.**

12 A. The Sewer Fund undertakes a major maintenance project related to the cleaning of digesters  
13 numbers 1 and 2 at the wastewater treatment plant on a five year cyclical basis. In 2008 and  
14 2013, the total project cost was \$122,896 and \$177,976, respectively. See also supporting  
15 information included with Schedule N. The Borough's historical book cost did not reflect  
16 any normalized cost in 2016 or 2017, nor a claim for 2018 based upon a five year  
17 normalization period. The cost estimate for this project is \$222,300; and, I have reflected a  
18 \$44,460 normalized claim for this maintenance project in the updated rate study. Attached  
19 to my direct testimony are copies of invoices related to the historical cost along with an  
20 estimate of the upcoming cost. The digester cleaning project has been slightly delayed due  
21 to work related to the Sludge Press capital project discussed earlier. However, the project

1 will be concluded in late 2018 or early 2019 and should appropriately be included based  
2 upon its typical five year cycle occurrence. Lastly, the Borough's as-filed claim for electric  
3 expense is overstated as the annualization claim was based upon five months of 2018  
4 electric expenses. The more appropriate claim should be based upon a two year  
5 normalization of the 2016 and 2017 actual cost incurred, adjustment URR 10 reflects an  
6 adjustment based upon the approach.

7  
8 **Q. BRIEFLY EXPLAIN SCHEDULE H, DEPRECIATION REPORT.**

9 A. Schedule H of the rate study contains the Summary and detailed pro forma Depreciation  
10 report as of December 31, 2018 for all constructed assets in-service to include the  
11 accumulated reserves for depreciation on original cost and CIAC assets by account.  
12 These depreciation study results are carried forward to the Schedule B-2 Balance Sheet  
13 and Schedule F-1 for purposes of determining rate base values. As discussed above,  
14 Schedule F-1 will reflect the sum results of all assets values less those assets contributed,  
15 the result of which produces the net plant asset rate base value which will be afforded the  
16 opportunity to earn a return on (profit) or return of (depreciation) their associated cost  
17 values.

18  
19 In my opinion, the pro forma operating expenses claimed, including the depreciation  
20 expenses in the development of the pro forma revenue requirement and the resultant revenue  
21 increase requested, are reasonable and prudent and necessary for the Sewer Fund's

1 operations in order for it to continue to provide safe, reliable, and adequate service to its  
2 customers.

3 **Q. EXPLAIN SCHEDULE C OF YOUR RATE STUDY.**

4 A. Schedule D, page 1 provides the development of jurisdictional and non-jurisdictional rate  
5 design to produce the necessary revenue requirement from rates. Further, the proof of  
6 revenue Schedule D, pages 2 and 3 clearly demonstrates that the rate design will produce  
7 the desired increase over current rates. Finally, Schedule D contains an analysis of  
8 resultant changes in rates, to also include relevant levels of revenue and percentage  
9 increases to the jurisdictional and non-jurisdictional customers.

10

11 **Q. WHAT IS YOUR OVERALL RECOMMENDATION WITH REGARD TO THE**  
12 **JURISDICTIONAL REVENUE REQUIREMENT AND AS-FILED PROPOSED**  
13 **INCREASE IN RATES?**

14 A. In my opinion, as discussed more fully above, the pro forma operating and depreciation  
15 expenses claimed in the development of my pro forma revenue requirement rate study,  
16 including net income, are both reasonable and appropriate. Finally, the results of my rate  
17 study indicate a required total increase of \$924,124 of which the assigned increase to the  
18 jurisdictional customers is \$429,832. In other words, under current rates the  
19 jurisdictional customer revenues of \$1,176,887 would increase by \$429,832 to  
20 \$1,606,719 or by 36.52%.

21

1 In summary, however, I am aware that under Commission requirements the final approved  
2 jurisdictional revenues and required rates cannot exceed its as-filed request. Thus, the  
3 proposed level of increase to the jurisdictional revenues under current rates of \$1,176,887  
4 will not exceed the adjusted \$388,510 or 33% revenue increase noted above, to produce  
5 approximately \$1,565,397 of jurisdictional revenues under my proposed adjusted rates.

6 Further, given that the Sewer Fund's requested increase to the jurisdictional customers is  
7 lower than the jurisdictional customers' revenue requirement supported by revenue  
8 requirement rate study, I recommend that the ALJ and ultimately the Commission approve  
9 my recommended modified rates as contained in DMK Table-3.

10  
11 As discussed earlier, the Borough's as-filed rates were slightly overstated due to rounding  
12 and produced a revenue increase greater than requested; URR's proposed modified rates are  
13 slightly reduced to produce a revenue increase not greater than that requested. Thus, the  
14 current flat monthly rate of \$12.57 would not increase to the as-filed rate of \$16.72, but  
15 rather my proposed modified flat monthly rate of \$16.71, an increase of \$4.14 or 33%. In  
16 other words the flat rate residential customer is charged \$150.84 on an annual basis under  
17 current rates, which would increase to \$200.52 on an annual basis under proposed  
18 modified rates or a charge of \$.55 per day.

19  
20 **Q. DO YOU HAVE ANY OTHER COMMENTS WITH REGARD TO THE INSTANT**  
21 **FILING?**



1 A. Yes, I reserve the right to amend my testimony to reflect changes in the rate case expense  
2 claim as it is impossible for the Sewer Fund to determine ahead of time how much discovery  
3 a rate filing will generate or what issues the other parties may raise. In addition, I reserve  
4 the right to make any other changes that may, or may not, occur as a result of further  
5 discussions, including updated cost information, possible stipulated issues and other various  
6 revenue requirement elements that may have an impact on the revenue requirement claim  
7 and proposed rate increase claim.

8

9 **Q. DOES THAT CONCLUDE YOUR TESTIMONY AT THIS TIME?**

10 A. Yes.

11

## APPENDIX A

**Dennis M. Kalbarczyk**

### **Educational and Professional Experience**

I graduated in 1971 with a Bachelor of Science Degree in Accounting from Husson College, Bangor, Maine. In 1969, I received an Associate in Art Degree in Accounting from Strayer College, Washington D.C.

I am the principal in Utility Rate Resources, which was formed in October 1990. Utility Rate Resources also maintains a professional relationship with The Liberty Consulting Group (“Liberty”). Before forming the firm of Utility Rate Resources I was employed by Drazen-Brubaker & Associates, Inc. from March 1988 to September 1990 where I presented testimony and prepared financial statements necessary for Water and Sewer Utility Applications of Certificates of Public Convenience before the Pennsylvania Public Utility Commission (PaPUC). Additionally, I was responsible for the preparation and filing of rate cases, and testified on behalf of utilities under PaPUC regulation.

Prior to March 1988, I was employed by Metropolitan Edison Company (MET-ED), a subsidiary of GPU Energy, formerly General Public Utilities, for three years in their Rate Revenue Requirement Department as a Senior Financial Analyst. My responsibilities included the preparation, review and analysis of financial reports, budgets, and management philosophy of rate and regulatory matters before the PaPUC.

From 1975 through 1985, I was employed by the PaPUC where I actively participated and testified in matters related to the TMI Nuclear Accident replacement power issues before the PaPUC Commissioners; and, before PaPUC Administrative Law Judges (ALJ's) in nearly all the major electric rate cases regarding revenue requirements, and performed audits on electric, gas, and water companies for compliance with Commission regulations in the areas of energy cost, coal and gas contracts, and affiliated service contracts for water companies. I testified before PaPUC ALJ's in Energy Cost Rate, Gas Cost Rate, and Coal Compliance proceedings. I actively participated in developing the Commission's first set of regulations on Fuel Procurement Policy and Procedures, Tariffs and procedures on Energy Cost Rates for electric companies and Gas Cost Rates for gas companies, and designed computerized procedures for electric utilities to report fossil fuel purchases to the PaPUC. From 1972 to 1975 I held progressive degrees of responsibilities with Certified Public Accounting firms performing accounting, auditing and tax preparation duties.

Utility Rate Resources specializes in the area of utility rate and economic consulting as it relates to the financial aspects of public utility rates and regulation i.e., rate case filings, certificates of public convenience, expert testimony, financial applications for funding by the Pennsylvania Infrastructure Investment Authority (PENNVEST). The firm participates in regulatory and legal proceedings concerning investor-owned and municipal utilities, and testifies before governmental agencies and Pennsylvania Courts of Common Pleas; and, has represented utilities as well as consumers of utility services. From 2002 to date, Utility Rate Resources has provided senior level consulting services to Liberty related to an electric reliability audit of distribution delivery service system cost for its inclusion in revenue requirement values in a Delivery Service Tariff proceeding at the Illinois Commerce Commission and a focused audits related to financing, accounting, and related affiliated charges of National Utilities Inc. (Elizabethtown Gas), South Jersey Gas, and New Jersey Natural Gas all of which are under the regulatory review of the New Jersey Board of Public Utilities, respectively. Utility Rate Resources also participated with Liberty in fuel adjustment mechanism proceedings on behalf of the Arizona Corporation Commission and the Nova Scotia Utility and Review Board.

I have prepared rate case filings (RC) to include pro forma Revenue Requirement Study (RR), Cost of Service Study (CoS), Rate Design (RD) and/or supporting documents for Applications of Certificate of Public Convenience (CPC) to include all phases related to financial planning, revenue requirements, cost of service, rate design, and business plans for the following utilities, all of which were before the PaPUC:

<u>Year</u>	<u>Utility</u>	<u>Docket No.</u>	<u>Subject</u>
1988	Meadows Sewer Company	R-881173	RC-RR, RD
1988	LP Water & Sewer Company		
	Water Division	A-211770	CPC- All phases
	Sewer Division	A-230242	CPC - All phases
1989	Honesdale Gas Company	R-891272	RC-RR, CoS, RD
1989	Valley Utilities Company, Inc.	R-891358	RC-RR, RD
1990	Northumberland Utility Inc.		
	Butler Twp. Water Division	R-901668	RC-RR, RD and Pennvest Surcharge
1990	Winona Lakes Utilities, Inc.		
	Water Division	R-901749	RC-RR, RD
	Sewer Division	R-901750	RC-RR, RD
1990	Borough of Ambler	R-901881	RC-RR, RD
1991	Audubon Water Company	R-911896	RC-RR, RD
1992	Village Water Company	A-210110	CPC – all phases
1992	Superior Water Co; New Hanover & Douglas Twps.	A-212955	CPC – all phases
1992	Regal Oaks, Inc.	A-230023	CPC – all phases
1992	LP Water & Sewer Company-Sewer Division	R-922493	RC-RR, CoS, RD
1993	Superior Water Co.; Additional Douglas Twp.	A-212955F0003	CPC – all phases
1993	Borough of Phoenixville	R-932770	RC-RR, RD
1993	Lake Spangenberg Water Co.	R-932658	RC-RR, RD
1993	Evansburg Water Company	R-932930	RC-RR, RD
1994	Spring Grove Water Co.	R-940386	RC-RR, RD
1994	LP Water & Sewer Company-Water Division	R-943021	RC-RR, CoS, RD
1994	Evansburg Water Company	R-943117	RC-RR, RD
1994	Wilbar Realty Inc.-Water Division	R-943121	RC-RR, RD, and Pennvest Surcharge
1994	Audubon Water Company	R-943224	RC-RR, RD

1995	Borough of Ambler	R-953435	RC-RR, CoS, RD
1995	LP Water & Sewer Company-Sewer Division	R-953496	RC-RR, CoS, RD
1996	Spring Run Water Company, Inc. & B & E Water Company, Inc.	A-212845F200CPC	All phases
1996	Superior Water Company; Skippack Twp.	A-212955F0005	CPC – all phases
1996	Superior Water Company; Worcester Twp.	A-212955F0006	CPC – all phases
1996	Center Square Water Company	R-963707	RC-RR, RD
1997	Patriot Treatment Plant, Inc.	A-230076	CPC – all phases
1997	Superior Water Company; North Coventry	A-212955F0007	CPC – all phases
1997	Superior Water Company; Douglass Twp.	A-212955F0008	CPC – all phases
1998	Borough of Schuylkill Haven - Water Fund	R-00984392	RC-RR, CoS, RD
1998	Audubon Water Company	R-00984425	RC-RR, CoS, RD
1998	Superior Water Company; North Coventry	A-212955F0009	CPC – all phases
1998	City of Lancaster - Water Fund	R-00984567	RC-RR, CoS, RD
1998	Superior Water Company;	A-212955F0010	CPC – all phases
1999	Elephant Walk Water Company	A-210087	CPC – all phases
1999	Elephant Walk Sewer Company	A-230082	CPC – all phases
1999	Superior Water Company	R-00994672	RC-RR, CoS, RD
1999	Mountain Spring Water, Inc.	R-00994914	RC-RR, RD
2000	City of Lancaster – Sewer Fund	R-00005109	RC-RR, CoS, RD
2000	High Meadows Sewer Service, Inc.	R-00005257	RC-RR, RD
2001	City of Lancaster – Water Fund – Rate Case	R-00016114	RC-RR, CoS, RD
	City of Lancaster – Water Fund - Tapping Fee	R-00016297	Tapping Fee
2001	Superior Water Co; Heritage Dev. New Hanover	A-212955F0011	CPC – all phases
2002	Monteforte Enterprises, Inc.	A-230093	CPC – all phases
2002	Audubon Water Company	R-00027104	RC-RR, CoS, RD
2002	Borough of Schuylkill Haven – Water Fund	R-00027552	RC-RR, CoS, RD
2003	Three Lane Utilities, Inc.	A-210116	CPC – all phases
2003	Borough of Ambler Water Department	R-00038103	RC-RR, CoS, RD
2003	Buck Hill Water Company	R-00038471	RC-RR, RD
2003	High Meadows Sewer Service, Inc.	R-00038581	RC-RR, RD

2003 Superior Water Co; Donelly Dev. Douglas Twp.	A-212955F0012	CPC – all phases
2003 Clean Treatment Sewage Company	R-00038688	RC-RR, RD
2004 Superior Water Co; Southview/Lower Pottsgrove Twps	A-212955F0013	CPC – all phases
2004 Glendale Yearound Water Co., Inc.	R-00049408	RC-RR, RD
2004 Buck Hill Water Company	R-00049493	RC-RR, RD
2004 Superior Water Co;RouseChamb/Upper Pottsgrove	A-212955F0014	CPC – all phases
2004 City of Lancaster – Sewer Fund	R-00049862	RC-RR, CoS, RD
2005 Superior Water Company; Ivy Ridge	A-212955F0015	CPC – all phases
2005 Glendale Yearound Sewer Co., Inc.	R-00050607	RC-RR, RD
2005 Superior Water Company; Wash. Twp.	A-212955F0016	CPC – all phases
2005 Meadows Sewer Company	R-00050672	RC-RR, RD
2005 CMV Sewage Company, Inc.,	R-00050677	RC-RR, RD
2005 Superior Water Co.;Colebrookdale/Wash. Twp.	A-212955F0017	CPC – all phases
2005 City of Lancaster – Water Fund	R-00051167	RC-RR, CoS, RD
2006 Superior Water Company; Upper Pottsgrove Twp.	A-212955F0018	CPC – all phases
2006 Superior Water Company; Douglass Twp.	A-212955F0019	CPC – all phases
2006 Timberlee Valley Sanitation Co., Inc.	R-00061691	RC-RR, RD
2006 Borough of Ambler Water Department	R-00062017	RC-RR, CoS, RD
2007 Audubon Water Company	R-00072100	RC-RR, CoS, RD
2007 Glendale Yearound Sewer Company	R-00072364	RC-RR, RD
2008 Warwick Drainage Company, Inc.	R-2008-2020873	RC-RR, RD
2008 Warwick Water Works Inc.	R-2008-2020885	RC-RR, RD
2008 Superior Water Company	R-2008-2039261	RC-RR, RD, RofR
2009 Clean Treatment Sewage Company	R-2009-2121928	RC-RR, RD, RofR
2009 Lancon Water Company, Inc.,	A-2009-2142867	CPC – all phases
2010 Superior Water Company	R-2010-2191376	RC-RR, RD, RofR
2011 CMV Sewage Company, Inc.,	R-2011-2218562	RC-RR, RD
2011 Audubon Water Company	R-2012-2286118	RC-RR,CoS,RD
2014 Borough of Ambler Water Department	R-2014-2400003	RC-RR, CoS, RD
2014 Pocono Waterworks Company, Inc.-Water Div.	R-2014-2420204	RC-RR, RofR, RD
2014 Pocono Waterworks Company, Inc.-Wastewater Div.	R-2014-2420211	RC-RR, RofR, RD

2014	Delaware Sewer Company	R-2014-2452705	RC-RR, RofR, RD
2015	Borough Of Schuylkill Haven – Water Dept.	R-2015-2470184	RC-RR, RofR, RD
2017	Reynolds Water Company	R-2017-2631441	RC-RR, RofR, RD
2018	Timberlee Valley Sanitation Co., Inc.	R-2018-3003104	RC-RR, RofR, RD

I testified and/or submitted testimony to include matters related to: fuel adjustment mechanism (FAM) for gas and electric utilities; rate case filings (RC) to include such parts as pro forma Revenue Requirement Study (RR), Cost of Service Study (CoS), Rate Design (RD); supporting documents for Applications of Certificate of Public Convenience (CPC) to include all phases related to financial planning, revenue requirements, cost of service, rate design, and business plans; and special matters as indicated in the following cases before the PaPUC:

<u>Year</u>	<u>Utility</u>	<u>Docket No.</u>	<u>Represented</u>	<u>Subject</u>
*	North Penn Gas Company	*	PaPUC	FAM-Gas Cost
*	Class A Pa. Electric Companies	*	PaPUC	FAM-Electric Cost
*	Metropolitan Edison Co.	C-21597	PaPUC	Coal Contracts
1979	Metropolitan Edison Co./ Pennsylvania Electric Co.	I-79040308	PaPUC	TMI Repl.Pwr Cost
1982	Pa. Power & Light Co.	R-822169	PaPUC	RC-RR
1982	Metropolitan Edison Co.	R-822249	PaPUC	RC-RR
1982	Pennsylvania Electric Co.	R-822250	PaPUC	RC-RR
1983	Duquesne Light Co.	R-832337	PaPUC	RC-RR
1983	Penn Power co.	R-832409	PaPUC	RC-RR
1983	Metropolitan Edison Co.	R-832549	PaPUC	RC-RR
1984	Duquesne Light co.	R-842583	PaPUC	RC-RR
1984	Pa. Power & Light Co.	R-842651	PaPUC	RC-RR
1987	Superior Water Co.	A-212955	Superior	CPC-all phases
1988	Meadows Sewer Company	R-881173	Meadows	RC-RR, RD
1989	Media Borough Water Works	R-891258	Townships	RC-RR, RD
1989	Valley Utilities Company Inc.	R-891358	Valley	RC-RR, RD
1989	Birch Acres Water Works	R-891430	BAWW	RC-RR, RD
1990	Northumberland Utilities Co.Inc.			
1990	Butler Twp Water Division	R-901668	Butler Twp	RC-RR, RD
1990	Winona Lakes Utility Inc. (Water)	R-901749	WLU, Inc.	RC-RR, RD
1990	Winona Lakes Utility Inc. (Sewer)	R-901750	WLU, Inc.	RC-RR, RD
1990	CS Water & Sewer Associates	R-881147	Homeowners	RC-RR, RD
1990	CS Water & Sewer Associates	I-890088	Homeowners	RC-RR, RD
1991	LP Water & Sewer Co. Water Div.	A-211770	LP-Water	CPC-all phases



1991 LP Water & Sewer Co. Sewer Div.	A-230242	LP-Sewer	CPC-all phases
1991 LP Water & Sewer Co.	G-910255	LP-W&S	Affiliated Interest
1991 LP Water & Sewer Co.	C-913285	LP W&S	Cust. Complaint-Rates
1991 LP Water & Sewer Co.	C-913304	LP W&S	Cust. Complaint-Rates
1991 LP Water & Sewer Co.	P-910533	LP W&S	Temporary Rates
1991 Evansburg Water Company	A-210870	Evansburg	CPC-all phases
1991 Media Borough Water Works	R-912150	Townships	RC-RR, CoS, RD
1992 Superior Water Company	A-212955	Superior	CPC-all phases
1992 Pennsylvania Electric Co.	M-920312	Lg. Ind.	FAM-Energy Cost/RD
1992 LP Water & Sewer Company-Sewer Div	R-922493	LP-Sewer	RC-RR, CoS, RD
1993 Borough of Phoenixville	R-932770	Phoenixville	RC-RR, CoS, RD
1993 Lake Spangenberg Water Co.	R-932658	LSW Co.	RC-RR, RD
1994 LP Water & Sewer Company-Water Div	R-943021	LP-Water	RC-RR, CoS, RD
1995 CMV Water Company, Inc.	C-956618	CMV Water	Bill Freq/Rate Design
1995 CMV Sewer Company, Inc.	C-956619	CMV-Sewer	Bill Freq/Rate Design
1995 LP Water & Sewer Company-Water Div	C-956966	LP-Water	Cust Complaint-Rates
1996 Pennsylvania Electric Co.	M-960791	Lg. Ind.	FAM-Elec RD
1997 Superior Water Company	A-212955F007	Superior	CPC-all phases
1998 Manufactures Water Company	R-00984275	Cambria Cogen & EbensburgPwrCo.	RC-RR, CoS, RD
1998 City of Lancaster-Water Fund	R-00984567	CityOfLanc	RC-RR, CoS, RD
1999 Pa. American Water Company	R-00994638	Butler Twp. W&S Auth.	RC-CoS, RD
1999 Superior Water Company	R-00994672	Superior	RC-RR, CoS, RD
2000 City of Lancaster-Sewer Fund	R-00005109	CityOfLanc	RC-RR, CoS, RD
2001 City of Lancaster-Water Fund RC	R-000016114	CityOf Lanc	RC-RR, CoS, RD
City of Lancaster-Water Fund Tapping Fee	R-000016297	CityOf Lanc	Tapping Fee/RD
2002 Delaware Valley Utilities, Inc.	C-00004517	Samall Dev.	CIAC
2005 Three Lane Utilities, Inc.	A-210116	TLU	CPC-all phases
2005 City of Lancaster – Sewer Fund	R-00049862	CityOfLanc	RC-RR, CoS, RD
2005 CMV Sewage Company, Inc.,	R-00050677	CMV	RC-RR, RD

2005 City of Lancaster – Water Fund	R-00051167	CityOf Lanc	RC-RR, CoS, RD
2007 Three Lane Utilities, Inc.	C-	TLU	Rev. Neutral Rates
2008 City of Bethlehem-Bureau of Water	R-00072492	Lower Saucon Auth.	RD
2008 Clean Treatment Sewage, Co.,	C-200781897	CTSC	Cust. Compl. RD
2008 CMV Sewage Company	A-230056F2002	CMV	Abandonment of Service
2008 Superior Water Company	R-2008-2039261	Superior	RC-RR, RD, RofR
2009 Clean Treatment Sewage Company	R-2009-2121928	CTSC	RC-RR, RD, RofR
2010 City of Bethlehem-Bureau of Water	R-00072492(RM)	Lower Saucon Auth.	RD
2011 CMV Sewage Company, Inc.,	R-2011-2218562	CMV	RC-RR, RD, RofR
2011 Clean Treatment Sewage, Co.,	I-2009-2109324	CTSC	Section 529 Proceeding
2011 Audubon Water Company	R-2012-2286118	AWC	RC-RR, CoS, RD
2014 Borough of Ambler Water Department	R-2014-2400003	Ambler	RC-RR, CoS, RD
2014 Pocono Waterworks Company, Inc., - Water Division	R-2014-2420204	Pocono	RC-RR, RofR, RD
2014 Pocono Waterworks Company, Inc., - Wastewater Division	R-2014-2420211	Pocono	RC-RR, RofR, RD
2014 Delaware Sewer Company	R-2014-2452705	DSC	RC-RR, RofR, RD
2015 Delaware Sewer Company,	P-2014-2404341	DSC	Request Section 529 Investigation

\* Actual docket numbers cannot be ascertained; time frame is approximately 1978.

### **Municipal and Authority Clients**

Borough of Phoenixville  
Borough of Ambler  
Borough of Schuylkill Haven  
City of Lancaster  
Maidencreek Township Authority  
Borough of Red Lion  
Lower Macungie Township  
Sandy Township  
City of Lebanon Authority  
Borough of Duncannon  
Dallas Area Municipal Authority  
Ridgway Township Municipal Authority  
Dauphin County  
Township of Manchester

### **Regulatory Audits and Support Engagements**

Utility Rate Resources maintains a professional relationship with The Liberty Consulting Group (“Liberty”) and provided senior level consulting services to Liberty in the following regulatory audits and support engagements:

#### **2002**

Electric reliability audit of Commonwealth Edison Company’s distribution delivery system for its inclusion in revenue requirement values in a Delivery Service Tariff preceding before the Illinois Commerce Commission at Docket Number 01-0664 Audit. Task Area Leader and Senior Consultant in the area of rate-base issues related to capital spending, transmission and distribution revenue requirements.

#### **2003**

Focused audit of NUI Corporation and NUI Utilities related to financial performance and affiliated transactions for the New Jersey Board of Public Utilities. Lead consultant for accounting systems, cash management, and accounting for energy and commodity trading. Audit included examination of financial results, sources and uses of funds, accounting systems and controls, credit intertwining, cash commingling, and affiliate transactions among others.

#### **2004**

Focused audit of SJI, South Jersey Gas, and affiliates for the New Jersey Board of Public Utilities. Lead consultant for accounting systems, cash management, and accounting for affiliate transactions. Audit included examination of financial results, sources and uses of funds, accounting systems and controls, and affiliate transactions, among others.

#### **2005**

Focused review of fuel procurement, affiliate transactions, and automatic adjustment clause implementation of Nova Scotia Power on behalf of the Nova Scotia Utility Authority Review Board at Case No. NSUARB-P-881. Lead rate consultant and witness on assessment of fuel procurement,

affiliate transactions, and automatic adjustment clauses including implementation of same.

### **2006**

Focused review of the Arizona Public Service Company (APS) fuel and purchased power costs to be included in the Power Supply Adjustor (PSA) for APS before the Arizona Corporation Commission. Lead consultant on assessment of PSA filings, fuel and purchase power costs included in same and related accounting matters.

### **2006-2007**

Focused audit of NJNG, New Jersey Natural Gas, and affiliates for the New Jersey Board of Public Utilities. Lead consultant for accounting systems, accounting for affiliate, and continuing property record transactions. Audit included examination of financial results, sources and uses of funds, accounting systems and controls, and affiliate transactions, among others.

### **2008**

Development and implementation of formalized automatic adjustment clause methods and procedures of Nova Scotia Power Inc., on behalf of the Nova Scotia Utility And Review Board.

### **2008**

Focused audit Duke Power Indiana and Duke Power Kentucky; merger of Duke Energy Corporation and Cinergy Corp. parent of PSI Energy, Inc., later renamed Duke Energy Indiana for the Indiana Utility Regulatory Commission. Lead consultant for accounting issues related to continuing property record transactions pertaining to the comprehensiveness, accuracy, sufficiency, and compliance with relevant statutory and regulatory requirements for asset transfers within the merger and related affiliated transactions for same.

### **2009**

Focused audit of Long Island Power Authority's ("LIPA") Fuel and Purchased Power Cost Adjustment ("FPPCA") mechanism. Lead consultant in the review of LIPA's FPPCA cost reporting to include review of accounting system controls, financial reporting, and other timely reports related to the determination of the FPPCA charges and ultimate recovery of fuel and purchase power cost through LIPA's FPPCA rate charges under approved tariff's from May 1998 through 2008.

Focused review of Nova Scotia Power, Inc., 2009 Fuel Adjustment Mechanism clause filings on behalf of the Nova Scotia Utility And Review Board.

### **2010**

Focused audit of Nova Scotia Power, Inc., 2009 Fuel Adjustment Mechanism ("FAM") filings on behalf of Nova Scotia Utility And Review Board. Lead consultant in review of NSPI's FAM cost reporting including review of accounting system controls, financial reporting, and other timely reports related to determination of the FAM charges and ultimate recovery of fuel and purchase power cost through NSPI's FAM charges under approved tariff's for the calendar year 2009.

### **2012**

Focused audit of Nova Scotia Power, Inc., Fuel Adjustment Mechanism ("FAM") filings on behalf of

Nova Scotia Utility And Review Board. Lead consultant in review of NSPI's FAM cost reporting including review of accounting system controls, financial reporting, and other timely reports related to determination of the FAM charges and ultimate recovery of fuel and purchase power cost through NSPI's FAM charges under approved tariff's for the calendar years 2010 and 2011.

### **2013**

Provide professional consulting services as an Extension of Staff to Assist the State of Connecticut Public Utilities Regulatory Authority ("PURA") in its regulatory oversight of utility rate making and all other utility issues affecting the cost and provisions of utility service in Connecticut. Lead consultant in providing assistance to PURA in the review of the depreciation study and related revenue requirements associated with The United Illuminating Company's ("UI") application to increase rate and charges. Services included the development of interrogatories, review of critical documents, cross-examination of UI depreciation expert witnesses, assist in preparation of PURA draft and final decision in at matter at Docket No. 13-01-19.

### **2014**

Focused audit of Nova Scotia Power, Inc., Fuel Adjustment Mechanism ("FAM") filings on behalf of Nova Scotia Utility And Review Board. Lead consultant in review of NSPI's FAM cost reporting including review of accounting system controls, financial reporting, and other timely reports related to determination of the FAM charges and ultimate recovery of fuel and purchase power cost through NSPI's FAM charges under approved tariff's for the calendar years 2012 and 2013.

### **2016**

Focused audit of Nova Scotia Power, Inc., Fuel Adjustment Mechanism ("FAM") filings on behalf of Nova Scotia Utility And Review Board. Lead consultant in review of NSPI's FAM cost reporting including review of accounting system controls, financial reporting, and other timely reports related to determination of the FAM charges and ultimate recovery of fuel and purchase power cost through NSPI's FAM charges under approved tariff's for the calendar years 2014 and 2015.

### **2017**

Focused audit of administrative and other related expenses (Administrative Costs) included in the Basic Generation Service (BGS) rates four New Jersey Electric Distribution Companies (EDC's) as requested by the New Jersey Board of Public Utilities (BPU) in Docket No. EA17010004. Lead consultant in review of EDC's, i.e., Public Service Electric and Gas Company, Atlantic City Electric Company, Jersey Central Power & Light Company and Rockland Electric Company Administrative Cost in the EDC's respective 2013-2016 BGS rate filings. Work task included but not limited to the determination of appropriate allowable cost to be included in EDC's BGS Administrative Cost such as, accounting methods and related actual reporting; compliance with regulatory reporting requirement; development of appropriate adjustments and changes in methods etc., related to same.

### **Testimony in Non-PaPUC Proceedings:**

#### **1992**

In The Court of Common Pleas of Westmoreland County, Pennsylvania:

Allegheny Ludlum Corporation, Plaintiff      Alleg. Ludlum Co.

v.

No. 5851 Of 1992

Municipal Authority of Westmoreland County, Defendant

Testified on behalf of Allegheny Ludlum Corporation- Cost of Service and Rate Design

**2002**

Before the Philadelphia Water Department:

Philadelphia Water Department

Proposed Water & Wastewater Rates FY's 2002-2004

v.

Water Reg. Nos. 81, 82, & 83

Sewer Reg. Nos. 23 and 24

Public Advocate, Commercial Customer Consortium,  
Philadelphia Condominium Managers Association, and  
Other Citizens of Philadelphia

Testified on behalf of Commercial Customer Consortium (CCC): Building Owners' and Managers' Association (BOMA) of Phila.; Interfaith Coalition on Energy (ICE); and, Apartment Association of Greater Philadelphia (AAGP) Revenue Requirement, Cost of Service, and Rate Design.

**2002**

Before the Illinois Commerce Commission:

Commonwealth Edison Company

v.

ICC Dkt. No. 01-0664 Audit

Illinois Commerce Commission

Utility Rate Resources provided senior level consulting services to Liberty related to an electric reliability audit of Commonwealth Edison Company distribution delivery service system for its inclusion in revenue requirement values in a Delivery Service Tariff proceeding before the ICC at the above docket number.

Testified in support of audit finds.

**2003**

Before the Missouri Public Service Commission

In the Matter of the General Rate Increase for

Water Service Provided by Missouri-American Water Company

Case No. WR-2003-0500

Utility Rate Resources provided senior level consulting services to Liberty on behalf of the Empire District Electric Company.

Testified on behalf of the Empire District Electric Company in support cost of service and rate design matters; more specifically industrial interruptible rates.

**2003**

In The Court of Common Pleas of Lehigh County, Pennsylvania:

Fieldstone Associates, L.P., Plaintiff

vs.

No. 2002 C 2583

Lower Macungie Township, Defendant,

vs.

Lehigh County Authority, Additional Defendant,

Testified on behalf of Lower Macungie Township – Tapping Fee and Usage Fees

**2003**

In The Court of Common Pleas of Clearfield County, Pennsylvania:

Sandy Township, a municipal corporation, Plaintiff

vs.

No. 2002-978 C.D.

City of DuBois, a municipal corporation, Defendant,

Testified on behalf of Sandy Township – Revenue Requirement And Usage Fees

**2004**

Before the Nova Scotia Utility And Review Board, Nova Scotia, Canada:

In the Matter of Nova Scotia Power Incorporated

Electric Power – Rate Case

Case No. NSUARB-P-881

**2005**

Utility Rate Resources provided senior level consulting services to Liberty on behalf of the Nova Scotia Utility And Review Board regarding fuel costs and fuel adjustment mechanisms.

Testified on behalf of Nova Scotia Utility And Review Board – Fuel Costs and Fuel Adjustment Mechanism Matters

**2005**

Before the Philadelphia Water Department:

Philadelphia Water Department

Proposed Water & Wastewater Rates FY's 2005-2008

v.

Water Reg. Nos. 301

Sewer Reg. Nos. 302

Public Advocate, Commercial Customer Consortium,  
And Other Citizens of Philadelphia

Testified on behalf of Commercial Customer Consortium (CCC): Building Owners' and Managers' Association (BOMA) of Phila.; Interfaith Coalition on Energy (ICE); Apartment Association Of Greater Philadelphia (AAGP); Jefferson Health System; Philadelphia College of Osteopathic Medicine; Delaware Valley Health Council; Temple University; University of Pennsylvania; St. Joseph's University; University Of Sciences; Trigen-Philadelphia Energy Corp.; Sunoco; Philadelphia Coco-Cola Bottling; and, Pepsi Bottling Group.

Revenue Requirement, Cost of Service, and Rate Design

**2009**

Before the Philadelphia Water Department:

Philadelphia Water Department  
Proposed Water & Wastewater Rates FY's 2009-2012

v.

Water Reg. Nos. 301  
Sewer Reg. Nos. 302

Public Advocate, Commercial Customer Consortium,  
And Other Citizens of Philadelphia

Testified on behalf of Commercial Customer Consortium (CCC); Building Owners' and Managers' Association (BOMA) of Phila.; Interfaith Coalition on Energy (ICE); Jefferson Health System; Philadelphia College of Osteopathic Medicine; Delaware Valley Health Council; Temple University; University of Pennsylvania; St. Joseph's University; University Of Sciences; Trigen-Philadelphia Energy Corp.

Revenue Requirement, Cost of Service, and Rate Design

**2009**

In The Court of Common Pleas of Dauphin County, Pennsylvania:

The County Of Dauphin, Plaintiff

v.

No. \_\_\_\_ Of 2008

The Harrisburg Authority, Defendant

Matter Assigned to Court Appointed Arbitrator; Testified on behalf of The County Of Dauphin related to the provision of municipal waste disposal services by Authority at appropriate "tipping fee" rates per a formal Disposal Agreement. Decision entered February 18, 2009.

Before the Nova Scotia Utility And Review Board, Nova Scotia, Canada:

In the Matter of Nova Scotia Power Incorporated

Electric Power – Rate Case

Case No. FAM 2010 P-887

**2009**

Utility Rate Resources provided senior level consulting services to Liberty on behalf of the Nova Scotia Utility And Review Board regarding fuel costs and fuel adjustment mechanisms.

Testified on behalf of Nova Scotia Utility And Review Board – regarding NSPI's 2009 FAM automatic adjustment factor.

**2010**

Before the Arizona Corporation Commission:

In the Matter of Arizona Electric Power Cooperative Inc.'s ("AEPCO")

Electric General Rate Increase – Docket No. E-01773A-09-0472



In the Matter of Southwest Transmission Cooperative Inc.'s ("SWTC")  
Electric General Rate Increase – Docket No. E-04100A-09-0496

Utility Rate Resources provided senior level consulting services to Liberty on behalf of the Arizona Corporation Commission regarding two electric base rate filing to include cost of service and rate design matters.

Testified on behalf of Arizona Corporation Commission, Utilities Division on AEPCO and SWTC Cost of Service and Rate Design Matters.

**2011**

Before the Nova Scotia Utility And Review Board, Nova Scotia, Canada:

In the Matter of Nova Scotia Power Incorporated

Electric Power – 2012 Rate Case

Case No. NSPI – P-892

Utility Rate Resources provided senior level consulting services to Liberty on behalf of the Nova Scotia Utility And Review Board regarding a general rate case filing by NSPI.

Testified on behalf of Nova Scotia Utility And Review Board – regarding NSPI's 2012 General Rate Increase operating expense claims, including labor and other related operating expenses.

**2012**

In The Court of Common Pleas of Berks County, Pennsylvania:

Penn View Park L.P., Plaintiff

v.

No. 05-15922

Mt. Penn Borough Municipal Authority, Defendant

Antietam Valley Municipal Authority, Defendant

Utility Rate Resources testified on behalf of Penn View Park L.P., regarding a billing dispute pertaining to charges for the provision of municipal water and wastewater services provided by Mt. Penn Borough Municipal Authority and Antietam Valley Municipal Authority, respectively.

**2013**

Before the Arizona Corporation Commission:

In the Matter of Arizona Electric Power Cooperative Inc.'s ("AEPCO")

Electric General Rate Increase – Docket No. E-01773A-12-0305

In the Matter of Southwest Transmission Cooperative, Inc.'s ("SWTC")

Electric General Rate Increase – Docket No. E-04100A-12-0353

Utility Rate Resources provided senior level consulting services to Liberty on behalf of the Arizona Corporation Commission regarding two electric base rate filings to include revenue requirement, cost of service and rate design matters.

Testified on behalf of Arizona Corporation Commission, Utilities Division on AEPCO and SWTC

Revenue Requirement, Cost of Service and Rate Design Matters.

**2014**

Before the Arizona Corporation Commission:

In the Matter of Arizona Public Service Company (“APS”)

Four Corners Adjustment Rider Request Docket No. E-01345A-11-0224

Utility Rate Resources provided senior level consulting services to Liberty on behalf of the Arizona Corporation Commission regarding APS request for approval of a Four Corners Rate Rider, to include review of all associated revenue requirements, i.e., rate base values, acquisition adjustment, associated expenses and deferral matters, and development of surcharge rate and related rate design matters.

Testified on behalf of Arizona Corporation Commission, Utilities Division, on APS Revenue Requirement components, rate of return, Acquisition Adjustment claim, and Surcharge Rate Design Matters.

**2016**

Before the Nova Scotia Utility And Review Board, Nova Scotia, Canada:

In the Matter of Nova Scotia Power Incorporated

NS Power 2017-2019 Fuel Stability Plan and Base Cost of Fuel Reset Case No. M07348

Utility Rate Resources provided senior level consulting services to Liberty on behalf of the Nova Scotia Utility And Review Board regarding legislative long term change in methodology of Fuel Adjustment Mechanism rates and reset of fuel base rates by NSPI.

Testified on behalf of Nova Scotia Utility And Review Board – regarding NSPI’s 2017-2019 changes to FAM operating procedures and development of Base Cost of Fuel rates, general areas of testimony included Legislative and FAM Framework changes to comply with legislative changes to promote rate stability.

**Borough Of Indiana  
Docket No. R-2018-3003141  
Statement DMK-1  
DMK Exhibit No. 1**

Borough Of Indiana  
Docket No. R-2018-3003141  
Statement DMK-1  
DMK Exhibit No. 1

Index

URR Proof Of Revenue Analysis - <b>BOROUGH AS FILED</b> Residential, Industrial, Commercial Flat Rate Unmetered Customer Class	Schedule 1
URR Proof Of Revenue Analysis - <b>URR ADJUSTED</b> Residential, Industrial, Commercial Flat Rate Unmetered Customer Class	Schedule 2

BOROUGH OF INDIANA - SEWER FUND

URR Proof Of Revenue Analysis - **BOROUGH AS FILED** Residential, Industrial, Commercial Flat Rate Unmetered Customer Class  
**Pro Forma Revenues Under Current and Proposed Rates BOROUGH AS FILED**

	Per Books Revenues	% of Total	Pro Forma Current Rates			% of Total	URR Adj.	Pro Forma Proposed Rates			% of Total	URR Calculated Rev. Inc.	% Inc.	Borough As-Filed Rev. Inc.	URR Cal. Ov/(Un)	
			Current Rates	# Cust.	Annual # MC Units			Total Revenues	Bor. Prop. Rates	# Cust.						Annual # MC Units
<b>Inside Borough Customers</b>																
Inside Res. Flat Rate Unit Charges	\$ 551,111		\$ 12.57	2770	43,843.357	\$ 551,111	\$ -	\$ 16.72	2770	43,843.357	\$ 733,061	\$ 181,950	33%	\$ 181,867	\$ 83	
Inside Inst. Flat Rate Cust.	\$ 707,100		\$ 707,100	1	1	\$ 707,100	\$ -	\$ 940,443	1	1	\$ 940,443	\$ 233,343	33%	\$ 233,343	\$ -	
Inside Ind. Flat Rate Unit Charges	\$ 13,810		\$ 3.32	2	4,159.639	\$ 13,810	\$ -	\$ 4.42	2	4,159.639	\$ 18,386	\$ 4,576	33%	\$ 4,557	\$ 19	
Inside Comm. Metered Rate Cust.	\$ 215,427			441		\$ 220,547	\$ 5,120		441		\$ 295,189	\$ 74,642	34%	\$ 71,091	\$ 3,551	
<b>Total Inside Customers</b>	<b>\$ 1,487,448</b>	<b>55.7%</b>		<b>3214</b>		<b>\$ 1,492,568</b>	<b>55.9%</b>	<b>\$ 5,120</b>	<b>3214</b>		<b>\$ 1,987,079</b>	<b>55.8%</b>	<b>\$ 494,511</b>	<b>33%</b>	<b>\$ 490,858</b>	<b>\$ 3,653</b>
<b>Outside Borough Customers</b>																
Outside Res. Flat Rate Unit Charges	\$ 751,752		\$ 12.57	3524	59,805.251	\$ 751,752	\$ -	\$ 16.72	441	59,805.251	\$ 999,944	\$ 248,192	33%	\$ 248,078	\$ 114	
Outside Inst. Flat Rate Cust.	\$ -		\$ -	0	0	\$ -	\$ -	\$ -	0	0	\$ -	\$ -		\$ -	\$ -	
Outside Ind. Flat Rate Unit Charges	\$ 2,039		\$ 3.32	1	614.157	\$ 2,039	\$ -	\$ 4.42	1	614.157	\$ 2,715	\$ 676	33%	\$ 673	\$ 3	
Outside Comm. Metered Rate Cust.	\$ 428,216			448		\$ 423,096	\$ (5,120)		448		\$ 568,510	\$ 145,414	34%	\$ 141,311	\$ 4,103	
<b>Total Outside Customers</b>	<b>\$ 1,182,007</b>	<b>44.3%</b>		<b>3973</b>		<b>\$ 1,176,887</b>	<b>44.1%</b>	<b>\$ (5,120)</b>	<b>890</b>		<b>\$ 1,571,169</b>	<b>44.2%</b>	<b>\$ 394,282</b>	<b>34%</b>	<b>\$ 390,062</b>	<b>\$ 4,220</b>
<b>Total Borough Customers</b>																
In/Out Side Res. Flat Rate Unit Charges	\$ 1,302,863		\$ 12.57	6294	103,648.608	\$ 1,302,863	\$ -	\$ 16.72	441	103,648.608	\$ 1,733,005	\$ 430,142	33%	\$ 429,945	\$ 197	
In/Out Side Inst. Flat Rate Cust.	\$ 707,100		\$ 707,100	1	1	\$ 707,100	\$ -	\$ 940,443	1	1	\$ 940,443	\$ 233,343	33%	\$ 233,343	\$ -	
In/Out Side Ind. Flat Rate Unit Charges	\$ 15,849		\$ 3.32	3	4,773.796	\$ 15,849	\$ -	\$ 4.42	3	4,773.796	\$ 21,101	\$ 5,252	33%	\$ 5,230	\$ 22	
In/Out Side Comm. Metered Rate Cust.	\$ 643,643			889		\$ 643,643	\$ -		889		\$ 863,699	\$ 220,056	34%	\$ 212,402	\$ 7,654	
<b>Total Inside / Outside Customers</b>	<b>\$ 2,669,455</b>	<b>100.0%</b>		<b>7187</b>		<b>\$ 2,669,455</b>	<b>100.0%</b>	<b>\$ -</b>	<b>1334</b>		<b>\$ 3,558,248</b>	<b>100.0%</b>	<b>\$ 888,793</b>	<b>33%</b>	<b>\$ 880,920</b>	<b>\$ 7,873</b>

**BOROUGH OF INDIANA - SEWER FUND**  
URR Proof Of Revenue Analysis **BOROUGH AS FILED** - Commercial Metered Customer Class  
**Pro Forma Revenues Under Current and Proposed Rates BOROUGH AS FILED**

	Per Books Revenues	Pro Forma Current Rates				URR Adj.	Pro Forma Proposed Rates				URR Calculated Rev. Inc.	% Inc.	Borough As-Filed Rev. Inc.	URR Cal. Ov/(Un)	
		Current Rates	# Cust.	Annual # MC Units	Total Revenues		Bor. Prop. Rates	# Cust.	Annual # MC Units	Total Revenues					
<u>Inside Commercial Metered Cust.</u>															
Minimum Charge		\$ 12.57	441	4,912,729	\$ 61,753		\$ 16.72	441	4,912,729	\$ 82,141	\$ 20,388	33%			
Gallons:				Annual Gallons				Annual Gallons							
First 4,000 Gallons Allowance				Min. Allow.	13,739,700			Min. Allow.	13,739,700						
Next 16,000 Gallons		\$ 3.14			24,589,500	77,211		\$ 4.18		24,589,500	102,784	\$ 25,573	33%		
All over 20,000 Gallons		\$ 2.56			31,868,227	81,583		\$ 3.46		31,868,227	110,264	\$ 28,681	35%		
<b>Total Inside Metered Rate Charges</b>	<b>\$ 215,427</b>				<b>70,197,427</b>	<b>\$ 220,547</b>	<b>\$ 5,120</b>			<b>70,197,427</b>	<b>\$ 295,189</b>	<b>\$ 74,642</b>	<b>34%</b>	<b>\$ 71,091</b>	<b>\$ 3,551</b>
<u>Outside Commercial Metered Cust.</u>				Annual # MC Units				Annual # MC Units							
Minimum Charge		\$ 12.57	448	4,331,026	\$ 54,441		\$ 16.72	448	4,331,026	\$ 72,415	\$ 17,974	33%			
Gallons:				Annual Gallons				Annual Gallons							
First 4,000 Gallons Allowance				Min. Allow.	15,478,850			Min. Allow.	15,478,850						
Next 16,000 Gallons		\$ 3.14			33,886,421	106,403		\$ 4.18		33,886,421	141,645	\$ 35,242	33%		
All over 20,000 Gallons		\$ 2.56			102,442,066	262,252		\$ 3.46		102,442,066	354,450	\$ 92,198	35%		
<b>Total Outside Metered Rate Charges</b>	<b>\$ 428,216</b>				<b>151,807,337</b>	<b>\$ 423,096</b>	<b>\$ (5,120)</b>			<b>151,807,337</b>	<b>568,510</b>	<b>\$ 145,414</b>	<b>34%</b>	<b>\$ 141,311</b>	<b>\$ 4,103</b>
<u>Total Commercial Metered Cust.</u>				Annual # MC Units				Annual # MC Units							
Minimum Charge		\$ 12.57	889	9,243.75	\$ 116,194		\$ 16.72	889	9,243.76	\$ 154,556	\$ 38,362	33%	\$ -		
Gallons:				Annual Gallons				Annual Gallons							
First 4,000 Gallons Allowance				Min. Allow.	29,218,550			Min. Allow.	29,218,550						
Next 16,000 Gallons		\$ 3.14			58,475,921	183,614		\$ 4.18		58,475,921	244,429	\$ 60,815	33%	-	
All over 20,000 Gallons		\$ 2.56			134,310,293	343,835		\$ 3.46		134,310,293	464,714	\$ 120,879	35%	-	
<b>Total Metered Rate Charges</b>	<b>\$ 643,643</b>				<b>222,004,764</b>	<b>\$ 643,643</b>	<b>\$ -</b>			<b>222,004,764</b>	<b>\$ 863,699</b>	<b>\$ 220,056</b>	<b>34%</b>	<b>\$ 212,402</b>	<b>\$ 7,654</b>

**BOROUGH OF INDIANA - SEWER FUND**  
URR Proof Of Revenue Analysis - URR ADJUSTED Residential, Industrial, Commercial Flat Rate Unmetered Customer Class  
Pro Forma Revenues Under Current and URR ADJUSTED Proposed Rates

	Per Books Revenues	% of Total	Pro Forma Current Rates				% of Total	URR Adj.	Pro Forma Proposed Rates				% of Total	URR Calculated Rev. Inc.	% Inc.	Borough As-Filed Rev. Inc.	URR Adj. Ov/(Un)
			Current Rates	# Cust.	Annual # MC Units	Total Revenues			URR Prop. Rates	# Cust.	Annual # MC Units	Total Revenues					
<b>Inside Borough Customers</b>																	
Inside Res. Flat Rate Unit Charges	\$ 551,111		\$ 12.57	2770	43,843.357	\$ 551,111	\$ -	\$ 16.71	2770	43,843.357	\$ 732,622	\$ 181,511	33%	\$ 181,867	\$ (356)		
Inside Inst. Flat Rate Cust.	\$ 707,100		\$ 707,100	1	1	\$ 707,100	\$ -	\$ 940,443	1	1	\$ 940,443	\$ 233,343	33%	\$ 233,343	\$ -		
Inside Ind. Flat Rate Unit Charges	\$ 13,810		\$ 3.32	2	4,159.639	\$ 13,810	\$ -	\$ 4.41	2	4,159.639	\$ 18,344	\$ 4,534	33%	\$ 4,557	\$ (23)		
Inside Comm. Metered Rate Cust.	\$ 215,427			441		\$ 220,547	\$ 5,120		441		\$ 293,547	\$ 73,000	33%	\$ 71,091	\$ 1,909		
<b>Total Inside Customers</b>	<b>\$ 1,487,448</b>	<b>55.7%</b>		<b>3214</b>		<b>\$ 1,492,568</b>	<b>55.9%</b>	<b>\$ 5,120</b>	<b>3214</b>		<b>\$ 1,984,956</b>	<b>55.9%</b>	<b>\$ 492,388</b>	<b>33%</b>	<b>\$ 490,858</b>	<b>\$ 1,530</b>	
<b>Outside Borough Customers</b>																	
Outside Res. Flat Rate Unit Charges	\$ 751,752		\$ 12.57	3524	59,805.251	\$ 751,752	\$ -	\$ 16.71	441	59,805.251	\$ 999,346	\$ 247,594	33%	\$ 248,078	\$ (484)		
Outside Inst. Flat Rate Cust.	\$ -		\$ -	0	0	\$ -	\$ -	\$ -	0	0	\$ -	\$ -		\$ -	\$ -		
Outside Ind. Flat Rate Unit Charges	\$ 2,039		\$ 3.32	1	614.157	\$ 2,039	\$ -	\$ 4.41	1	614.157	\$ 2,708	\$ 669	33%	\$ 673	\$ (4)		
Outside Comm. Metered Rate Cust.	\$ 428,216			448		\$ 423,096	\$ (5,120)		448		\$ 563,343	\$ 140,247	33%	\$ 141,311	\$ (1,064)		
<b>Total Outside Customers</b>	<b>\$ 1,182,007</b>	<b>44.3%</b>		<b>3973</b>		<b>\$ 1,176,887</b>	<b>44.1%</b>	<b>\$ (5,120)</b>	<b>890</b>		<b>\$ 1,565,397</b>	<b>44.1%</b>	<b>\$ 388,510</b>	<b>33%</b>	<b>\$ 390,062</b>	<b>\$ (1,552)</b>	
<b>Total Borough Customers</b>																	
In/Out Side Res. Flat Rate Unit Charges	\$ 1,302,863		\$ 12.57	6294	103,648.608	\$ 1,302,863	\$ -	\$ 16.71	441	103,648.608	\$ 1,731,968	\$ 429,105	33%	\$ 429,945	\$ (840)		
In/Out Side Inst. Flat Rate Cust.	\$ 707,100		\$ 707,100	1	1	\$ 707,100	\$ -	\$ 940,443	1	1	\$ 940,443	\$ 233,343	33%	\$ 233,343	\$ -		
In/Out Side Ind. Flat Rate Unit Charges	\$ 15,849		\$ 3.32	3	4,773.796	\$ 15,849	\$ -	\$ 4.41	3	4,773.796	\$ 21,052	\$ 5,203	33%	\$ 5,230	\$ (27)		
In/Out Side Comm. Metered Rate Cust.	\$ 643,643			889		\$ 643,643	\$ -		889		\$ 856,890	\$ 213,247	33%	\$ 212,402	\$ 845		
<b>Total Inside / Outside Customers</b>	<b>\$ 2,669,455</b>	<b>100.0%</b>		<b>7187</b>		<b>\$ 2,669,455</b>	<b>100.0%</b>	<b>\$ -</b>	<b>1334</b>		<b>\$ 3,550,353</b>	<b>100.0%</b>	<b>\$ 880,898</b>	<b>33%</b>	<b>\$ 880,920</b>	<b>\$ (22)</b>	

**BOROUGH OF INDIANA - SEWER FUND**  
 URR Proof Of Revenue Analysis URR ADJUSTED - Commercial Metered Customer Class  
 Pro Forma Revenues Under Current and URR ADJUSTED Proposed Rates

Per Books Revenues	Pro Forma Current Rates				URR Adj.	Pro Forma Proposed Rates				URR Calculated Rev. Inc.	Borough As-Filed Rev. Inc.	URR Adj. Ov/(Un)
	Current Rates	# Cust.	Annual # MC Units	Total Revenues		URR Prop. Rates	# Cust.	Annual # MC Units	Total Revenues			
<u>Inside Commercial Metered Cust.</u> Minimum Charge	\$ 12.57	441	4,912,729	\$ 61,753		\$ 16.71	441	4,912,729	\$ 82,092	\$ 20,339	33%	
Gallons:			Annual Gallons				Annual Gallons					
First 4,000 Gallons Allowance	Min. Allow.		13,739,700			Min. Allow.	13,739,700					
Next 16,000 Gallons	\$ 3.14		24,589,500	77,211		\$ 4.18	24,589,500	102,784		25,573	33%	
All over 20,000 Gallons	\$ 2.56		31,868,227	81,583		\$ 3.41	31,868,227	108,671		27,088	33%	
<b>Total Inside Metered Rate Charges</b>	<b>\$ 215,427</b>		<b>70,197,427</b>	<b>\$ 220,547</b>	<b>\$ 5,120</b>		<b>70,197,427</b>	<b>\$ 293,547</b>		<b>\$ 73,000</b>	<b>33%</b>	<b>\$ 71,091 \$ 1,909</b>
<u>Outside Commercial Metered Cust.</u> Minimum Charge	Min. Chrg \$ 12.57	448	4,331.026	\$ 54,441		Min. Chrg \$ 16.71	448	4,331.026	\$ 72,371.00	\$ 17,930	33%	
Gallons:			Annual Gallons	Total Revenues			Annual Gallons	Total Revenues				
First 4,000 Gallons Allowance	Min. Allow.		15,478,850			Min. Allow.	15,478,850					
Next 16,000 Gallons	\$ 3.14		33,886,421	106,403		\$ 4.18	33,886,421	141,645		35,242	33%	
All over 20,000 Gallons	\$ 2.56		102,442,066	262,252		\$ 3.41	102,442,066	349,327		87,075	33%	
<b>Total Outside Metered Rate Charges</b>	<b>\$ 428,216</b>		<b>151,807,337</b>	<b>\$ 423,096</b>	<b>\$ (5,120)</b>		<b>151,807,337</b>	<b>\$ 563,343</b>		<b>\$ 140,247</b>	<b>33%</b>	<b>\$ 141,311 \$ (1,064)</b>
<u>Total Commercial Metered Cust.</u> Minimum Charge	Min. Chrg \$ 12.57	889	9,243.75	\$ 116,194		Min. Chrg \$ 16.71	889	9,243.76	\$ 154,463	\$ 38,269	33%	\$ -
Gallons:			Annual Gallons	Total Revenues			Annual Gallons	Total Revenues				
First 4,000 Gallons Allowance	Min. Allow.		29,218,550			Min. Allow.	29,218,550					
Next 16,000 Gallons	\$ 3.14		58,475,921	183,614		\$ 4.18	58,475,921	244,429		60,815	33%	-
All over 20,000 Gallons	\$ 2.56		134,310,293	343,835		\$ 3.41	134,310,293	457,998		114,163	33%	-
<b>Total Metered Rate Charges</b>	<b>\$ 643,643</b>		<b>222,004,764</b>	<b>\$ 643,643</b>	<b>\$ -</b>		<b>222,004,764</b>	<b>\$ 856,890</b>		<b>\$ 213,247</b>	<b>33%</b>	<b>\$ 212,402 \$ 845</b>



**Borough Of Indiana**  
**Docket No. R-2018-3003141**  
**Statement DMK-1**  
**DMK Exhibit No. 2**

Borough Of Indiana  
Docket No. R-2018-3003141  
Statement DMK-1  
DMK Exhibit No. 2

Index

N/A	Schedule A
URR Balance Sheet	Schedule B
URR Rate Design and Proof Of Revenues	Schedule C
URR Income Statement	Schedule D
N/A	Schedule E
URR Rate Base and Rate of Return	Schedule F
N/A	Schedule G
URR Utility Plant In Service, CIAC, Accumulated Reserves and Depreciaiton	Schedule H
N/A	Schedule I
N/A	Schedule J
N/A	Schedule K
N/A	Schedule L
N/A	Schedule M
URR Pro Forma Adjustment and Add'l Supporting Documents	Schedule N

**BOROUGH OF INDIANA - SEWER FUND**  
URR - Updated Analysis\*  
Balance Sheet  
As of December 31, 2017

ASSETS

<u>Utility Plant - In - Service</u>	
Utility Plant at Original Cost	\$ 27,819,199
Less Accumulated Depreciation	12,000,627
Total Net Utility Plant Cost	\$ 15,818,572
Construction Work-In-Progress	1,451,734
Total Net Utility Plant Cost	\$ 17,270,306
<u>Current Assets</u>	
Cash and Temporary Investments	\$ 2,092,205
Accounts Receivable	332,764
Total Current Assets	\$ 2,424,969
<u>Other Assets</u>	
Deferred Debt Expenses	\$ -
Deferred Charges/Debits	-
Other	-
Total Current Assets	\$ -
<b>TOTAL ASSETS</b>	<b>\$ 19,695,275</b>

LIABILITIES AND EQUITY

<u>Long-Term Debt</u>	
Long Term Debt	\$ 4,327,822
Total Long Term Debt	\$ 4,327,822
<u>Current Liabilities</u>	
Accounts Payable	\$ 6,258.00
Other Current Liabilities	17,475
Current portion of long-term debt	859,646
Total Current Liabilities	\$ 883,379.00
<u>Contribution In Aid Of Construction Facilities*</u>	
Contributions in Aid of Construction	\$ 6,806,891
CIAC Accumulated Depreciation	5,802,131
Total Net Value of Contributed Facilities	\$ 1,004,760
<u>Equity*</u>	
Reserve Funds	\$ -
Retained Earnings	13,479,314
Total Equity	\$ 13,479,314
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 19,695,275</b>

\* URR Updated 12/31/17 - To reflect CIAC values On BS; with corresponding reduction to Equity

**BOROUGH OF INDIANA - SEWER FUND**  
 URR - Updated Analysis\*  
 Pro Forma Balance Sheet  
 As of December 31, 2018

ASSETS

<u>Utility Plant - In - Service</u>		
Utility Plant at Original Cost	\$	29,389,519
Less Accumulated Depreciation		<u>12,589,747</u>
Total Net Utility Plant Cost	\$	16,799,772
Construction Work-In-Progress		-
		-
Total Net Utility Plant Cost		<u>\$ 16,799,772</u>
<u>Current Assets</u>		
Cash and Temporary Investments	\$	1,466,515
Accounts Receivable		332,764
		-
Total Current Assets		<u>\$ 1,799,279</u>
<u>Other Assets</u>		
Deferred Debt Expenses	\$	-
Deferred Charges/Debits		-
Other		-
Total Current Assets		<u>\$ -</u>
TOTAL ASSETS		<u><u>\$ 18,599,051</u></u>

LIABILITIES AND EQUITY

<u>Long Term Debt</u>		
Long Term Debt	\$	3,334,589
Total Long Term Debt		<u>\$ 3,334,589</u>
<u>Current Liabilities</u>		
Accounts Payable	\$	6,258.00
Other Current Liabilities		17,475
Current portion of long-term debt		<u>941,742</u>
Total Current Liabilities		<u>\$ 965,475.00</u>
<u>Contribution In Aid Of Construction Facilities*</u>		
Contributions in Aid of Construction	\$	6,806,891
CIAC Accumulated Depreciation		<u>5,918,998</u>
Total Net Value of Contributed Facilities		<u>\$ 887,893</u>
<u>Equity*</u>		
Reserve Funds	\$	-
Retained Earnings		<u>13,411,094</u>
Total Equity		<u>\$ 13,411,094</u>
TOTAL LIABILITIES AND EQUITY		<u><u>\$ 18,599,051</u></u>

\* URR Updated 12/31/18 - To reflect BS on a 2018 Pro Forma Basis, including CIAC values, etc.

**BOROUGH OF INDIANA - SEWER FUND**  
URR Rate Study - Development of Rate Design Jurisdictiona and Non-Jurisdictional  
Pro Forma Revenues Under Current and URR Rate Study Rates

**Development of Revenue Requirement Rate Design**

	DMK Exhibit-2								
Total Operating Expenses	Schedule D		\$ 2,153,268						
Total Depreciation Expense	Schedule D		503,660						
Net Income Requirement	Schedule D and F-1		<u>1,004,842</u>						
Total Revenue Requirement			\$ 3,661,770						
Less Other Revenues	Schedule D		<u>68,191</u>						
Revenue Requirement From Rates			\$ 3,593,579						
Less Rate Case Exp. - Review & Litigation Phase	Schedule N		<u>40,084</u>						
Revenue Requirement From Jur/Non Jur Portion			\$ 3,553,495						
Current Revenue From Rates: Jur. / Non-Jur.	Schedule D		\$ 2,669,455						
Gross Up Value (Excls. Rate Case Expense PaPUC Review and Litigation Phase)			<u>133.12%</u>						
	URR Adj.	%	Gross-Up	Rate Case	Total			Proof of	Over/(Under)
	<u>Curr. Rev.</u>	<u>Gross Up</u>	<u>Rev. Req.</u>	<u>PaPUC Rev/Lit</u>	<u>Rev. Req.</u>	<u>\$ Inc.</u>	<u>% Inc.</u>	<u>Revenue</u>	<u>Rev Req/PofR</u>
Non Jurisdictional	\$ 1,492,568	133.12%	\$ 1,986,860	\$ -	\$ 1,986,860	\$ 494,292	33.12%	\$ 1,986,862	\$ 2
Jurisdictional	<u>1,176,887</u>	133.12%	<u>1,566,635</u>	<u>40,084</u>	<u>1,606,719</u>	<u>429,832</u>	36.52%	<u>1,606,717</u>	<u>(2)</u>
Totals	<u>\$ 2,669,455</u>		<u>\$ 3,553,495</u>	<u>\$ 40,084</u>	<u>\$ 3,593,579</u>	<u>\$ 924,124</u>	34.62%	<u>\$ 3,593,579</u>	<u>\$ -</u>

**Rate Table Summary**

	Current <u>Rates</u>	Borough As-Filed Proposed <u>Rates</u>	URR Updated Proposed <u>Rates</u>	Non-Jurisdictional		Jurisdictional	
				133.12%		136.52%	
				Indicated <u>Rates</u>	Required <u>Rates</u>	Indicated <u>Rates</u>	Required <u>Rates</u>
Minimum Charge	\$ 12.57	\$ 16.72	\$ 16.71	\$ 16.73	\$ 16.73	\$ 17.16	\$ 17.16
Gallons:	<u>\$/1,000 Gal</u>	<u>\$/1,000 Gal</u>	<u>\$/1,000 Gal</u>				
First 4,000 Gallons Allowance	Min. Allow.	Min. Allow.	Min. Allow.				
Next 16,000 Gallons	\$ 3.14	\$ 4.18	\$ 4.18	\$ 4.1799	\$ 4.1800	\$ 4.2868	\$ 4.2900
All over 20,000 Gallons	\$ 2.56	\$ 3.46	\$ 3.41	\$ 3.4078	\$ 3.4120	\$ 3.4950	\$ 3.4945
Ind. Flat Rate Unit Charges	\$ 3.32	\$ 4.42	\$ 4.41	\$ 4.42	\$ 4.42	\$ 4.53	\$ 4.53
Inside Inst. Flat Rate Cust.	\$ 707,100	\$ 940,443	\$ 940,443	\$ 941,269	\$ 941,269	n/a	n/a

**BOROUGH OF INDIANA - SEWER FUND**  
URR Rate Study - Proof Of Revenue Analysis - Residential, Industrial, Commercial Flat Rate Unmetered Customer Class  
Pro Forma Revenues Under Current and URR Rate Study Rates

	Per Books Revenues	% of Total	URR Pro Forma Current Rates				% of Total	URR Adj.	URR Rates	# Cust.	Annual # MC Units	Total Revenues	Under URR Pro Forma Proposed Rates				
			Current Rates	# Cust.	Annual # MC Units	Total Revenues							% of Total	Revenue Increase	% Inc.	As-Filed Rev. Inc.	Diff Ov/(Un)
<b>Inside Borough Customers</b>																	
Inside Res. Flat Rate Unit Charges	\$ 551,111		\$ 12.57	2770	43,843.357	\$ 551,111	\$ -	\$ 16.73	2770	43,843.357	\$ 733,499	\$ 182,388	33%	\$ 181,867	\$ 521		
Inside Inst. Flat Rate Cust.	\$ 707,100		\$ 707,100	1	1	\$ 707,100	\$ -	\$ 941,269	1	1	\$ 941,269	\$ 234,169	33%	\$ 233,343	\$ 826		
Inside Ind. Flat Rate Unit Charges	\$ 13,810		\$ 3.32	2	4,159.639	\$ 13,810	\$ -	\$ 4	2	4,159.639	\$ 18,386	\$ 4,576	33%	\$ 4,557	\$ 19		
Inside Comm. Metered Rate Cust.	\$ 215,427			441		\$ 220,547	\$ 5,120		441		\$ 293,708	\$ 73,161	33%	\$ 71,091	\$ 2,070		
<b>Total Inside Customers</b>	<b>\$ 1,487,448</b>	<b>55.7%</b>		<b>3214</b>		<b>\$ 1,492,568</b>	<b>55.9%</b>	<b>\$ 5,120</b>		<b>3214</b>		<b>\$ 1,986,862</b>	<b>55.3%</b>	<b>\$ 494,294</b>	<b>33%</b>	<b>\$ 490,858</b>	<b>\$ 3,436</b>
<b>Outside Borough Customers</b>																	
Outside Res. Flat Rate Unit Charges	\$ 751,752		\$ 12.57	3524	59,805.251	\$ 751,752	\$ -	\$ 17.16	441	59,805.251	\$ 1,026,258	\$ 274,506	37%	\$ 248,078	\$ 26,428		
Outside Inst. Flat Rate Cust.	\$ -		\$ -	0	0	\$ -	\$ -	\$ -	0	0	\$ -	\$ -		\$ -	\$ -		
Outside Ind. Flat Rate Unit Charges	\$ 2,039		\$ 3.32	1	614.157	\$ 2,039	\$ -	\$ 4.53	1	614.157	\$ 2,782	\$ 743	36%	\$ 673	\$ 70		
Outside Comm. Metered Rate Cust.	\$ 428,216			448		\$ 423,096	\$ (5,120)		448		\$ 577,677	\$ 154,581	37%	\$ 141,311	\$ 13,270		
<b>Total Outside Customers</b>	<b>\$ 1,182,007</b>	<b>44.3%</b>		<b>3973</b>		<b>\$ 1,176,887</b>	<b>44.1%</b>	<b>\$ (5,120)</b>		<b>890</b>		<b>\$ 1,606,717</b>	<b>44.7%</b>	<b>\$ 429,830</b>	<b>37%</b>	<b>\$ 390,062</b>	<b>\$ 39,768</b>
<b>Total Borough Customers</b>																	
In/Out Side Res. Flat Rate Unit Charges	\$ 1,302,863		\$ 12.57	6294	103,648.608	\$ 1,302,863	\$ -		441	103,648.608	\$ 1,759,757	\$ 456,894	35%	\$ 429,945	\$ 26,949		
In/Out Side Inst. Flat Rate Cust.	\$ 707,100		\$ 707,100	1	1	\$ 707,100	\$ -		1	1	\$ 941,269	\$ 234,169	33%	\$ 233,343	\$ 826		
In/Out Side Ind. Flat Rate Unit Charges	\$ 15,849		\$ 3.32	3	4,773.796	\$ 15,849	\$ -		3	4,773.796	\$ 21,168	\$ 5,319	34%	\$ 5,230	\$ 89		
In/Out Side Comm. Metered Rate Cust.	\$ 643,643			889		\$ 643,643	\$ -		889		\$ 871,385	\$ 227,742	35%	\$ 212,402	\$ 15,340		
<b>Total Inside / Outside Customers</b>	<b>\$ 2,669,455</b>	<b>100.0%</b>		<b>7187</b>		<b>\$ 2,669,455</b>	<b>100.0%</b>	<b>\$ -</b>		<b>1334</b>		<b>\$ 3,593,579</b>	<b>100.0%</b>	<b>\$ 924,124</b>	<b>35%</b>	<b>\$ 880,920</b>	<b>\$ 43,204</b>

**BOROUGH OF INDIANA - SEWER FUND**  
URR Rate Study - Proof Of Revenue Analysis - Commercial Metered Customer Class  
Pro Forma Revenues Under Current and URR Rate Study Rates

	Per Books Revenues	Pro Forma Current Rates				URR Adi.	Pro Forma Proposed Rates				Revenue Increase	% Inc.	As-Filed Rev. Inc.	Diff Ov/(Un)
		Min. Chrg \$	# Cust.	Annual # MC Units	Total Revenues		Min. Chrg \$	# Cust.	Annual # MC Units	Total Revenues				
<u>Inside Commercial Metered Cust.</u> Minimum Charge		\$ 12.57	441	4,912,729	\$ 61,753		\$ 16.73	441	4,912,729	\$ 82,190	\$ 20,437	33%		
Gallons:		<u>\$/1,000 Gal</u>		<u>Annual Gallons</u>			<u>\$/1,000 Gal</u>		<u>Annual Gallons</u>					
First 4,000 Gallons Allowance		Min. Allow.		13,739,700			Min. Allow.		13,739,700					
Next 16,000 Gallons		\$ 3.14		24,589,500	77,211		\$ 4.1800		24,589,500	102,784	25,573	33%		
All over 20,000 Gallons		\$ 2.56		31,868,227	81,583		\$ 3.4120		31,868,227	108,734	27,151	33%		
<b>Total Inside Metered Rate Charges</b>	<b>\$ 215,427</b>			<b>70,197,427</b>	<b>\$ 220,547</b>	<b>\$ 5,120</b>			<b>70,197,427</b>	<b>\$ 293,708</b>	<b>\$ 73,161</b>	<b>33%</b>	<b>\$ 71,091</b>	<b>\$ 2,070</b>
<u>Outside Commercial Metered Cust.</u> Minimum Charge		\$ 12.57	448	4,331,026	\$ 54,441		\$ 17.16	448	4,331,026	\$ 74,320	\$ 19,879	37%		
Gallons:		<u>\$/1,000 Gal</u>		<u>Annual Gallons</u>	<u>Total Revenues</u>		<u>\$/1,000 Gal</u>		<u>Annual Gallons</u>	<u>Total Revenues</u>				
First 4,000 Gallons Allowance		Min. Allow.		15,478,850			Min. Allow.		15,478,850					
Next 16,000 Gallons		\$ 3.14		33,886,421	106,403		\$ 4.2900		33,886,421	145,373	38,970	37%		
All over 20,000 Gallons		\$ 2.56		102,442,066	262,252		\$ 3.4945		102,442,066	357,984	95,732	37%		
<b>Total Outside Metered Rate Charges</b>	<b>\$ 428,216</b>			<b>151,807,337</b>	<b>\$ 423,096</b>	<b>\$ (5,120)</b>			<b>151,807,337</b>	<b>\$ 577,677</b>	<b>\$ 154,581</b>	<b>37%</b>	<b>\$ 141,311</b>	<b>\$ 13,270</b>
<u>Total Commercial Metered Cust.</u> Minimum Charge		\$ 12.57	889	9,243.75	\$ 116,194		\$ 17.16	889	9,243.76	\$ 156,510	\$ 40,316	35%		
Gallons:		<u>\$/1,000 Gal</u>		<u>Annual Gallons</u>			<u>\$/1,000 Gal</u>		<u>Annual Gallons</u>					
First 4,000 Gallons Allowance		Min. Allow.		29,218,550			Min. Allow.		29,218,550					
Next 16,000 Gallons		\$ 3.14		58,475,921	183,614				58,475,921	248,157	64,543	35%		
All over 20,000 Gallons		\$ 2.56		134,310,293	343,835				134,310,293	466,718	122,883	36%		
<b>Total Metered Rate Charges</b>	<b>\$ 643,643</b>			<b>222,004,764</b>	<b>\$ 643,643</b>	<b>\$ -</b>			<b>222,004,764</b>	<b>\$ 871,385</b>	<b>\$ 227,742</b>	<b>35%</b>	<b>\$ 212,402</b>	<b>\$ 15,340</b>

BOROUGH OF INDIAND - SEWER FUND

URR Updated Analysis

Statement of Income - Per Books 2016 and 2017; and, Pro Forma Adjusted Under Current and Proposed Rates

	Borough As-Filed						URR RATE STUDY							
			Pro Forma As-Filed Values				Borough		URR Pro Forma Updated Analysis			URR Study Results		
	2016	2017	Adj.'s	Adjusted	Prop. Inc.	Total Claim	2017	Bor. Adj.'s	Adj.'s	Ref.*	Totals	Revenue Increase	Total Rev. Req. Supported	
<b>Customer Revenues</b>														
Inside Revenues	\$ 1,486,325	\$ 1,487,448		\$ 1,487,448	\$ 490,858	\$ 1,978,306	33%	\$ 1,487,448	\$ 5,120	Exh1Sch2	\$ 1,492,568	\$ 494,292	\$ 1,986,860	
Outside Revenues	1,179,201	1,182,007		1,182,007	390,062	1,572,069	33%	1,182,007	(5,120)	Exh1Sch2	1,176,887	429,832	1,606,719	
<b>Total Customer Revenues</b>	<b>\$ 2,665,526</b>	<b>\$ 2,669,455</b>	<b>\$ -</b>	<b>\$ 2,669,455</b>	<b>\$ 880,920</b>	<b>\$ 3,550,375</b>		<b>\$ 2,669,455</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,669,455</b>	<b>\$ 924,124</b>	<b>\$ 3,593,579</b>	
<b>Other Revenues</b>														
Inside Revenues	\$ 25,631	\$ 22,227		\$ 22,227	\$ -	\$ 22,227		\$ 22,227			\$ 22,227	\$ -	\$ 22,227	
Outside Revenues	37,247	45,964		45,964	-	45,964		45,964			45,964	-	45,964	
<b>Total Other Revenues</b>	<b>\$ 62,878</b>	<b>\$ 68,191</b>	<b>\$ -</b>	<b>\$ 68,191</b>	<b>\$ -</b>	<b>\$ 68,191</b>		<b>\$ 68,191</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 68,191</b>	<b>\$ -</b>	<b>\$ 68,191</b>	
<b>Total Revenues</b>	<b>\$ 2,728,404</b>	<b>\$ 2,737,646</b>	<b>\$ -</b>	<b>\$ 2,737,646</b>	<b>\$ 880,920</b>	<b>\$ 3,618,566</b>		<b>\$ 2,737,646</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,737,646</b>	<b>\$ 924,124</b>	<b>\$ 3,661,770</b>	
701.00 Operating Labor	\$ 177,958	\$ 183,888	\$ 5,517	\$ 189,405		\$ 189,405		\$ 183,888	\$ 5,517	\$ 5,682	URR 5	\$ 195,087	\$ -	\$ 195,087
720.00 Operating Supplies	145,137	79,443		79,443		79,443		79,443				-	79,443	
701.00 Maintenance Labor	348,579	459,185	13,775	472,960		472,960		459,185	13,775	14,189	URR 5	487,149	-	487,149
704.00 Employee Benefits	206,569	214,585		214,585		214,585		214,585		33,342	URR 8	247,927	-	247,927
720.00 Maintenance Supplies	88,086	95,205		95,205		95,205		95,205				-	95,205	
711.00 Sludge Removal	117,877	115,429		115,429		115,429		115,429				-	115,429	
715.00 Purchased Power (Electric)	239,976	204,065	68,234	272,299		272,299		204,065	68,234	(50,278)	URR 10	222,021	-	222,021
716.00 Fuel for Power (Gas)	17,374	14,482	3,775	18,257		18,257		14,482	3,775			-	18,257	
731.00 Contracted Svc - Engineer	32,724	36,845		36,845		36,845		36,845				-	36,845	
732.00 Contracted Svc - Accounting	7,000	3,333		3,333		3,333		3,333		1,667	URR 3	5,000	-	5,000
733.00 Contracted Svc - Other	21,938	27,180		27,180		27,180		27,180				-	27,180	
Major Cyclical Maint. Projects	-	-		-		-		-		44,460	URR 9	44,460	-	44,460
Rate Case Expense	-	-		-		-		-		42,500	URR 2	42,500	-	42,500
735.00 Testing Expense	32,388	35,881		35,881		35,881		35,881				-	35,881	
718.00 Chemicals	107,598	110,143	22,857	133,000		133,000		110,143	22,857			-	133,000	
750.00 Transportation (Vehicles)	9,621	7,202		7,202		7,202		7,202				-	7,202	
757.00 Insurance - Gen Liability	41,505	47,594		47,594		47,594		47,594		(18,182)	URR 4	29,412	-	29,412
758.00 Insurance - Workers Comp	86,022	88,092		88,092		88,092		88,092		10,700	URR 4	98,792	-	98,792
701.00 General Office Salaries	101,825	120,877	3,626	124,503		124,503		120,877	3,626	(2,683)	URR 6	121,820	-	121,820
775.00 General Office Expenses	44,551	41,786		41,786		41,786		41,786				-	41,786	
775.00 Other Misc. Expenses	4,987	7,362		7,362		7,362		7,362				-	7,362	
408.00 Taxes Payroll	41,633	51,175	9,020	60,195		60,195		51,175	9,020	1,315	URR 7	61,510	-	61,510
<b>Total Operating Expenses</b>	<b>\$ 1,873,348</b>	<b>\$ 1,943,752</b>	<b>\$ 126,804</b>	<b>\$ 2,070,556</b>	<b>\$ -</b>	<b>\$ 2,070,556</b>		<b>\$ 1,943,752</b>	<b>\$ 126,804</b>	<b>\$ 82,712</b>		<b>\$ 2,153,268</b>	<b>\$ -</b>	<b>\$ 2,153,268</b>
403.00 Depreciation Expense	\$ 558,158	\$ 555,986	\$ -	\$ 555,986		\$ 555,986		\$ 555,986	\$ -	\$ (52,326)	URR 1	\$ 503,660	\$ -	\$ 503,660
Amortization Expense	-	-		-		-		-				-	-	
<b>Total Depr &amp; Amort Expense</b>	<b>\$ 558,158</b>	<b>\$ 555,986</b>	<b>\$ -</b>	<b>\$ 555,986</b>	<b>\$ -</b>	<b>\$ 555,986</b>		<b>\$ 555,986</b>	<b>\$ -</b>	<b>\$ (52,326)</b>		<b>\$ 503,660</b>	<b>\$ -</b>	<b>\$ 503,660</b>
<b>Total Expenses</b>	<b>\$ 2,431,506</b>	<b>\$ 2,499,738</b>	<b>\$ 126,804</b>	<b>\$ 2,626,542</b>	<b>\$ -</b>	<b>\$ 2,626,542</b>		<b>\$ 2,499,738</b>	<b>\$ 126,804</b>	<b>\$ 30,386</b>		<b>\$ 2,656,928</b>	<b>\$ -</b>	<b>\$ 2,656,928</b>
<b>Net Income Available For Return</b>	<b>\$ 296,898</b>	<b>\$ 237,908</b>	<b>\$ (126,804)</b>	<b>\$ 111,104</b>	<b>\$ 880,920</b>	<b>\$ 992,024</b>		<b>\$ 237,908</b>	<b>\$ (126,804)</b>	<b>\$ (30,386)</b>		<b>\$ 80,718</b>	<b>\$ 924,124</b>	<b>\$ 1,004,842</b>
*Ref. URR Schedule N														
Rate Base Values (DMK Exh-2, Sch F-1)		\$ 15,056,781		\$ 16,181,038		\$ 16,181,038		\$ 15,056,781				\$ 16,181,038		\$ 16,181,038
Overall RoFR (DMK Exh-2, Sch F-1)		1.58%		0.69%		6.13%		1.58%				0.50%		6.21%



**BOROUGH OF INDIANA - SEWER FUND**  
**URR Analysis**

Rate Base At Original Cost / Overall Rate of Return Current and Proposed  
Per Books December 31, 2017 and Pro Forma December 31, 2018

<u>Line</u>	<u>Description</u>	<u>Per Books</u> <u>12/31/2017</u>	<u>Pro Forma</u> <u>12/31/2018</u> <u>Current Rates</u>	<u>Pro Forma</u> <u>12/31/2018</u> <u>Proposed Rates</u>
1	Plant-In-Service (URR Sch's B-1 & 2; and Sch's H 2017 & 2018)	\$ 27,819,199	\$ 29,389,519	\$ 29,389,519
2	Less: Accumulated Depreciation (URR Sch's B-1 & 2; and Sch's H 2017 & 2018)	12,000,627	12,589,747	12,589,747
3	Net Plant-In-Service (URR Sch's B-1 & 2)	<u>\$15,818,572</u>	<u>\$16,799,772</u>	<u>\$16,799,772</u>
<b>Additions:</b>				
4	Inventory (See Sch. E-1 and E-3)	-	-	-
5	Cash Working Capital (See Schedule F-2)	242,969	269,159	269,159
<b>Deductions:</b>				
6	Contributions / Grants In Aid Of Const. Net of Accumulated Depreciation (URR Sch's B-1 & 2; and Sch's H 2017 & 2018)	1,004,760	887,893	887,893
7				
8	Total Rate Base	<u>\$ 15,056,781</u>	<u>\$ 16,181,038</u>	<u>\$ 16,181,038</u>
<b>Rate of Return per books 12/31/17</b>				
9	Income per Books Available for Return	\$ 237,908		
10	Overall Rate of Return (L9 / L8)	1.58%		
<b>Pro Forma 12/31/18 Rate of Return Under Existing Rates</b>				
11	As- Filed Pro forma Income available for return		\$ 111,104	
12	As-Filed Overall Rate of Return (L11 / L8)		0.69%	
13	Updated Changes in Pro forma Income / (Loss)		\$ (30,386)	
14	Updated Pro forma Income available for return (L11 + L13)		\$ 80,718	
15	Updated Overall Rate of Return (L14 / L8)		0.50%	
<b>Pro Forma 12/31/18 Rate of Return Under Proposed Rates</b>				
16	As-Filed Pro forma Income available for return		\$ 992,024	
17	As-Filed Overall Rate of Return (Line 16 / L8)		6.13%	
18	Updated Changes in Pro forma Income / (Loss)		\$ (30,386)	
19	Updated Pro forma Income available for return (L16 + L18)		\$ 961,638	
20	Updated Overall Rate of Return (L19 / L8)		5.94%	
21	Overall Rate of Return Supported By Updated Rate Study (Sch. F3)		6.21%	
22	Pro forma Income available for return Supported By Updated Rate Study (L8 x L21)		\$ 1,004,842	

**BOROUGH OF INDIANA - SEWER FUND**  
**URR Updated Analysis**  
**Cash Working Capital Calculations**  
Per Books December 31, 2017 and Pro Forma December 31, 2018

<u>Line</u>	<u>Description</u>	<u>Per Books</u> <u>12/31/2017</u> (1)	<u>Pro Forma</u> <u>12/31/2018</u> <u>Current Rates</u>	<u>Pro Forma</u> <u>12/31/2018</u> <u>Proposed Rates</u> (2)
1	Operating Deduction	\$ 2,499,738	\$ 2,656,928	\$ 2,656,928
	Less: Depreciation/Amortization Expense	555,986	503,660	503,660
	CWC Eligible Oper. & Maint. Exp.	<u>\$ 1,943,752</u>	<u>\$ 2,153,268</u>	<u>\$ 2,153,268</u>
2	Cash Working Capital Claim (1/8 of CWC Eligible Oper. & Maint. Exp.)	\$ 242,969	\$ 269,159	\$ 269,159

**BOROUGH OF INDIANA - SEWER FUND**  
**URR Updated Analysis**  
**Rate of Return**

Capital Structure  
Pro Forma Claim

<u>Line</u>	<u>Description</u>	<u>Ratio</u> (1)	<u>Weighted</u> <u>Cost</u> (2)	<u>Average</u> <u>Weighted</u> <u>Cost</u> (3)
1	Debt	40.00%	3.39%	1.36%
2	Equity	60.00%	8.08%	4.85%
3	Total	<u>100.00%</u>		<u>6.21%</u>
4	Equity RofR Claim - adjusted for tax rate exclusion	9.50%	85%	8.08%

**Capital Structure Per Books 12/31/17**

<u>Line</u>	<u>Description</u>	<u>Per Books</u> <u>12/31/2017</u>	<u>Ratio</u>	<u>Interest</u> <u>Rates</u>	<u>Weighted</u> <u>Cost</u>
	<b><u>Debt Ratio (1):</u></b>				
5	Pennvest Loan	\$ 2,112,725	40.728%	1.349%	0.55%
6	First Commonwealth	3,025,657	58.326%	4.785%	2.79%
7	JCB Finance	49,086	0.946%	3.100%	0.03%
8			0.000%		0.00%
9			0.000%		0.00%
10	Total Debt*	<u>\$ 5,187,468</u>	<u>100.000%</u>		<u>3.37%</u>
	* Includes Current & Long Term				
	<b><u>Debt/Equity Ratio:</u></b>				
11	Debt	\$ 5,187,468	27.79%		3.37%
12	Equity	13,479,314	72.21%		
13	Total	<u>\$ 18,666,782</u>	<u>100.00%</u>		

**Capital Structure Pro Forma 12/31/18**

<u>Line</u>	<u>Description</u>	<u>Pro Forma</u> <u>12/31/2018</u>	<u>Ratio</u>	<u>Interest</u> <u>Rates</u>	<u>Weighted</u> <u>Cost</u>
	<b><u>Debt Ratio (1):</u></b>				
14	Pennvest Loan	\$ 1,721,746	40.262%	1.349%	0.54%
15	First Commonwealth	2,517,207	58.864%	4.785%	2.82%
16	JCB Finance	37,378	0.874%	3.100%	0.03%
17			0.000%		0.00%
18			0.000%		0.00%
19		-	0.000%		0.00%
20	Total Debt*	<u>\$ 4,276,331</u>	<u>100.000%</u>		<u>3.39%</u>
	* Includes Current & Long Term				
	<b><u>Debt/Equity Ratio:</u></b>				
21	Debt	\$ 4,276,331	24.18%		3.39%
22	Equity	13,411,094	75.82%		
23	Total	<u>\$ 17,687,425</u>	<u>100.00%</u>		

SUMMARY OF ORIGINAL COST AND DEPRECIATION OF SEWER UTILITY PLANT AS OF DECEMBER 31, 2017

ACCOUNT	DESCRIPTION	ORIGINAL COST	ACCUMULATED DEPRECIATION
353.00	Land and Land Rights	2,550.00	0.00
354.00	Structures and Improvements	3,016,332.88	2,350,971.91
355.00	Power Generation Equipment	176,091.00	176,091.00
361.00	Collection Sewers - Gravity	18,651,479.44	5,259,754.85
362.00	Special Collecting Structures	57,824.97	57,824.97
364.00	Flow Metering Devices	46,925.00	46,925.00
371.00	Pumping Equipment	280,139.40	280,139.80
380.10	Treatment and Disposal Equipment	4,299,712.07	2,004,023.41
380.20	Treatment and Disposal Equipment - Chemical	1,455,524.88	729,844.40
381.00	Plant Sewers	475,900.00	401,683.21
382.00	Outfall Sewer Lines	51,833.00	19,735.68
390.00	Office Furniture and Equipment	40,054.00	40,054.00
390.01	Office Furniture and Equipment - Computers	90,827.67	90,827.67
391.00	Transportation Equipment	291,522.43	272,886.43
393.00	Tools, Shop and Garage Equipment	52,187.84	52,187.84
394.00	Laboratory Equipment	86,661.94	85,236.21
395.00	Power Operated Equipment	98,037.97	36,219.48
396.00	Communication Equipment	36,563.51	36,563.51
397.00	Miscellaneous Equipment	60,765.00	59,660.63
	<b>SUBTOTAL</b>	<b>29,270,933.00</b>	<b>12,000,630.00</b>
<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b>			
354.00	Structures and Improvements	2,124,699.00	2,124,699.00
355.00	Power Generation Equipment	17,458.00	17,458.00
361.00	Collection Sewers - Gravity	610,279.58	591,819.77
362.00	Special Collecting Structures	2,127.66	2,127.66
364.00	Flow Metering Devices	29,733.00	29,733.00
371.00	Pumping Equipment	109,657.00	109,657.00
380.10	Treatment and Disposal Equipment	2,583,927.00	1,833,662.33
380.20	Treatment and Disposal Equipment - Chemical	880,583.00	691,064.40
381.00	Plant Sewers	448,200.00	401,683.21
394.00	Laboratory Equipment	227.00	227.00
	<b>SUBTOTAL</b>	<b>6,806,891.24</b>	<b>5,802,131.37</b>
	<b>TOTAL UTILITY PLANT NET CAPITAL CONTRIBUTIONS</b>	<b>\$ 22,464,041.76</b>	<b>\$ 6,198,498.63</b>

Book Asset Detail 1/01/17 - 12/31/17

FYE: 12/31/2017

Asset Id	Property Description	Date In Service	Book Cost	Book Sec 179 Exp	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
<b>Group:</b>											
1	Pretreatment Additions	7/01/93	2,701.00	0.00	0.00	2,701.00	0.00	2,701.00	0.00	S/L	5.00
2	Pretreatment Additions	7/01/94	2,224.00	0.00	0.00	2,224.00	0.00	2,224.00	0.00	S/L	5.00
3	Pretreatment Additions	7/01/95	744.00	0.00	0.00	744.00	0.00	744.00	0.00	S/L	5.00
4	Pretreatment Additions	7/01/96	5,224.00	0.00	0.00	5,224.00	0.00	5,224.00	0.00	S/L	5.00
5	Pretreatment Additions	7/01/02	1,605.00	0.00	0.00	1,605.00	0.00	1,605.00	0.00	S/L	5.00
6	Pretreatment Additions	7/01/03	1,629.00	0.00	0.00	1,629.00	0.00	1,629.00	0.00	S/L	5.00
<b>No Group</b>			<b>14,127.00</b>	<b>0.00c</b>	<b>0.00</b>	<b>14,127.00</b>	<b>0.00</b>	<b>14,127.00</b>	<b>0.00</b>		
<b>Group: Construction in Progress</b>											
70	Sludge Press Upgrades (2016)	12/31/16	50,442.83	0.00	0.00	0.00	0.00	0.00	50,442.83	CIP	0.0
71	Sludge Press Upgrade (2017)	12/31/17	1,401,291.03	0.00c	0.00	0.00	0.00	0.00	1,401,291.03	CIP	0.0
<b>Construction in Progress</b>			<b>1,451,733.86</b>	<b>0.00c</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,451,733.86</b>		
<b>Group: Equipment</b>											
15	Equipment	1/01/79	7,404.00	0.00	0.00	7,404.00	0.00	7,404.00	0.00	S/L	5.00
16	Equipment	1/01/80	11,102.00	0.00	0.00	11,102.00	0.00	11,102.00	0.00	S/L	5.00
17	Equipment	1/01/81	17,385.00	0.00	0.00	17,385.00	0.00	17,385.00	0.00	S/L	5.00
18	Equipment	1/01/83	17,806.00	0.00	0.00	17,806.00	0.00	17,806.00	0.00	S/L	5.00
19	Equipment	1/01/84	5,094.00	0.00	0.00	5,094.00	0.00	5,094.00	0.00	S/L	5.00
20	Equipment	1/01/85	42,646.00	0.00	0.00	42,646.00	0.00	42,646.00	0.00	S/L	5.00
21	Equipment	1/01/86	31,499.00	0.00	0.00	31,499.00	0.00	31,499.00	0.00	S/L	5.00
22	Equipment	1/01/88	7,250.00	0.00	0.00	7,250.00	0.00	7,250.00	0.00	S/L	5.00
23	Equipment	1/01/90	61,128.00	0.00	0.00	61,128.00	0.00	61,128.00	0.00	S/L	5.00
25	Air Conditioner	1/01/92	5,100.00	0.00	0.00	5,100.00	0.00	5,100.00	0.00	S/L	5.00
26	Equipment	1/01/93	45,722.00	0.00	0.00	45,722.00	0.00	45,722.00	0.00	S/L	5.00
27	Equipment	1/01/94	3,624.00	0.00	0.00	3,624.00	0.00	3,624.00	0.00	S/L	5.00
28	Equipment	1/01/95	55,449.00	0.00	0.00	55,449.00	0.00	55,449.00	0.00	S/L	5.00
29	Equipment	1/01/96	65,023.00	0.00	0.00	65,023.00	0.00	65,023.00	0.00	S/L	5.00
30	Equipment	1/01/96	17,531.00	0.00	0.00	17,531.00	0.00	17,531.00	0.00	S/L	5.00
31	Equipment	1/01/96	12,801.00	0.00	0.00	12,801.00	0.00	12,801.00	0.00	S/L	5.00
32	Equipment	1/01/97	216,740.00	0.00	0.00	216,740.00	0.00	216,740.00	0.00	S/L	5.00
33	Equipment	1/01/98	72,620.00	0.00	0.00	72,620.00	0.00	72,620.00	0.00	S/L	5.00
34	Equipment	1/01/99	76,851.00	0.00	0.00	76,851.00	0.00	76,851.00	0.00	S/L	5.00
35	Equipment	7/01/00	63,807.00	0.00	0.00	63,807.00	0.00	63,807.00	0.00	S/L	5.00
36	Equipment	7/01/01	125,466.00	0.00	0.00	125,466.00	0.00	125,466.00	0.00	S/L	5.00
37	Equipment	7/01/02	48,664.00	0.00	0.00	48,664.00	0.00	48,664.00	0.00	S/L	5.00
38	Equipment	7/01/03	38,780.00	0.00	0.00	38,780.00	0.00	38,780.00	0.00	S/L	5.00
39	Equipment	7/01/03	23,165.00	0.00	0.00	23,165.00	0.00	23,165.00	0.00	S/L	5.00
40	Equipment	7/01/04	21,451.00	0.00	0.00	21,451.00	0.00	21,451.00	0.00	S/L	5.00
44	Grundfos Pump	11/21/06	3,129.95	0.00	0.00	3,129.95	0.00	3,129.95	0.00	S/L	5.00
46	UV System - Lamp	10/23/07	20,657.59	0.00	0.00	18,936.13	1,721.46	20,657.59	0.00	S/L	10.00
47	Sterilizer	8/09/07	4,968.77	0.00	0.00	4,678.95	289.82	4,968.77	0.00	S/L	10.00
48	Comminutor Service Exchange	5/04/07	28,498.00	0.00	0.00	27,548.07	949.93	28,498.00	0.00	S/L	10.00
49	Boiler	8/13/08	3,667.88	0.00	0.00	3,087.15	366.79	3,453.94	213.94	S/L	10.00
52	Plow/Spreadr	7/21/09	6,975.00	0.00	0.00	5,173.13	697.50	5,870.63	1,104.37	S/L	10.00

Book Asset Detail 1/01/17 - 12/31/17

FYE: 12/31/2017

Asset Id	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
<b>Group: Equipment (continued)</b>											
53	Dumpster w/ Filter	9/22/09	31,925.00	0.00	0.00	23,145.63	3,192.50	26,338.13	5,586.87	S/L	10.00
57	Channel Monster & Install	12/14/09	33,404.89	0.00	0.00	23,661.80	3,340.49	27,002.29	6,402.60	S/L	10.00
62	Model 4700 Refrigerated Sampler	2/04/11	4,624.00	0.00	0.00	2,735.87	462.40	3,198.27	1,425.73	S/L	10.00
63	SCADA Workstation Computer	6/17/11	4,826.51	0.00	0.00	4,826.51	0.00	4,826.51	0.00	S/L	5.00
64	Autoclave	9/01/12	6,165.00	0.00	0.00	5,343.00	822.00	6,165.00	0.00	S/L	5.00
65	Muffin Monster	4/12/12	32,900.00	0.00	0.00	15,627.50	3,290.00	18,917.50	13,982.50	S/L	10.00
66	Muffin Monster/Gear Reducer	12/03/12	35,775.00	0.00	0.00	14,608.13	3,577.50	18,185.63	17,589.37	S/L	10.00
67	UV Light	4/16/13	40,964.73	0.00	0.00	15,020.39	4,096.47	19,116.86	21,847.87	S/L	10.00
68	Comminutor	2/03/15	39,926.00	0.00	0.00	7,652.48	3,992.60	11,645.08	28,280.92	S/L	10.00
72	JCB Wheeled Loader	12/01/17	62,337.00	0.00c	0.00	0.00	519.48	519.48	61,817.52	S/L	10.00
	<b>Equipment</b>		<u>1,454,853.32</u>	<u>0.00c</u>	<u>0.00</u>	<u>1,269,282.69</u>	<u>27,318.94</u>	<u>1,296,601.63</u>	<u>158,251.69</u>		
<b>Group: Land</b>											
41	Land	7/01/73	2,550.00	0.00	0.00	0.00	0.00	0.00	2,550.00	Land	0.00
	<b>Land</b>		<u>2,550.00</u>	<u>0.00c</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,550.00</u>		
<b>Group: Plant</b>											
1	Original Plant	7/01/73	2,282,986.00	0.00	0.00	1,986,197.82	45,659.72	2,031,857.54	251,128.46	S/L	50.00
2	Plant Addition	7/01/82	297,638.00	0.00	0.00	205,370.22	5,952.76	211,322.98	86,315.02	S/L	50.00
3	Plant Addition	7/01/82	2,464,103.00	0.00	0.00	1,700,231.07	49,282.06	1,749,513.13	714,589.87	S/L	50.00
4	Plant Addition	7/01/82	565,751.00	0.00	0.00	390,368.19	11,315.02	401,683.21	164,067.79	S/L	50.00
5	Plant Addition	7/01/86	11,298.00	0.00	0.00	6,891.78	225.96	7,117.74	4,180.26	S/L	50.00
6	Plant Addition	7/01/82	118,520.00	0.00	0.00	81,778.80	2,370.40	84,149.20	34,370.80	S/L	50.00
9	Plant Addition	7/01/98	1,771,960.00	0.00	0.00	655,625.20	35,439.20	691,064.40	1,080,895.60	S/L	50.00
10	Plant Addition	7/01/99	4,662.00	0.00	0.00	1,631.70	93.24	1,724.94	2,937.06	S/L	50.00
11	Plant Addition	7/01/00	262,222.00	0.00	0.00	86,533.26	5,244.44	91,777.70	170,444.30	S/L	50.00
45	Shed	11/15/06	2,648.00	0.00	0.00	1,794.72	176.53	1,971.25	676.75	S/L	15.00
50	Concrete at Treatment Plant	10/22/08	3,177.00	0.00	0.00	2,594.55	317.70	2,912.25	264.75	S/L	10.00
59	Treatment Plant Roof	8/01/10	51,750.00	0.00	0.00	6,641.25	1,035.00	7,676.25	44,073.75	S/L	50.00
	<b>Plant</b>		<u>7,836,715.00</u>	<u>0.00c</u>	<u>0.00</u>	<u>5,125,658.56</u>	<u>157,112.03</u>	<u>5,282,770.59</u>	<u>2,553,944.41</u>		
<b>Group: Sewer System</b>											
7	Water/waste system construction	7/01/92	1,128,285.00	0.00	0.00	552,859.65	22,565.70	575,425.35	552,859.65	S/L	50.00
8	Manhole #45	7/01/93	33,458.00	0.00	0.00	15,725.26	669.16	16,394.42	17,063.58	S/L	50.00
12	Improvements per DEP	7/01/03	14,488,438.00	0.00	0.00	3,911,878.26	289,768.76	4,201,647.02	10,286,790.98	S/L	50.00
13	Construction	7/01/03	388,432.00	0.00	0.00	104,876.64	7,768.64	112,645.28	275,786.72	S/L	50.00
14	Construction	7/01/05	38,226.00	0.00	0.00	8,791.98	764.52	9,556.50	28,669.50	S/L	50.00
42	Construction: Cap Interest	1/01/06	417,692.97	0.00	0.00	91,892.46	8,353.86	100,246.32	317,446.65	S/L	50.00
54	Cherry Avenue Project	7/01/09	53,538.29	0.00	0.00	8,030.77	1,070.77	9,101.54	44,436.75	S/L	50.00
55	Marsh/Whites Run Project	6/30/10	57,250.38	0.00	0.00	7,442.56	1,145.01	8,587.57	48,662.81	S/L	50.00
56	Wayne Avenue Project	7/01/11	76,899.48	0.00	0.00	8,458.94	1,537.99	9,996.93	66,902.55	S/L	50.00
58	Wayne Avenue Project	7/01/11	1,650,684.81	0.00	0.00	181,575.35	33,013.70	214,589.05	1,436,095.76	S/L	50.00
61	Wayne Avenue Project	7/01/11	12,037.39	0.00	0.00	1,324.12	240.75	1,564.87	10,472.52	S/L	50.00

**Book Asset Detail 1/01/17 - 12/31/17**

FYE: 12/31/2017

Asset Id	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
<b>Group: Sewer System (continued)</b>											
	Sewer System		<u>18,344,942.32</u>	<u>0.00c</u>	<u>0.00</u>	<u>4,892,855.99</u>	<u>366,898.86</u>	<u>5,259,754.85</u>	<u>13,085,187.47</u>		
<b>Group: Vehicles</b>											
24	Luther Ford	1/01/92	14,480.00	0.00	0.00	14,480.00	0.00	14,480.00	0.00	S/L	5.00
43	Truck/Dump Body/Hoist	5/24/06	96,063.93	0.00	0.00	96,063.93	0.00	96,063.93	0.00	S/L	10.00
51	2009 F-250 Pickup Truck	4/30/09	21,173.00	0.00	0.00	21,173.00	0.00	21,173.00	0.00	S/L	5.00
60	2004 Jeep Grand Loreda	9/23/10	11,000.00	0.00	0.00	11,000.00	0.00	11,000.00	0.00	S/L	5.00
69	2017 Jeep Cherokee	12/30/16	23,295.00	0.00	0.00	0.00	4,659.00	4,659.00	18,636.00	S/L	5.00
	<b>Vehicles</b>		<u>166,011.93</u>	<u>0.00c</u>	<u>0.00</u>	<u>142,716.93</u>	<u>4,659.00</u>	<u>147,375.93</u>	<u>18,636.00</u>		
	<b>Grand Total</b>		<u>29,270,933.43</u>	<u>0.00c</u>	<u>0.00</u>	<u>11,444,641.17</u>	<u>555,988.83</u>	<u>12,000,630.00</u>	<u>17,270,303.43</u>		

**BOROUGH OF INDIANA  
SEWER OPERATING FUND**

**SCHEDULE H  
9/19/18 Update**

**SUMMARY OF ORIGINAL COST AND DEPRECIATION OF SEWER UTILITY PLANT AS OF DECEMBER 31, 2018**

ACCOUNT	DESCRIPTION	ORIGINAL COST	ACCUMULATED DEPRECIATION
353.00	Land and Land Rights	2,550.00	0.00
354.00	Structures and Improvements	3,016,332.88	2,409,519.05
355.00	Power Generation Equipment	176,091.00	176,091.00
361.00	Collection Sewers - Gravity	18,651,479.44	5,626,653.71
362.00	Special Collecting Structures	57,824.97	57,824.97
364.00	Flow Metering Devices	46,925.00	46,925.00
371.00	Pumping Equipment	280,139.40	280,139.80
380.10	Treatment and Disposal Equipment	4,418,298.07	2,108,571.83
380.20	Treatment and Disposal Equipment - Chemical	1,455,524.88	765,283.60
381.00	Plant Sewers	475,900.00	412,998.23
382.00	Outfall Sewer Lines	51,833.00	20,054.88
390.00	Office Furniture and Equipment	40,054.00	40,054.00
390.01	Office Furniture and Equipment - Computers	90,827.67	90,827.67
391.00	Transportation Equipment	291,522.43	277,545.43
393.00	Tools, Shop and Garage Equipment	52,187.84	52,187.84
394.00	Laboratory Equipment	86,661.94	85,698.61
395.00	Power Operated Equipment	98,037.97	42,453.18
396.00	Communication Equipment	36,563.51	36,563.51
397.00	Miscellaneous Equipment	60,765.00	60,358.13
	<b>SUBTOTAL</b>	<b>29,389,519.00</b>	<b>12,589,750.44</b>
<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b>			
354.00	Structures and Improvements	2,124,699.00	2,124,699.00
355.00	Power Generation Equipment	17,458.00	17,458.00
361.00	Collection Sewers - Gravity	610,279.58	610,279.58
362.00	Special Collecting Structures	2,127.66	2,127.66
364.00	Flow Metering Devices	29,733.00	29,733.00
371.00	Pumping Equipment	109,657.00	109,657.00
380.10	Treatment and Disposal Equipment	2,583,927.00	1,885,314.79
380.20	Treatment and Disposal Equipment - Chemical	880,583.00	726,503.60
381.00	Plant Sewers	448,200.00	412,998.23
394.00	Laboratory Equipment	227.00	227.00
	<b>SUBTOTAL</b>	<b>6,806,891.24</b>	<b>5,918,997.86</b>
	<b>TOTAL UTILITY PLANT NET CAPITAL CONTRIBUTIONS</b>	<b>\$ 22,582,627.76</b>	<b>\$ 6,670,752.58</b>



Book Asset Detail 1/01/18 - 12/31/18

FYE: 12/31/2018

Asset	d t	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
<b>Group:</b>												
1		Pretreatment Additions	7/01/93	2,701.00	0.00	0.00	2,701.00	0.00	2,701.00	0.00	S/L	5.00
2		Pretreatment Additions	7/01/94	2,224.00	0.00	0.00	2,224.00	0.00	2,224.00	0.00	S/L	5.00
3		Pretreatment Additions	7/01/95	744.00	0.00	0.00	744.00	0.00	744.00	0.00	S/L	5.00
4		Pretreatment Additions	7/01/96	5,224.00	0.00	0.00	5,224.00	0.00	5,224.00	0.00	S/L	5.00
5		Pretreatment Additions	7/01/02	1,605.00	0.00	0.00	1,605.00	0.00	1,605.00	0.00	S/L	5.00
6		Pretreatment Additions	7/01/03	1,629.00	0.00	0.00	1,629.00	0.00	1,629.00	0.00	S/L	5.00
		<b>No Group</b>		<u>14,127.00</u>	<u>0.00c</u>	<u>0.00</u>	<u>14,127.00</u>	<u>0.00</u>	<u>14,127.00</u>	<u>0.00</u>		
<b>Group: Equipment</b>												
15		Equipment	1/01/79	7,404.00	0.00	0.00	7,404.00	0.00	7,404.00	0.00	S/L	5.00
16		Equipment	1/01/80	11,102.00	0.00	0.00	11,102.00	0.00	11,102.00	0.00	S/L	5.00
17		Equipment	1/01/81	17,385.00	0.00	0.00	17,385.00	0.00	17,385.00	0.00	S/L	5.00
18		Equipment	1/01/83	17,806.00	0.00	0.00	17,806.00	0.00	17,806.00	0.00	S/L	5.00
19		Equipment	1/01/84	5,094.00	0.00	0.00	5,094.00	0.00	5,094.00	0.00	S/L	5.00
20		Equipment	1/01/85	42,646.00	0.00	0.00	42,646.00	0.00	42,646.00	0.00	S/L	5.00
21		Equipment	1/01/86	31,499.00	0.00	0.00	31,499.00	0.00	31,499.00	0.00	S/L	5.00
22		Equipment	1/01/88	7,250.00	0.00	0.00	7,250.00	0.00	7,250.00	0.00	S/L	5.00
23		Equipment	1/01/90	61,128.00	0.00	0.00	61,128.00	0.00	61,128.00	0.00	S/L	5.00
25		Air Conditioner	1/01/92	5,100.00	0.00	0.00	5,100.00	0.00	5,100.00	0.00	S/L	5.00
26		Equipment	1/01/93	45,722.00	0.00	0.00	45,722.00	0.00	45,722.00	0.00	S/L	5.00
27		Equipment	1/01/94	3,624.00	0.00	0.00	3,624.00	0.00	3,624.00	0.00	S/L	5.00
28		Equipment	1/01/95	55,449.00	0.00	0.00	55,449.00	0.00	55,449.00	0.00	S/L	5.00
29		Equipment	1/01/96	65,023.00	0.00	0.00	65,023.00	0.00	65,023.00	0.00	S/L	5.00
30		Equipment	1/01/96	17,531.00	0.00	0.00	17,531.00	0.00	17,531.00	0.00	S/L	5.00
31		Equipment	1/01/96	12,801.00	0.00	0.00	12,801.00	0.00	12,801.00	0.00	S/L	5.00
32		Equipment	1/01/97	216,740.00	0.00	0.00	216,740.00	0.00	216,740.00	0.00	S/L	5.00
33		Equipment	1/01/98	72,620.00	0.00	0.00	72,620.00	0.00	72,620.00	0.00	S/L	5.00
34		Equipment	1/01/99	76,851.00	0.00	0.00	76,851.00	0.00	76,851.00	0.00	S/L	5.00
35		Equipment	7/01/00	63,807.00	0.00	0.00	63,807.00	0.00	63,807.00	0.00	S/L	5.00
36		Equipment	7/01/01	125,466.00	0.00	0.00	125,466.00	0.00	125,466.00	0.00	S/L	5.00
37		Equipment	7/01/02	48,664.00	0.00	0.00	48,664.00	0.00	48,664.00	0.00	S/L	5.00
38		Equipment	7/01/03	38,780.00	0.00	0.00	38,780.00	0.00	38,780.00	0.00	S/L	5.00
39		Equipment	7/01/03	23,165.00	0.00	0.00	23,165.00	0.00	23,165.00	0.00	S/L	5.00
40		Equipment	7/01/04	21,451.00	0.00	0.00	21,451.00	0.00	21,451.00	0.00	S/L	5.00
44		Grundfos Pump	11/21/06	3,129.95	0.00	0.00	3,129.95	0.00	3,129.95	0.00	S/L	5.00
46		UV System - Lamp	10/23/07	20,657.59	0.00	0.00	20,657.59	0.00	20,657.59	0.00	S/L	10.00
47		Sterilizer	8/09/07	4,968.77	0.00	0.00	4,968.77	0.00	4,968.77	0.00	S/L	10.00
48		Comminutor Service Exchange	5/04/07	28,498.00	0.00	0.00	28,498.00	0.00	28,498.00	0.00	S/L	10.00
49		Boiler	8/13/08	3,667.88	0.00	0.00	3,453.94	213.94	3,667.88	0.00	S/L	10.00
52		Plow/Spreader	7/21/09	6,975.00	0.00	0.00	5,870.63	697.50	6,568.13	406.87	S/L	10.00
53		Dumpster w/ Filter	9/22/09	31,925.00	0.00	0.00	26,338.13	3,192.50	29,530.63	2,394.37	S/L	10.00
57		Channel Monster & Install	12/14/09	33,404.89	0.00	0.00	27,002.29	3,340.49	30,342.78	3,062.11	S/L	10.00
62		Model 4700 Refrigerated Sampler	2/04/11	4,624.00	0.00	0.00	3,198.27	462.40	3,660.67	963.33	S/L	10.00
63		SCADA Workstation Computer	6/17/11	4,826.51	0.00	0.00	4,826.51	0.00	4,826.51	0.00	S/L	5.00
64		Autoclave	9/01/12	6,165.00	0.00	0.00	6,165.00	0.00	6,165.00	0.00	S/L	5.00
65		Muffin Monster	4/12/12	32,900.00	0.00	0.00	18,917.50	3,290.00	22,207.50	10,692.50	S/L	10.00
66		Muffin Monster/Gear Reducer	12/03/12	35,775.00	0.00	0.00	18,185.63	3,577.50	21,763.13	14,011.87	S/L	10.00

**Book Asset Detail 1/01/18 - 12/31/18**

FYE: 12/31/2018

Asset	d t	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
<b>Group: Equipment (continued)</b>												
67		UV Light	4/16/13	40,964.73	0.00	0.00	19,116.86	4,096.47	23,213.33	17,751.40	S/L	10.00
68		Comminutor	2/03/15	39,926.00	0.00	0.00	11,645.08	3,992.60	15,637.68	24,288.32	S/L	10.00
72		JCB Wheeled Loader	12/01/17	62,337.00	0.00	0.00	519.48	6,233.70	6,753.18	55,583.82	S/L	10.00
		<b>Equipment</b>		<u>1,454,853.32</u>	<u>0.00c</u>	<u>0.00</u>	<u>1,296,601.63</u>	<u>29,097.10</u>	<u>1,325,698.73</u>	<u>129,154.59</u>		
<b>Group: Equipment - Sludge Press</b>												
70		Sludge Press Upgrades (2016)	6/30/18	50,442.83	0.00c	0.00	0.00	1,008.86	1,008.86	49,433.97	S/L	25.00
71		Sludge Press Upgrade (2017)	6/30/18	1,401,291.03	0.00c	0.00	0.00	28,025.82	28,025.82	1,373,265.21	S/L	25.00
73		Sludge Press Upgrade (2018)	6/30/18	118,586.14	0.00c	0.00	0.00	2,371.72	2,371.72	116,214.42	S/L	25.00
		<b>Equipment - Sludge Press</b>		<u>1,570,320.00</u>	<u>0.00c</u>	<u>0.00</u>	<u>0.00</u>	<u>31,406.40</u>	<u>31,406.40</u>	<u>1,538,913.60</u>		
<b>Group: Land</b>												
41		Land	7/01/73	2,550.00	0.00	0.00	0.00	0.00	0.00	2,550.00	Land	0.00
		<b>Land</b>		<u>2,550.00</u>	<u>0.00c</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,550.00</u>		
<b>Group: Plant</b>												
1		Original Plant	7/01/73	2,282,986.00	0.00	0.00	2,031,857.54	45,659.72	2,077,517.26	205,468.74	S/L	50.00
2		Plant Addition	7/01/82	297,638.00	0.00	0.00	211,322.98	5,952.76	217,275.74	80,362.26	S/L	50.00
3		Plant Addition	7/01/82	2,464,103.00	0.00	0.00	1,749,513.13	49,282.06	1,798,795.19	665,307.81	S/L	50.00
4		Plant Addition	7/01/82	565,751.00	0.00	0.00	401,683.21	11,315.02	412,998.23	152,752.77	S/L	50.00
5		Plant Addition	7/01/86	11,298.00	0.00	0.00	7,117.74	225.96	7,343.70	3,954.30	S/L	50.00
6		Plant Addition	7/01/82	118,520.00	0.00	0.00	84,149.20	2,370.40	86,519.60	32,000.40	S/L	50.00
9		Plant Addition	7/01/98	1,771,960.00	0.00	0.00	691,064.40	35,439.20	726,503.60	1,045,456.40	S/L	50.00
10		Plant Addition	7/01/99	4,662.00	0.00	0.00	1,724.94	93.24	1,818.18	2,843.82	S/L	50.00
11		Plant Addition	7/01/00	262,222.00	0.00	0.00	91,777.70	5,244.44	97,022.14	165,199.86	S/L	50.00
45		Shed	11/15/06	2,648.00	0.00	0.00	1,971.25	176.53	2,147.78	500.22	S/L	15.00
50		Concrete at Treatment Plant	10/22/08	3,177.00	0.00	0.00	2,912.25	264.75	3,177.00	0.00	S/L	10.00
59		Treatment Plant Roof	8/01/10	51,750.00	0.00	0.00	7,676.25	1,035.00	8,711.25	43,038.75	S/L	50.00
		<b>Plant</b>		<u>7,836,715.00</u>	<u>0.00c</u>	<u>0.00</u>	<u>5,282,770.59</u>	<u>157,059.08</u>	<u>5,439,829.67</u>	<u>2,396,885.33</u>		
<b>Group: Sewer System</b>												
7		Water/waste system construction	7/01/92	1,128,285.00	0.00	0.00	575,425.35	22,565.70	597,991.05	530,293.95	S/L	50.00
8		Manhole #45	7/01/93	33,458.00	0.00	0.00	16,394.42	669.16	17,063.58	16,394.42	S/L	50.00
12		Improvements per DEP	7/01/03	14,488,438.00	0.00	0.00	4,201,647.02	289,768.76	4,491,415.78	9,997,022.22	S/L	50.00
13		Construction	7/01/03	388,432.00	0.00	0.00	112,645.28	7,768.64	120,413.92	268,018.08	S/L	50.00
14		Construction	7/01/05	38,226.00	0.00	0.00	9,556.50	764.52	10,321.02	27,904.98	S/L	50.00
42		Construction: Cap Interest	1/01/06	417,692.97	0.00	0.00	100,246.32	8,353.86	108,600.18	309,092.79	S/L	50.00
54		Cherry Avenue Project	7/01/09	53,538.29	0.00	0.00	9,101.54	1,070.77	10,172.31	43,365.98	S/L	50.00
55		Marsh/Whites Run Project	6/30/10	57,250.38	0.00	0.00	8,587.57	1,145.01	9,732.58	47,517.80	S/L	50.00
56		Wayne Avenue Project	7/01/11	76,899.48	0.00	0.00	9,996.93	1,537.99	11,534.92	65,364.56	S/L	50.00
58		Wayne Avenue Project	7/01/11	1,650,684.81	0.00	0.00	214,589.05	33,013.70	247,602.75	1,403,082.06	S/L	50.00
61		Wayne Avenue Project	7/01/11	12,037.39	0.00	0.00	1,564.87	240.75	1,805.62	10,231.77	S/L	50.00

**Book Asset Detail 1/01/18 - 12/31/18**

FYE: 12/31/2018

Asset	d t	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
<b>Group: Sewer System (continued)</b>												
		<b>Sewer System</b>		<u>18,344,942.32</u>	<u>0.00c</u>	<u>0.00</u>	<u>5,259,754.85</u>	<u>366,898.86</u>	<u>5,626,653.71</u>	<u>12,718,288.61</u>		
<b>Group: Vehicles</b>												
24		Luther Ford	1/01/92	14,480.00	0.00	0.00	14,480.00	0.00	14,480.00	0.00	S/L	5.00
43		Truck/Dump Body/Hoist	5/24/06	96,063.93	0.00	0.00	96,063.93	0.00	96,063.93	0.00	S/L	10.00
51		2009 F-250 Pickup Truck	4/30/09	21,173.00	0.00	0.00	21,173.00	0.00	21,173.00	0.00	S/L	5.00
60		2004 Jeep Grand Loreda	9/23/10	11,000.00	0.00	0.00	11,000.00	0.00	11,000.00	0.00	S/L	5.00
69		2017 Jeep Cherokee	12/30/16	23,295.00	0.00	0.00	4,659.00	4,659.00	9,318.00	13,977.00	S/L	5.00
		<b>Vehicles</b>		<u>166,011.93</u>	<u>0.00c</u>	<u>0.00</u>	<u>147,375.93</u>	<u>4,659.00</u>	<u>152,034.93</u>	<u>13,977.00</u>		
		<b>Grand Total</b>		<u>29,389,519.57</u>	<u>0.00c</u>	<u>0.00</u>	<u>12,000,630.00</u>	<u>589,120.44</u>	<u>12,589,750.44</u>	<u>16,799,769.13</u>		

**BOROUGH OF INDIANA - SEWER FUND**  
**URR Analysis Reflecting Add 'l Pro Forma Adjustments to As-Filed Rate Case**

<u>Ref #</u>	<u>Description</u>				
<b>URR 1</b>	<b><u>URR Updated Depreciation Expense Claim:</u></b>				
	URR Updated Sch H Depr. Exp. 12/31/18		\$	589,120	
	2018 Plant Addition Item(s):				
	Sludge Press	\$	1,570,320		
	Life		25		
	Annualized Depreciation Value	\$	62,813		
	Depr Exp Reflected in Updated Study		31,406		
	Annualization Adjustment			31,407	
	Total Pro Forma Level of Depreciation			\$	620,527
	URR Update To Exclude CIAC Annual Depr:				
	URR Update Sch H 2018 CIAC Accum. Depr.	\$	5,918,998		
	As-Filed Sch H 2017 CIAC Accum. Depr.		5,802,131		
	URR 2018 CIAC Annual Depr.			116,867	
	URR Pro Forma Level Of Depreciation Expense Claim			\$	503,660
	As-Filed Sch D Pro Forma Depr. Exp Claim				555,986
	URR Pro Forma Depreciation Expense Adjustment			\$	(52,326)
<b>URR 2</b>	<b><u>URR Updated Rate Case Expense Claim:</u></b>				
	<b>Initial Cost To File:</b>				
	Outside Accounting Svs. Initial Cost To File	\$	4,550		
	Est. Ancillary Filing Expenses		3,626		
	Subtotal			\$	8,176
	<b>Est. Prof. Svs. Review &amp; Mediation</b>				
	Accounting	\$	6,725		
	Rate Consultant		12,000		
	Legal Counsel		25,000		
	Subtotal			\$	43,725
	<b>Est. Prof. Svs. Litigation</b>				
	Accounting	\$	5,600		
	Rate Consultant		15,000		
	Legal Counsel		50,000		
	Hearing Related Exp.		5,000		
	Subtotal			\$	75,600
	Rate Case Expense			\$	127,501
	Normalization Period in Yrs.				3
	Normalized Rate Case Expense Claim			\$	42,500
	As-Filed Pro Forma Rate Case Exp. Claim				-
	URR Pro Forma Rate Case Expense Adjustment			\$	42,500
					\$ 42,500 \$ 5,313 \$ 330 \$ 42,830
					Jur/Non Jur - Filing Expense 2,746
					Jurisdictional Rev, Med. & Lit. \$ 40,084
<b>URR 3</b>	<b><u>URR Updated Contracted Services - Accounting Expense Claim:</u></b>				
	Updated Pro Forma Claim based upon Actual				
	Cost Billed in 2018 for 2017 Sewer Fund Audit		\$	5,000	
	As Filed Claim (Per Books 12/31/17)			3,333	
	URR Pro Forma Contracted Svc. - Accounting Adjustment			\$	1,667
<b>URR 4</b>	<b><u>URR Updated Insurance - General Liability &amp; Workers Comp Claim:</u></b>				
	Updated Pro Forma Claim based upon Actual				
	Cost as of August 2018 for General Liability				
	Insurance - See attached premium schedule.		\$	29,412	
	As Filed Claim (Per Books 12/31/17)			47,594	
	URR Pro Forma General Liability Insurance Adjustment			\$	(18,182)
	Updated Pro Forma Claim based upon Actual				
	Cost as of August 2018 for Workers Comp.				
	Insurance - See attached premium schedule.		\$	98,792	
	As Filed Claim (Per Books 12/31/17)			88,092	
	URR Pro Forma Insurance - Workers Comp. Adjustment			\$	10,700

**BOROUGH OF INDIANA - SEWER FUND**  
**URR Analysis Reflecting Add 'l Pro Forma Adjustments to As-Filed Rate Case**

**Ref #**                      **Description**

**URR 5**    **URR Updated Wages Claim:**

Updated As-Filed 2018 Pro Forma Claim to include 1/1/19 3% Wage Increase effective 1/1/19.

	Pro Forma Adj. As-Filed Claim		Pro Forma Adj. Wage Inc. Eff. 1/1/2019		Pro Forma Adj. Updated Claim
Operating Labor	\$ 189,405	3%	\$ 5,682	\$	195,087
Maintenance Labor	472,960	3%	14,189		487,149
General Office Salaries (See URR 6 Below)			-		-
Pro Forma Wages / Updated Add 'l Adj.	<u>\$ 662,365</u>		<u>\$ 19,871</u>	\$	<u>682,236</u>

**URR 6**    **URR Updated General Office Salaries Claim:**

Updated As-Filed 2018 Pro Forma Claim to reflect appropriate staffing personnel at corresponding allocation rates to include 1/1/19 Wage Rates.

	2017 Alloc. Wages	2018 Adjusted		1/1/2019 Adjusted	
		Factor Inc.	URR- Adj. Employees	Factor Inc.	URR- Adj. Employees
<b>Positions</b>					
Borough Manager @ 20%	\$ 16,000	1.00	\$ 16,000	1.00	\$ 16,000
Public Works Dir. @ 30%	28,282	1.03	29,130	1.03	30,004
Pre-Treatment Cord @ 30%	35,229	-	-	-	-
Accounting @ 25%	13,869	1.03	14,285	1.03	14,714
Payroll Clerk @ 15%	4,817	1.03	4,962	1.03	5,111
Clerk (1)/ FT @ 50%	22,680	1.03	23,360	1.03	24,061
<b>URR - Add 'l Listed Positions</b>					
Clerk (2)/ FT @ 50%		1.03	20,000	1.03	20,600
Clerk (3) / PT @ 50%		1.03	11,000	1.03	11,330
URR Updated Pro Forma Updated Claim	<u>\$ 120,877</u>		<u>\$ 118,737</u>		<u>\$ 121,820</u>
As-Filed Pro Forma Claim			<u>124,503</u>		<u>124,503</u>
Pro Forma Adjustment at 2018 or 2019 Levels			<u>\$ (5,766)</u>		<u>\$ (2,683)</u>

**URR 7**    **URR Updated Payroll Tax Claim:**

Update As-Filed 2018 Pro Forma Payroll Tax Claim to reflect add 'l payroll taxes on 1/1/19 3% Wage Increase at a 7.65% Tax Rate.

	Pro Forma Adj. Wage Inc. Eff. 1/1/2019
1/1/19 Pro Forma Adj. Wage Inc. (URR 5)	\$ 19,871
1/1/19 Pro Forma Adj. Salaries Inc. (URR 6)	(2,683)
Total Change in Wages and Salaries at 1/1/19	<u>\$ 17,188</u>
FICA Payroll Tax Rate	7.65%
Updated Additional Pro Forma Payroll Tax Adj.	\$ 1,315
As-Filed Pro Forma Payroll Tax Claim	60,195
Updated Pro Forma Payroll Tax Claim	<u>\$ 61,510</u>

**BOROUGH OF INDIANA - SEWER FUND**  
**URR Analysis Reflecting Add 'l Pro Forma Adjustments to As-Filed Rate Case**

**Ref #**                      **Description**

**URR 8    URR Updated Employee Benefits Claim (Sewer Fund & Alloc. General Office Employees):**

Update Claim to reflect Benefits Associated with Allocated General Office Employees not reflected in As-Filed 2018 Pro Forma Claim.

<u>Positions</u>	Monthly Prem.	Alloc.	<u>Total \$ Alloc.</u>
	<u>Hosp, Dent, Life</u>	<u>Factor</u>	
Borough Manager @ 20%	\$ 755.58	20%	\$ 151.12
Public Works Dir. @ 30%	2,014.65	30%	604.40
Accounting @ 25%	1,811.00	25%	452.75
Payroll Clerk @ 15%	2,014.65	15%	302.20
Clerk (1)/ FT @ 50%	1,832.82	50%	916.41
Clerk (2)/ FT @ 50%	699.56	50%	349.78
Clerk (3) / PT @ 50%	3.65	50%	1.83
Total Monthly Benefits To Be Allocated			\$ 2,778.47
Number of Months			12
Pro Forma Benefits Claim for Allocated Gen. Office. Employees			\$ 33,342
2017 Per Books and Pro Forma Claim For Sewer Fund Employees			214,585
Updated Pro Forma Employee Benefits Claim			\$ 247,927
As-Filed Pro Forma Claim			214,585
Updated Additional Pro Forma Claim Employee Benefits			\$ 33,342

**URR 9    URR Updated Claim - Normalization of Major Maintenance Proj. - Cleaning of Digesters**

Updated Pro Forma Claim to reflect a normalization claim for Major Maintenance Expense Proj. - Cleaning of Digesters #1 & #2 on 5 year cyclical basis.

See attached 2008 & 2013 actual invoices; and 2018 detail project cost proposal - Services performed under non-prevailing wage rates as it is a maintenance project.

**Cyclical Project Information**

Clean Digesters #1 & #2	\$ 222,300		
Frequency In Years	5		
Updated Pro Forma Normalization Maint. Proj. Claim			\$ 44,460
As-Filed Claim			-
Updated Add 'l Pro Forma Adjustment			\$ 44,460

**URR 10    URR Updated Claim - Normalization of Purchase Power (Electric) Expense**

Updated Pro Forma Claim to reflect a normalization claim for Purchase Power Electric Expense based upon a two year average of 2016 and 2017 per books electric expense.

**Electric Expense Per Books**

2017 Per Books	\$ 239,976		
2016 Per Books	204,065		
Clean Digesters #1 & #2	\$ 444,041		
Frequency In Years	2		
Updated Pro Forma Normalization Electric Expense Claim			\$ 222,021
As-Filed Electric Expense Claim			272,299
Updated Pro Forma Adjustment			\$ (50,278)

<b>Premium Schedule</b>
-------------------------

Coverage	Gross Premium
Deluxe Property	\$34,203
Inland Marine	\$3,368
General Liability	\$15,180
Employee Benefits Liability	\$192
Law Enforcement Liability	\$21,715
Public Entity Management Liability	\$5,315
Public Entity Employment-Related Practices Liability	\$9,694
CyberFirst	\$605
Auto Liability	\$12,577
Auto Physical Damage	\$4,818
Umbrella Excess Liability	\$8,753
Workers' Compensation - TravPay <sup>SM</sup>	\$219,538
<b>Total</b>	<b>\$335,958</b>
<b>Taxes &amp; Surcharges</b>	<b>\$4,764</b>

*Note: The estimated premium shown in the Premium Schedule and Quote Options, if any, may differ from actual premiums shown on the policies and installment bills due to installment charges, estimated taxes and surcharges, as well as rounding. Estimated taxes and surcharges may differ depending on selection of Quote Options, if any.*

**IMPORTANT NOTE REGARDING ACCOUNT MINIMUM PREMIUM**

The lines of business shown in the *Premium Schedule and Quote Options, if any*, are subject to a \$5,000 account minimum premium. If the line(s) of business selected for binding do not total at least \$5,000, then the premiums shown for those lines of business will be adjusted to total \$5,000.

CH D-YESTER  
Payment RELEASE.

Contractor's Application for Payment No. 1

Application Period: <b>7 - 2 5 - 1 3</b>	Application Date: <b>7 - 2 5 - 1 3</b>
To (Owner): <b>Indiana Borough Council</b>	From (Contractor): <b>McCutcheon Enterprises, Inc.</b>
Project: <b>94-0030.347</b>	Via (Engineer): <b>Stiffler-McGraw</b>
Owner's Contract No.: <b>2013-2</b>	Contractor's Project No.: <b>94-0030.347</b>
	Engineer's Project No.: <b>94-0030,347</b>



2013

	1. ORIGINAL CONTRACT PRICE.....	\$	\$167,800.00
Deductions	2. Net change by Change Orders.....	\$	0
	3. Current Contract Price (Line 1 ± 2).....	\$	167,800.00
	4. TOTAL COMPLETED AND STORED TO DATE (Column F on Progress Estimate).....	\$	83,900.00
	(Column F on Progress Estimate).....	50%	
	5. RETAINAGE:		
	a. 10% X Work Completed.....	\$	0
	b. X Stored Material.....	\$	0
	c. Total Retainage (Line 5a + Line 5b).....	\$	0
	6. AMOUNT ELIGIBLE TO DATE (Line 4 - Line 5c).....	\$	83,900.00
	7. LESS PREVIOUS PAYMENTS (Line 6 from prior Application).....	\$	0
	8. AMOUNT DUE THIS APPLICATION.....	\$	83,900.00
	9. BALANCE TO FINISH, PLUS RETAINAGE (Column G on Progress Estimate + Line 5 above).....	\$	83,900.00

previous progress payments applied on account to discharge Contractor's legitimate obligations incurred in connection with Work covered by prior Applications for Payment; (2) title of all Work, materials and equipment incorporated in said Work or otherwise listed in or covered by this Application for Payment will pass to Owner at time of payment free and clear of all Liens, security interests and encumbrances (except such as are covered by a Bond acceptable to Owner indemnifying Owner against any such Liens, security interest or encumbrances); and (3) all Work covered by this Application for Payment is in accordance with the Contract Documents and is not defective.

Payment of: \$ 83,900.00  
(Line 8 or other - attach explanation of the other amount)

is recommended by: [Signature] 8-8-13  
(Engineer) (Date)

Payment of: \$ 83,900.00  
(Line 8 or other - attach explanation of the other amount)

is approved by: [Signature] 8-26-13  
(Owner) (Date)

Approved by: \_\_\_\_\_ (Date)

Funding Agency (if applicable) \_\_\_\_\_ (Date)

By: [Signature] Date: 7-25-2013



#2

COPY

Contractor's Application for Payment No. 2 (Final)

Application Period: 10-25-13		Application Date: 10-25-13
To (Owner): Indiana Borough Council	From (Contractor): McCutcheon Enterprises Inc	Via (Engineer): Stiffler - McGraw
Project: 94-0030.347	Contract: 2013-2	
Owner's Contract No.: 2013-2	Contractor's Project No.: 94-0030.347	Engineer's Project No.: 94-0030.347

Application For Payment  
Change Order Summary

Approved Change Orders		
Number	Additions	Deductions
TOTALS		
NET CHANGE BY CHANGE ORDERS		

1. ORIGINAL CONTRACT PRICE	\$ 167,800.00
2. Net change by Change Orders (Additional 10942-Gallons)	\$ 10176.00
3. Current Contract Price (Line 1 + 2)	\$ 177976.00
4. TOTAL COMPLETED AND STORED TO DATE (Column F on Progress Estimate)	100% \$ 177976.00
5. RETAINAGE:	
a. 10% X Work Completed	\$ 0
b. X Stored Material	\$ 0
c. Total Retainage (Line 5a + Line 5b)	\$ 0
6. AMOUNT ELIGIBLE TO DATE (Line 4 - Line 5c)	\$ 177976.00
7. LESS PREVIOUS PAYMENTS (Line 6 from prior Application)	\$ 83,900.00
8. AMOUNT DUE THIS APPLICATION	\$ 94,076.00
9. BALANCE TO FINISH, PLUS RETAINAGE (Column G on Progress Estimate + Line 8 above)	\$ 0

**Contractor's Certification**

The undersigned Contractor certifies that to the best of its knowledge: (1) all previous progress payments received from Owner on account of Work done under the Contract have been applied on account to discharge Contractor's legitimate obligations incurred in connection with Work covered by prior Applications for Payment; (2) title of all Work, materials and equipment incorporated in said Work or otherwise listed in or covered by this Application for Payment will pass to Owner at time of payment free and clear of all Liens, security interests and encumbrances (except such as are covered by a Bond acceptable to Owner indemnifying Owner against any such Liens, security interest or encumbrances); and (3) all Work covered by this Application for Payment is in accordance with the Contract Documents and is not defective.

By: Calvin McCutcheon, Inc Date: 10-25-13

Payment of: \$ 94,076.00  
(Line 8 or other - attach explanation of the other amount)

is recommended by: Todd Stiffler 11-24-13  
(Engineer) (Date)

Payment of: \$ 94,076.00  
(Line 8 or other - attach explanation of the other amount)

is approved by: Roland O. Fran 11/25/13  
(Owner) (Date)

Approved by: \_\_\_\_\_  
Funding Agency (if applicable) (Date)

21



**McCUTCHEON Enterprises, Inc.**  
250 Park Road  
Apollo, PA 15613



**INVOICE**

Invoice No. 10037885  
Date 9/5/2008  
Order No. O0037538  
Shipper ID S0037863  
Order Type Invoice  
Customer ID 5265  
PAGE1

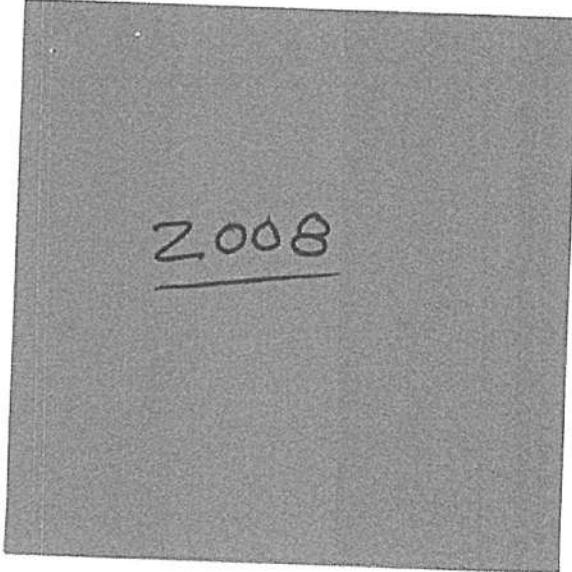
Phone: (724) 568-3623  
Fax: (724) 568-2571  
www.completewastemgmt.com  
*Complete Waste Management*

BILL TO:	SHIP TO:
Indiana Borough 80 North Eighth Street Indiana, PA 15701	Indiana Wastewater Treatment 1678 Wayne Avenue Indiana, PA 15701

SALES PERSON	TERMS	ORDERED BY:	CUSTOMER P.O. NO.
Ted McCutcheon	Net Upon Receipt		

DESCRIPTION	QTY SHIPPED	UNITS	UNIT PRICE	EXT PRICE
<i>Provide personnel and equipment to clean out the contents of sludge digester and transport to MEI's Biosolid Treatment Facility in Apollo, PA for proper disposal.</i>				
<i>Service Date: 08/18/2008 thru 08/25/2008</i>				
Mobilization/Demob, Onsite Labor & Equipment	1.000	EA	44,687.5000	44,687.5000
Disposal	52,843.000	EA	0.4200	22,194.0600

08 429-370



Finance Charge is 1.50% per month or 18.00% per year on balances over 30 days		Sales Total	\$66,881.56
<div style="border: 1px solid black; padding: 5px;"> <i>Please remit payments to: McCutcheon Enterprises, Inc., P.O. Box 931235 Cleveland, OH 44193</i> </div>	<div style="border: 1px solid black; padding: 5px;"> <i>We accept VISA, Master Card, American Express and Discover Card. If you prefer to receive invoices via email please contact: AR@completewastemgmt.com</i> </div>	Shipping & Handling	0.00
		Misc. Charges	0.00
		Tax Total	0.00
			66,881.56
		Less Paid Amount	0.00
		<b>TOTAL</b>	<b>\$66,881.56</b>

#2



**McCUTCHEON Enterprises, Inc.**

250 Park Road  
Apollo, PA 15613



**INVOICE**

Invoice No.	10040166
Date	1/20/2009
Order No.	O0039810
Shipper ID	S0040144
Order Type	Invoice
Customer ID	5265

PAGE1

Phone: (724) 568-3623  
 Fax: (724) 568-2571  
 www.completewastemgmt.com

Complete Waste Management

BILL TO:	SHIP TO:
Indiana Borough 1678 Wayne Avenue Indiana, PA 15701	Indiana Wastewater Treatment 1678 Wayne Avenue Indiana, PA 15701

SALES PERSON	TERMS	ORDERED BY	CUSTOMER P.O. NO.
Ted McCutcheon	Net Upon Receipt		

DESCRIPTION	QTY SHIPPED	UNITS	UNIT PRICE	EXT PRICE
<i>Provide personnel and equipment to clean out the contents of sludge digester and transport to MEI's Biosolid Treatment Facility in Apollo, PA for proper disposal.</i>				
<i>Service Date: 12/14/2008 thru 12/18/2008</i>				
Mobilization / Demobilization, Labor & Equipment	1.000	EA	44,687.5000	44,687.5000
Disposal	26,970.000	EA	0.4200	11,327.4000

#08-429-740

Finance Charge is 1.50% per month or 18.00% per year on balances over 30 days

**Please remit payments to:**  
**McCutcheon Enterprises, Inc.,**  
**P.O. Box 931235**  
**Cleveland, OH 44193**

**We accept VISA, Master Card,**  
**American Express and Discover Card.**  
**If you prefer to receive invoices via**  
**email please contact:**  
**AR@completewastemgmt.com**

Sales Total	\$56,014.90
Shipping & Handling	0.00
Misc. Charges	0.00
Tax Total	0.00
	<hr/>
	56,014.90
Less Paid Amount	0.00
<b>TOTAL</b>	<b>\$56,014.90</b>

October 31, 2018

Paul Cribbs  
Indiana Wastewater Treatment Plant  
1678 Wayne Avenue  
Indiana PA 15701

REF: Digester cleaning

**PROJECT # 38-2094**

Dear Mr. Cribbs.

McCutcheon Enterprises, Inc. (MEI) is pleased to provide the Indiana Wastewater Treatment Plant with the following proposal to provide all personnel, equipment, transportation and disposal for the removal of sludge from the digester at the Sewage Treatment Plant. MEI will access the tank following OSHA confined space entry policies and procedures in which our teammates are trained. All waste materials collected during this cleaning will be transported to our Bio-Solids Treatment Facility in Apollo PA for proper disposal. MEI has based this proposal on recently completed project at your facility. MEI assumes that the volume of material to be removed and disposed of is estimated at approximately 190,000 gallons.

Our pricing to provide these services is as follows:

**Mobilization, demobilization, Onsite Labor, and equipment  
Including Transportation & Disposal**

**Non prevailing wages      \$ 1.17 / per gallon (up to 190,000 gallons)**

**With prevailing wages      \$ 1.47 / per gallon (up to 190,000 gallons)**

**The following assumptions would apply:**

- MEI will complete this work as an open shop contractor.
- Indiana Wastewater Treatment Plant will provide water needed to complete work.
- MEI will not be responsible for damages to roadways due to heavy truck traffic.
- MEI has estimated the quantities of material for budgetary pricing.
- MEI will need access to the sites up to 8 working hours per day.
- Indiana Wastewater Treatment Plant will provide all signatures needed to complete waste profiles needed for disposal arrangements.
- MEI will provide a water meter to record the daily water usage which will be deducted from gallons removed.

Taxes, fees and or surcharges for transportation or waste disposal assessed by any Federal, State, City or County agency due to the nature, classification or use of the material being transported or disposed, will be the responsibility of the customer and show as a separate line item on all invoices.

Demurrage: The customer is responsible for all delays (beyond agreed free time) caused by the loading or unloading facility.

Decontamination: Any equipment requiring a washout of the hauling body will be done after notification of the vendor. These charges will be billed back to the customer.

Rejected Loads: Any load that is turned away at the unloading facility because it fails to conform to the accepted waste profile. The customer will incur additional charges.

No Load or Cancellations: Proper cancellation of services is required, 24 hours in advance of the scheduled service time. When equipment is not properly cancelled, the customer will be invoiced at the quoted rate.

Fines: If material is improperly labeled, weighed, packaged, or manifested the customer is responsible for payment of all fines.

This proposal is valid for a period of thirty days. All pricing is offered assuming equipment availability at the time of order placement.

***Proprietary Right: This proposal is made as a proprietary response to your request. Any use of this proposal or parts thereof to develop client work plans or solicit other responses or any release to third parties of the information contained herein is strictly prohibited without the prior written approval of MEI.***

We wish to thank you for an opportunity to submit this proposal. MEI will need to receive this signed proposal acknowledging the pricing prior to commencing any work. Payment terms are "Net upon Receipt" with finance charges of 1.5% per month on past due balances.

We look forward to working with Indiana Wastewater Treatment Plant on this project. If you have any questions or require additional information, please contact me at 724/568-3623 ext. 132.

Sincerely,

**McCUTCHEON ENTERPRISES, INC.**

***Acceptance of Proposal***

*Ted McCutcheon*

Ted S. McCutcheon  
Project Manager

\_\_\_\_\_  
*Signature* *Date*

\_\_\_\_\_  
*Print Name* *Title*

VERIFICATION

I, Dennis M. Kalbarczyk hereby state that the facts set forth above are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date:

11/2/18

Dennis M. Kalbarczyk