

**FILED**  
August 4, 2016  
**INDIANA UTILITY  
REGULATORY COMMISSION**

Petitioner's Exhibit No. 4

**THE CITY OF EAST CHICAGO, INDIANA**  
**INDIANA UTILITY REGULATORY COMMISSION**

**CAUSE NO. 44826**

**DIRECT TESTIMONY**  
**OF**  
**JOSEPH S. DIXON**

CITY OF EAST CHICAGO, INDIANA

CAUSE NO. 44826

DIRECT TESTIMONY OF JOSEPH S. DIXON

1 **Q. Please state your name and business address.**

2 A. My name is Joseph S. Dixon; my business address is 1776 N. Meridian, Suite 500,  
3 Indianapolis, Indiana 46202.

4 **Q. What is your occupation?**

5 A. I am a Certified Public Accountant with experience regarding municipalities and utility  
6 operations.

7 **Q. By whom are you employed?**

8 A. I am employed by London Witte Group, LLC ("LWG").

9 **Q. Would you please describe your educational background and professional**  
10 **qualifications?**

11 A. I am a 2012 graduate of Indiana University where I earned a Bachelor of Science Degree  
12 in business, with a concentration in accounting. I also earned a Master of Science in  
13 Accounting from Indiana University in 2013. Following graduation, I have been  
14 employed by LWG, and I am currently a staff accountant with that firm.

15 **Q. What are your professional affiliations?**

16 A. I am a member of the Indiana CPA Society (INCPAS), and the American Institute of  
17 Certified Public Accountants (AICPA).

18 **Q. On whose behalf do you testify in this proceeding?**

19 A. I am testifying on behalf of the City of East Chicago Water Department ("Department").

1 **Q. Have you ever testified in front of the Commission before?**

2 A. No. This is my first experience testifying before the Commission. I do prepare quarterly  
3 GCA reports in anticipation of their filing with the Indiana Utility Regulatory  
4 Commission ("IURC") for several small gas utilities and submit their associated flex  
5 filings. I have worked on rate case exhibits, schedules, and work papers that have been  
6 filed at the IURC for small gas utilities and water utilities. I also review quarterly GCA  
7 Reports for several large gas utilities in conjunction with the LWG contract with the  
8 Indiana Office of the Utility Consumer Counselor ("OUCC").

9 **Q. Please summarize the scope of your work for the petitioner in this case.**

10 A. I assisted in preparing the exhibits, schedules, and work papers on behalf of the  
11 Department to determine the increase required for the City to recover the necessary  
12 revenues based on expected operational expenses and other allowed obligations.

13 **Q. Would you please explain why the (2d) and (2e) adjustments contained in Schedule  
14 C-1 were necessary?**

15 A. Yes, Adjustments (2d) and (2e) in Schedule C-1 are adjustments for pro-forma electric,  
16 natural gas, and chemical costs for the new water treatment plant along with other  
17 Department facilities and for the water tank. The test year costs for electric and  
18 chemicals include amounts incurred for the operation of the old water treatment plant as  
19 well as the new plant. The adjustments remove those costs directly attributable to the old  
20 plant by including only the level of estimated costs for a fully operational new plant.

21 **Q. Please describe the (2d) adjustments.**

22 A. The pro-forma electric charge is based on Mr. Gregory Crowley's engineering estimates

1 of 516,091.75 kWh to be expected to be used by the new facility each month. This  
2 estimated level of electric consumption is used to calculate the estimated monthly charges  
3 for the new plant which is then normalized to represent an annual cost. Based on the  
4 current rates approved for NIPSCO, the Department's electricity provider, the pro-forma  
5 monthly electric expense for the new plant is \$64,329.61 and the annual amount equals  
6 \$771,955.26.

7 The pro-forma natural gas costs use monthly averages calculated for the period of  
8 January 2013 through March 2016. The monthly averages are then totaled to determine  
9 the annual pro-forma natural gas costs amounting to \$29,330.18.

10 The sum of both the electric and the gas costs were compared to the total test year  
11 expense of \$1,052,081, which resulted in a decrease in pro-forma electric and natural gas  
12 expenses of \$288,596.

13 **Q. Please describe the (2e) adjustment.**

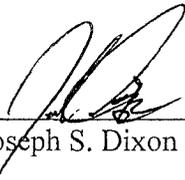
14 A. For Adjustment (2e), Mr. Crowley's estimates for chemical expenses were calculated to  
15 be \$190,264. This is the annual expense that the Department expects to incur at the new  
16 water filtration facility. This amount is compared to the test year chemical expenses of  
17 \$165,927 to create an adjustment of an increase in chemical expenses of \$24,337.

18 **Q. Does this conclude your direct testimony?**

19 A. Yes it does.

**VERIFICATION**

The undersigned, Joseph S. Dixon, under penalty of perjury, affirms that he has read the foregoing testimony, and that the statements and attached exhibits therein contained are true to the best of his knowledge, information, and belief.

  
\_\_\_\_\_  
Joseph S. Dixon