# SMALL UTILITY RATE APPLICATION

# **INVESTOR-OWNED WATER**

PIONEER WATER, LLC				
NAME OF UTILITY				
9601 PIONEER TRAIL				
STREET ADDRESS				
LEO, IN 46765				
CITY, STATE & ZIP CODE				
N/A				
WEBSITE URL:				

### INDIANA UTILITY REGULATORY COMMISSION



PERSON TO WHOM CORRESPONDENCE CONCERNING THIS REPORT SHOULD BE ADDRESSED:

NAME: GORDON LIECH	ITY TITLE	: MEMBER/OWNER	TELE. NO.:	260.627.2730	
ADDRESS (If Different	Than Above):	14235 AMSTUTZ RI	D, LEO, IN 467	65	
E-MAIL ADDRESS: pic	oneerofleo@yahoo	o.com			
DATE SUBMITTED:	7/9/13				

# General Information

As a utility board or city/town council member it is important the water utility you oversee has sufficient revenues to cover its annual operating expenses and debt services payments. It is also important that the utility earn sufficient revenues to cover ongoing capital needs and to maintain the operating system in compliance with State and Federal laws and regulations. Finally, the utility needs sufficient working capital to operate during the time the utility provides service until the time it receives payment for that service. This application will assist you in adjusting the utility's rates to achieve these objectives.

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

Below are definitions of common terms used throughout these forms:

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

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

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

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

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

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

Commission or IURC - means the Indiana Utility Regulatory Commission.

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

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

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

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

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

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

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

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

# **General Information (cont.)**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### INSTRUCTIONS

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

### Life of Proposed Rates:

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

What is the expected life of the rates proposed by the utility? ————————————————————————————————————	3	3 Years
Does utility have a water treatment plant?	Y	2.0% Composite Depreciation Rate
Financing Request:  Is utility requesting financing authority from the commission? ————————————————————————————————————	Υ	Please Pick (Y) for Yes or (N) for No
You will need to enable macros, then HIT THIS BUTTON		
*****You will need to fill out the Phase II Schedules (the YELLOV	<b>N</b> Tab	bed Sheets)*****
Enter Test Year Ending Date (XX/XX/XXXX):	12/3	1/2011

#### **Supporting Documentation Needed to Complete Application:**

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

# **INSTRUCTIONS** (cont.)

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

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

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

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

X A copy of the utility's proposed written notice for publication.

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

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

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

# Case Summary

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

Pioneer Water, LLC is seeking approval of a two-phase rate increase. Phase I is estimated to be 39.08 percent and Phase II is estimated to be 17.12%. Both Phases are anticipated to be applied on an across-the-board basis. The rate increases are necessary to cover the ongoing cost of operations as well as to provide funding for upcoming maintenance projects that have become necessary in order to adequately and efficiently provide reliable water service to its customers. The increase is also necessary to allow the shareholders to earn a reasonable return on their investment in the utility. The Utility is requesting approval to incur indebtedness to repair and repaint the existing elevated water storage tower. The Utility anticipates that lending institutions will require an increase in rates prior to committing loan funds in light of the Utility's current financial condition. Finally, Pioneer Water, LLC is seeking to increase some of its non-recurring charges and to adopt new rules and regulations.

# NAME OF UTILITY

# **REVENUE REQUIREMENT**

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

Instruction: All cells in this schedule are automatically filled.

Line		
No.	Description	Amount
	REVENUE REQUIREMENTS	
1	Rate Base	\$454,740
2	Times: Cost of Capital	9.53%
3	Net Operating Income Required	43,342
4	Less: Pro-forma Net Operating Income at Present Rates	(5,767)
5	Increase in Net Operating Income Required	49,109
10	Multiply By: Gross Revenue Conversion Factor	1.3102
11	Recommended Increase	\$64,343
	Recommended Percentage Increase	39.08%

Gross Revenue Conversion Factor:	Percent Factor	Amount	
Gross Revenue Change	100.0000% \$	64,343	
Less: Bad Debt Expense	0.2206%	142	
Revenue Subject to Utility Receipts Tax			
and IURC Fee	99.7794%	64,201	
Less: IURC Fee	0.1176%	76	
Income Before State Inc. Taxes	99.6618%	64,125	
State Income Tax (8.5%)	8.4713%	5,439	
Utility Receipts Tax	1.3969%	899	Effective Federal Tax
Income Before Federal Income Taxes	89.7937%	57,788	Rate
Enter Effective Federal Tax Rate			
shown in cell E39 (do not copy or cut)>	13.4691%	8,666	13.4691%
Change in Operating Income	76.3246% <u>\$</u>	49,121	
Gross Revenue Conversion Factor	1.3102		

NAME OF UTILITY

YEAR OF REPORT December 31, 2011

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

ACCT.		1824 S. C.		
NO.	ACCOUNT NAME		CURRENT YEAR	PREVIOUS YEAR
(a)	(b)	THIE SE	(d)	(e)
	UTILITY PLANT		·	·
	Utility Plant		\$670,768	\$670,768
108	Less: Accumulated Depreciation of Utility Plant		233,610	233,610
110	Accumulated Amortization of Utility Plant			
	Net Plant		437,158	437,158
	Utility Plant Acquisition Adjustment (Net)			
116	Other Utility Plant Adjustments			
	Total Net Utility Plant		437,158	437,158
	OTHER PROPERTY AND INVESTMENTS			
404	Marco (CC) a Daga and a		4 700	4 700
121	Nonutility Property		1,782	1,782
122	Less: Accumulated Depreciation and Amortization		1,782	1,782
	of Nonutility Property			
	Net Nonutility Property			
123	Investment In Associated Entities			
ll i	Utility Investments			100A 1000 100 100 100 100 100 100 100 10
125	Other Investments			
1	Special Funds		Append 1000 - 10	
120-127	opecial i unus			
	Total Other Property & Investments			
	CURRENT AND ACCRUED ASSETS			
131	Cash		36,950	36,936
l (	Special Deposits			
ſ	Other Special Deposits			
	Working Funds			
	Temporary Cash Investments		PROFESSION STATE	
	Accounts and Notes Receivable, Less			
	Accumulated Provision for Uncollectible			
	Accounts		52,000	73,511
145	Accounts Receivable from Associated Entities			
, ,	Notes Receivable from Associated Entities		white after the feet with a side and control of the feet of the side of the si	OF THE POST TOWNS PROCESSES. PROCESSES TO PROCESSES TO VARIOUS AMOUNT OF A CALLED TOWNS ASSESSED.
	Materials and Supplies Inventory			
	Stores Expense		**************************************	
	Prepayments			
1	Accrued Interest and Dividends Receivable			
	Rents Receivable			
	Accrued Utility Revenues			
	Misc. Current and Accrued Assets		- Harman	<u></u>
11**				
	Total Current and Accrued Assets		\$88,950	\$110,447

NAME OF UTILITY

YEAR OF REPORT December 31, 2011

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

ACCT.		THE R. MICH		
l .				_ <b></b>
NO.	ACCOUNT NAME		CURRENT YEAR	PREVIOUS YEAR
(a)	(b)		(d)	(e)
(-)	(~)	30 1 2 2 2 3 1	(-/	(-)
	DEFERRED DEBITS			
181	Unamortized Dobt Discount & Evange			
1	Unamortized Debt Discount & Expense			
182	Extraordinary Property Losses			
183	Preliminary Survey & Investigation Charges			
184		while day		
	Clearing Accounts			
185	Temporary Facilities			
186	Miscellaneous Deferred Debits			
187				
	Research & Development Expenditures			
190	Accumulated Deferred Income Taxes			
		5×1 1 1		
	Total Dafamad Dahita			
	Total Deferred Debits	1504 (mis.)		
	TOTAL ASSETS AND OTHER DEBITS		\$526,108	\$547,605
	TOTAL AGGLTG AND OTTILK DEDITO		Ψ320,100	Ψ047,000
	AV . / APAA AM I 1 NO (MORNING CONTROL			
	The same and the same and the defendable and the same and			
	THE RESIDENCE OF THE PROPERTY			
	7 1/25 1920 7 10 10 10 10 10 10 10 10 10 10 10 10 10			
	TOTAL MANAGEMENT AND THE PROPERTY OF THE PROPE			

NAME OF UTILITY

YEAR OF REPORT December 31, 2011

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

ACCT.		REF.		
NO.	ACCOUNT NAME	PAGE	CURRENT YEAR	PREVIOUS YEAR
(a)	(b)	(c)	(d)	(e)
(a)	EQUITY CAPITAL	144299	(u)	(e)
	EQUIT CAPITAL			
201	Common Stock looked			
201	Common Stock Issued		AMERICAN TO THE PERSON NAMED IN COLUMN TO THE PERSON NAMED IN COLU	
204	Preferred Stock Issued			
II .	Capital Stock Subscribed			
II .	Capital Stock Liability for Conversion			ATTACHED (Inc.)
207	Premium on Capital Stock			A4100 St. 44
209	Reduction in Par or Stated Value of Capital Stock			
210	Gain on Resale or Cancellation of Reacquired		and the second s	about the about the second sec
	Capital Stock			
211	Other Paid-In Capital		9,758	9,758
212	Discount on Capital Stock			
213	Capital Stock Expense			
ll .	Retained Earnings		286,468	283,077
1			200,400	203,077
216	Reacquired Capital Stock	T.		
218	Proprietary Capital (Proprietorship and Partnership			
	Only)			
]				
	Total Equity Capital	a de la	\$296,225	\$292,835
	LONG-TERM DEBT	34 3		
221	Bonds			
222	Reacquired Bonds			
223	Advances from Associated Companies			
224	Other Long-Term Debt		228,422	252,477
224	Cities Long-Term Debt		220,422	202,411
	T 4-44 T B-44		222 422	0.50 477
	Total Long-Term Debt		228,422	252,477
}	CURRENT AND ACCRUED LIABILITIES			
231	Accounts Payable			NOT THE DESCRIPTION OF THE PERSON OF THE PER
232	Notes Payable			
233	Accounts Payable to Associated Companies			A 100 M 100
234	Notes Payable to Associated Companies			
235	Customer Deposits		75	75
236	Accrued Taxes		1,386	2,219
237	Accrued Interest		1,000	2,210
238	Accrued Dividends		E VIII I I I I I I I I I I I I I I I I I	
			EN EVERTALLE A SERVE.	
239	Matured Long-Term Debt		- Managemen	
240	Matured Interest			
241	Miscellaneous Current and Accrued Liabilities			
	Total Current and Accrued Liabilities	VARA	\$1,461	\$2,294
		1.6		

NAME OF UTILITY

YEAR OF REPORT December 31, 2011

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

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE	CURRENT YEAR (d)	PREVIOUS YEAR (e)
	DEFERRED CREDITS			
251	Unamortized Premium on Debt			
252	Advances for Construction			
253	Other Deferred Credits			
255	Accumulated Deferred Investment Tax Credits			
	Total Deferred Credits			
	OPERATING RESERVES			
261	Property Insurance Reserve			
	Injuries and Damages Reserve			
II I	Pensions and Benefits Reserve			
265	Miscellaneous Operating Reserves			
	Total Operating Reserves			
	CONTRIBUTIONS IN AID OF CONSTRUCTION			
1	Contributions In Aid of Construction Accumulated Amortization of Contributions In Aid of Construction			
	Total Net Contributions In Aid of Construction			
	ACCUMULATED DEFERRED INCOME TAXES			
281	Accumulated Deferred Income Taxes - Accelerated Amortization			
282	Accumulated Deferred Income Taxes - Liberalized Depreciation			
283	Accumulated Deferred Income Taxes - Other			
	Total Accumulated Deferred Income Taxes			
	TOTAL EQUITY CAPITAL AND LIABILITIES		\$526,108	\$547,605
		Ton, Frank		

NAME OF UTILITY

YEAR OF REPORT December 31, 2011

#### COMPARATIVE OPERATING STATEMENT

ACCT. NO.			CURRENT YEAR	PREVIOUS YEAR
(a)	(b)		(d)	(e)
	UTILITY OPERATING INCOME			
460	Unmetered Water Revenue			
461.1	Metered Residential Revenue	-	152,359	174 110
461.1	Metered Commercial Revenue	-	9,348	174,119
461.2			9,340	
	Metered Industrial Revenue			and the second s
461.4	Revenues From Public Authorities			
461.5	Other Revenues	4/8/4-		
430.1	Public Fire Protection	1, 33 %-		THE COMMENSAGE STATE ASSESSED IN A STATE OF STAT
462.2	Private Fire Protection	- 200		
464	Other Sales to Public Authorities	100		
465	Sales to Irrigation Customers			
466	Sales for Resale			
464	Interdepartmental Sales			
470	Late Payment Charges		944	1,608
471	Miscellaneous Service Revenues		765	4
472	Rents from Water Property			- M
473	Interdepartmental Rents			
474	Other Water Revenues	L		
	Total Water Revenues		163,415	175,731
601	Salaries & Wages - Employees	_	12,974	10,727
603	Salaries & Wages - Officers, Directors			
	and Majority Stockholders			*****
604	Employee Pensions and Benefits			
610	Purchased Water			
615	Purchased Power		6,694	6,657
616	Fuel for Power Production			
618	Chemicals		632	1,001
620	Materials and Supplies		11,359	3,462
630	Contractual Services - Billing			
631	Contractual Services - Engineering		30,325	32,286
632	Contractual Services - Accounting		900	1,225
633	Contractual Services - Legal		2,530	
634	Contractual Services - Management Fees		48,000	42,000
635	Contractual Services - Other/Testing		120	288
636	Contractual Services - Other		216	
640	Rents		A 1044 - 1047 - A704 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -	
641	Rental of Building/Real Property			
642	Rental of Equipment			A STATE OF THE STA
650	Transportation Expenses		3,241	2,698
655 - 659	Insurance		3,867	3,478
660	Advertising Expense		705	0,770
665	Regulatory Commission Expense		291	
666	Regulatory Commission Expenses - Amortization of Rate			
000	Case Expense			
667	Regulatory Commission Expenses - Other			VANCOUS - 1120
670	Bad Debt Expense		360	323
675	Miscellaneous Expenses		25,435	17,113
	Total Water Operating Expenses	10次達蒙	147,650	121,258
	Total Frater Operating Expenses	Total of Table -	147,030	121,236

NAME OF UTILITY

YEAR OF REPORT December 31, 2011

# DO NOT ENTER DATA ON THIS PAGE COMPARATIVE OPERATING STATEMENT (cont.)

ACCT. NO.		DEF		
NO.	ACCOUNT MARKE	REF.	CUDDENT VEAD	DDEVIOUS VEAD
	ACCOUNT NAME	PAGE	CURRENT YEAR	PREVIOUS YEAR
(a)	(b)	(c)	(d)	(e)
403	Depreciation Expense			
406	Amortization of Utility Plant Acquisition Adjustment			
407	Amortization Expense		4 447	0 550
	Property Taxes		1,447	9,558
	Payroll Taxes		1,151	1,004
	Other Taxes and Licenses		449	667
	Utility Receipts Tax		1,300	2,854
	Income Taxes - Federal			
	Income Taxes - State			
	Deferred Federal Income Taxes			
	Deferred State Income Taxes			
	Provision for Deferred Income Taxes Credit			19-7
	Investment Tax Credits Deferred to Future Periods	THE BO		
412.11	Investment Tax Credits Restored to Operating Income			
	Net Operating Income		11,418	40,391
413	Income From Utility Plant Leased to Others			
414	Gains (Losses) From Disposition of Utility Property			
	Total Utility Operating Income		11,418	40,391
	OTHER INCOME AND DEDUCTIONS			
415	Revenues from Merch., Jobbing & Contract Work			
416	Costs and Expenses of Merch., Jobbing & Contract Wk			
419	Interest and Dividend Income		10	3,133
420	Allowance for Funds Used During Construction		W. C.	
	Nonutility Income		2,380	2,040
	Miscellaneous Nonutility Expenses			
	TAXES APPLICABLE TO OTHER INCOME			
408.20	Taxes Other Than Income, Other Income & Ded			
	Income Taxes, Other Income & Deductions			
	Provision for Deferred Income Taxes, Other Income & Deductions			
411 20	Provision for Deferred Income Taxes - Credit, Other			AND THE CONTRACTOR OF SECURITIES AND ADDRESS
411.20	Income & Deductions			
440.00				
	Investment Tax Credits - Net, Nonutility Operations		W. Marketta M. Waller	
412.30	Investment Tax Credits Restored to Nonoperating			
	Income, Utility Operations Total Taxes Applicable To Other Income	-		
	, ,			
407	INTEREST EXPENSE		40 447	40.000
	Interest Expense		10,417	16,396
	Amortization of Debt Discount & Expense		man a major distribute of 1990, \$900.00 / 507 / 502 /900.00 is proof	
429	Amortization of Premium on Debt		10.145	10.000
	Total Interest Expense		10,417	16,396
	EXTRAORDINARY ITEMS			
	Extraordinary Income			The second secon
	Extraordinary Deductions			
409.3	Income Taxes, Extraordinary Items			
	Total Extraordinary Items			
	NET INCOME		\$3,391	\$29,167

Utility Name: PIONEER WATER, LLC Schedule 4

#### **Pro-forma Net Operating Income Statement**

#### DO NOT ENTER DATA ON THIS PAGE

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

	(a) Year Ended 2/31/11	Adj	(b)	(c) Sch Ref	(d) ro-forma Present Rates	_ <b>A</b> dj	(e) ustments	(f) Sch Ref	Pi	(g) o-Forma roposed Rates
Operating Revenues										
Metered Revenue	\$ 161,707	\$	2,047 (43)	5-1 5-2	\$ 163,711	\$	63,974	1	\$	227,684
Unmetered Revenue	-				-		-	1		-
Fire Protection Revenue	-				-		-	1		-
Sales For Resale	-				-		-	1		-
Forfeited Disc./Late Pymt Chgs.	944				944		369	1		1,313
Other Revenue	 765				765_		_			765_
Total Operating Revenues	 163,415		2,004		 165,419		64,343			229,762
Operation & Maint. Expense	147,290				147,438					147,514
Salaries and Wages			649	6-1						
Employee Benefits - Insurance			-	6-2A						
Emp. Benefits - Pensions			-	6-2B						
Purchased Water			-	6-3A						
			-	6-3B						
Purchased Power			-	6-4A						
			85	6-4B						
Maintenance Expense			7,400	6-5						
Capital Expenditures			(10,000)	6-6						
Insurance			(418)	6-7						
Rate Case Expense			2,500	6-8						
Miscellaneous Expense			28	6-10						
Bad Debt Expense	360				360		142	1		502
IURC Fee			(96)	6-12			76	· 1		
Adjustment 13			-	6-13						
Adjustment 14			-	6-14						
Depreciation Expense	-		13,415	7	13,415					13,415
Amortization Expense	-				-					-
Taxes Other than Income:										
Property Taxes	1,447		8,159	6-11	9,607					9,607
Payroll Taxes	1,151		238	6-9	1,389					1,389
Other Taxes and Licenses	449				449					449
Income Taxes:										
Federal Income Taxes	-		(2,459)	6-15	(2,459)		8,666	1		6,207
State Income Taxes	-		(1,310)	6-16	(1,310)		5,439	1		4,129
Utility Receipts Tax	1,300		997	6-16	2,297		899	1		3,196
Federal Deferred Income Tax	-				-					-
State Deferred Income Tax	-				-					-
Other Taxes and Licenses	-									
Total Operating Expenses	151,997		19,189		171,186		15,221			186,408
Net Operating Income	\$ 11,418	\$	(17,185)		\$ (5,767)	\$	49,121		\$	43,354

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

Proof Box:				Diffe	erence
Total Operating Revenues	- \$	163,415	\$ 163,415	\$	-
Total Operating Expenses		151,997	151,997		-
Net Operating Income	\$	11,418	\$ 11,418	\$	-

Utility Name: PIONEER WATER, LLC

Schedule 5

# **Revenue Adjustments**

(1)

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

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

Enter the following data:

	Increase/		
Residential	(Decrease) in		Additional
Customers	Number of Bills	Multiplier	Monthly Bills
389		-	
389		1	
387	(2)	2	(4)
387 *		3	
386	(1)	4	(4)
383	(3)	5	(15)
395	12	6	72
393	(2)	7	(14)
396	3	8	24
395	(1)	9	(9)
393	(2)	10	(20)
396	3	11	33
4,689	Number of Additional Bills	S	63
	Times: Average Bill		\$32.49
	Adjustment Increase/(De	crease)	\$2,047
		\$152,359 4,689 \$32.49	
	Customers  389 389 387 387 386 383 395 393 396 395 393 396 4,689  al Sales th Total # of Resid	Customers         Number of Bills           389         389           387         (2)           387         (3)           383         (3)           395         12           396         3           393         (2)           393         (2)           396         3           4,689         Number of Additional Bills           Times: Average Bill Adjustment Increase/(De	Customers         Number of Bills         Multiplier           389         -           387         (2)         2           387 *         3           386         (1)         4           383         (3)         5           395         12         6           396         3         8           395         (1)         9           396         3         8           397         (2)         10           398         3         11           4,689         Number of Additional Bills         11           Adjustment Increase/(Decrease)         4,689           al Sales         \$152,359           ath Total # of Residential Customers         4,689

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

# Revenue Adjustments (con't)

(2)

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

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

Enter the following data:

	Number of	Increase/		
	Commercial	(Decrease in		Additional
Months	Customers	Number of Bills	Multiplier	Monthly Bills
Jan	18		-	
Feb	17	(1)	1	(1)
Mar	17		2	
Apr	18	1	. 3	3
May	18		4	
Jun	17	(1)	5	(5)
Jul	20	3	6	18
Aug	19	(1)	7	(7)
Sep	19		8	
Oct	18	(1)	9	(9)
Nov	18		10	
Dec	18		11	
12 Month Total	217	Number of Additiona	al Bills	(1)
		Times: Average Bill		\$43.08
		Adjustment Increase	e/(Decrease)	(\$43)
Test Year Commerc Divided By: 12 Mor Average Bill per Co	ith Total # of Comm	-	\$9,348 217 \$43.08	
, ago b por ooi		:	¥ 1.2.2	

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

Utility Name: PIONEER WATER, LLC

#### **Expense Adjustments**

Instruction: The following expense adjustments typically are needed to modify the utility's test year to allow a better representation of the utility's on going needs. For each adjustment listed, you will find a section labeled "Supporting Documentation." This documentation is needed to make each of the adjustments listed and may need to be submitted to the Commission as part of the utility's rate application. The utility may not need to make all of the adjustments listed. If an adjustment is not needed, skip to the next expense adjustment.

(1)

Salaries and Wage Expense - To adjust test year salaries and wages to reflect any pro-forma changes in wages and hours worked during the test year. (If more lines are needed, please call the Commission's Water/Sewer Division at (317) 232-2750.

The following adjustment should be used if the utility board passed a resolution to increase wages or the utility has increased or decreased its workforce. This adjustment can also be used to normalize wage rate changes or number of work hours for each employee.

Enter the following information:

Litter the following imprimation.		For Hourly Workers					
Employee Name or Title Proposed Salary	Regular Hrs. proposed for subsequent year	Overtime Hrs. proposed for subsequent year	Proposed Regular Hr. Wage Rate	Proposed Overtime Hr. Wage Rate	Total		
Tresha Dowdy Larry Clark Denise Snider	790 191 248		\$10.50 \$11.55 \$12.60	\$15.75 \$17.33 \$18.90	8,292 2,209 3,122		
	-	Pro-forma Sala Less: Test Yea Adjustment - Ind	ar Expense	•	13,623 12,974 \$649		
Supporting Documentation: Any the subsequent year.	y salary or wage i	resolutions that wi	ill impact wag	e expense for			

Schedule 6

**Utility Name:** 

PIONEER WATER, LLC

Schedule 6(b)

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

(2)

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

The following adjustment should be used if the utility has insurance premiums.	had any changes in its health care, dental or life
(A) Enter Pro-forma Health, Dental and Life Insurance E. Enter Test Year Health, Dental and Life Insurance Exper Adjustment - Increase/(I	Mode and manifestation depth the control grant from the control production of the control produc
An additional benefit that may need adjusted for changes (B) Pro-forma Payroll subject to Pensions Enter Pension Rate as a percent of salary Sub-Total	\$13,623 
Enter Test Year Pension	1 Expense
Adjustmer	nt - Increase/(Decrease)
Supporting Documentation: Copies of current health, de invoices and if applicable. Pension Statement	ental and life insurance premium

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

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

### Expense Adjustments (con't)

(3)

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

(A) The following adjustment show ("wholesale supplier" or "Supplier") subsequent to the test year. Name of Wholesale Supplier: Effective Date of Rate Change:		* *		•
NOTE: For column (e), you will need wholesale supplier ("Supplier"). On utility for the water that it purchases if applicable, a copy of the special of Supplier's rate tariff or contract with month during the test year by rate of Supplier. Supplier implemented a rate of the first rate block of \$5.00 per 1,000 gallons for gallons of water each month during the entered on line 1, column (e), would be entered on line 2, column	ice you have this is. This may required to contract ("contract not your utility, review block on lines 1 - the increase in Julians up to 10,00 the next 10,001 of the test year or which represents."	information, you notice you to contact to co	need to know how the Supplier to obtain the with its Supplier. Once you to add the utility's water apple, XYZ Utility purchases test year. The Supplier anth. The Supplier's secondary secondary in a month. XYZ 20,000 x 12 months). The	applier charges your bir wholesale tariff or you obtain your purchased for each ed all its water from the same tariff reflects a part of the purchased 20,000 purchased 20,000 erefore, 120 would
Metered Rates Per Month - enter wholesale supplier's rate blocks below (a) 1 2 3 4 5 6 7	Prior Rates Charged per 1,000 gallons or 100 Cu.ft. (b)	Current Rates Charged per 1,000 gallons or 100 Cu.ft. (c)	1,000 Gallons or 100 Cu.ft. by rate blocks- see above (e)	Adjustment (f)
Fixed Charges/Meter Charge		Pro-forma Purc Less: Test Year Adjustment - Inc		
(B) The following adjustment incre residential customers that occurred Test Year Purchased Water Expen Plus: (A) adjustment above Sub-Total Divided By: # of Test Year Bills Cost Per Bill Times: Number of Additional Bills	during the test y	ear as shown on S	Schedule 5, Adjustment	
		Adjustment - Inc	rease/(Decrease)	

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

### Utility Name: F

PIONEER WATER, LLC

letter from the electric utility notifying of the rate increase.

# Expense Adjustments (con't)

(4)

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

(A) The following adjustment she during the test year or twelve mo				dor increased its rates
Name of Electric Utility Supplier: Effective Date of Rate Change:		gang ya katalan kuwa ka katalan katala Katalan katalan katala		
NOTE: For column (e), you will no vendor(s) that supplies electricity charges your utility for the electric user rate tariff ("tariff"). Once you each month during the test year lelectricity from Supplier. Supplier new tariff reflects a first rate block second rate block reflects \$.025, of electricity each month during the entered on line 1, column (e), what test year and 12,000 would be entered.	r ("Supplier"). Ond city that it purchas to obtain your Supplier in the control of the control o	ce you have this ses. This may replier's tariff, reviences 1-7 below. It is atteined in the increase in cowatt hour ("kWI lext 1,001 to 2,001,000 kWh (2,000 kWh) (2,000 kWh) (2,000 kWh) purchased to see the increased to see you have the increased to see the increased to see you have the increase of the increase	information, you need to equire you to contact the sew the utility's bills to add For example, XYZ Utility June of XYZ Utility's test in"), up to 1,000 kWh in a 00 kWh in a month. XYZ 0 x 12 months). Therefore	know how the Supplier Supplier to obtain their the utility's usage for purchased all its year. The Supplier's month. The Supplier's Utility used 2,000 kWhe, 12,000 would be
Metered Rates Per Month - enter rate per rate blocks	Prior Rates Charged per	Current Rates Charged per	Usage by rate block-see	
below	kWh	kWh	note above	Adjustment
(a)	(b)	(c)	(e)	(f)
		phormal control and could open by your person the control value of a result of a result of the country of the c	The design of the first and residence disserted countries of the first	
2			principle to retain plant the substrate facility of contract of the contract o	
3 4	※の方式が公司での合うを提出されるようが目的を目的できない。これでは、これで目的に関係のできていたのできない。		BARRY WITH HIS TO WAR THE THE THE THE THE CONTROL OF THE	
4 succession in the control of the c				
6		и Почина на неворина на почина на п	and control of the control of the control control of the control o	
7	entre en	NOTE: THE STATE OF THE PROPERTY OF THE STATE	and the production of the state	-
Fixed Charges/Meter Charge	escriptive and a remember of any section as a property of the section of the sect	AND THE PROPERTY OF THE PROPER	extoracións/propos primodos tofactions, en el trial de de de entre entre en el trial de entre en	
			rchased Power	
		Less: Test Ye	•	\$6,694
		Adjustment - Ir	ncrease/(Decrease)	
(B) The following adjustment includes residential customers that occurrence to the control of the control of the control of the customers and the control of the customers are control of the customers.				
Test Year Purchased Power Exp Plus: (A) adjustment above	ense			\$6,694
Sub-Total				6,694
Divided By: # of Test Year Bills				4,906
Cost Per Bill				<u>\$1.36</u>
Times: Number of Additional Bills	S	Adjustment 1	aorooco//Docressa	62
		-	ncrease/(Decrease)	<u>\$85</u>
Supporting Documentation: Bills that provide electricity and copy of			_	

Utility Name: PIONEER WATER, LLC Schedule 6(e)

# Expense Adjustments (con't)

(5)

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

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

		Enter Actual Cost	
		(Invoice) or	
		Estimate/Quote:	
Enter Estimated Cost to flush lines:	<del></del>		
Enter Estimated Cost for Annual Hydrant Maintenan	ce:		
Enter Estimated Cost to Exercise Valves:		term diction contribute and communities a community and an account of the colonial distinct of the contribute and a company company	
Enter Description of Any Other Annual Maintenance	Performed Below:	करताताल अवस्था हाम क्षण प्रमाण नामान्यक प्रस्तानाच्यां एक सम्बद्धान्त्रकार स्थापित प्रमाणनाच्यां स्थापनाच्या स	
Water Tank Painting (\$185,000 every 25 years)		7,400	
Water Tank Painting Supervision		3,995	
Meter Replacement		вые положение в менто положение и менто выполняем от положение положение положение в менто выполняем от положение в менто в м	
		entitoriezakennan la protoso o militaro fan soen ca neembero oan distribuit alikhelikot, cok beneur en suura k Antonioriezakennan la protoso o militaro fan soen ca neembero oan distribuit alikhelikot, cok beneur en suura e	18,245
	Enter Test Year Expense	<del></del>	10,845
	Adjustment - Increase/(Decrea	ase)	\$7,400

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

### Expense Adjustments (con't)

(6)

**Non-Recurring or Capital Expenditures** - To remove from test year operating costs that either will not recur in the future or were inadvertently recorded as expenses but should have been recorded as utility plant in service (capitalized). Typically, investments of \$1,000 or more made to the infrastructure of the utility are considered capital investments and not expenses. To eliminate these expenses from the utility's test year expense, enter each expense amount as a *negative number*.

Enter the following information:

			Enter "C" for	
			Capital Exp.	
			Or "N" for	
			Non-	
Vendor	Description	Account	_Recurring_	Amount
Tractor Supply Co.	Lawn Mower	Miscellaneous	С	(\$5,500)
EJP	Down payment on hand-held	Natural Control and Anna Manufacturing at a major of color of a district and a second a second and a second a	and professional business refuse, international contracts and any and the larger, each of described	#34 to be a produced in the control of the control
And of classical and committee of the co	Meter Reader	Mat. and Sup.	C	(3,500)
Kelley Buick	Down payment on car	Transportation	ADDRESS OF THE PROPERTY OF THE	(1,000)
Matheway of Aure 4.75 (2.75 (2.76 4.15) and 4.65 (2.75 (2.76 4.15) and 4.75 (2.75 (2.75 4.15) and 4.75 (2.75 (2.75 4.15) and 4.75 (2.75		x.x.x.y.x.y,y,y,y,y,y,y,y,	HET WELT BUTTON OUT FOR HET SET HET TOUR HET SET FOR HET TOUR AND TOUR AND ANY GENERAL TOUR AND THE SET FOR THE	we are an exponential and the exposure of the
уческого достинуванно учество представления на представления по представления представ	as well denote the description of the description	to the mile land specified dominating entertial states and a statement which should be discussed by	ek in the Conflict of Miles (ACCOMING SCHOOL) of the Conflict of Town MICS Conflict ACCOMING SCHOOL ACCOMING S	(f, n) + (n) + (
	$w_{i}(s) = 0.0000000000000000000000000000000000$	above in eaters or in the interpretation of an enterpretation of the enterpretation of t	lem:lem:lem:lem:lem:lem:lem:lem:lem:lem:	$\label{eq:constraint} accommon production of the constraint accommon to the constraint of the constr$
	one was the content of the content	Advances conditionable and attitudes for the death or dangle musely characteristics and	Constitution of the Consti	Situation to the Abelian selection and the second s
entrocontributes de sobre a material sola de la central de la material de la contributação de la contribut		#(p) = -p + p + p + p + p + p + p + p + p + p	En reflection for the best of the contraction of the property of the contraction of the c	$eq:control_ent$
	е в нако-ин-котор поличения поличения поличения поличения поличения в поличения поличе	$a_{1000000000000000000000000000000000000$	256 de sel Predeministra en 1885 Militad e cuarra (1757 en 1852 de 1864 Militario) e conquestro e	mit hardren kilder vice distributer versicht dem belande versicht das der Schalers zwerbille.
because the contract and the contract		SOMEONIS AND SERVICE SHARE SHARE SHARE SHARE SHARE SHARE SHARE	Administrative spectropressive in the letter or waterways reconstruction and an experience of the second second	
e malannuth i Lanker (1933 Amurel 1 - Paris - Santiant) entre (no hay reporte porte le ha del this bright den novembre annount	Adjustment - Ir	ncrease/(Decreas	seen the second control of the second contro	(\$10,000)

Supporting Documentation: Copy(ies) of the invoice(s) paid for the capital expenditure or non-recurring charge.

(7)

**Insurance Expense** - To adjust test year insurance expense to reflect any changes in insurance premiums that occurred during the test year.

The following adjustment is necessary if the utility added additional insurance subsequent to the test year or if insurance premiums paid during the test year changed.

		Annuai		
Type of Insurance, if applicable		Premium		
Enter Automobile Insurance Annual Premium Amo	unt			
Enter Commercial Property Insurance Annual Premium Amount				
Enter Worker's Compensation Annual Amount Paid by the Utility				
Enter General Liability Insurance Annual Premium Amount				
•				
Enter Directors & Officers Renewal Policy Amount		COMMUNICATION CONTRACTOR CONTRACT		
Enter Comprehensive Insurance Premium Amount	TARREST MANAGEMENT OF THE PROPERTY OF THE PROP	•		
Enter any Other Insurance, enter a description:	Liability/Auto/Commercial Property →	3,449		
	Sub-Total	3,449		
	Less: Test Year Insurance Expense	3,867		
	Adjustment - Increase/(Decrease)	(\$418)		

Supporting Documentation: Insurance Premium renewals/invoices that support new premium rates.

Utility Name: PIONEER WATER, LLC Schedule 6(g)

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

(8)

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

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

Enter Accounting Contract Amount, if applicable	> \$15,000
Enter Engineering Fees, if applicable	Several construction and a series of the ser
Enter Other Fees, if applicable (enter description)	Translatenthia and necessary and an experimental and an experiment
IURC Fees	
Sub-Total	15,000
Divided By: Expected Life of Rates	3
Pro forma Test Year Rate Case Expense	5,000
Enter Test Year Rate Case Expenses	> 2,500
Adjustment - Increase/(Decrease)	\$2,500
Supporting Documentation: Written contract or agreement with consultants for proposed service	ces. Also,
provide documentation and any calculations used to support test year costs.	

(9)

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

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

Pro-forma Payroll	\$13,623
Times: FICA Rate	7.65%
Pro-forma FICA Expense	1,042
Enter Test Year FICA Expense	804
Adjustment - Increase/(Decrease)	\$238

Supporting Documentation: None

(10)

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

# of Additional Bills		63
Enter Current Postage Rate	<del></del>	\$0.45
Adjustment - Increase/(Decre	ease)	\$28

Supporting Documentation: None

Utility Name: PIONEER WATER, LLC Schedule 6(h)

### Expense Adjustments (con't)

(11)

**Property Taxes** - To adjust test year property tax expense to reflect current or pro-forma property taxes.

Description Pioneer Water	Enter Total Assessed Amount \$476,230	Enter Tax Rate \$2.0172	Gross Tax \$9,607	Enter Credit Rate	Replacement Credit	Full Tax Year \$9,607
ちからからからできています。一番なける事をから発生さればからからからなける事故を見る	40%(TURNSHIPERTON)(COMMANDERWOOK)(C					
works a beginner and proportional popular for some or yet complete for the finishing of		in der Medika berd Stille das Freihande stille der Stille Stille Stille eine Stille Stille Stille Stille Stille				
	d(x) = (x + y) + (x + y)					
$v_{ij} = (1 + i + i + i + i + i + i + i + i + i + $						
Luck manager of September 16 miles have beginner aging outsing an appearance of september 16 miles and 16 miles	when Sody combiner and second and analysis of the second and second second second second second second second	电记号计算机 基础设置记录中枢 网络斯尔森斯尔 经自动的债券 医可能性 医克雷斯氏征动物 可可能使使	Pro-forma Pro	perty Tax		9,607
			Less: Test Ye	ar Property Tax I	Expense	1,447
			Adjustment - I	ncrease/(Decreas	se)	\$8,159
Supporting Doc	<i>umentation</i> : Pu	blished property	tax rates applic	able to utility		

(12)

**Indiana Utility Regulatory Commission (IURC) Fee** - To adjust test year IURC fee for proposed operating revenues. Note that the "Test Year IURC Fee" amount must be hard entered.

	Present
Total Operating Revenues (Hard enter amount from cell K24 shown on Sch. 4)	\$165,419
Times: Current IURC Fee	0.0011785
Sub-Total	195
Enter Test Year IURC Fee	291
Adjustment - Increase/(Decrease)	(\$96)
Supporting Documentation: None	

Utility Name: PIONEER WATER, LLC Schedule 6(i)

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

(13) Other Expense Adjustment - enter description below:	
Enter Pro-forma Expense Amount	Month without Standard Standard Standard in Architecture of Architecture (Architecture of Architecture of Arch
Adjustment - Increase/(Decrease)	S
Supporting Documentation: Provide any spreadsheets and/or workpaper compute the Proforma expense amount shown above as well as a narra	
(14) Other Expense Adjustment - enter description below:	etter 10 × 10 kg til 1500 i stage (5 kelsgar 1865 – K. 10 kg Kg Kg
Enter Pro-forma Expense Amount	Mark and the second of the
Adjustment - Increase/(Decrease)	\$ -
Supporting Documentation: Provide any spreadsheets and/or workpaper compute the Proforma expense amount shown above as well as a narra	

Ditable   Pione   Pi	Heller Names - BIONEED WAS	55D 110		Cabadula 6(i)
To adjust Federal Income Taxes to Pro-forma Present Rate amount.   Please note that the hard entered numbers will need to be updated if the amount in the cell referenced in the comment changes.   Pro-Forma present Rate amount.   Pro-Forma present Rate income cell referenced in the comment changes.   Pro-Forma present Rate income cell referenced in the comment changes.   Pro-Forma present Rate income cell referenced in the comment changes.   Pro-Forma present Rate income cell referenced in the comment changes.   Pro-Forma present Rate income cell referenced in the comment changes.   Pro-Forma present Rate income cell referenced in the comment changes.   Pro-Forma present Rate income cell referenced in the comment changes.   Pro-Forma present Rate income cell referenced in the comment changes.   Pro-Forma present Rate income cell referenced in the comment changes.   Pro-Forma present Rate income cell referenced in the comment changes.   Pro-Forma present Rate income present Rate in the surface in the cell referenced in the cell referenced in the comment changes.   Pro-Forma present Rate in the cell referenced	Utility Name: PIONEER WAT			Schedule 6(j)
Federal Income Taxes to Pro-forma Present Rate amount.   Pro-Forma Present Rate amount.   Present Rate amount in the cell referenced in the comment changes.   Pro-Forma Present Rate amount in the cell referenced in the comment changes.   Pro-Forma Present Rates Proposed Rates   Pro-Forma Present Rate   P				
Proserror   Pros				
Proserror   Pros	To adjust Federal Income Taxes to	Pro-forma Present Rate amount.		
Pre-Tax Net Income	1 -			
Less:         Synchronized Interest Expense (See Sch. 8)         8,167         8,167           Add:         Enter Depreciation of CIAC         48,719           Sub-Total         (15,406)         48,719           Less State Income Taxes:         2,297         3,196           Utility Receipts Tax         987         7,337           SNIT         987         7,337           Federal Taxable Income         Tax         987         7,337           Federal Taxable Income         Tax         987         7,337           Federal Taxable Income         Tax         15,000         (\$16,393)         \$41,383           Sub-total         (2,459)         6,207           Next \$25,000         times: Tax Rate         25,000         25,000           time: Tax Rate         34,00%         34,00%           Next \$25,000         times: TaxRate         34,00%         34,00%           Federal Income Tax         -         -         -           Please Enter         \$ (2,459)         Here (do not copy or cut)         \$ (2,459)         \$ (2,459)           Adjustment - Increase/(Decrease)         (16)         State Taxes         \$ (2,459)         \$ (2,459)           To adjust State Income Taxes to Pro-forma Present Rate amount<		comment changes.		
Add:   Enter Depreciation of CIAC		Evnance (See Seb. 9)		
Amortization of Acquisition Adjustment   (15,406)   48,719     Less State Income Taxes:   (13,101)   4,141     Total State Income Tax   987   7,337     Federal Taxable Income Tax Rate   15,00%   15,00%     Sub-total   (2,459)   15,00%     Federal Taxable Income Tax Rate   25,00%   25,00%     Federal Income Tax   10,00%   10,00%     Federal Income Taxes Income Taxes to Pro-forma Present Rate amount   Pro-Forma Present Rates   Pro-Forma Pr				0,107
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Next   Span	<u> </u>		(15,406)	48,719
SNIT			2 207	2.106
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Sub-total   15.00%	_		(\$16,393)	
Sub-total   15.00%		First \$50 000	(\$16.393)	\$41,383
Sub-total Next \$25,000   Next \$25,000   time: Tax Rate   25.00%		• •	, ,	
Next \$25,000   time: Tax Rate   25.00%   25.00%				
Next \$25,000   Times: TaxRate   25.00%   25.00			(=, 100)	
Next \$25,000   times: TaxRate   34.00%   34.00%   34.00%		•	25.00%	25.00%
Times: TaxRate   34.00%   34				
next \$235,000         times: tax rate         39%         39%         39%         39%         39%         39%         39%         39%         39%         39%         39%         39%         39%         39%         39%         39%         6207		Next \$25,000		
times: tax rate         39%         39%           Federal Income Tax         -         -           Please Enter         \$ (2,459)         Here (do not copy or cut)         (2,459)         6,207           Less:         Test Year         (2,459)         \$8,666           Adjustment - Increase/(Decrease)         (16)         \$1,2459         \$8,666           State Taxes           To adjust State Income Taxes to Pro-forma Present Rate amount         Pro-Forma Present Rates         Pro-Forma Pro-Forma Prosed Rates           Utility Receipts Tax         Pro-Forma Present Rates         Pro-Forma Prosed Rates           Operating Revenues         \$165,419         \$229,762           Less:         Bad Debt Expense         360         502           Exemption         1,000         1,000           Operating Revenues subject to utility receipts tax         164,059         228,260           Rate         1,40%         1,40%           Rate         8,50%         8,50%           SNIT         (15,406)         Here (do not copy or cut)         (15,406)         48,719           Pro-Forma Present Rate State         (1,310)         4,141           Pro-Forma Present Rate State         (1,3		times: TaxRate	34.00%	34.00%
times: tax rate         39%         39%           Federal Income Tax         -         -           Please Enter         \$ (2,459)         Here (do not copy or cut)         (2,459)         6,207           Less:         Test Year         (2,459)         \$8,666           Adjustment - Increase/(Decrease)         (16)         \$1,2459         \$8,666           State Taxes           To adjust State Income Taxes to Pro-forma Present Rate amount         Pro-Forma Present Rates         Pro-Forma Pro-Forma Prosed Rates           Utility Receipts Tax         Pro-Forma Present Rates         Pro-Forma Prosed Rates           Operating Revenues         \$165,419         \$229,762           Less:         Bad Debt Expense         360         502           Exemption         1,000         1,000           Operating Revenues subject to utility receipts tax         164,059         228,260           Rate         1,40%         1,40%           Rate         8,50%         8,50%           SNIT         (15,406)         Here (do not copy or cut)         (15,406)         48,719           Pro-Forma Present Rate State         (1,310)         4,141           Pro-Forma Present Rate State         (1,3		next \$235,000		
Pro-Forma   Pro-		•	39%	39%
Less:         Test Year         (2,459)         \$8,666           Adjustment - Increase/(Decrease)         (16)         \$8,666         \$8,666           State Taxes           To adjust State Income Taxes to Pro-forma Present Rate amount         Pro-Forma Pro-Forma Proposed Rates           Dutility Receipts Tax         Pro-Forma Proposed Rates           Operating Revenues         \$165,419         \$229,762           Less:         Bad Debt Expense         360         502           Exemption         1,000	Federal Income Tax	amos. tax rate	-	-
Adjustment - Increase/(Decrease)  (16) State Taxes  To adjust State Income Taxes to Pro-forma Present Rate amount  Utility Receipts Tax Operating Revenues Bad Debt Expense Exemption Operating Revenues subject to utility receipts tax Attach  Tax  SNIT Please Enter SNIT Pro-Forma Present Rate State  (1,310) (\$2,459) \$8,666   (\$2,459) \$8,666   Pro-Forma Present Rate Pro-Forma Present Rate Pro-Forma Present Rate Pro-Forma Present Rate State  (\$2,459) \$8,666  Pro-Forma Pro-Forma Pro-Forma Pro-Forma Pro-Forma Pro-Forma Present Rate State  (\$2,459) \$8,666  Pro-Forma Pro-Forma Pro-Forma Pro-Forma Pro-Forma Pro-Forma Present Rate State  (\$2,459) \$8,666  Pro-Forma Pro-Forma Pro-Forma Pro-Forma Pro-Forma Present Rate State  (\$2,459) \$\$  Pro-Forma Pro-Forma Pro-Forma Pro-Forma Pro-Forma Present Rate State  (\$3,600 \$\$ \$\$ \$\$ \$\$ \$\$ \$\$ \$\$ \$\$ \$\$ \$\$ \$\$ \$\$ \$	Please Enter \$ (2,459) H	ere (do not copy or cut)	(2,459)	6,207
Claim   State Taxes   To adjust State Income Taxes to Pro-forma Present Rate amount   Pro-Forma   Pro-Forma   Proposed Rates			(00.450)	
State Taxes   To adjust State Income Taxes to Pro-forma Present Rate amount   Pro-Forma	Adjustment - Increase/(Decrease)		(\$2,459)	<u>\$8,666</u>
Pro-Forma		` '		
Utility Receipts Tax         Pro-Forma Present Rates         Proposed Rates           Operating Revenues         \$165,419         \$229,762           Less:         Bad Debt Expense Exemption         360         502           Operating Revenues subject to utility receipts tax         164,059         228,260           Rate         1.40%         1.40%           Tax         2,297         3,196           SNIT         (15,406)         48,719           Rate         8,50%         8,50%           SNIT         (1,310)         4,141           Pro-Forma Present Rate State         (1,310)         4,141           Less:         Test Year         (1,310)         4,141	To adjust State Income Toyon to Dro			
Utility Receipts Tax         Present Rates         Proposed Rates           Operating Revenues         \$165,419         \$229,762           Less:         Bad Debt Expense         360         502           Exemption         1,000         1,000           Operating Revenues subject to utility receipts tax         164,059         228,260           Rate         1.40%         1.40%           Tax         2,297         3,196           SNIT         (15,406)         48,719           Rate         8.50%         8.50%           Rate         8.50%         8.50%           SNIT         (1,310)         4,141           Pro-Forma Present Rate State         (1,310)         4,141           Less:         Test Year         (1,310)         4,141	To adjust State income Taxes to Pro	o-lorma Present Rate amount	Dro Forma	Dro Forma
Utility Receipts Tax         Operating Revenues       \$165,419       \$229,762         Less:       Bad Debt Expense       360       502         Exemption       1,000       1,000         Operating Revenues subject to utility receipts tax       164,059       228,260         Rate       1.40%       1.40%         Tax       2,297       3,196         SNIT       (15,406)       48,719         Rate       8.50%       8.50%         SNIT       (1,310)       4,141         Pro-Forma Present Rate State       (1,310)       4,141         Less:       Test Year       (1,310)				
Less:       Bad Debt Expense Exemption       360       502         Exemption       1,000       1,000         Operating Revenues subject to utility receipts tax Rate       164,059       228,260         Rate       1.40%       1.40%         Tax       2,297       3,196         SNIT       (15,406)       48,719         Rate       8,50%       8,50%         SNIT       (1,310)       4,141         Pro-Forma Present Rate State       (1,310)       4,141         Less:       Test Year       (1,310)       4,141	Utility Receipts Tax			
Exemption         1,000         1,000           Operating Revenues subject to utility receipts tax         164,059         228,260           Rate         1.40%         1.40%           Tax         2,297         3,196           SNIT           Please Enter         \$ (15,406)         Here (do not copy or cut)         →         (15,406)         48,719           Rate         8.50%         8.50%         8.50%           SNIT         (1,310)         4,141           Pro-Forma Present Rate State         (1,310)         4,141           Less:         Test Year         (1,310)	. •		,	
Operating Revenues subject to utility receipts tax         164,059         228,260           Rate         1.40%         1.40%           Tax         2,297         3,196           SNIT         (15,406)         48,719           Rate         8.50%         8.50%           SNIT         (1,310)         4,141           Pro-Forma Present Rate State         (1,310)         4,141           Less:         Test Year         (1,310)	· · · · · · · · · · · · · · · · · · ·			
Rate       1.40%       1.40%         Tax       2,297       3,196         SNIT       2,297       3,196         Please Enter \$ (15,406) Here (do not copy or cut)       (15,406)       48,719         Rate       8,50%       8,50%         SNIT       (1,310)       4,141         Pro-Forma Present Rate State       (1,310)       4,141         Less: Test Year       (1,310)       4,141		tility receints tay		
Tax       2,297       3,196         SNIT       Please Enter \$ (15,406) Here (do not copy or cut)       (15,406) 48,719         Rate SNIT       8,50% 8,50% (1,310)       4,141         Pro-Forma Present Rate State Less: Test Year       (1,310) 4,141       4,141		unity receipts tax	·	·
Please Enter       \$ (15,406)       Here (do not copy or cut)       (15,406)       48,719         Rate       8.50%       8.50%         SNIT       (1,310)       4,141         Pro-Forma Present Rate State       (1,310)       4,141         Less: Test Year       (1,310)       (1,310)	Tax			
Rate         8.50%         8.50%           SNIT         (1,310)         4,141           Pro-Forma Present Rate State         (1,310)         4,141           Less: Test Year         (1,310)         (1,310)		oro (do not conv.or out)	(1E 40G)	49 710
SNIT         (1,310)         4,141           Pro-Forma Present Rate State         (1,310)         4,141           Less: Test Year         (1,310)         (1,310)		ere (do not copy or cut)	property angulation becomes only of transit spheroid at layer than the property of the propert	
Pro-Forma Present Rate State         (1,310)         4,141           Less: Test Year         (1,310)				
Adjustment - Increase/(Decrease) (\$1,310) \$5,451			(04.040)	
	Adjustment - Increase/(Decrease)		(\$1,310)	\$5,451

#### Calculation of Rate Base

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

Description: Utility Plant in Service as of 12/31/11 Less:		Amount \$670,768
Enter Disallowed Plant, if applicable Accumulated Depreciation Accumulated Amortization Contrib. in Aid of Construction (net)		233,610
Enter Advances for Construction Sub-total		437,158
Plus or Minus:		
Acquisition Adjustments (net)  Materials and Supplies Inventory		
Working Capital Allowance (1)		17,582
Original Cost Rate Base		\$454,740
(1) Working Capital Pro-forma Present Rate Operation and Maintenance Expense Less: Purchased Power Purchased Water Total Working Capital Expenses Divided by: 45-day factor Total Working Capital	\$147,438 6,779 140,659 8 \$17,582	
Depreciation Expense		
Utility Plant in Service  Enter Cost of Land and Land Rights  Depreciable Utility Plant in Service  Times: Composite Depreciation Rate	\$ 670,768 \$ 670,768 2.00%	
Pro Forma Depreciation Expense Less: Test Year Depreciation Expense Adjustment - Increase/(Decrease)	13,415 \$ 13,415	

Utility Name: PIONEER WATER, LLC

Schedule 8

### **Capital Structure**

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

		Percent of		Weighted
Components of Capital Structure:	Amount	Total Capital	Cost Rate	Cost
Common Equity	\$296,225	56%	13.70%	7.74%
Long-term Debt	228,422	44%	4.13%	1.80%
Preferred Stock	0	0%		0.00%
Deferred Income Taxes	0	0%	0.00%	0.00%
Customer Deposits	0	0%	6.00%	0.00%
Total	\$524,647		- -	9.53%

### **Synchronized Interest Calculation**

	AS OI
Description:	_ 12/31/2011
Total Original Cost Rate Base	\$454,740
Times: Weighted Cost of Debt	1.796%
Synchronized Interest Expense	\$8,167

### Weighted Cost of Debt

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

below (information	on will be found on d	ebt amortization sch	nedules):			
			Principal			
			Amt.	Unamortized		
			Outstanding	Debt		
Type of	Date Issued	Maturity Date	@	Expense @	(	Carrying
Debt Issued	(XX/XX/XX)	(XX/XX/XX)	12/31/2011	12/31/2011		Value
Line of Credit	1/4/05	1/4/21	\$ 228,422	ANNEAR MARKET AND COMMON PROPERTY AND STREET	\$	228,422
Approximately subsequent companies of the contract of the company			szmowanakola operacionas konolikalementki kielinja fiski jeneg 😘	Japan program Microscopi (St. adjock a Microscopi a adjock a domina (St. adjock a adjock a adjock a adjock a d		
			an annual transminant carried the name of the control to the entry	and animal and a little of comments of the property of the control		
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		ACT OF A THE RESIDENCE PROTECTION OF THE PROTECT	as + a + 2 + a + a + a + a + a + a + a + a	404度以中国的建筑设计中心中心的现代的现代的现代的现代的		
and the first activation and activate probability that the first probability activation activation activation activation and the first probability activation activat	analos vica necesar no con esti na comunicada nos presentes de los consideracións de la contractiva del la contractiva de la contractiva del la contractiva del la contractiva de la contractiva del la c	where we have a substitution of the contract	\$ 228,422	nconverse executable in photostock of control of executable in the control of the	\$	228,422
			Ψ ΖΖΟ, ΙΖΖ		<u> </u>	
Annual	Annual	Total Annual				
Interest	Amortization	Cost				
\$ 9,422.40		\$ 9,422				
Analy incomes sector or consistent to remarks his book for parameters were	d v > v + (v + v + v + v + v + v + v + v + v					
$s \otimes 4 + m \cos \omega T \cos \theta + m \cos \theta \cos \theta \cos \theta + m \cos \theta \cos \theta \cos \theta + m \cos \theta \cos \theta \cos \theta \cos \theta + m \cos \theta \cos$	construction and a community control of control of the control of		Cost of			
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(30), and all reserve regularization and the second distribution of the contract of the contra	साध्यक्तकृतः काम सामाध्यक्षात्रे कार्यास्य नेत्रकार नार्याच्यां स्थापना संबद्धात्र्यः के तिर्वेशीकार केत्रसम्ब स्थिति		Debt			
9422.403375	O	\$ 9,422	4.13%			

# Utility Name:

PIONEER WATER, LLC

# Current and Proposed Rates and Charges

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

	Current		Adjusted	Proposed	Proposed	Percent
Enter the following rates below:	Rates	Tracker	Current Rates	Rates	Increase	Increase
Metered Rates Per Month - enter rate blocks below						
0 to 1999 (Minimum)	\$25.00		\$25.00	\$34.77	\$9.77	39.08%
2,000 to 2,999	\$27.50		\$27.50	\$38.25	\$10.75	39.08%
3,000 to 3,999	\$30.00		\$30.00	\$41.72	\$11.72	39.08%
4,000 to 4,999	\$32.50		\$32.50	\$45.20	\$12.70	39.08%
5,000 to 5,999	\$35.00	10000000000000000000000000000000000000	\$35.00	\$48.68	\$13.68	39.08%
6,000 to 6,999	\$37.50	ann eigen man generallist für Kennen zum Geber auch der State der Aufgeber aus der	\$37.50	\$52.15	\$14.65	39.08%
7,000 to 7,999	\$40.00	TO COLO DE COLO DE PORTO DE CONTRACTOR DE CONTRACTOR DE CONTRACTOR DE CONTRACTOR DE CONTRACTOR DE CONTRACTOR D	\$40.00	\$55.63	\$15.63	39.08%
8,000 to 8,999	\$42.50	CONTRACTOR AND CONTRACTOR OF THE CONTRACTOR OF T	* \$42.50	\$59.11	\$16.61	39.08%
9,000 and above	\$2.50	590 et 1400, list fort for Lance monthe interview landsconer for announce or extensi	\$2.50	\$3.48	\$0.98	39.08%
Service Charge or Minimum Rate Per Month Per	Tendo de los de tendos de tendos do coloridor do April (Colorido de La Colorido de Colorid	ALITANISA (1960-1964) ALITANISA (1960-1960-1960-1960-1967) ANISA (1960-1960-1960-1960-1960-1960-1960-1960-	•			
Meter Size - If minimum rate is used, please also						
enter usage allowance						
•						
5/8 inch meter (1,999 gals.)	\$25.00		\$25.00	\$34.77	\$9.77	39.08%
3/4 inch meter (1,999 gals.)	\$25.00		\$25.00	\$34.77	\$9.77	39.08%
1 inch meter (1,999 gals.)	\$25.00		\$25.00	\$34.77	\$9.77	39.08%
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**Utility Name:** 

PIONEER WATER, LLC

# Phase II Data Input

# Please answer the following questions:

Enter Amount (\$) of debt to be incurred:	$\rightarrow$	\$	190,000
Enter Anticipated Term of the proposed debt (Years):	$\rightarrow$	a terra de l'Alle de Calendario	15
Enter Anticipated Interest Rate:	$\rightarrow$	10000000F7.507	6.00%
Enter Project Cost (\$), NOTE: may be the same as the financed amount:	$\Rightarrow$	\$	190,000
If Applicable, Enter Project Cost (\$) associated with land:	$\rightarrow$	Basconson Property	

This schedule is designed to capure any incremental cost increases and cost decreases that result from the implementation of the Phase II project! Please enter only incremental amounts.

# Example: Power costs are expected to decrease by \$300/month

ltem	Yearly Increase (Decrease	
Power Cost (Example)	\$ (3	,600)
Purchased Power Adjustment, if applicable	\$	-
Purchased Water Adjustment, if applicable	\$	-
Item 3 (please overwrite this description)		
Item 4 (please overwrite this description)	\$	-
Item 5 (please overwrite this description)	\$	-
Total	\$	-

NAME OF UTILITY

# DO NOT ENTER DATA ON THIS PAGE

# PHASE II REVENUE REQUIREMENT

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

Instruction: All cells in this schedule are automatically filled.

Line No.	Description	Amount
	REVENUE REQUIREMENTS	
1	Rate Base	\$ 644,784
2	Times: Cost of Capital	8.61%
3	Net Operating Income Required	55,491
4	Less: Pro-forma Net Operating Income at Present Rates	36,015
5	Increase in Net Operating Income Required	19,476
10	Multiply By: Gross Revenue Conversion Factor	1.3070
11	Recommended Increase	\$ 25,455
	Recommended Percentage Increase	11.12%

Gross Revenue Conversion Factor:	Percent Factor	Amount	
Gross Revenue Change	100.0000% \$	25,455	
Less: Bad Debt Expense	0.2206%	56	
Revenue Subject to Utility Receipts Tax and			
IURC Fee	99.7794%	25,399	
Less: IURC Fee	0.1176%	30	
Income Before State Inc. Taxes	99.8824%	25,369	
State Income Tax (8.5%)	8.4713%	2,156	Effective Federal Tax
Utility Receipts Tax	1.3969%	356	Rate
Income Before Federal Income Taxes	90.0142%	22,856	
Less: Federal Income Tax - Enter the percent			
in cell E42 here, do not copy or cut	13.5021%	3,437	13.5021%
Change in Operating Income	76.5121% <u>\$</u>	19,419	
Gross Revenue Conversion Factor	1.3070		
	OK		

Utility Name: PIONEER WATER, LLC Schedule 2

# PHASE II Pro-forma Net Operating Income Statement

#### DO NOT ENTER DATA ON THIS PAGE

This schedule provides a summary of proposed operating revenues and expenses the utility has included in its rate application. All the adjustments shown on Schedules 3 and 3a, respectively will be reflected in Column (b) below. If additional revenue or expense adjustments are needed, please contact the IURC Water/Sewer Division at (317) 232-2750 for further assistance.

	Р	(a) Pro-Forma Proposed Phase I Rates		(b)	(c) Sch Ref	(d) <i>Pro-forma</i> Phase I Rates		Pro-forma Phase I		Adj	(e) justments	(f) Sch Ref	(g) o-Forma roposed Rates
Operating Revenues													
Metered Revenue	\$	227,684	\$	-		\$	227,684	\$	25,309	1	\$ 252,993		
Unmetered Revenue		-		-			-		-	1	-		
Fire Protection Revenue		-					-		-	1	-		
Sales for Resale		-					-		-	1	-		
Forfeited Disc./Late Pymt Chgs.		1,313					1,313		146	1	1,459		
Other Revenue		765					765				 765		
Total Operating Revenues		229,762		-		-	229,762		25,455		 255,217		
Operation & Maint. Expense		147,514		_			147,784				147,784		
Bad Debt Expense		502					502		56	1	559		
IURC Fee				271	3-2		271		30	1	301		
Depreciation Expense		13,415		8,104	4		21,519				21,519		
Taxes Other than Income:													
Property Taxes		9,607		3,833	3-1		13,439				13,439		
Payroll Taxes		1,389					1,389				1,389		
Other Taxes and Licenses		449					449			1	449		
Income Taxes:		-											
Federal Income Taxes		6,207		(3,182)	3a-3		3,025		3,437	1	6,462		
State Income Taxes		4,129		(1,959)	3a-4		2,170		2,156	1	4,326		
Utility Receipts Tax		3,196		2	3a-4		3,198		356	1	3,554		
Federal Deferred Income Tax		-					-				-		
State Deferred Income Tax		-					-				-		
Other Taxes and Licenses		-					-				 -		
Total Operating Expenses		186,408		7,068			193,747		6,035		 199,782		
Net Operating Income	\$	43,354	\$	(7,068)		\$	36,015	\$	19,420		\$ 55,435		

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

Proof Box:			Difference
Total Operating Revenues	\$229,762	\$229,762	\$0
Total Operating Expenses	186,408	186,408	0
Net Operating Income	\$43,354	\$43,354	\$0

Utility Name: PIONEER WATER, LLC

Schedule 3

# PHASE II Expense Adjustments

(1)

**Property Taxes** - To increase property tax expense to reflect capital spending.

Description_	Enter Total Assessed Description Amount		Assessed Enter Tax			Enter Credit Gross Tax Rate				olacement Credit	Full Tax Year		
Pioneer Water	\$	476,230	\$	2	\$	9,607		\$	-	\$	9,607		
Pioneer Water	\$	190,000	\$	2	\$	3,833	他のようには表現的な物質が必然が対象がある。	\$	-		3,833		
			AND AND PROPERTY OF THE PROPER	THE POST OF THE PROPERTY OF THE PARTY OF THE	\$	-	attendiga (u), enemberata na estreno enemenano esperio, que	\$	-		-		
ech and delegate the confidence and delegate the contract of t	2/204-000/000		New YORK PROSTANCES	accommodification confined technologication	Tota	l Property	Tax			\$	13,439		
					Phase I Property Tax Amount						9,607		
					Adjustment - Increase/(Decrease)					\$	3,833		

Supporting Documentation: Published property tax rates applicable to utility

(2)

**Indiana Utility Regulatory Commission (IURC) Fee** - To adjust test year IURC fee for proposed operating revenues. Note that the "Test Year IURC Fee" amount must be hard entered.

	_	Present
Phase II Operating Revenue Increase, enter this amount:	**************************************	\$229,762
Times: Current IURC Fee		0.0011785
Total		\$ 271

Supporting Documentation: None

Utility Name: PIONEER WATER, LLC

Schedule 3a

# PHASE II Income Tax Adjustments

(3)
Federal Income Taxes

	T GGGTGT ITTGGTTTG T GARGG	_			
To adjust Federal Income Taxes to Pi	ro-forma Present Rate amount.				
Please note that the hard entered nur		Pro	o-Forma	Pr	o-Forma
the amount in the cell referenced in the	·	Pres	ent Rates	Prop	osed Rates
Pre-Tax Net Income	-		\$44,408		\$69,777
Less: Synchronized Interest I	Expense (See Sch. 5)		18,876		18,876
Add: Depreciation of CIAC					
Amortization of Acquist	ion Adjustment				
Sub-Total		-	25,532		50,901
Less State Income Taxes:					
Utility Receipts Tax			3,198		3,551
SNIT			2,170		4,327
Total State Income Tax			5,368		7,878
Federal Taxable Income			\$20,164		\$43,023
	First \$50,000		£20.464		£42.002
	First \$50,000		\$20,164		\$43,023
	times: Tax Rate		15.00%		15.00%
	Sub-total		3,025		6,453
	Next \$25,000				
	time: Tax Rate		25.00%		25.00%
	Next \$25,000			-	
	· · · · · · · · · · · · · · · · · · ·		0.4.0004		
	times: TaxRate		34.00%		34.00%
	. 4005 000				
	next \$235,000				
	times: tax rate		39%		39%
Federal Income Tax			-		-
Please Enter \$ 3,025 Here (do	not copy or cut)	$\rightarrow$	3,025		6,453
Less: Phase I		NAMES OF THE PROPERTY OF THE P	6,207		3,025
Adjustment - Increase/(Decrease)			(\$3,182)		\$3,428
	(4)				
	(4)				
To adjust State Income Tayon to Dro	State Taxes				
To adjust State Income Taxes to Pro-	orma Present Rate amount	_	_	_	_
			-Forma		o-Forma
		Prese	ent Rates_	Propo	osed Rates
Utility Receipts Tax		•	222	_	
Operating Revenues		\$	229,762	\$	255,217
Less: Bad Debt Expense			360		559
Exemption		_	1,000		1,000
Operating Revenues subject to util	ity receipts tax		228,401		253,658
Rate		_	1.40%		1.40%
Tax			3,198		3,551
SNIT	not convior out)	_	25 522		E0 004
Please Enter \$ 25,532 Here (do	not copy of cut)	<del>)</del>	25,532		50,901
Rate		-	8.50%		8.50%
SNIT			2,170		4,327
Pro-Forma Present Rate State			2,170		4,327
Less: Phase I		<u> </u>	4,129	<u> </u>	2,170
Adjustment - Increase/(Decrease)		\$	(1,959)	\$	2,157

### DO NOT ENTER DATA ON THIS PAGE

### PHASE || Calculation of Rate Base

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

Description: Utility Plant in Service	Amount \$ 860,768
Less: Disallowed Plant, if applicable Land Purchased as part of Project, if applicable Accumulated Depreciation Accumulated Amortization	- - 233,610 -
Contrib. in Aid of Construction (net) Advances for Construction	<u>-</u>
Sub-total Plus or Minus:	627,158
Acquisition Adjustments (net) Materials and Supplies Inventory Working Capital Allowance (1)	- - 17,626
Original Cost Rate Base	\$ 644,784
(1) Working Capital Pro-forma Present Rate Operation and Maintenance Expense \$ 147,784 Less: Purchased Power 6,779 Purchased Water	
Total Working Capital Expenses  Divided by: 45-day factor  Total Working Capital  Total Working Capital  141,006  \$ 17,626	3
Depreciation Expense	
Utility Plant in Service \$ 860,768	3
Cost of Land and Land Rights  Depreciable Utility Plant in Service \$860,768  Times: Composite Depreciation Rate 2.509	
Pro Forma Depreciation Expense 21,519 Less: Phase I Depreciation Expense 13,415 Adjustment - Increase/(Decrease) \$ 8,104	5

# DO NOT ENTER DATA ON THIS PAGE

# PHASE II Capital Structure

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

		Percent of		Weighted
Components of Capital Structure:	Amount	Total Capital	Cost Rate	Cost
Common Equity	\$ 296,225	41.5%	13.70%	5.68%
Long-term Debt	418,422	58.5%	5.00%	2.93%
Preferred Stock	-			
Deferred Income Taxes	-			
Customer Deposits	-		6.00%	
Total	\$ 714,647			8.61%

### **Synchronized Interest Calculation**

		As Of
<u>Description:</u>	12/31/201	
Total Original Cost Rate Base	\$	644,784
Times: Weighted Cost of Debt		2.927%
Synchronized Interest Expense	\$	18,876

# PHASE II Current and Proposed Rates and Charges

The Adjusted current rate are the rates the utility is requesting to charge prior to obtaining financing for the utilities project. These rates should be entered below. If more lines are necessary, please call the Commission at (317) 232-2750.

	Adjusted						
	Current	Pr	oposed	Pro	oposed	Percent	
Enter the following rates below:	Rates		Rates		crease	Increase	
Metered Rates Per Month - enter rate blocks below							
0 to 1999 (Minimum)	\$34.77	\$	38.63	\$	3.86	11.12%	
2,000 to 2,999	\$38.25	\$	42.50	\$	4.25	11.12%	
3,000 to 3,999	\$41.72	\$	46.36	\$	4.64	11.12%	
4,000 to 4,999	\$45.20	\$	50.22	\$	5.02	11.12%	
5,000 to 5,999	\$48.68	\$	54.09	\$	5.41	11.12%	
6,000 to 6,999	\$52.15	\$	57.95	\$	5.80	11.12%	
date and the first and the fir	\$55.63	\$	61.81	\$	6.18	11.12%	
Efficiency reviews were an extra field the field of the control of	\$59.11	\$	65.68	\$	6.57	11.12%	
	\$3.48	\$	3.86	\$	0.39	11.12%	
7,000 to 7,999	\$55.63	\$	61.81	\$	6.18	11.12%	
Service Charge or Minimum							
Rate Per Month Per Meter Size							
		\$	-	\$	-		
5/8 inch meter (1,999 gals.)	\$34.77	\$	38.63	\$	3.86	11.12%	
3/4 inch meter (1,999 gals.)	\$34.77	\$	38.63	\$	3.86	11.12%	
1 inch meter (1,999 gals.)	\$34.77	\$	38.63	\$	3.86	11.12%	
Indigital professional and and the same recognition of the Control		\$	-	\$	_		
enter forsjeren forskriven i den		\$	_	\$	-		
Annual Service and a secretarial and a second contract of the		\$	_	\$	_		
Fire Lines/Sprinklers Per Month or Year							
		\$	-	\$	_		
		\$	_	\$	-		
		\$	-	\$	_		
Hydrant Charge Per Month or Year		•		•			
,		\$	-	\$	_		
		\$	_	\$	-		
		\$	_	\$	_		
The second secon		\$	_	\$	_		
Fire Protection Surcharge Per 1,000g or 100cf		•		<b>T</b>			
,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		\$	_	\$	-		
		\$	-	\$	-		
		\$	_	\$	-		
		\$	-	\$	_		
				-			