STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF LAFAYETTE, INDIANA, FOR (1) AUTHORITY TO ISSUE BONDS, NOTES, OR OTHER OBLIGATIONS; (2) APPROVAL OF A SYSTEM DEVELOPMENT CHARGE; (3) AUTHORITY TO INCREASE ITS RATES AND CHARGES FOR WATER SERVICE; AND (4) APPROVAL OF A NEW SCHEDULE OF WATER RATES AND CHARGES APPLICABLE THERETO	))))))))	**CAUSE NO. 46310**

PETITIONER'S EXHIBIT 2

VERIFIED DIRECT TESTIMONY

OF

ANDREW D. GORDON, P.E.

ON BEHALF OF

THE CITY OF LAFAYETTE, INDIANA

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Andrew D. Gordon. My business address is 6219 South East Street, Indianapolis, Indiana 46227.

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

A. I am employed by Wessler Engineering, Inc. ("Wessler Engineering") as a Senior Project Manager II. Wessler Engineering has been my employer since June 2003.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of the City of Lafayette, Indiana's municipal water utility ("Lafayette" or "Utility").

Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND.

A. I attended Rose-Hulman Institute of Technology in Terre Haute, Indiana, and graduated with a Bachelor of Science in Civil Engineering degree in 2002. I obtained my Professional Engineer ("P.E.") License, which was issued in January 2008. I am also a licensed water loss audit validator (license #WV220073) in the State of Indiana since May 2022. I acquire a minimum of 30 hours of continuing education every two years to fulfill the requirements to keep my P.E. license and my water loss audit validator's certification.

As Senior Project Manager II, my duties include serving as the primary contact and liaison with clients, and overseeing the management of assigned projects to provide satisfactory professional engineering services. Some specific duties include: (1) overseeing and performing engineering studies and designs for developing plans; (2) developing specifications of projects; (3) maintaining effective communications throughout the

company and with clients; (4) supervising and mentoring project team members; and (5) reviewing work done on a project for technical and regulatory adequacy.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE INDIANA UTILITY REGULATORY COMMISSION ("COMMISSION"), AND HOW DID YOU PREPARE FOR THIS CASE?

A. I have not previously testified before the Commission. My preparations for this testimony included reviewing the testimony of Dreama E. Doolittle, P.E., filed in Lafayette's 2017 rate case in Cause No. 45006, and conferring with Marty A. Wessler, P.E., CEO of Wessler Engineering, who was and has been actively engaged in both matters.

Q. ARE YOU A REGISTERED PROFESSIONAL ENGINEER (P.E.)?

A. Yes, I am. I hold Indiana license number PE10809017.

Q. WAS WESSLER ENGINEERING RETAINED BY LAFAYETTE TO PREPARE A WATER SYSTEM MASTER PLAN ("WSMP") AND CAPITAL IMPROVEMENT PLAN ("CIP") FOR THE UTILITY?

A. Yes, and Wessler Engineering has prepared the WSMP, inclusive of the CIP. I have attached the WSMP to my testimony as Petitioner's Confidential Attachment ADG-1. The CIP consists of the five-year plan for capital improvements, and it is incorporated within the WSMP and summarized in Table 1 on page 11 of the WSMP (*i.e.*, page 14 of Confidential Attachment ADG-1).

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS PROCEEDING?

A. I am testifying in support of the rate increase requested by Lafayette in this Cause by presenting engineering evidence to demonstrate that certain capital improvements are needed in Lafayette's water utility. I will discuss how the WSMP, inclusive of the CIP,

was prepared, how the capital projects were selected, and what alternative options were reviewed.

II. WSMP PREPARATION AND EXPLANATION

Q. PLEASE DISCUSS, AT A HIGH LEVEL, THE PROCESS WESSLER ENGINEERING UNDERTOOK IN PREPARING THE WSMP.

A. We used the Water System Capital Improvements Plan ("2016 CIP") prepared by Wessler Engineering for Lafayette's last rate case, Cause No. 45006, as a base and followed the process outlined in Dreama Doolittle's direct testimony in Cause No. 45006 to update the 2016 CIP to the WSMP. For purposes of clarity, the 2016 CIP was identified in Cause No. 45006 as Petitioner's Exhibit 3, Attachment DED-1.

The WSMP identifies improvements projected in 5, 20, and 50-year increments to assist Lafayette in planning for immediate and longer-term water system improvements. In this Cause, we propose funding the capital improvements considered Short-Term (5-year) based on the Long-Term (20-year and 50-year) water supply needs and demand for projected developments. The Long-Term projected system needs were determined by: (1) gathering detailed information through field investigations and discussions with the water utility staff, Lafayette's legal, engineering, and controller's offices; (2) updating the asset management plan ("AMP"), which included all components of the water system with a value greater than $5,000; (3) hydraulic modeling, hydrogeologic evaluation, and test well drilling; (4) engineering computations and evaluations; and (5) lead service line investigations, which included both office and field work. We compiled the findings and recommendations from these investigations into what became the WSMP.

It was necessary to develop a master plan beyond 20 years to study and determine additional water sources for Lafayette to maintain service to existing and future customers. As water demands have risen, the water system infrastructure has become more critical to maintain in order to satisfy those increased customer demands.

Wessler Engineering and Utility staff examined both process and distribution system assets. Process assets included pumps, motors, valves, wells, chemical feed systems, electrical, controls, buildings, and tanks. New components were added and retired components were removed from the AMP. Information logged for each component included: name, manufacturer, type, location, capacity, physical characteristics, age, condition, system function, and other related information. Distribution system assets included existing water main and appurtenances. Lafayette maintains records of water main breaks, and the records include: dates, locations, pipe materials, and approximate ages. Water main break records between 2016-2022 were added to the previously reported break information from 2001-2015 to evaluate water main replacement areas. High concentration areas with more recent water main breaks were reviewed to determine if the breaks were occurring on the same water main, parallel water mains, branch mains, or services. Significant attention was given to the age and break/repair history of the water mains as criteria for replacement.

Probability of failure and consequence of failure were developed for each process asset. A redundancy score was also included to indicate the importance of the asset for Lafayette to meet an acceptable level of service to customers. Based on these three criteria, a business risk exposure ("BRE") rating was calculated for each asset, and high BRE ratings indicate the higher risk associated with the asset's failure.

Lafayette's hydraulic model was updated to include any improvements to the distribution system since 2016. Using recorded system information along with staff experience, the model was calibrated to accurately reflect the existing operational state of the water system. Strategic planning for future development has already been completed by Lafayette, and it focuses on eight service areas located in the upper pressure zone, as shown in the location maps in Figures A-8 through A-24 in Appendix A of the WSMP. Together with Utility staff, Wessler Engineering prepared estimates of water usage in each of the service areas for the 5, 20, and 50-year timeframes. Hydraulic modeling was used to determine the impact of increased water demands in each service area and to develop CIP alternatives. The 50-year timeframe was mainly evaluated to project water demands for determining long-term water supply needs.

Lastly, a hydrogeologic evaluation was completed in January 2023 by Eagon & Associates, Inc., and determined potential locations for additional water sources. Six areas were identified throughout Lafayette for groundwater exploration. Lafayette selected specific areas to explore for water and contracted with a licensed well driller who completed 17 test wells and 3 full-size test production wells in 2024 and 2025. The hydrogeologic results gathered from the test wells were used by the hydrogeologist to provide a theoretical estimate of the total capacity of a permanent, full-size well. Future well locations were entered into the hydraulic model along with distribution system improvements to determine project alternatives.

Q. PLEASE WALK US THROUGH THE STUDY AREAS IN THE WSMP.

A. The study areas in the WSMP cover Lafayette's existing water service area, including the Town of Dayton and customers located outside of Lafayette's municipal corporate limits, as well as future service areas. The WSMP is organized in sections as follows:

1. Project Location – This section identifies the project and basic parameters.

2. Current Needs – This section discusses existing water consumption relating to historical and current population, water customer type and water usage, non-revenue water, existing water quality from the Utility's water sources, including per- and polyfluoroalkyl substances ("PFAS") testing, a discussion on ground water under direct influence and existing water facilities (including information used to identify the BRE rating), a summary of hydrogeologic exploration to identify additional water sources, the lead service line replacement program, and Lafayette's annual main replacement program.

3. Future Needs – This section analyzes projected 20-year population growth, population demands, land use and development, and system demands.

4. Evaluation of Alternatives – This section identifies potential alternatives to meet Lafayette's water utility needs.

5. Evaluation of Environmental Impacts – This section evaluates the environmental impacts if Lafayette pursues financing through Indiana's State Revolving Fund ("SRF").

6. Proposed Improvements – This section identifies the improvements proposed to meet Lafayette's needs. Summaries of Short-Term and Long-Term projects can be found on pages 77-78 of the WSMP (*i.e.*, pages 80-81 of Confidential Attachment ADG-

1; Table 6.1.1 is consistent with Table 1). The Long-Term capital projects identified in the CIP represent a total investment of over $167 million and are not included in this rate case.

7. Legal, Financial, and Managerial Capabilities – This section discusses the legal, financial, and managerial capabilities in the event Lafayette pursues financing through SRF.

8. Public Participation – This section discusses the requisite public input in the event Lafayette chose to pursue financing through SRF.

Q. PLEASE DESCRIBE YOUR FINDINGS CONCERNING THE PHYSICAL STATE OF THE UTILITY'S SYSTEM AND IDENTIFY ANY HIGH PRIORITY SYSTEM NEEDS.

A. Similar to the results in the 2016 CIP, the Utility system is in good shape; however, improvements are needed for maintaining Lafayette's existing water supply, adding additional source water capacity, and extending the water distribution system to serve population growth and future commercial and industrial growth. The investigation and evaluation process identified several components at a high-risk in Lafayette's water system, as follows:

1. Upper Pressure Zone – Additional Water Supply, Storage, and Upgrades
2. Distribution System Improvements – Hydraulic Loops and Extensions
3. Replacement of Lead Service Lines

Q. HOW DID WESSLER ENGINEERING DETERMINE HIGH PRIORITY SYSTEM NEEDS?

A. Similar to the 2016 CIP, Wessler Engineering evaluated Lafayette's water system as described above and assigned a BRE rating to Lafayette's infrastructure. The results of the BRE evaluation determined whether an asset is at low, moderate, high, or severe risk of

failure and includes consideration of the consequence of failure of the asset. Wessler Engineering used the BRE as a component in determining CIP alternatives and recommendations for the proposed projects.

Q. PLEASE DISCUSS LAFAYETTE'S SYSTEM NEEDS BASED ON THE FINDINGS IN THE WSMP.

A. Since the 2016 CIP was developed, Lafayette's average and maximum water demands have increased from 8.4 million gallons per day ("MGD") and 13.9 MGD to nearly 11.0 MGD and 17.0 MGD, respectively. As water demands have risen, the water system infrastructure has become more critical to maintain in order to satisfy customer demand. Improvements are needed to Lafayette's Canal and Glick well fields just to maintain the current water supply.

Based upon future demands estimated in the WSMP, Lafayette will need additional capacity for supplying water to customers in the next five years. Future development has occurred to the south and southeast, primarily in the upper pressure zone where 80% of Lafayette's water demand occurs. The City's two existing wellfields pump water into the lower pressure zone and also to reservoirs at Columbian Park and Murdock Park where the water is then pumped again through booster pump stations into the upper pressure zone. Neither pump stations has additional capacity to pump water from future source water. Accordingly, water will need to be pumped directly into the upper pressure zone without being conveyed through either existing booster station.

Distribution system improvements will be needed to convey source water to eight Service Areas located in Lafayette's upper pressure zone and referenced as Anticipated Future

Development in Figures A-8 through A-24 in Appendix A in the WSMP. The needed distribution system improvements include water main extensions, pumping facilities, and water storage. The proposed land uses include residential, general business, commercial, medical, and industrial development.

Replacement of lead service lines is needed based upon regulations issued by the U.S. Environmental Protection Agency ("EPA") on December 16, 2021; and the EPA issued a final rule requiring drinking water systems across the country to identify and replace lead pipes within 10 years.

III. CAPITAL PROJECTS: WELL FIELDS

Q. PLEASE DESCRIBE LAFAYETTE'S EXISTING WELL FIELDS.

A. Lafayette currently operates 2 well fields containing a total of 14 groundwater wells. The Glick Well Field is primary and contains 5 groundwater wells. One well was constructed in 1975, and 4 wells were constructed in 1994. Lafayette cleans their Glick wells every 1 to 2 years on average and frequently takes them out of service for maintenance and repair to the pumps and motors. This is due to the high levels of iron and manganese. Chemical and electrical improvements are currently being completed at the Glick Well Field, part of which was a long-term project identified in the 2016 CIP. Short-term improvements are needed and consist of replacing wells, pumps, and motors in each of the well fields and making improvements at the treatment buildings. The Canal Well Field contains 9 wells constructed as early as 1954, and the newest well was constructed in 1989. Short term improvements are needed to replace wells and to make improvements at the treatment buildings.

Q. WHAT WELL FIELD PROJECTS ARE PROPOSED?

A. The well field projects fall into two categories: upgrades to existing well fields and new well fields.

The upgrades to existing well fields impact both the Glick and Canal Well Fields. The projects are described below:

1. Glick Well Field Improvements. This project consists of replacing Well No. 1, adding 2 new redundant wells, and installing 4 new well motors at the Glick Well Field. On average, Lafayette has been taking Glick wells out of service for maintenance, cleaning, or repair every year due to the age of each well and the high iron and manganese concentrations in the aquifer. Sometimes multiple wells need to be taken out of service at the same time. It is anticipated that wells will need to be replaced during the planning period. The estimated project cost is $2,038,000. The Engineer's Opinion of Probable Costs is set forth in Appendix B, Table B-4 of the WSMP and includes construction and non-construction costs.

2. Canal Well Field Improvements. This project consists of replacing each of the wells, well pumps, motors, and the installation of 2 new production wells to increase capacity and redundancy. It also includes expanding the Canal Treatment Building to expose the distribution piping and create above-grade chemical injection points for safer and improved operations. The estimated project cost is $6,353,000. The Engineer's Opinion of

Probable Costs is set forth in Appendix B, Table B-3 of the WSMP and includes construction and non-construction costs.

The WSMP also determined that Lafayette needs at least 2 future well fields in the next 20 years to meet customer water demand. Lafayette's growth has significantly outpaced the projections from the 2016 CIP. As mentioned earlier, any future well fields will need to pump water directly into the upper pressure zone where development will occur. As shown in Table 3.1.1 in the WSMP (*i.e.*, page 57 of Confidential Attachment ADG-1) the Total Anticipated Development Demands indicate the projected average ("avg") and maximum day ("max") as follows:

- Short-term (5-years) – 2.9 MGD (avg), 4.3 MGD (max)
- Long-term (20-years) – 8.2 MGD (avg), 12.1 MGD (max)

Lafayette's well driller installed a 12-inch test production well on the New Horizon property within the A. Ross Properties in June 2025. This included the well casing, screen, and well packing. A 72-hour pump test was completed in July 2025. Originally, a well field at New Horizon's was estimated to produce between 2 to 6 MGD. Based upon the test pumping data and hydraulic modeling results that Lafayette received in mid-September 2025, the estimated well field capacity was determined to be 2.1 MGD. This is much lower than Lafayette expected and does not meet Lafayette's short-term water needs but may play a role in longer term water supply needs in the upper pressure zone.

The unfavorable test results at the New Horizons property do not alleviate the need for additional source water for Lafayette, nor do they mitigate Lafayette's present need for rate relief. Further investigation and test drilling will need to be completed for other potential

well field sites before Lafayette makes a decision on where to obtain additional source water. Notwithstanding the foregoing, the cost estimates in the WSMP for the New Horizons well field represent a reasonable proxy for the costs associated with a new well field, and Lafayette proposes to use those figures as an estimate for a new well field. Because the source water option has not been identified with particularity, it is of course possible that Lafayette may need to seek additional relief in the future.

Q. HOW DID WESSLER ENGINEERING DETERMINE THAT THE NEW WELL FIELDS ARE NEEDED TO MAINTAIN ADEQUATE AND RELIABLE WATER SERVICE?

A. As previously mentioned, population growth and anticipated economic growth in the next five years will increase water demands beyond the capacity of Lafayette's existing well field supply. This is illustrated in Table 3.2.1.1 on page 58 of the WSMP (*i.e.*, page 61 of Confidential Attachment ADG-1). The new well fields will be needed to supply the additional source water capacity to Lafayette's upper pressure zone where the growth is anticipated. As I will discuss later, future well fields will necessary to increase distribution efficiency and maintain adequate and reliable service to satisfy water demands, adequate water pressure, and fire flows.

Q. WHAT ALTERNATIVES HAS LAFAYETTE CONSIDERED BESIDE PURSUING A NEW WELL FIELD TO ADDRESS INCREASED DEMANDS ON THE UTILITY?

A. Two new wells at each of the Glick and the Canal Well Fields were considered in Alternatives WS4-1 and WS4-2 in the CIP. These wells would add incremental additional capacity to both well fields; however, their primary purpose is for redundancy when existing wells need to be taken out of service for maintenance and repair. The additional wells also will not pump directly into the upper pressure zone and will have to pump water

through the lower pressure zone to the booster stations first. Lafayette is moving forward with the design of 2 additional wells at their Glick Well Field that will be rated at 2 MGD each. The addition of 2 more wells at the Glick Well Field, however, will not be enough to meet water supply demands in the Short-Term (5 years) and Long-Term (20 years). A source of water supply needs to be developed and directly connected to Lafayette's upper pressure zone for supplying future demands. Further, water quality at the Canal Well Field is not ideal for adding 2 wells.

Q. AFTER YOU ESTABLISHED THAT LAFAYETTE NEEDED NEW WELL FIELDS, PLEASE DESCRIBE THE PROCESS LAFAYETTE PURSUED TO DEVELOP THE NEW WELL FIELDS.

A. A hydrogeologic evaluation was completed in January 2023 by Eagon & Associates, a subconsultant to Wessler Engineering, and identified potential locations for wells. Lafayette has completed 17 test wells since September 2023 on the following properties within Lafayette with the following results:

1. Veterans Memorial Parkway West Properties ("VMP-West") – Two test wells were completed; however, very fine sand was encountered during test drilling. This is not a preferred location for a well field because the wells would require a well screen with small slot size to ensure the fine material does not pass through the screen during pumping, which would limit production capacity per well and potentially increase maintenance frequency. Accordingly, the VMP-West location was eliminated from consideration.

2. Tippecanoe County Property – This is located across from Kline Property. One test well encountered very fine sand similar to VMP-West. Accordingly, the Tippecanoe County Property location was eliminated from consideration.

3. Berlowitz Properties – One test well was completed, and the range of sand and gravel was not as substantial as what we found at the New Horizons/IU Health property. This is not a preferred location because the lower aquifer was only 15-feet thick indicating a limited aquifer extent. Accordingly, the Berlowitz Properties location was eliminated from consideration.

4. Canal Well Field – Three test wells were completed, and we encountered arsenic levels above the EPA's Maximum Contaminant Level ("MCL"). This is not a preferred source since water quality presented challenges. This location also has the challenge of not easily accessing the upper pressure zone. Accordingly, expansion of the Canal Well Field for additional source water was eliminated from consideration.

5. Glick Well Field – Three test wells were completed with favorable capacity and water quality. Lafayette completed 2 test production wells and has begun design on the permanent wells. As discussed earlier, these proposed wells are intended to add capacity and redundancy to the Glick Well Field, particularly when existing wells need to be taken out of service, rather than serve as additional source water capacity.

6. North of McAllister Park – One test well was completed north of Glick Well No. 5 to confirm whether the aquifer formation continued north of Lafayette's existing Glick Well Field and to confirm whether any residual Volatile Organic Compounds were present from the early 2000's. The aquifer formation was confirmed to continue north, and the water quality did not have any immediate concerns. This was not originally a preferred location for a well field because it would require a lengthy transmission main to connect to

the upper pressure zone, but may be reconsidered in light of the need for additional source water.

7. New Horizons/IU Health – Six test wells were completed on the New Horizons, Parks and Recreation, and IU Health properties. The preliminary field yield was estimated between 2-6 MGD. The Engineer's Opinion of Probable Costs totaling $16,945,000 is set forth in Appendix B, Table B-1 of the WSMP and includes construction and non-construction costs. A 12-inch test production well was constructed in April 2025 and pumped for 72 hours to determine available capacity and water quality when the aquifer is pumped continuously. In mid-September of 2025, Eagon & Associates completed a summary report for New Horizons which estimated well field capacity. The capacity was determined using the test pumping data obtained from the test production well and also groundwater hydraulic modeling that Eagon & Associates completed to make its report. The maximum production yield was determined to be 2.1 MGD. That is not sufficient for Lafayette's short-term needs; however, the site may be considered in the longer term as a source of supplemental water supply in the upper pressure zone. Lafayette's decision is a reasonable approach from an engineering standpoint.

Q. PLEASE DESCRIBE LAFAYETTE'S PREFERRED WELL FIELD OPTION TO UNDERTAKE IN THE NEAR TERM AND THE PROPOSED BUDGET.

A. Because Lafayette's short-term need for water supply would not be satisfied by the New Horizons/IU Health property, Lafayette continues to need and scout for potential locations for new well sites to increase Lafayette's water production and meet urgent current and new customer demand in the near term. Wessler Engineering budgeted $16,945,000 for the

New Horizons/IU Health well field, which included 6 wells, a water filtration plant, and raw water main to connect to the upper pressure zone. That figure is a reasonable proxy budget amount to construct a new, to-be-determined well field and water treatment facility that will meet Lafayette's near term production demand.

Lafayette proposes that the Commission approve a budget of $16,945,000 for the purpose of Lafayette identifying and constructing a well field that meets Lafayette's production and cost criteria. I want to emphasize that while this is a reasonable proposed budget, it is based on a project at the New Horizons/IU Health site. As with any project, the actual costs may differ.

Q. PLEASE DESCRIBE THE METHODOLOGY FOR DETERMINING THE RANGE OF COSTS OF THE PROPOSED WELL FIELDS.

A. Costs were estimated using a theoretical capacity of each well field and associated water treatment plant. The capacity estimates were determined by Eagon & Associates from preliminary hydrogeological modeling of the aquifer and formation data gathered from the test wells and test production well at New Horizons/IU Health. The engineer's opinion of probable costs for the well field alternatives are based upon 2025 dollars, which includes a contingency and accounts for inflation for when the project will be bid and constructed. Each cost estimate was prepared by Wessler Engineering and is based upon the engineer's qualifications and experience and known market conditions. Because costs for materials and supplies may be subject to changing market conditions due to tariffs, Wessler Engineering suggests a pricing range of 15% above and below the Engineer's Opinion of Probable Costs for materials and supplies. Based on the foregoing, using the $16,945,000

figure as a proxy for development of a new well field is a reasonable approach given Lafayette's need to develop an additional source of water in the short term.

Q. DID YOU CONSIDER THE IMPACT OF PFAS REGULATION WHEN INVESTIGATING WELL FIELD SITES?

A. Yes, water samples have been collected from each test well and test production well Lafayette has completed. Each sample has been sent to a laboratory for testing perfluorooctanoic acid ("PFOA"), perfluorooctane sulfonate ("PFOS"), perfluorononanoic acid ("PFNA"), hexafluoropropylene oxide dimer acid ("HFPO-DA"), perfluorohexane sulfonic acid ("PFHxS"), and perfluorobutanesulfonic acid ("PFBS"). The EPA set enforceable MCLs for five individual PFAS: PFOA, PFOS, PFNA, PFHxS, and HFPO-DA (also known as the "GenX Chemicals"). All water quality results for each of the wells have been received, including PFAS. No detection of any PFAS constituents was found at New Horizons/IU Health, VMP-West, Glick, or north of McAllister Park.

PFAS regulation is in a state of flux. For instance on May 14, 2025, the EPA announced it will maintain the MCLs for PFOA and PFOS and extend the compliance period by two years but roll back regulations on the other GenX Chemicals. Lafayette will continue monitoring the regulatory landscape regarding National Primary Drinking Water Regulations for additional changes to PFAS regulation and any new flexibility and cost savings that may be offered to public water systems.

Q. DO YOU BELIEVE THE COSTS ASSOCIATED WITH THE PROPOSED WELL FIELD PROJECTS ARE REASONABLE AND NECESSARY?

A. Yes. The costs are based upon current dollars, include contingencies, and incorporate the timing of the project construction. Again, Lafayette is only seeking to include costs in this case for a new well field to satisfy short term water supply demands. A future rate request

will include another major well field project. I believe the approach to well field development I have outlined is reasonable and necessary in the current market and regulatory environment.

IV. CAPITAL PROJECTS: LEAD SERVICE LINE REPLACEMENTS ("LSLRs")

Q. HOW IS LAFAYETTE DEALING WITH LEAD SERVICES LINES AND THE LEAD AND COPPER RULE IMPROVEMENTS RECENTLY PROMULGATED?

A. Lafayette completed their lead service line inventory in the Spring of 2023 which contained documentation for 30,773 service lines. Lafayette submitted its inventory to the Indiana Finance Authority ("IFA") and received grants for Type II (Study) and Type III (Investigation) funding. A preliminary engineering report ("PER") was completed using the Type II funds and meter pit and potholing (hydro-excavation) investigations were completed using the Type III funding. The inventory, which identified 7,948 lead service lines, was submitted to the IFA prior to the investigative work being completed. Since then, Lafayette has used the results of the meter pit investigations and potholing work to reduce the total lead service lines by more than half to 3,207.

Lafayette submitted the PER to SRF, and the SRF awarded Lafayette a total of $5 million: $2.5 million in grant funding and $2.5 million as a 0% loan that closed in December of 2024. SRF has awarded another $5 million to Lafayette, again as a $2.5 million grant and a $2.5 million, 0% loan that is anticipated to close in spring of 2026. Based on the December 2024 bond issuance, Lafayette signed a contract with a contractor to start replacing lead service lines in April 2025. It is my understanding that Commission approval of that loan was not sought on the basis of HEA 1316 (2023). These funds do not impact

the LSLR request in this proceeding. Had Lafayette not been proactive in obtaining this funding, its LSLR request in this proceeding would have been higher.

Q. WHAT DOLLAR AMOUNT IS LAFAYETTE REQUESTING IN THIS CASE FOR LEAD SERVICE LINE REPLACEMENTS, AND HOW WAS IT CALCULATED?

A. Lafayette is seeking $22,338,130 for the first five years of its LSLR program. This assumes that Lafayette will receive no additional funding (grant or loan) from SRF. Lead service line replacement costs were estimated based upon past similar projects. The Engineer's Opinion of Probable Costs is included in Appendix B, Table B-36 of the WSMP, and the cost estimate includes construction and non-construction costs for the entire LSLR project for which funding is only partially requested in this case.

Q. DOES THE $22,338,130 FIGURE INCLUDE ALL OF LAFAYETTE'S LEAD SERVICE LINE REPLACEMENTS?

A. No, as I alluded to in my prior response. That amount does not cover all of Lafayette's lead service line replacements. An additional $21,458,870 will be needed in years 6 through 10 to fund the remaining replacements.

V. CAPITAL PROJECTS: OTHER WATER SYSTEM IMPROVEMENTS

Q. WHAT OTHER CAPITAL PROJECTS ARE INCLUDED IN THE CIP?

A. Other Short-Term (5-year) projects include the following:

1. New Flow Meter at Columbian Park Booster Station. This project consists of replacing the flow meter and associated electrical and controls at the Columbian Park Booster Station. This project is needed to more accurately track water pumped by the station into the upper pressure zone. The current flow meter installed at Columbian Park is not accurate and needs replacement. The estimated project cost is $40,000.

2. Inspection of Existing Water Tanks. This project consists of inspecting Lafayette's Haggerty Lane Tank (2.0 MG), Plaza South Tank (1.0 MG), Union Street Tank (1.0 MG), and Fairgrounds Tank (1.0 MG). The last time the tanks were inspected was in June 2020. The estimated project cost is $5,000 per tank or $20,000 total. Wessler Engineering confirmed that the existing water tanks have been regularly maintained and timely replacements of tank coatings are planned.

3. Water Main Extensions within Service Area 7. This project consists of approximately 4,300 feet of new 24-inch ductile iron water main from the existing 24-inch water main on the VMP-West and down New Castle Road to the intersection with East Old 250 South to serve a projected industrial development at the northern portion of Service Area 7. As you can tell from the 24-inch main size, this is not the typical main extension that a developer pays for – rather, this project benefits the entire system: (1) by improving the daily operation and maintenance of Lafayette's water system; and (2) by facilitating Lafayette meeting future water demand. Lafayette has received numerous inquiries from industrial developers for water usage as high as 5 MGD in the northern portion of Service Area 7. The estimated project cost is $2,359,000. The Engineer's Opinion of Probable Costs is set forth in Appendix B, Table B-37 of the WSMP and includes construction and non-construction costs.

4. Water Main Extensions within Service Area 11A. This project is broken into three phases. The first phase includes: 5,200 feet of new 16-inch ductile iron water main from the existing 16-inch water main at the intersection of West 500 South and Wharfside Parkway; and 400 feet of 18-inch high density polyethylene ("HDPE") water main in 24-

inch steel casing under US 231. The estimated project cost for the first phase is $2,720,000. The Engineer's Opinion of Probable Costs is set forth in Appendix B, Table B-38 of the WSMP and includes construction and non-construction costs.

The second phase includes 10,000 feet of new 24-inch ductile iron water main from the existing 24-inch water main at the intersection of East 300 South and Poland Hill Road to serve the projected residential developments at Chesapeake Point (290 homes) and Arbor Homes (200 homes) in Service Area 11A. It also includes 600 feet of 30-inch HDPE water main by horizontal directional drilling under Elliott Ditch. The estimated project cost is $5,507,000. The Engineer's Opinion of Probable Costs is set forth in Appendix B, Table B-39 of the WSMP and includes construction and non-construction costs.

The third phase includes 10,000 feet of new 16-inch ductile iron water main from the existing 16-inch water main at the intersection of North Admirals Pointe Drive and Topsoil Trace to serve the projected residential development at Chesapeake Point and Arbor Homes in Service Area 11A. It also includes 800 feet of 18-inch HDPE water main by horizontal directional drilling under Wea Creek. The estimated project cost is $4,590,000. The Engineer's Opinion of Probable Costs is set forth in Appendix B, Table B-40 of the WSMP and includes construction and non-construction costs.

5. Distribution System Water Main Replacements and Extensions. This project consists of miscellaneous water main replacements that will be needed during the Short-Term because it is advantageous to replace them in conjunction with other City of Lafayette projects, such as road repaving. The estimated project cost is $2,000,000, which is a

reasonable level of funding based on my knowledge of Lafayette's history and my professional experience generally.

Q. DOES THE RATE INCREASE REQUESTED BY LAFAYETTE IN THIS CAUSE COVER ALL OF THE PROJECTS IDENTIFIED IN THE WSMP?

A. No. There are multiple Long-Term Projects identified in the WSMP for planning and discussion purposes only in the 20-year Project Summary. Lafayette does not request funding for these Long-Term Projects in this Cause, and a future rate case will be needed to fund them.

VI. CONCLUSION

Q. DO YOU BELIEVE THE PROPOSED CAPITAL PROJECTS ARE REASONABLE AND NECESSARY?

A. Yes, I do.

Q. DO YOU BELIEVE THE COSTS OF THE CAPITAL PROJECTS ARE REASONABLE?

A. Yes, I do.

Q. MR. GORDON, PLEASE SUMMARIZE YOUR TESTIMONY.

A. Lafayette retained Wessler Engineering to prepare a WSMP, inclusive of the CIP. The WSMP identifies Short-Term (5 years or less; *i.e.*, the CIP) and Long-Term (20 years) capital needs for Lafayette's water utility, in particular obtaining additional sources of water supply to accommodate population growth and economic development. Lafayette determined to implement certain capital projects identified in the CIP. The capital projects included in this rate case involve source water projects, water distribution extension projects, water storage projects, upgrades to process infrastructure, and replacement of lead service lines. All system needs were evaluated and proposed projects were analyzed and

alternatives were reviewed in the preparation of the WSMP, including the CIP. The result is a set of reasonable and prudent capital improvements that, when completed, will sustain Lafayette as a reliable water purveyor to supply safe, clean drinking water to its customers.

Q. DOES THIS CONCLUDE YOUR VERIFIED DIRECT TESTIMONY AT THIS TIME?

A. Yes, it does.

VERIFICATION

I hereby verify under the penalties of perjury that the foregoing representations are true to the best of my knowledge, information, and belief.

Signature: Andrew D Gordon _____ Dated: 10/15/2025 _____

Andrew D. Gordon