STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF BLOOMINGTON, INDIANA, FOR AUTHORITY TO INCREASE ITS RATES AND CHARGES FOR WATER UTILITY SERVICE, FOR APPROVAL OF A NEW SCHEDULE OF WATER RATES AND CHARGES APPLICABLE THERETO, AND FOR AUTHORITY TO ISSUE AND APPROVAL OF BONDS, NOTES, OR OTHER OBLIGATIONS	)	**CAUSE NO. 46330**

PETITIONER'S EXHIBIT 2

VERIFIED DIRECT TESTIMONY

OF

DYLAN L. LAMBERMONT

WITH CONFIDENTIAL ATTACHMENT DLL-1

ON BEHALF OF

THE CITY OF BLOOMINGTON, INDIANA

I. INTRODUCTION

Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Dylan L. Lambermont. My business address is 6219 South East Street, Indianapolis, Indiana 46227.

Q2. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Wessler Engineering, Inc. ("Wessler") as its President and also serve as manager of the Drinking Water Group. Having been employed by the firm since 2006, I have managed the drinking water team since 2018, and I was promoted to President in 2024. I initially joined the firm as a project engineer and have served in project management roles since 2012.

Q3. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of the City of Bloomington, Indiana ("Bloomington") municipal water utility ("Utility").

Q4. DID YOU PREPARE OR DIRECT THE PREPARATION OF THIS TESTIMONY?

A. Yes, I did.

Q5. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND.

A. I hold two Bachelor of Science degrees from the University of Miami (Florida), in Civil Engineering and in Architectural Engineering. I also hold a Master of Science in Multidisciplinary Engineering from Purdue University Northwest.

My professional background spans a broad spectrum of functional areas, including the preparation of asset management plans ("AMP"), capital improvement plans ("CIP"),

master plans, and preliminary engineering reports. I also lead and oversee the design, bidding, and construction administration of civil engineering projects related to water infrastructure.

I manage a workforce of ten engineers providing professional engineering services to dozens of municipalities in Indiana. Wessler plays a key role in Indiana by supporting the utilities that support Indiana's residents and businesses. I have a mission to help clients provide safe, reliable, and affordable drinking water while planning for future infrastructure needs in Indiana and within the broader utility industry.

Q6. ARE YOU A REGISTERED PROFESSIONAL ENGINEER?

A. Yes, I am a registered Professional Engineer in Indiana, and my registration number is PE10809429.

Q7. WAS WESSLER RETAINED BY BLOOMINGTON TO PREPARE A CAPITAL IMPROVEMENT PLAN FOR THE UTILITY'S MONROE WATER TREATMENT PLANT?

A. Yes. Wessler prepared a Capital Improvements Plan for the Monroe Water Treatment Plant ("Monroe CIP") for the Utility, which contains the recommended capital improvements at the Monroe Water Treatment Plant ("Monroe Plant") proposed for this rate case. The Monroe CIP is attached to my testimony as Petitioner's Confidential Attachment DLL-1. The capital projects proposed in this case are summarized on pages three through four of the Monroe CIP and consist of a five-year plan for capital improvements.

Q8. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony is to support of the relief requested by Bloomington in this Cause. I will discuss how the Monroe CIP was prepared, how specific projects at the Monroe Plant were selected for inclusion in the overall capital improvements plan summarized on Attachment JZW-1 ("CIP"), and what alternative options were considered. I present evidence to demonstrate that certain capital improvements are needed by the Utility, specifically supporting needed capital improvements at the Monroe Plant.

Q9. WHAT ATTACHMENTS ARE YOU SPONSORING?

A. I am sponsoring Confidential Attachment DLL-1, which I previously identified as the Monroe CIP.

II. OVERVIEW OF UTILITY

Q10. PLEASE DESCRIBE THE MAJOR FUNCTIONAL AREAS OF THE UTILITY.

A. Here are the major functional areas:

(1) The source of supply for the water utility is Lake Monroe, which is located about ten miles southeast of Bloomington, Indiana and in Monroe County. It has a firm yield of 130 million gallons per day ("MGD") according to Army Corps of Engineers data.

(2) The Utility has a plant capacity of 30 MGD with average demand around 15 MGD and approximately 27,000 connections.

(3) It includes the Monroe Plant that is supported by seven storage tanks and seven booster stations to maintain consistent water pressure.

(4) The distribution system consists of approximately 420 miles of water pipes and over 3,000 fire hydrants.

Q11. PLEASE DISCUSS, AT A HIGH LEVEL, THE PROCESS WESSLER UNDERTOOK IN PREPARING THE MONROE CIP.

A. Development of the Monroe CIP consisted of the following components: (1) perform asset evaluation and business risk exposure analysis for all assets valued over $5,000 or considered process-critical; (2) review the Utility's previously prepared CIP for identified and incomplete capital needs; and (3) perform individual unit process capacity evaluations and comparisons against current, five-year, and 20-year water demand needs.

The asset evaluation and business risk analysis (*See* Chapter 2 of the Monroe CIP) evaluated the probability of failure and consequence of failure for each asset which was developed into a business risk score. Assets were then ranked according to their risk score and categorized as severe, high, moderate, or low risk. Assets scored as severe or high were prioritized for rehabilitation or replacement, and assets with moderate or low scores were categorized for continued routine maintenance. This analysis considers asset criteria such as age, physical condition, repair history, and operating condition as it relates to estimating a probability of failure. Similarly, criteria such as financial impact, safety, Indiana Department of Environmental Management ("IDEM") compliance, community disruption, and repair response time were considered when estimating an asset's consequence of failure.

Current and future water demands (*See* Chapters 1 and 3 of the Monroe CIP) were estimated based on pumping records from 2021 to 2023, along with population projects on

five-year intervals to 2044. Individual unit process capacities were based on manufacturers' records and, when available, current operating capacities. Overall capacity ratings for each unit process (e.g. intake pumps) were calculated according to the guidance provided in the *Indiana Administrative Code* and the Great Lakes-Upper Mississippi River Board of State and Provincial Public Health and Environmental Managers, *Recommended Standards for Water Works,* Health Research Inc., 2012 (the "Ten States Standards").

Q12. PLEASE DESCRIBE YOUR FINDINGS CONCERNING THE PHYSICAL STATE OF THE UTILITY'S SYSTEM AND IDENTIFY ANY HIGH-PRIORITY SYSTEM NEEDS.

A. As it relates to the Monroe Plant, the system meets current water system demands and produces finished water that meets EPA-regulated water quality requirements. However, the following categories of improvements are needed: (1) replace aged equipment; (2) address high-risk assets; (3) improve taste and odor issues in the finished water; and (4) improve overall plant reliability. The investigation and evaluation processes identified several high-risk components at the Monroe Plant and proposed the following actions: (1) improve intake bypass pumping; (2) make Rapid Mix, splitter box, and Parshall flume repairs; (3) replace chemical feed equipment and system; (4) improve air monitoring equipment in pipe gallery; (5) repair finished water header leak; (6) inspect and rehabilitate the finished water reservoir and transfer pump station; (7) rebuild high service pump and make variable frequency drive improvements; (8) improve high service pump area heating, ventilation, and air conditioning systems; (9) rebuild transfer pump and improve variable frequency drive; (10) rebuild low service pumps and improve variable frequency drive;

(11) improve backwash holding basin pump and railing system; and (12) upgrade and improve electrical and controls. My testimony will address the capital projects at the Monroe Plant.

Q13. HOW DID WESSLER DETERMINE THE HIGH-PRIORITY SYSTEM NEEDS AT THE MONROE PLANT?

A. High-priority needs were determined based on the asset risk score developed as part of the asset inventory and management plan development. This analysis considered the asset's condition and estimated both probability of failure and consequence of failure in determining risk. The entire asset inventory and rating system was developed and reviewed with Utility staff to gain perspective on category weight factors, along with concurrence on risk calculation results compared to perspective from Utility operations, maintenance, and leadership personnel.

Q14. HOW DID WESSLER DETERMINE THAT THE PROPOSED CAPITAL PROJECTS AT THE MONROE PLANT ARE NECESSARY TO MAINTAIN ADEQUATE AND RELIABLE WATER SERVICE?

A. A range of sources, data inputs, and perspectives were considered to make this determination. First, a uniform system that considers asset age, condition, and risk of failure was applied, and it allowed assets to be ranked by need and priority. This method minimizes user bias by applying a consistent methodology in evaluation to each asset and risk calculation. It also is comprehensive because it considers all assets that are either valued above $5,000 or are critical for the treatment process. Initial scoring and ranking were completed independent of Utility personnel to maintain separation in the analysis.

However, operation, maintenance, and leadership input and perspective were critical in the review, quality control, and confirmation of input data integrity. To ensure quality analysis, we completed a detailed review of the input data and scoring factors. Multiple work sessions were conducted to gather and review input data, asset details, category scores, and analysis output. This method follows the guidance of the U.S. Environmental Protection Agency and the Indiana Finance Authority for asset management planning.

Additionally, industry standards, reference, and code requirements were used to establish capacity ratings and identify needs related to redundancy, safety, security, and resilience. For example, the Ten States Standards, incorporated by reference in *Section 327 of the Indiana Administrative Code,* identifies the required safety equipment for chemical feed systems, capacity requirements for standby power systems, and methods for assessing pumping system ratings.

Q15. PLEASE DESCRIBE THE METHODOLOGY USED TO DETERMINE THE TOTAL COST RANGE FOR THE CAPITAL PROJECTS AT THE MONROE PLANT.

A. Construction costs were estimated based on prior capital project costs, recent and comparable project bids, actual quote estimates from equipment suppliers, and current industry data for contractor labor, material costs, and overall bidding market conditions. Non-construction costs, where applicable, were estimated as a percentage of construction costs, while contingencies were applied to costs as appropriate for study level estimates. All costs were initially developed based on present dollars, and then annual inflation adjustments were applied to estimate costs for projects to be completed in future years.

Q16. WHAT ALTERNATIVES HAS BLOOMINGTON CONSIDERED OTHER THAN PURSUING THESE CAPITAL PROJECTS?

A. The Utility considered the development of a new water source and treatment plant; however, the Utility decided against proposing those developments, in part, because those costs would far exceed the Capital Project costs identified for improvements to the Monroe Plant.

III. CAPITAL IMPROVEMENT PROJECTS: MONROE PLANT

Q17. PLEASE DESCRIBE THE SPECIFIC CAPITAL IMPROVEMENT PROJECTS PROPOSED FOR THE MONROE PLANT.

A. The Monroe Plant category includes eight major capital improvements projects, and the forecasted total cost for all eight projects is $30,785,000. Each cost estimate is Wessler's preliminary cost estimate and is supported by information in the Monroe CIP.

#	Capital Improvement Projects	Proposed Cost
1	Electrical Upgrades	$9,084,000
2	Sedimentation Basin Rehabilitation	$8,332,000
3	Chemical Building Improvements and Feed Line Replacement	$6,011,000
4	High-Service Pump Rebuilds and Variable Frequency Drives	$4,620,000
5	Miscellaneous Maintenance Projects	$1,300,000
6	Treatment Plant Water Handling and Delivery Updates	$772,000
7	Bypass Pumping Improvements	$524,000
8	Residuals Projects	$142,000
	TOTAL	**$30,785,000**

(1) Electrical Upgrades. Includes Phases 1 and 2 along with Supervisory Control and Data Acquisition and instrument upgrades to update obsolete systems, increase

resiliency, and provide enhanced cybersecurity at the Monroe Plant. These projects are identified on Attachment JZW-1 as Electrical/Controls Projects.

(2) Sedimentation Basin Rehabilitation. Restores critical water clarification equipment; improves the efficiency of early treatment processes; and enhances the Utility's ability to remove organic and inorganic materials from raw water drawn from Lake Monroe and helps address seasonal taste and odor issues. These projects are identified on Attachment JZW-1 as Rapid Mix, Splitter Box, Parshall Flume and Flocculation/Sedimentation Projects.

(3) Chemical Building Improvements and Feed Line Replacement. Addresses treatment reliability and staff safety along with restoring a safe and sustainable fluoride delivery system. These projects are identified on Attachment JZW-1 as Chemical Projects.

(4) High-Service Pump Rebuilds and Variable Frequency Drives. Provides redundancy and increase resiliency in the treatment process. The addition of variable frequency drives will help prevent service interruptions by preventing wear on the pipes at the plant and throughout the Utility system, lower operational costs by allowing operators to reduce pump flow rates to match demands, and improve resiliency by replacing the motor starters on the pumps. The high service pumps are critical assets because their failure can significantly disrupt or halt essential processes such as water treatment and distribution, flood control, or industrial production lines. Process components, including high service pumps, are required to be installed with redundant and multiple pumps in place and available for operation, should a primary pump fail. This highlights the critical nature of

these assets. To keep the pumps in a reliable operating condition, the pump components must be rebuilt. These projects are identified on Attachment JZW-1 as Pump Projects.

(5) Miscellaneous Maintenance Projects. Completes the development of the asset management system to improve maintenance assessments and replacement practices, and ensure the longevity of critical plant equipment. These projects are identified on Attachment JZW-1 as Misc. Projects.

(6) Treatment Plant Water Handling and Delivery Updates. Adds air quality monitoring to improve worker safety, address leaks in the pipe gallery, replace a backwash header valve actuator, and provide funds for the IDEM-required tank inspections and maintenance. These projects are identified on Attachment JZW-1 as Piping and Valve Projects and Tank Projects.

(7) Bypass Pumping Improvements. Establishes a contingency for Lake Monroe withdrawals should the main intake tower suffer a mechanical failure or need maintenance that requires the primary system(s) to be taken offline. These measures ensure continued water production. These projects are identified on Attachment JZW-1 as Intake Projects.

(8) Residuals Projects. Replaces the backwash pump replacement to improve the efficiency and consistency of filter cleaning at the Monroe Plant and to help maintain water quality and reliable treatment capacity. These projects are identified on Attachment JZW-1 as Residuals Projects.

Q18. DOES THE PROPOSED RATE INCREASE REQUESTED BY BLOOMINGTON IN THIS CAUSE COVER ALL OF THE PROJECTS IDENTIFIED IN THE MONROE CIP?

A. No, the Monroe CIP includes some additional projects identified and recommended for the five-year period at the Monroe Plant that are not included in the CIP in order to mitigate the size of the revenue increase needed. Projects considered critical to the delivery of safe and reliable water supplies were included.

V. CONCLUSION

Q19. IN YOUR OPINION, ARE THE COSTS ASSOCIATED WITH THE CAPITAL PROJECTS AT THE MONROE PLANT REASONABLE AND NECESSARY?

A. Yes. In my opinion, the costs are reasonable and very necessary. The costs are based upon current dollars, include contingencies, and incorporate the timing of project construction.

Q20. MR. LAMBERMONT, PLEASE SUMMARIZE YOUR TESTIMONY.

A. Bloomington retained Wessler to prepare the Monroe CIP and identify capital projects at the Monroe Plant for inclusion in this rate case. The Monroe CIP identified short-term and long-term capital needs for the Utility. Bloomington elected to implement certain capital projects identified in the Monroe CIP critical to the safe and reliable supply of drinking water to its customers. All Monroe Plant system needs were evaluated, proposed projects were analyzed, and alternatives were reviewed in the preparation of the Monroe CIP. The result is a set of reasonable and prudent capital improvements that, when completed, will contribute to the Utility in providing supply safe, clean drinking water to its customers.

Q21. 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.

Dylan Lambermont

Dylan L. Lambermont