

STATE OF INDIANA
INDIANA UTILITY REGULATORY
COMMISSION

PETITION OF THE BOARD OF)
SANITARY COMMISSIONERS OF)
THE SANITARY DISTRICT OF THE)
CITY OF EAST CHICAGO, INDIANA,)
FOR AUTHORITY TO INCREASE ITS) Cause No. 45632
RATES AND CHARGES FOR)
WASTEWATER SERVICE, AND FOR)
APPROVAL OF NEW SCHEDULES)
OF WASTEWATER RATES AND)
CHARGES.)

PETITION

Petitioner, the Board of Sanitary Commissioners of the Sanitary District of the City of East Chicago, Indiana (“Petitioner”), respectfully petitions the Indiana Utility Regulatory Commission (“Commission”) for authority to increase its rates and charges for wastewater service and approval of a new schedule of rates and charges applicable thereto. In support of its Petition, the Petitioner states:

1. Petitioner provides municipal wastewater services within the East Chicago Sanitary District (“Sanitary District”) through the Wastewater Division. The Board has been established pursuant to Ind. Code § 36-9-25-3(b). The Wastewater Division collects rates and charges for the rendering of services pursuant to Ind. Code § 36-9-25-11.
2. Petitioner, through its Wastewater Division, collects, conveys, and treats wastewater within the Sanitary District for residential, commercial, industrial, and other consumers. Petitioner’s wastewater properties are used and useful in its public service and

operated and maintained so as to provide adequate, dependable, and efficient service to its customers.

3. As a municipal wastewater utility, Petitioner is generally exempt from the jurisdiction of the Commission except, as discussed further below, for purposes of opting to seek approval of rates and charges from the Commission.

4. Petitioner's existing wastewater rates were established pursuant to Ordinance No. 15-0023, adopted by the Common Council of the City of East Chicago ("Common Council"), on November 25, 2015.

5. Petitioner has experienced increased cost and expense since its last rate increase approved by the Common Council.

6. Petitioner must also make necessary additions, extensions, replacements, and improvements to its capital infrastructure to continue providing reasonable and adequate service to its customers, as well as comply with an existing 2007 agreement with the Indiana Department of Environmental Management (IDEM) to undertake capital improvements to address rain-induced discharge, i.e., combined sewer overflows or "CSOs," into rivers and streams that is in violation of the federal Clean Water Act as explained in greater detail in supporting testimony.

7. Petitioner proposes to obtain increased funding for additions, extensions, replacements, and improvements for its wastewater service and infrastructure from revenues. Petitioner also intends to use increased funding to support the issuance of long-term debt financed through SRF to payoff outstanding Sanitary District Revenue Bond Anticipation Notes of 2020 (the "2020 BAN").

8. Petitioner's revenues provided by its current rates are inadequate to meet the cost and expense of operating its present facilities; the cost and expense of capital improvements; and the costs and expenses to meet or exceed environmental, legal, and other requirements.

9. Specifically, the existing rates and charges do not produce sufficient revenue for Petitioner to pay all the necessary expenses related to the operation of the wastewater services, including maintenance costs, operating charges, upkeep, repairs, depreciation, and interest charges on existing financial obligations; provide a sinking fund for the liquidation of bonds or other evidence of indebtedness; provide a debt service reserve for bonds or other obligations; provide adequate money for working capital; provide adequate money for making extensions and replacements to the extent not provided for through depreciation; provide funding for legally required capital improvements; provide money for the payment of any taxes that may be assessed against the utility; compensate the City for taxes that would be due to the City on the utility property were it privately owned; nor provide a return on investment for the physical plant facility investments. The existing rates and charges are therefore insufficient per Ind. Code § 36-9-25-11.3(f).

10. It is now necessary to increase the present rates and charges in order to provide sufficient funding to meet the required financial burden of operating and maintaining the Petitioner's wastewater system, including meeting the environmental and legal requirements necessary to enable Petitioner to continue rendering safe and efficient wastewater service.

11. During the 2020 Session of the Indiana General Assembly, House Enrolled Act 1131 was passed to increase access to the Commission for the purpose of setting new rates and charges. Specifically, the bill amended Ind. Code § 36-9-25-11.3 to expand access to the

Commission for Sanitary Districts in a “municipality in a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000) in which the legislative body has adopted this chapter by ordinance” and “that is under an order or party to an agreement with one or more state or federal agencies to remediate environmental conditions.” Ind. Code § 36-9-25-11.3(a)(2); *id.* § 1(a)(2).

12. The East Chicago Sanitary District meets this expanded criteria added through the 2020 legislation. The East Chicago Sanitary District is located in Lake County, which has an estimated population of approximately four hundred eighty-five thousand (485,000). Additionally, the Sanitary District entered into an agreement with IDEM in 2007 to undertake capital improvements to address unlawful sewage discharge into rivers and streams that can occur during rain events.

13. Pursuant to Ind. Code § 36-9-25-11.3(d)(1), at its public meeting on August 5, 2021, Petitioner approved the filing of this Petition with the Commission seeking authority for an overall increase not to exceed 40%. Such rate increase is proposed to be implemented pursuant to a cost-of-service study and a phased-in approach.

14. The extensions, replacements, and improvements for which authority is sought to increase rates and charges are reasonably necessary for Petitioner to provide adequate, efficient, and legally compliant wastewater service. The new schedule of rates and charges will represent rates and charges which are lawful, nondiscriminatory, necessary, reasonable, and just. Therefore, the establishment of the new schedule of rates and charges should be approved by the Commission.

15. Petitioner plans to utilize a historical test year for purposes of detailing Petitioner's actual and proforma operating revenues, expenses, and revenue requirements under present and proposed rates based on the twelve (12) months ended December 31, 2019, avoiding COVID-19 impact. Petitioner submits that the financial and accounting data, when properly adjusted pursuant to Petitioner's evidence, including, but not limited to, the additional capital requirements Petitioner must meet in accordance with the IDEM agreement, fairly reflect the Petitioner's annual operations. Therefore, such historical test year, as adjusted, is a proper basis for fixing the requested new rates for Petitioner and testing the effect of those rates.

16. Petitioner considers Ind. Code § 36-9-25-11.3, among others, applicable to the subject matter of this proceeding.

17. The attorneys authorized to represent Petitioner in this proceeding, who are authorized to accept service of papers in the proceeding on behalf of Petitioner, are:

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18. Petitioner requests that a date be promptly fixed for a preliminary hearing in this proceeding.

19. WHEREFORE, Petitioner respectfully prays the Commission promptly conduct a prehearing conference, determine a procedural schedule, conduct an evidentiary hearing, and take such similar action as it deems appropriate, and thereafter issue a final order in this Cause

- a) authorizing an increase in Petitioner's rates and charges for wastewater service as requested by Petitioner;
- b) approving the establishment of new schedules of wastewater rates and charges applicable thereto, with such schedules properly to reflect and establish the proposed rate increase;
- c) making such other and similar orders as the Commission may deem appropriate and proper.

Respectfully submitted,

/s/Jane Dall Wilson

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing was served this 22nd day of October, 2021, electronically to:

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