

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF THE CITY OF EVANSVILLE, )  
INDIANA, FOR AUTHORITY TO ISSUE )  
BONDS, NOTES, OR OTHER OBLIGATIONS, )  
FOR AUTHORITY TO INCREASE ITS RATES ) CAUSE NO. 45545 S1  
AND CHARGES FOR WATER SERVICE, AND )  
FOR APPROVAL OF NEW SCHEDULES OF )  
WATER RATES AND CHARGES. )

PUBLIC'S EXHIBIT NO. 1

TESTIMONY OF SCOTT A. BELL

ON BEHALF OF

THE INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

November 18, 2022

Respectfully submitted,



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**CERTIFICATE OF SERVICE**

This is to certify that a copy of the *Public's Exhibit No. 1- Testimony of Scott A. Bell on behalf of the OUCC* has been served upon the following counsel of record in the captioned proceeding by electronic service on November 18, 2022.

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**TESTIMONY OF OUCC WITNESS SCOTT A. BELL**  
**CAUSE NO. 45545 S1**  
**CITY OF EVANSVILLE**

**I. INTRODUCTION**

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

2 A: My name is Scott A. Bell, and my business address is 115 West Washington Street, Suite  
3 1500 South, Indianapolis, Indiana 46204.

4 **Q: By whom are you employed and in what capacity?**

5 A: I am employed by the Indiana Office of Utility Consumer Counselor (“OUCC”) as the  
6 Director of the Water/Wastewater Division. My qualifications and experience are set  
7 forth in Appendix A.

8 **Q: Did the OUCC file an Objection to Petitioner’s Debt True-Up Report (“Objection”)**  
9 **on August 5, 2022?**

10 A: Yes. The Objection pointed out that in its final order in Cause No. 45545, the  
11 “Commission authorized Evansville to borrow \$225,062,000 with such borrowing split  
12 between an open market bond of \$53,447,000 and an SRF bond of \$171,615,000.” The  
13 Objection also stated that the Commission granted Evansville a certificate of authority to  
14 issue additional long-term debt in one or more issues to the SRF or pursuant to  
15 competitive sale or private placement at or below competitive market rates and in  
16 principle amount not to exceed \$225,062,000. (Final Order, Cause No. 45545, p. 35.) The  
17 Objection explained that the June 9, 2022 debt issuance “resulted in a net interest cost of  
18 5% on a par amount of \$52,550,000 (an above market yield) generating a “reoffering  
19 premium”<sup>2</sup> of \$3,996,772 for a total funds procured by the borrowing of \$56,546,772 at  
20 an effective yield of 3.41%.” Thus, the OUCC asserted that the “total effective borrowing  
21 is materially more than the amount of funds for which Evansville was authorized to enter

1 into long-term debt.” Ultimately, the OUCC recommended that the Commission require  
2 the City of Evansville to reduce the debt authorization outstanding for the SRF bond  
3 issuance by \$3,099,772 to a new total of \$168,515,228. I have included the OUCC  
4 Objection to Petitioner’s Debt True-Up Report as OUCC Attachment SAB-1. The  
5 Commission issued a docket entry on August 24, 2022, establishing the subdocket after  
6 noting that “Evansville ... requested a subdocket be established to address the OUCC’s  
7 objection and the potential impact of current market conditions on Evansville’s overall  
8 project costs.”

9 **Q: What relief does the City of Evansville seek in this subdocket?**

10 A: The City of Evansville (“Petitioner” or “Evansville”) seeks additional debt authority from  
11 the Indiana Utility Regulatory Commission (“Commission”) in the amount of  
12 \$68,703,000<sup>1</sup> for Water Treatment Plant (WTP) Projects.

13 **Q: Does Petitioner’s request for additional borrowing authority go beyond the stated  
14 purpose of the subdocket?**

15 A: Yes. Petitioner’s request for \$72,699,772 of additional borrowing authority began as a  
16 response to the OUCC’s Objection to Petitioner’s True-up that included very general  
17 statements about inflationary pressures and the current supply chain issues currently  
18 being experienced in the market. Evansville’s request for a subdocket said it would allow  
19 Petitioner and the OUCC to submit additional evidence regarding the issuance of the  
20 2022 Bonds and “the potential impact of current market conditions on Evansville’s  
21 overall project costs.” Response to the OUCC’s True-up Objection, p. 2. The OUCC’s  
22 Objection had asked the Commission to recognize the \$3.9 million premium Evansville

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<sup>1</sup> Petitioner’s statement of the requested borrowing authority does not recognize the \$3.9 million premium as funds falling within the total authorized borrowing authority. The OUCC maintains the request should more properly be considered a request for additional borrowing authority of \$72,699,772.

1 had received as part of the total authorized borrowing. Evansville asked for the  
2 subdocket to determine Petitioner's total authorized debt in light of the issues raised by  
3 the OUCC in its objection and current market conditions. Nothing in Evansville's  
4 Response indicated that it would be asking the Commission to authorize an additional  
5 \$68,703,000 borrowing authority. (Indeed, if the \$3.9 million is recognized as part of its  
6 total borrowing authority established in the Cause No. 45545 rate order, Petitioner is  
7 actually asking for an additional \$72,699,772 of borrowing authority.) The full extent and  
8 nature of the relief Evansville would later request in its 13 pages of subdocket testimony  
9 plus attachments was not disclosed in any previous filing or docket entry. Through its  
10 subdocket testimony Petitioner requests significant revisions to the Certificate of  
11 Authority granted by the Commission in Cause No. 45545. Moreover, Petitioner's 13  
12 pages of subdocket testimony plus attachments also asks for financing for project items  
13 that were not the product of market conditions but changes in Petitioner's design or  
14 scope. This subdocket is not the proper vehicle to visit or revisit these issues. But in the  
15 interest of time and to not further delay the process and issuance of bonds, the OUCC has  
16 addressed the issues in this condensed subdocket.

17 **Q: What evidence did Evansville provide to support its request for additional debt**  
18 **authority?**

19 A: Evansville provided the testimony of Douglas L. Baldessari, CPA, Baker Tilly Municipal  
20 Advisors, LLC. Petitioner provided no other witnesses or evidence to support a request  
21 for \$68,703,000 of debt authority, which is in addition to the \$225,062,000 debt authority  
22 already approved by the Commission in Cause No. 45545.

23 **Q: What is the purpose of your testimony?**

24 A: I discuss the timing of Evansville's request for additional borrowing authority. Though

1 the OUCC expected Petitioner to seek some increase in borrowing authority in this  
2 subdocket, Evansville's request for an additional \$68 million, which was stated for the  
3 first time in Mr. Baldessari's testimony, was unexpected. It was also not expected that  
4 Evansville would include in its request additional funding for additional construction  
5 items as Evansville's request for subdocket made no reference to that request. Petitioner's  
6 testimony was filed after the OUCC had agreed to the procedural schedule for this  
7 subdocket. As I will also describe, decisions made by Evansville have resulted in a delay  
8 in issuing its Series 2022B bonds until July 2023. This has the potential to result in more  
9 than \$10 Million in additional project costs, for which Petitioner's customers would  
10 ultimately pay. I discuss Petitioner's request for additional debt authority (\$8,151,000) to  
11 fund the construction of a Residuals Management Facility so that Evansville can meet its  
12 final discharge permit limits for mercury. I testify that Evansville has applied for an  
13 Individual Variance of Indiana Water Quality Standards for Mercury, which if approved  
14 would eliminate the need to construct the Residuals Management Facility. I recommend  
15 that Evansville not borrow funds for the Residuals Management Facility until a final  
16 determination has been made on its planned application for an Individual Variance for  
17 mercury. I explain that Evansville's engineer has not completed the 60% design  
18 deliverable and how that has delayed Petitioner's ability to negotiate a Guaranteed  
19 Energy Savings Contract ("GESc") with a Guaranteed Maximum Price ("GMP"). I  
20 explain how AECOM's 60% design deliverable, had it been completed, would have  
21 assisted the OUCC to evaluate the prudence and reasonableness of the proposed  
22 modifications to the water treatment plant design and resulting increased cost estimates.

23 **Q: What have you done to prepare your testimony?**

1 A: I read the debt true-up report prepared by Baker Tilly Municipal Advisors, LLC, dated  
2 July 1, 2022, which was filed with the Commission on July 8, 2022. I participated in the  
3 review of the OUCC's Objection to Petitioner's Debt-True Report, dated August 5, 2022.  
4 I read Petitioner's Response to OUCC's Objection to Petitioner's Debt True-Up Report  
5 and Request for Subdocket, which was filed on August 19, 2022 and included the  
6 Rebuttal Testimony to OUCC's Objection of Douglas L. Baldessari, CPA. I read the  
7 Commission's Docket Entry, dated August 24, 2022, establishing a subdocket (Cause No.  
8 45545 S1) and the Commission's Docket Entry, dated September 20, 2022, establishing  
9 the procedural schedule for the subdocket. I read Evansville's Sub-Docket Testimony of  
10 Douglas L. Baldessari, CPA, and his Attachments DLB-1 and DLB-2. I also reviewed  
11 Petitioner's objections and responses to OUCC discovery.

## II. EVANSVILLE'S REQUEST FOR SUBDOCKET

12 **Q: When did Petitioner file its debt service true-up report for the sale of the**  
13 **Waterworks District Revenue Bonds, Series 2022A?**

14 A: Petitioner filed its debt service true-up report on July 8, 2022.

15 **Q: In Petitioner's True-Up Report, when did Petitioner indicate it would be issuing the**  
16 **Series 2022B bonds for the water treatment plant?**

17 A: In its true-up report, Petitioner provided a Schedule of Amortization of \$171,615,000  
18 Principal Amount of Proposed Waterworks District Revenue Bonds, Series 2022B, which  
19 "Assumes Bonds dated October 1, 2022" and payments starting on January 1, 2023.

20 **Q: When did the OUCC file its Objection to Petitioner's Debt True-Up Report?**

21 A: The OUCC filed its Objection on August 5, 2022.

22 **Q: When did Evansville request that the Commission establish a subdocket in this**  
23 **proceeding?**

24 A: In Petitioner's Response to OUCC's Objection to Petitioner's Debt True-Up Report and

1        Request for Subdocket, filed on August 19, 2022, Evansville made the following  
2        statement in support for its request to the Commission to establish a subdocket:

3                Nevertheless, because the OUCC's objection questions how much  
4                bonding authority Evansville should be authorized to have, Petitioner  
5                believes a Commission Order is required to resolve this dispute. As such,  
6                Petitioner respectfully requests the Commission establish a subdocket in  
7                this proceeding to address this issue and any other issues presented by the  
8                inflationary and supply chain issues currently being experienced in the  
9                market. Creation of a subdocket will allow Petitioner and the OUCC to  
10              submit additional evidence regarding the issuance of the 2022 Bonds and  
11              the potential impact of current market conditions on Evansville's overall  
12              project costs.

13              WHEREFORE, Petitioner respectfully requests the Commission approve  
14              Evansville's revised tariff filed on July 8, 2022 without delay. Further,  
15              Petitioner respectfully requests the Commission establish a subdocket in  
16              this proceeding to determine Petitioner's total authorized debt in light of  
17              the issues raised in the OUCC's objection and current market conditions.

18    **Q:    Did Evansville include rebuttal testimony as part of Petitioner's Response to**  
19    **OUCC's Objection to Petitioner's Debt True-Up Report and Request for**  
20    **Subdocket?**

21    A:    Yes. Evansville included the Rebuttal Testimony to OUCC's Objection of Douglas L.  
22    Baldessari, CPA, as Exhibit 1 to Petitioner's Response to OUCC's Objection. Petitioner  
23    also included that testimony as part of Attachment DLB-1 to the Sub-Docket Testimony  
24    of Mr. Baldessari.

25    **Q:    What matters did Mr. Baldessari address in his rebuttal testimony to the OUCC's**  
26    **Objection?**

27    A:    Mr. Baldessari stated that he would be specifically responding to the following items  
28    addressed in the OUCC's Objection:

29              (1) the costs of issuance for the Waterworks District Revenue Bonds,  
30              Series 2022A (the 2022A Bonds");

31              (2) providing a response and analysis supporting the purchase of the bond  
32              insurance;



1 (3) addressing the premium received on the issuance of the 2022A Bonds;  
2 and

3 (4) addressing why the bonding authorization should not be reduced for  
4 the proposed bonds to be issued with the Indiana Finance Authority's  
5 State Revolving Fund Loan Program (SRF).<sup>2</sup>

6 **Q: What did Mr. Baldessari's ultimately recommend?**

7 A: Mr. Baldessari stated that he did not believe Evansville's authorized borrowing for the  
8 SRF bonds should be reduced by the premium (\$3,099,772) received on the open market  
9 bonds. (Exhibit 1, Baldessari p. 7)

10 **Q: In Evansville's Response to the OUCC's Objection did Petitioner indicate it would**  
11 **be seeking Commission authority for an additional \$68 million of borrowing**  
12 **authority?**

13 A: No. Evansville's Response did not disclose its intention to seek additional borrowing  
14 authority in the subdocket.

15 **Q: Did Evansville's Response to the OUCC's Objection indicate that the estimated cost**  
16 **of the proposed project had increased?**

17 A: Mr. Baldessari testified that "Petitioner is still in the process of finalizing design on the  
18 new water treatment plant, but now anticipates that the cost of the water treatment plant  
19 will outpace the original estimates filed in the cause."<sup>3</sup>

20 **Q: In its Response to the OUCC's Objection, did Evansville or Mr. Baldessari in his**  
21 **attached testimony indicate that Evansville would seek additional financing for the**  
22 **cost of new items such as the replacement of all piping in the intake structure?**

23 A: No.

24 **Q: Did Mr. Baldessari indicate when Petitioner determined that "the cost of the water**  
25 **treatment plant will outpace the original estimates filed in the cause"?**

26 A: No.

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<sup>2</sup> Cause No. 45545, Petitioner's Exhibit 1, Rebuttal Testimony to OUCC's Objection of Douglass L. Baldessari, CPA, p. 1

<sup>3</sup> Cause No. 45545, Petitioner's Response to OUCC's Objection to Petitioner's Debt True-Up Report and Request for Subdocket, Exhibit 1, p. 7 of 7.

1 **Q: In the final order in Cause No. 45545, had the Commission indicated Evansville**  
2 **needed to provide more information in its prospective filings?**

3 A: Yes. The Commission's Order in Cause No. 45545 (Section 8) required Petitioner to  
4 "contact the Commission's Water/Wastewater Division to schedule a meeting to discuss  
5 possible improvements to Petitioner's future filings in an effort to allow for more  
6 efficient processing of Petitioner's relief requested."

7 **Q: Did the OUCC ask discovery about Petitioner's compliance with the Commission's**  
8 **order for Cause No. 45545, ordering section 8?**

9 A: Yes. The OUCC asked Petitioner to provide the minutes, agenda and attendance list for  
10 any meetings that took place pursuant to this section of the order. (See Attachment SAB-  
11 2, Petitioner's Response to OUCC DR 2-2)

12 **Q: Did Petitioner's response indicate that there were new developments related to its**  
13 **requested relief in Cause No. 45545?**

14 A: Yes. In response to OUCC DR 2-2, Petitioner provided a May 18, 2022 email from  
15 Lauren M. Box, Barnes & Thornburg, to Curt Gassert, Director of the Commission's  
16 Water/Wastewater Division. This email acknowledged that the City believed then it  
17 needed to request additional authority:

18 Thanks again for the time Monday afternoon (5/16) to discuss the City of  
19 Evansville's most recent rate case. As we discussed, due to the increased  
20 construction costs Evansville is experiencing, Evansville is concerned that  
21 the level of financing authority approved in Cause No. 45545 may not be  
22 sufficient to build its new Water Treatment Plant. Thus, the City is  
23 planning to file a request for additional authority with the Commission, so  
24 as not to delay closing on the bonds later this year. You indicated other  
25 utilities are experiencing these same cost increases and we may want to  
26 consider requesting a subdocket, as this is the process other utilities have  
27 used to address this issue.

28 (Emphasis added)

1 **Q: If Evansville was “planning to file a request for additional authority” as of May 18,**  
2 **2022, why didn’t it file a request to establish a subdocket at that time?**

3 A: I don’t know why Petitioner waited four months to submit its filing. If Evansville did not  
4 want to delay the closing on the Proposed Waterworks District Revenue Bonds, Series  
5 2022B, it should have filed its request much sooner than it did. Due to Petitioner’s delay,  
6 it now anticipates issuing the 2022B bonds in July 2023, nine months later than originally  
7 planned.

8 **Q: Will having delayed issuance of the bonds by nine months cause the project cost to**  
9 **increase, thus increasing costs to ratepayers?**

10 A: Yes. Using its own inflation and escalation rates, Petitioner’s delay of nine months in  
11 issuing the Series 2022B bonds could potentially result in \$10,451,250 of additional  
12 project costs that customers would ultimately need to pay for. I determined this amount  
13 by multiplying Petitioner’s annual Current Market Escalation cost of \$13,935,000<sup>4</sup> by  
14 nine months of inflation (9 months / 12 months = .75) to arrive at the \$10,451,250 of  
15 additional project costs. (\$13,935,000 X .75 = \$10,451,250.) Although the OUCC doesn’t  
16 agree with Petitioner’s current market escalation estimate or its current market escalation  
17 rate, this nine-month delay by Petitioner in issuing the bonds will add significant costs to  
18 the overall project cost.

19 **Q: When was the OUCC informed that Petitioner would be seeking \$68 Million of**  
20 **additional debt authority?**

21 A: The OUCC was not made aware of Petitioner’s request for an additional \$68 Million of  
22 debt authority until it reviewed Mr. Baldessari’s Sub-Docket Testimony filed on  
23 September 23, 2022, which was after the OUCC had agreed to the procedural schedule in  
24 this subdocket. This request for additional borrowing authority was made a full four

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<sup>4</sup> Cause No. 45545 S1, Attachment DLB-2, page 1 of 2.

1 months after Ms. Box's email to Mr. Gassert.

2 **Q: Did the lack of evidence presented by Petitioner require the OUCC to seek**  
3 **additional information through discovery?**

4 A: Yes. Due to the lack of an engineering witness to support significantly higher cost  
5 estimates, the OUCC had to ask for additional information to determine the  
6 reasonableness and prudence of the modified cost estimates, which included auger cast  
7 piles (\$3,069,000), soil excavation and hauling (\$6 Million), river intake carbon steel  
8 piping (\$4,629,000) and deeper filter beds (\$2,284,000). These increased estimated costs  
9 alone total approximately \$16 Million. When the OUCC agreed to the procedural  
10 schedule approved by the Commission, Evansville had not informed the OUCC that, in  
11 addition to asking the Commission to address "inflationary and supply chain issues  
12 currently being experienced in the market," it would also seek additional financing  
13 authority to add items increasing the project costs.

14 **Q: Did Petitioner object to providing responses to many of the OUCC's data requests?**

15 A: Yes. In fact, Petitioner provided a narrative to each of its responses to the questions in  
16 OUCC DR 3. The narrative included the following statement:

17 Petitioner prefaces its answer by reminding why Petitioner has sought an  
18 increase in financing authority at this time. As explained in Petitioner's  
19 Exhibit No. 1, the United States economy has experienced sustained inflation  
20 at levels not seen in over two generations. This historic inflation was not  
21 anticipated at the time of the evidentiary hearing in the main docket and thus  
22 was not reflected in the earlier cost estimates. Any reasonable engineer or  
23 economist would know that the earlier estimates will be insufficient. In  
24 addition, we are currently in an environment of rapidly rising interest rates.  
25 The worst possible outcome for Evansville customers would be to wait until  
26 after the project has been completely designed before seeking additional  
27 financing authority. This would delay the closing the bond issue, which, in  
28 this environment of rising interest rates, would be imprudent if not reckless.  
29 Evansville is doing everything in its power to avoid that outcome. If  
30 Evansville must wait for additional financing authority to close, it will not be  
31 because Evansville made that choice but because it was forced to do so.  
32 Evansville would under such circumstances compute the effect on customer

1 rates from any increase in interest rates resulting from such a delay and would  
2 inform Evansville customers who caused that increase.

3 (Emphasis added)

4 **Q: What is the effect of Evansville's narrative?**

5 A: Petitioner contends any inquiry concerning what it deems to be simply a consideration of  
6 market conditions is irresponsible and will cause the ratepayers unnecessary harm. In  
7 doing so, it ignores Petitioner's own delays to date on what it admits is a work in  
8 progress, and the procedural impropriety of expanding the project specifications in this  
9 subdocket, all without sufficient evidence. The OUCC is proceeding without objection to  
10 Petitioner's misuse of the subdocket process and its failure to respond to reasonable data  
11 requests only because it agrees that further delay will be harmful to the  
12 ratepayers. Petitioner retains an obligation to prove its requests for borrowing authority.

13 **Q: When does Petitioner now say it expects to issue the Series 2022B bonds?**

14 A: In response to OUCC DR 2-9, which asked for an expected date of closing for SRF  
15 and/or WIFIA or SWIFIA borrowings for the water treatment plant, Petitioner responded  
16 by stating "It is currently anticipated the financing would occur in July 2023." (See  
17 Attachment SAB-3, Petitioner's Response to OUCC DR 2-9)

18 **Q: Why did Petitioner delay the issuance of its Series 2022B bonds by approximately**  
19 **nine months, when it told the OUCC (in response to OUCC DR 3) that it would be**  
20 **"imprudent if not reckless" to do so in this environment of rising interest rates?**

21 A: That reason is unknown to the OUCC. As I noted above, Petitioner's legal counsel  
22 informed the Commission in a May 18, 2022 email that "the City is planning to file a  
23 request for additional authority with the Commission, so as not to delay closing on the  
24 bonds later this year." I am unwilling to speculate as to the reasons Evansville did not  
25 file its request for additional borrowing authority at that time. If interest rates are found to

1 have risen substantially between October of this year and July of next year, that will  
2 result in a significant increase in debt service costs as a result of Evansville's inability to  
3 meet its own milestones. Petitioner's seemingly unilateral decision to delay seeking  
4 additional borrowing authority from the Commission has subsequently resulted in a delay  
5 in issuing the proposed bonds that may ultimately result in a cost to its customers.

### III. RESIDUALS MANAGEMENT FACILITY

6 **Q: Was Petitioner authorized to borrow up to \$30 million for a residuals management**  
7 **facility in Cause No. 45545?**

8 A: Yes. The Commission found that Petitioner should be authorized to borrow up to \$30  
9 million for the residuals management facility, subject to the condition that the funds not  
10 be borrowed if the facility is ultimately not required.<sup>5</sup>

11 **Q: Did Petitioner's \$30 million cost estimate for the residuals management facility**  
12 **already include funds for contingencies and cost escalations?**

13 A: Yes. As I had pointed out in my testimony in Cause No. 45545, Petitioner's estimated  
14 construction cost for the Residuals Management Facility was only \$17,479,000.  
15 However, Petitioner added another \$12 Million to the cost estimate which included \$4.37  
16 Million for Estimating Contingency and \$524,000 for Escalation to Midpoint. These  
17 already embedded contingencies and cost escalation estimates total nearly \$4.9 Million.<sup>6</sup>

18 **Q: Has Evansville increased the estimated cost of the Residuals Management Facility in**  
19 **this subdocket?**

20 A: Yes. On page 5 of Mr. Baldessari's Sub-Docket testimony, he stated the following:

21 [A]s a result of changing market conditions and after further project  
22 development, Petitioner is now seeking authorization for the WTP Projects  
23 totaling \$241,215,000. This total includes both the increased costs for the  
24 water treatment plant (\$190,587,000), as well as the residuals management

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<sup>5</sup> Commission Order in Cause No. 45545, p. 16-17.

<sup>6</sup> Cause No. 45545, Public's Exhibit No. 5, p. 4

1 facility (\$38,151,000).

2  
3 Mr. Baldessari also identified the total costs for the residuals handling facility as  
4 \$38,151,000 in a "Breakdown of Additional Authorization" at the bottom of his  
5 testimony on page 5.

6 **Q: Did Evansville provide any additional evidence in its testimony that supports the**  
7 **need to increase Evansville's requested borrowing authority by \$8,151,000 for the**  
8 **residuals management facility?**

9 A: Other than Mr. Baldessari's statement regarding "changing market conditions and further  
10 project development," Evansville provided no testimony explaining why the requested  
11 borrowing authority for the residuals management facility has now increased by  
12 \$8,151,000. Also, Petitioner provided no evidence from its engineering consultant  
13 (AECOM) that describes any further "project development" for the residuals  
14 management facility that would result in the need for an additional \$8,151,000 of debt  
15 authority.

16 **Q: Did Mr. Baldessari acknowledge the residuals management facility may not be**  
17 **needed?**

18 A: Yes. In response to a question on pages 11 and 12 of his testimony, Mr. Baldessari stated  
19 that to "the extent the residuals management facility is not needed, the bonding authority  
20 for this project will not be used."

21 **Q: Why would the residuals management facility not be necessary?**

22 A: Evansville's current NPDES Permit (No. IN0043117), states that the "permittee has  
23 submitted an application for a variance from the water quality standards for mercury."<sup>7</sup> In  
24 its Application for a Variance, Evansville indicated that it is requesting the variance  
25 because it cannot consistently attain the final NPDES Permit limits for mercury using

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<sup>7</sup> National Pollutant Discharge Elimination System ("NPDES") Permit, effective July 1, 2021, p. 4 of 29.

1 existing control methods. However, the residual management facility may not be  
2 necessary to meet the Permit's final discharge limits for mercury if Petitioner receives the  
3 requested variance.

4 **Q: Has the variance from the water quality standards for mercury been granted?**

5 A: It is my understanding Petitioner's request for a variance has not been granted at this  
6 time. Therefore, it is still unknown if Petitioner will be required to construct the residuals  
7 management facility to comply with the final mercury discharge limits in the NPDES  
8 Permit.

9 **Q: Since Petitioner did not provide any testimony about the status of the mercury  
10 variance request, did the OUCC seek additional information from Petitioner?**

11 A: Yes. To get a better understanding of the status of the requested mercury variance, the  
12 OUCC asked for all communications with IDEM since December 1, 2019, regarding the  
13 mercury variance including Evansville's request to renew the variance. (See Attachment  
14 SAB-4, Petitioner's Response to OUCC DR 3-14) Petitioner objected to the request on  
15 the grounds and to the extent the request seeks information which it believes is irrelevant  
16 to this proceeding and not reasonably calculated to lead to the discovery of admissible  
17 evidence. Petitioner asserted that the information requested is irrelevant to the limited  
18 issues set forth in this subdocket proceeding.

19 **Q: Why are the communications between Petitioner and IDEM germane to the  
20 OUCC's review of Evansville's subdocket requests?**

21 A: Petitioner seeks authority for an additional \$8,151,000 of borrowing authority to  
22 construct the residuals management facility.<sup>8</sup> If Petitioner receives the mercury variance,  
23 it will not have to borrow the \$30 Million already approved or the additional \$8,151,000

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<sup>8</sup> Cause No. 45545 S1, Sub-Docket Testimony of Douglas L. Baldessari, CPA, p. 5



1 of debt authority sought in this case (Total of \$38,151,000). Petitioner's communications  
2 with IDEM would provide the OUCC and ultimately the Commission with an  
3 understanding of the status of the variance request and whether a determination on the  
4 request would be made before Petitioner issues bonds for the water treatment project in  
5 July 2023. Moreover, Mr. Baldessari testified in this subdocketed case that Petitioner  
6 would not use the bonding authority if the residuals management facility is not needed.<sup>9</sup>  
7 The timing of any variance finding is relevant to Evansville's ability to keep this promise.

8 **Q: Are you concerned that Petitioner will not receive a determination on the mercury**  
9 **variance by July 2023, which is when Evansville now proposes to issue the proposed**  
10 **debt for the water treatment project?**

11 A: Yes. Since Evansville refused to provide any of its communications with IDEM or any  
12 other update on the status of the mercury variance, I reached out to IDEM Technical  
13 Environmental Specialist, Alyce Klein, for an update on Evansville's request for a  
14 mercury variance. In a November 3, 2022 email, Ms. Klein kindly provided the following  
15 information:

16 We are still waiting for Evansville to submit an updated application for the  
17 individual variance for Mercury, so we have not been able to even begin  
18 making a determination on the variance.

19 Evansville has submitted updates per their Agreed Order every three  
20 months; I've attached those emails as a PDF.

21 We've actually not received the evaluation described in Part I.D. of their  
22 permit, which we should have received in March 2022 and should be  
23 receiving another one next month. It looks like the Agreed Order update  
24 they sent in April of 2022 got mistakenly logged as their update required  
25 per Part I.D. of their permit. I've reached out to Evansville to see if they  
26 wrote one, and it just got missed, and will let you know when I hear back  
27 from them.

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<sup>9</sup> Cause No. 45545 S1, Sub-Docket Testimony of Douglas L. Baldessari, CPA, pp. 11-12

1 I have attached Ms. Klein's email, which included as attachments Evansville's quarterly  
2 progress reports consisting of emails from Jeff Merrick, Director, Regulatory Compliance  
3 and Lab Operations, Evansville Water & Sewer Utility, in compliance with Evansville's  
4 2020 Agreed Order (Case No. 2020-26934-W). (See Attachment SAB-5)

5 **Q: Has Evansville and its consultants recently met with IDEM to discuss the mercury**  
6 **variance request?**

7 A: Yes. According to its July 2022 quarterly progress report for its Agreed Order,  
8 Evansville indicates that "EWSU, AECOM, Ramboll, and Barnes & Thornburg met with  
9 IDEM to discuss mercury compliance issues – continuation of variance versus residual  
10 treatment." Petitioner's unwillingness to provide the status of its request for a mercury  
11 variance – either in testimony or in response to discovery – is perplexing. Petitioner seeks  
12 \$8,151,000 of additional debt authority for the residuals management facility, while it has  
13 yet to submit an updated application for a mercury variance that could eliminate the need  
14 to construct the \$38,151,000 residuals management facility.

15 **Q: Will IDEM make a determination on the request for a mercury variance before July**  
16 **2023, the anticipated date Evansville proposes to borrow funds from the SRF?**

17 A: As Petitioner has not yet completed its updated application to IDEM, it is questionable  
18 whether Evansville will receive a determination of the request for a mercury variance  
19 before July 2023. If Evansville is committed to not borrowing money on the residuals  
20 plant if it is not necessary, this would suggest Evansville would need to further delay its  
21 Bond Issuance for that project beyond July of 2023.

22 **Q: If Evansville has not received a determination on the mercury variance by July**  
23 **2023, should Evansville borrow the \$38,151,000 for the residuals management**  
24 **facility?**

25 A: No. Evansville should not borrow \$38,151,000 for the residuals management facility  
26 until it receives a determination from IDEM on its application for a mercury variance.

1

#### **IV. GUARANTEED ENERGY SAVINGS CONTRACT**

2 **Q: What method has Evansville chosen to select a construction contractor to build the**  
3 **new water treatment plant?**

4 A: In April 2022, Petitioner issued a Request for Qualifications (“RFQ”) for the construction  
5 of the new water treatment plant using a Guaranteed Energy Savings Contract (“GESG”).  
6 Petitioner provided the RFQ (dated April 2022) and Addendum No. 1 (dated May 16,  
7 2022) in response to OUCC DR 1-5. I have included those documents as Attachment  
8 SAB-6, the RFQ and Addendum No. 1. Additional information provided in response to  
9 OUCC DR 1-5, which include Attachment 1 (Preliminary Drawings) and Attachment 2  
10 (Preliminary Basis of Design Report) have not been attached because they are 100+  
11 pages.

12 **Q: How does Evansville propose to use a Guaranteed Energy Savings Contract**  
13 **Provider?**

14 A: According to its RFQ, Evansville’s intent is to “select a single Provider to work with  
15 EWSU and the Engineer of Record to provide value engineering, finalize the project  
16 scope, negotiate a Guaranteed Maximum Price (with open book pricing) and develop a  
17 Guaranteed Energy Savings Contract agreement that meets or exceeds EWSU’s  
18 expectations.”<sup>10</sup>

19 **Q: Did the RFQ contain a tentative Guaranteed Energy Savings Contract schedule?**

20 A: Yes. The RFQ indicated that responses to the RFQ were due on June 1, 2022 and that the  
21 selection of the “Most Qualified Provider” was to be made by June 13, 2022. Once the

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<sup>10</sup> OUCC Attachment SAB-6, p. 16.

1 selection of the Provider<sup>11</sup> was complete, the RFQ provided a timeframe (June 13, 2022  
2 to June 21, 2022) for “Early Contractor Involvement and Review of Design  
3 Documents.”<sup>12</sup>

4 **Q: When was Evansville to have received the Guaranteed Maximum Price Proposal**  
5 **from the Provider according to the RFQ?**

6 A: According to the RFQ, Evansville was to have received a Guaranteed Maximum Price  
7 Proposal on October 3, 2022. Also, Evansville was to have initiated the Guaranteed  
8 Savings Report and Contract on October 18, 2022.

9 **Q: Has Evansville chosen the GESC Provider?**

10 A: Yes. According to its July 2022 Progress Report for Evansville’s Agreed Order 2020-  
11 26934, Evansville received and reviewed three GESC proposals and selected Kokosing  
12 Industrial, Inc. (“Kokosing”) as the GESC Provider. (See Attachment SAB-5, p. 4)

13 **Q: Did the OUCC seek additional information about the three GESC proposals**  
14 **Evansville received and why Evansville selected Kokosing as its GESC Provider?**

15 A: Yes. Rather than competitively bid the water treatment plant project, Evansville proposes  
16 to enter into a GESC with a Provider to construct the project which is now estimated to  
17 cost \$228,738,000. Ratepayers will be paying the cost of this project for decades. In DR  
18 5-1, which I am including as Attachment SAB-7, the OUCC sought additional  
19 information about the GESC Provider selection process and the current schedule for the  
20 GESC indicating all deliverables and milestones including for example the current  
21 anticipated dates to 1) receive the Guaranteed Maximum Price Proposal; 2) initiate the  
22 Guaranteed Savings Report and Contract; 3) reach substantial completion; 4) reach Final  
23 Completion; and 5) Start-up and Commissioning of the Water Treatment Plant.

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<sup>11</sup> The Provider is the contractor selected to enter into a GESC and complete the water treatment plant project.

<sup>12</sup> OUCC Attachment SAB-6, p. 11.

1 **Q: Did Evansville provide the information requested in OUCC DR 5-1?**

2 A: No. Evansville objected to the request by stating “the extent the request seeks  
3 information which is irrelevant to this proceeding and not reasonably calculated to lead to  
4 the discovery of admissible evidence.”<sup>13</sup>

5 **Q: Did the OUCC also seek additional information about the GESC selection process in**  
6 **Cause No. 45445?**

7 A: Yes. In response to OUCC DR 21-4, Evansville provided the following response on how  
8 it proposes to select the Guaranteed Savings Contract provider to construct the new water  
9 treatment plant:

10 The process begins with the development of the Request for  
11 Qualifications. This defines the content to be submitted by proposers and  
12 the basis for evaluation. The RFQ is publicly noticed two times, at least  
13 two weeks apart. Once received, the submittals are reviewed and scored  
14 by individuals on the selection committee. The committee will then meet  
15 and consolidate scores. If a preferred contractor is not apparent, the  
16 committee may elect to interview a short-list of candidate to make the  
17 final selection. Once selected, the GSC provider will begin working with  
18 the design team on pricing, equipment selection, and design reviews. The  
19 Guaranteed Maximum Price will be set between the 60 and 90% design  
20 points, at which EWSU and the GSC Provider enter into a contract. The  
21 GSC Provider works at risk until entering into the contract, providing  
22 EWSU an off ramp in the event that a GMP cannot be agreed to.

23 (Emphasis added)

24 **Q: When was Evansville's engineer to have submitted its 60% design deliverable to**  
25 **Evansville?**

26 A: In response to OUCC DR 1-1, Petitioner provided Evansville's Professional Services  
27 Agreement, Amendment Number 1, (“AECOM Agreement”) dated April 1, 2022, with  
28 AECOM Technical Services, Inc. (“AECOM”). According to the Phase 2 Design Service

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<sup>13</sup> Petitioner's response to OUCC DR 5-1, dated November 11, 2022.

1 Project Schedule in that document the 60% design was to be submitted on September 30,  
2 2022. (See Attachment SAB-8, AECOM Phase 2 Design Services Project Schedule)

3 **Q: Has AECOM completed the 60% engineering design deliverable?**

4 A: According to Evansville's response to OUCC DR 1-2, dated October 14, 2022, the 60%  
5 design deliverable was not complete. At the time of the response, Evansville's  
6 anticipated delivery date was set for the middle of November and the 90% mark is set for  
7 the Spring of 2023. (See Attachment SAB-9)

8 **Q: Is a 60% design deliverable necessary to so that the GESC Provider (Kokosing) and**  
9 **Evansville can initiate negotiations on the GESC Guaranteed Maximum Price?**

10 A: According to the AECOM Agreement, AECOM's "60% Documents will be utilized to  
11 lock in the selected Contractor's Guaranteed Maximum Price." (AECOM Agreement, p.  
12 12) Therefore, without the 60% design deliverable from AECOM, Evansville will be  
13 unable to determine a Guaranteed Maximum Price ("GMP") pursuant to the GESC.

14 **Q: When will Evansville be entering into the GESC to establish the GMP?**

15 A: According to the Phase 2 Design Service Project Schedule in the AECOM Agreement,  
16 once the 60% design has been submitted, Evansville will have 10 days to review and  
17 comment. Subsequently, the "Contractor Pricing / GMP Pricing and Review" will be  
18 completed 45 days after Evansville's review and comment. Therefore, due to Evansville  
19 not yet being in possession of AECOM's 60% design as of its response to OUCC DR 1-  
20 2, it appears that the guaranteed maximum price will not be determined until sometime in  
21 2023.

22 **Q: Would AECOM's 60% design deliverable have assisted the OUCC to evaluate the**  
23 **prudence and reasonableness of the proposed modifications to the water treatment**  
24 **plant design and resulting increased cost estimates?**

25 A: Yes. This lack of evidence is exactly the kind of absence of support the Commission

1 addressed in its final order in Cause No. 45545. In that case, the Commission stated that  
2 “we believe the extensive discovery in this case could have been minimized if Petitioner  
3 had provided the necessary information and supporting documentation relied upon in  
4 developing its case-in-chief with its filing in this Cause.”

**V. RECOMMENDATIONS**

5 **Q: What are your recommendations?**

6 A: I recommend that Evansville not be permitted to issue any debt associated with the  
7 Residuals Management Facility until a determination has been made by IDEM regarding  
8 Evansville's requested Individual Variance for Mercury.

9 **Q: Does this conclude your testimony?**

10 A: Yes.

**APPENDIX A**

1 **Q: Please describe your educational background and experience.**

2 A: I have a Bachelor of Science degree in Industrial Management, with a minor in Industrial  
3 Engineering from Purdue University. I began working for the Indiana Utility Regulatory  
4 Commission ("Commission") in 1988 as a Staff Engineer. In 1990, I transferred to the  
5 OUCC at the time of the reorganization of the Commission and the OUCC. In 1999, I  
6 was promoted to the position of Assistant Director and in 2005 I was promoted to the  
7 position of Director of the Water / Wastewater Division. During my term as Director, I  
8 have served on the Water Shortage Task Force, created by SEA 369 in the 2006 General  
9 Assembly and the Water Resources Task Force, created by HEA 1224 in the 2009  
10 General Assembly. I am a member of the American Water Works Association  
11 ("AWWA") and have attended numerous utility related seminars and workshops  
12 including the Western Utility Rate Seminar sponsored by the National Association of  
13 Regulatory Utility Commissioners ("NARUC"). I also completed additional coursework  
14 regarding water and wastewater treatment at Indiana University-Purdue University at  
15 Indianapolis ("IUPUI").

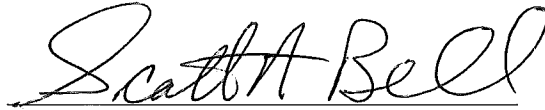
16 **Q: Have you previously testified before the Commission?**

17 A: Yes. I have testified in many causes relating to telecommunications, natural gas, electric,  
18 water, and wastewater utilities. During the past twenty-two (22) years, I have testified  
19 exclusively on water and wastewater utility issues. Some of those issues included the  
20 reasonableness of cost of service studies, rate design, fair value, Replacement Cost New  
21 Less Depreciation ("RCNLD") studies, engineering-related operation and maintenance  
22 expenses, capital improvement projects, non-revenue water and water conservation.



**AFFIRMATION**

I affirm the representations I made in the foregoing testimony are true to the best of my knowledge, information, and belief.

A handwritten signature in black ink that reads "Scott A. Bell". The signature is written in a cursive style with a horizontal line underneath it.

By: Scott A. Bell  
Cause No. 45545 S1  
Office of Utility Consumer Counselor (OUCC)

Date: November 18, 2022

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**

<b>PETITION OF THE CITY OF EVANSVILLE,</b>	)	
<b>INDIANA, FOR AUTHORITY TO ISSUE</b>	)	
<b>BONDS, NOTES, OR OTHER OBLIGATIONS,</b>	)	
<b>FOR AUTHORITY TO INCREASE ITS RATES</b>	)	<b>CAUSE NO. 45545</b>
<b>AND CHARGES FOR WATER SERVICE, AND</b>	)	
<b>FOR APPROVAL OF NEW SCHEDULES OF</b>	)	
<b>WATER RATES AND CHARGES.</b>	)	

**OUCC’s OBJECTION TO PETITIONER’S DEBT TRUE-UP REPORT**

Pursuant to Subsection 7.C. of the Commission’s final order in Cause No. 45545, Petitioner was required to file a true-up report within 30 days of the closing of each of its long-term debt issuances as authorized in the order “explaining the terms of the new loan, the amount of debt service reserve, and an itemized account of issuances costs, along with a revised tariff, amortization, and rate impact.” (Order, p.33.) The Indiana Office of Utility Consumer Counselor (“OUCC”) was authorized to respond to the true-up report and challenge the true-up within 14 days of the filing of the true-up. A revised tariff and a true-up report consisting of 15-pages, with a cover page dated July 1, 2022, from Baker Tilly Municipal Advisors, was filed with the Commission on July 8, 2022. It is not indicated on the document itself whether the OUCC had been provided a copy of the true-up report. On July 26, 2022, the OUCC requested leave to file its response to the true-up report on August 5, 2022, to which request Petitioner did not object. The OUCC now states the following:

1. In this Cause, among other things, the OUCC disagreed with the amount of long-term debt Petitioner proposed to borrow. Evansville’s petition in Cause No. 45545 indicated it proposed to borrow \$260,000,000. However, in its rebuttal case Evansville proposed it be

permitted to borrow \$235,705,000 on estimated projects costs of \$220,229,000. The OUCC filed its case and recommended Evansville be permitted to borrow \$167,000,000. Ultimately, the Commission authorized Evansville to borrow \$225,062,000 with such borrowing split between an open market bond of \$53,447,000 and an SRF bond of \$171,615,000. The Commission granted Evansville a certificate of authority “to issue additional long-term debt in one or more issues to the SRF or pursuant to competitive sale or private placement at or below competitive market rates and in principle amount not to exceed \$225,062,000 million.” (Order, p. 35, emphasis added.)

2. Notwithstanding the Commission’s directive to secure debt at or below competitive market rates, Evansville’s True-Up Report shows its June 9, 2022 debt issuance resulted in a net interest cost of 5%<sup>1</sup> on a par amount of \$52,550,000 (an above market yield) generating a “reoffering premium”<sup>2</sup> of \$3,996,772 for a total funds procured by the borrowing of \$56,546,772 at an effective yield of 3.41%.<sup>3</sup> The annual coupon Evansville offered to pay in its debt issuance exceeds the market yields at the time of issuance<sup>4</sup>, and, with the premium, the total effective borrowing is materially more than the amount of funds for which Evansville was authorized to enter into long-term debt. As the Commission’s grant of authority to Evansville was made with the requirement that the bonds be issued “at or below competitive market rates,” by issuing debt at coupon rates well in excess of the prevailing market rates, Evansville’s debt issuance did not conform to this requirement.

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1 A small amount of the financing had an assigned coupon rate of 4.25%, specifically the portions maturing on January 1, 2048, July 1, 2048, and January 1, 2049. These total to \$6.83 million principal payments.

2 A “reoffering premium” of \$3,996,773 were additional funds generated by the borrowing above the par value based on Evansville’s offered coupon rates.

3 The OUCC calculated the 3.41% as the *effective yield*, but this amount does not appear in the true-up report.

4 While market interest rates rose from the date of the Final Order in this Cause, they did not rise to the level Evansville chose to offer in order to secure its premium.

3. The effect of Evansville's decision to issue its bonds at above market coupon rates in order to secure a premium in excess of the \$53,447,000 open market borrowing that the Commission authorized is that it imposes a rate burden on its customers in excess of what the Commission approved when it authorized Evansville's borrowing. The ratepayers should not be responsible for a debt burden greater than what would have been caused by a borrowing of \$53,447,000 principal at a market yield of 3.41%. Evansville has burdened its ratepayers with the equivalent of an additional \$3,099,772 of debt at market rates.<sup>5</sup> This burden will be experienced when the entire debt service expense Evansville chose to incur will finally be reflected in Evansville's rates and will continue for almost three decades, expiring in 2049.<sup>6</sup> Through Indiana Code 8-1-2-0.5 the Indiana General Assembly declared that "it is the continuing policy of the state, in cooperation with local governments and other concerned public and private organizations, to use all practicable means and measures, including financial and technical assistance, in a manner calculated to create and maintain conditions under which utilities plan for and invest in infrastructure necessary for operation and maintenance while protecting the affordability of utility services for present and future generations of Indiana citizens." The foregoing provision encourages the Commission to balance the need for infrastructure improvements with the current and long-term effect on rates. And the Commission presumably did so in its deliberations resulting in the specific financing authority it granted in its final order in Cause No. 45545. Evansville's borrowing effectively upends the Commission's balancing of Evansville's infrastructure needs with maintaining the long-term affordability of its rates.

---

<sup>5</sup> In essence, mathematically, borrowing a total of \$56,546,722 at 3.41% is equivalent to borrowing \$52,550,000 at 5% (and 4.25% for a small portion).

<sup>6</sup> A small amount of that burden will be experienced immediately due to a higher debt service reserve requirement as well.

4. Evansville may have technically limited itself to borrowing the *par amount* identified in the Commission’s order, but it did so by not complying with the requirement that the debt be issued “at or below competitive market rates.” The substantial premium Evansville secured depended on this deviation. In the many financing authorization requests the Commission has reviewed, the OUCC submits that it is well understood that the *authorization* to be addressed concerns *the total funds* borrowed - not the par value, principal amount, or some other technical construct. It is also certainly understood in financing cases that “interest rate” refers to the yield, and not the coupon rate. Nothing in the case suggested Evansville intended to secure a premium on top of the \$53,447,000 principle amount the Commission authorized Evansville to borrow.

5. The decision-making process Evansville employed to make its decision to borrow more funds through a higher than market coupon rate is not transparent. Evansville’s authorized borrowing came with the requirement that Evansville explain the terms of the new loan in its true-up. Nowhere in Evansville’s True-up report does it explain with any narrative that it departed from the requirement that it secure the interest rates that are at or below market rates. Evansville’s True-Up Report merely shows through tables that Evansville received a \$3,996,772 cash premium on its debt doubtless because of its decision to issue at coupon rates of 5%. Things not identified include the reason for bond insurance costs, which were not provided for in the order, and an explanation how it affected the setting of interest rates. Also unclear is how Evansville determined or calculated its new debt service reserve requirement. The order also required Evansville to provide as part of this true-up an “itemized account of issuance costs.”<sup>7</sup> However, Evansville’s true-up report merely listed the *total* charge of \$601,768 for “Allowance for legal, bond counsel,

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<sup>7</sup> Order, page 33, Paragraph 7.C “Debt-Service True-Up Report”.

financial advisory, bond issuance costs, general project contingencies and rounding;” merely noted an underwriter’s discount of \$197,063; and merely stated bond insurance costs of \$135,272.

WHEREFORE, the OUCC objects to Evansville’s True-Up Report and request that the Commission require Evansville to: (1) provide an itemized account of issuance costs; (2) prepare an analysis supporting the prudence of the bond insurance costs; and (3) reduce the debt authorization outstanding for the SRF bond issuance by \$3,099,772 to a new total of \$168,515,228. If Evansville believes the total debt authority must be raised due to higher capitalized interest expenses, it should address this concern by filing an appropriate request with the Commission.

Respectfully submitted,



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Daniel M. Le Vay, Attorney No. 22184-49  
Deputy Consumer Counselor  
**OFFICE OF UTILITY CONSUMER COUNSELOR**  
115 W. Washington St. Suite 1500 South  
Indianapolis, IN 46204  
Email: [dlevay@oucc.in.gov](mailto:dlevay@oucc.in.gov)  
[infomgt@oucc.in.gov](mailto:infomgt@oucc.in.gov)

**CERTIFICATE OF SERVICE**

This is to certify that a copy of the foregoing *OUCG's Objection to Petitioner's Debt True-Up Report* has been served upon the following counsel of record in the captioned proceeding by electronic service on August 5, 2022.

Nicholas K. Kile  
Hillary J. Close  
Lauren M. Box  
**BARNES & THORNBURG LLP**  
11 South Meridian Street  
Indianapolis, Indiana 46204  
Email: [nicholas.kile@btlaw.com](mailto:nicholas.kile@btlaw.com)  
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Daniel M. Le Vay  
Deputy Consumer Counselor

**INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR**  
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317/232-2494 – Phone  
317/232-5923 – Facsimile

**OUCS DR 2-2**

**DATA REQUEST  
City of Evansville**

**Cause No. 45545 S1**

**Information Requested:**

Please reference p. 36 of the Commission's order for Cause 45545, ordering section 8, please provide the minutes, agenda and attendance list for any meetings that took place pursuant to this section of the order.

**Objection:**

Petitioner objects to this request on the grounds and to the extent that the request seeks information which is irrelevant to this proceeding and not reasonably calculated to lead to the discovery of admissible evidence. The Commission's directive to schedule a meeting in Cause No. 45545 is irrelevant to the limited issues set forth in this subdocket proceeding.

**Information Provided:**

Subject to and without waiver of the foregoing objection, Petitioner responds as follows:

Per the Commission's directive in Cause No. 45545, Petitioner contacted Curt Gassert, Director, Water and Wastewater Division, on April 4, 2022 to schedule a meeting to discuss possible improvements to Petitioner's future filing in an effort to allow for more efficient processing of Petitioner's relief. Petitioner and the Commission communicated back and forth regarding potential dates for the meeting and the parties identified dates in late July or early August 2022 for the meeting.

During this time Evansville, like most utilities in the state, began experiencing significantly higher construction costs for a number of its capital projects due to the unprecedented inflationary and supply chain pressures currently present in the market. As a result, Evansville and its consultants grew concerned that the level of financing authority approved in Cause No. 45545 may not be sufficient to build its new Water Treatment Plant.

*(Continued on next page)*



OUCG DR 2-2  
*(Continued from previous page)*

As a result of these new developments and before the parties agreed to a final date for the Commission meeting, Evansville contacted Mr. Gassert on May 12, 2022 to indicate that there were new developments related to Petitioner's requested relief in Cause No. 45545 and requested a call with Mr. Gassert to discuss these new developments. Petitioner and Mr. Gassert attended a Zoom call on Monday, May 16, to discuss the additional developments. On that call, Petitioner informed Mr. Gassert that Petitioner would likely need to file a request for additional financing authority due to the increased construction costs. Mr. Gassert indicated that other utilities were experiencing the same cost increases and suggested that Petitioner consider requesting a subdocket, as this is the process other utilities in the State had used to address this issue.

Petitioner also informed Mr. Gassert on the call that due to the need to file an additional financing request, Evansville had concerns with scheduling the Commission meeting when there was a potential that Petitioner could have a pending case before the Commission. Mr. Gassert indicated there was no immediate rush to hold the meeting and that Evansville could wait to schedule the meeting until Evansville's request for additional financing was concluded.

Please see attached communications between Petitioner's legal counsel and Mr. Curt Gassert summarizing the May 16, 2022 call between the parties and confirming the parties' determination to hold off on scheduling the meeting until a later date.

**Attachment:**

OUCG DR 2-2.pdf

## Cloud, Judy

---

**From:** Gassert, Curt <cgassert@urc.IN.gov>  
**Sent:** Wednesday, May 18, 2022 3:04 PM  
**To:** Box, Lauren  
**Cc:** Kile, Nicholas; Baldessari, Doug  
**Subject:** [EXTERNAL]RE: City of Evansville - Cause No. 45545

Lauren, thanks for your email. I agree with narrative you provided. I would add that if we review the evidence filed in the subdocket and determine there is no overlap with the evidence we plan to discuss from Cause No. 45545, perhaps we will reach out to schedule the meeting before the subdocket is complete. Before doing so, we will consult with our General Counsel and ALJ. Thanks, Curt.

---

**From:** Box, Lauren <Lauren.Box@btlaw.com>  
**Sent:** Wednesday, May 18, 2022 2:18 PM  
**To:** Gassert, Curt <cgassert@urc.IN.gov>  
**Cc:** Kile, Nicholas <Nicholas.Kile@btlaw.com>; Baldessari, Doug <Doug.Baldessari@bakertilly.com>  
**Subject:** City of Evansville - Cause No. 45545

**\*\*\*\* This is an EXTERNAL email. Exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email. \*\*\*\***

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Curt,

Thanks again for the time Monday afternoon (5/16) to discuss the City of Evansville's most recent rate case. As we discussed, due to the increased construction costs Evansville is experiencing, Evansville is concerned that the level of financing authority approved in Cause No. 45545 may not be sufficient to build its new Water Treatment Plant. Thus, the City is planning to file a request for additional financing authority with the Commission, so as not to delay closing on the bonds later this year. You indicated other utilities are experiencing these same cost increases and we may want to consider requesting a subdocket, as this is the process other utilities have used to address this issue.

Further, the Commission's Order in Cause No. 45545 directed the City to contact the Commission's Water/Wastewater Division to schedule a meeting to discuss possible improvements to Petitioner's future filing in an effort to allow for more efficient processing of Petitioner's requested relief. Order, at p. 35. As we also discussed Monday afternoon, the City has concerns with scheduling this meeting when it has a pending case before the Commission. You indicated there is no immediate rush to hold the meeting, and we can wait to schedule the meeting until Evansville's request for additional financing is concluded.

If you have any questions or clarifications to this e-mail, please let me know. Thanks!

Lauren

**Lauren M. Box** | Associate  
Barnes & Thornburg LLP  
11 South Meridian Street, Indianapolis, IN 46204-3535  
Direct: (317) 231-7289 | Mobile: (317) 590-2455 | Fax: (317) 231-7433



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**OUCG DR 2-9**

**DATA REQUEST  
City of Evansville**

**Cause No. 45545 S1**

**Information Requested:**

Please state an expected date of closing for SRF and/or WIFIA or SWIFIA borrowings for the water treatment plant.

**Information Provided:**

Petitioner does not have an exact date for the closing on the water treatment plant financing at this time. It is currently anticipated the financing would occur in July 2023.

**OUCC DR 3-14**

**DATA REQUEST  
City of Evansville**

**Cause No. 45545 S1**

**Information Requested:**

Please provide copies of all communications with IDEM since December 1, 2019, regarding the mercury variance including Evansville's request to renew the variance.

**Objection:**

Petitioner objects to the request on the grounds and to the extent the request seeks information which is irrelevant to this proceeding and not reasonably calculated to lead to the discovery of admissible evidence. The information requested is irrelevant to the limited issues set forth in this subdocket proceeding.

**Information Provided:**

Subject to and without waiver of the foregoing objection, Petitioner responds as follows:

Petitioner prefaces its answer by reminding why Petitioner has sought an increase in financing authority at this time. As explained in Petitioner's Exhibit No. 1, the United States economy has experienced sustained inflation at levels not seen in over two generations. This historic inflation was not anticipated at the time of the evidentiary hearing in the main docket and thus was not reflected in the earlier cost estimates. Any reasonable engineer or economist would know that the earlier estimates will be insufficient. In addition, we are currently in an environment of rapidly rising interest rates. The worst possible outcome for Evansville customers would be to wait until after the project has been completely designed before seeking additional financing authority. This would delay the closing the bond issue, which, in this environment of rising interest rates, would be imprudent if not reckless. Evansville is doing everything in its power to avoid that outcome. If Evansville must wait for additional financing authority to close, it will not be

*(Continued on next page)*

OUCC DR 3-14  
*(Continued from previous page)*

because Evansville made that choice but because it was forced to do so. Evansville would under such circumstances compute the effect on customer rates from any increase in interest rates resulting from such a delay and would inform Evansville customers who caused that increase.

The only components of Evansville's request for additional financing authority that are driven by further engineering of the project are the deeper auger cast piles; environmental investigation identifying heavy metals in the soil; the river intake carbon steel piping and associated river intake costs; undercover basins; and depth of filter beds allowing for future PFAS treatment. No further changes in the estimate are proposed based upon further engineering. For any questions related to engineering components beyond these identified categories, please see the extensive evidence and discovery shared in Cause No. 45545. As indicated, before Petitioner closes on its bond issuance, engineering will have been completed. Hopefully the additional authority requested herein will allow a prompt closing on the bonds at that point.


This information is not relevant to the limited issues set forth in this subdocket proceeding.

## RE: City of Evansville - Application for an Individual Variance of the Indiana Water Quality Standards for Mercury

Klein, Alyce <AKlein@idem.IN.gov>

Thu 11/3/2022 9:23 AM

To: Bell, Scott <sbell@oucc.IN.gov>

 1 attachments (175 KB)

Evansville Agreed Order Progress Reports July 2021 - October 2022.pdf;

Good morning, Mr. Bell,

We are still waiting for Evansville to submit an updated application for the individual variance for Mercury, so we have not been able to even begin making a determination on the variance.

Evansville has submitted updates per their Agreed Order every three months; I've attached those emails as a PDF.

We've actually not received the evaluation described in Part I.D. of their permit, which we should have received in March 2022 and should be receiving another one next month. It looks like the Agreed Order update they sent in April of 2022 got mistakenly logged as their update required per Part I.D. of their permit. I've reached out to Evansville to see if they wrote one, and it just got missed, and will let you know when I hear back from them.

In the meantime, please don't hesitate to let me know if you have any additional questions.

Sincerely,

Alyce

----



Indiana Department of  
Environmental Management

**Alyce Klein**

*Technical Environmental Specialist*  
*Office of Water Quality – Permits Branch*  
• (317) 233-6728 • [aklein@idem.IN.gov](mailto:aklein@idem.IN.gov)

*Protecting Hoosiers and Our Environment*



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---

**From:** Bell, Scott <sbell@oucc.IN.gov>

**Sent:** Tuesday, November 1, 2022 4:01 PM

**To:** Klein, Alyce <AKlein@idem.IN.gov>

**Subject:** City of Evansville - Application for an Individual Variance of the Indiana Water Quality Standards for Mercury

Ms. Klein:

My name is Scott Bell, and I am the Director of the Water/Wastewater Division for the Indiana Office of Utility Consumer Counselor (OUCC). We are in the process of reviewing the City of Evansville's request to increase its borrowing authority in a case (Cause No. 45545-S1) before the Indiana Utility Regulatory Commission (IURC). While reviewing Evansville's request to increase its rates and charges in IURC Cause No. 45545, we became aware that in 2016 Evansville had completed an application for an Individual Variance of the Indiana Water Quality Standards for Mercury. We understand that Evansville's NPDES Permit No. IN0043117 became effective on July 1, 2021, which included a "Schedule of Compliance for Mercury" in Part I.D of the permit. The OUCC would like to know whether a final determination has been made on Evansville's mercury variance submittal. If a final determination has not been made, we would like to obtain copies of all documents the City of Evansville has provided to IDEM in compliance with Part 1.D (Schedule of Compliance for Mercury) of Evansville's NPDES Permit No. IN0043117.

We would appreciate your providing copies of those items to us at your earliest convenience. If there is any difficulty in providing those to us, or you have any questions, I would appreciate your contacting me at this email or calling me at 317-233-1084 . Thank you for your assistance.

Scott



**Scott Bell**  
**Director, Water/Wastewater Division**  
**Indiana Office of Utility Consumer Counselor**  
115 West Washington Street, Suite 1500 South  
Indianapolis, Indiana 46204  
[www.IN.gov/OUCC](http://www.IN.gov/OUCC)  
317.233.1084 • [sbell@oucc.IN.gov](mailto:sbell@oucc.IN.gov)

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**From:** [Merrick, Jeff](#)  
**To:** [Klein, Alyce](#); [Dittmer, Jerry](#); [Gardner, Nicole](#); [Gavin, Brad](#); [Alberts, Sierra](#); [Chaddock, Grant](#)  
**Cc:** [Young, Lane T](#); [Kolb, Kevin](#); [Glover, Rick](#); [Lawson, Harry](#); [Erika K. Powers - Barnes & Thornburg LLP \(erika.powers@btlaw.com\)](#); [Montgomery, Matthew](#); [Cottom, Cris](#); [Robin Richards](#); [Krinks, John](#)  
**Subject:** NOTICE: Evansville Water & Sewer Utility Agreed Order 2020-26934, Progress Report, October 2022  
**Date:** Friday, October 7, 2022 10:11:57 AM  
**Importance:** High

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Hello,

Please accept this notice as the written progress report for October 2022. Since the last progress update in July 2022, EWSU and its design team have continued to progress related to the new water treatment plant and associated residuals disposal requirements. Major activities of the last three months include the following:

1. Construction of the new street maintenance department began to prepare for the relocation and demolition of the existing maintenance building on the new water plant site.
2. EWSU negotiated with the Evansville Levee Authority to move their offices from the water plant property.
3. The design team and GESC Contractor continued to advance the design of the new treatment plant, with a 60% deliverable anticipated in early November.
4. EWSU updated the SRF Funding application to account for construction market conditions and plans to close the loan in July 2023.

If this delivery method is not acceptable and you would like a signed progress report mailed to you, I will oblige upon your request.

Don't hesitate to contact me if you have any questions.

Regards,

***Jeff Merrick***

Director, Regulatory Compliance and Lab Operations  
Evansville Water & Sewer Utility  
1500 Waterworks Road  
Evansville, IN 47713  
TEL: 812.436.7858  
FAX: 812.428.6941  
[jmerrick@ewsu.com](mailto:jmerrick@ewsu.com)  
[www.ewsu.com](http://www.ewsu.com)

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**From:** Merrick, Jeff

**Sent:** Friday, July 8, 2022 2:13 PM

**To:** Klein, Alyce <AKlein@idem.IN.gov>; jdittmer@idem.IN.gov; Gardner, Nicole <ngardner@idem.IN.gov>; bgavin@idem.IN.gov; 'Alberts, Sierra' <SAlberts@idem.IN.gov>; Chaddock, Grant <GChaddoc@idem.IN.gov>

**Cc:** Lane T Young <ltyoung@ewsu.com>; Kevin Kolb (KJKolb@ewsu.com) <KJKolb@ewsu.com>; Glover, Rick <rglover@ewsu.com>; Lawson, Harry <hlawson@ewsu.com>; Erika K. Powers - Barnes & Thornburg LLP (erika.powers@btlaw.com) <erika.powers@btlaw.com>; Montgomery, Matthew <mmontgomery@ewsu.com>; Cottom, Cris <jcottom@ewsu.com>; Robin Richards <rrichards@ramboll.com>

**Subject:** NOTICE: Evansville Water & Sewer Utility Agreed Order 2020-26934, Progress Report, July 2022

**Importance:** High

Hello,

Please accept this notice as the written progress report for July 2022. Since the last progress update in April 2022, EWSU and its design team have continued to progress related to the new water treatment plant and associated residuals disposal requirements. Major activities of the last three months include the following:

- EWSU approved phase two design services, and the plant has been advancing to a 60% design level since May 2022.
- EWSU advertised and issued an RFP for a Guaranteed Energy Savings Contract (GESC) to deliver water plant construction.
- EWSU received and reviewed three GESC proposals and selected Kokosing Industrial as the GESC contractor.
- EWSU, AECOM, Ramboll, and Barnes & Thornburg met with IDEM to discuss mercury compliance issues – continuation of variance versus residual treatment.

If this delivery method is not acceptable and you would like a signed progress report mailed to you, I will oblige upon your request.

Don't hesitate to contact me if you have any questions.

Regards,

**Jeff Merrick**

Director, Regulatory Compliance and Lab Operations  
Evansville Water & Sewer Utility  
1500 Waterworks Road

Evansville, IN 47713  
TEL: 812.436.7858  
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**From:** Merrick, Jeff <>  
**Sent:** Wednesday, April 6, 2022 2:56 PM  
**To:** Klein, Alyce <[AKlein@idem.IN.gov](mailto:AKlein@idem.IN.gov)>; [jdittmer@idem.IN.gov](mailto:jdittmer@idem.IN.gov); Gardner, Nicole <[ngardner@idem.IN.gov](mailto:ngardner@idem.IN.gov)>; [bgavin@idem.IN.gov](mailto:bgavin@idem.IN.gov); 'Alberts, Sierra' <[SAberts@idem.IN.gov](mailto:SAberts@idem.IN.gov)>; Chaddock, Grant <[GChaddoc@idem.IN.gov](mailto:GChaddoc@idem.IN.gov)>  
**Cc:** Lane T Young <[lyoung@ewsu.com](mailto:lyoung@ewsu.com)>; Kevin Kolb ([KJKolb@ewsu.com](mailto:KJKolb@ewsu.com)) <[KJKolb@ewsu.com](mailto:KJKolb@ewsu.com)>; Glover, Rick <[rglover@ewsu.com](mailto:rglover@ewsu.com)>; Lawson, Harry <[hlawson@ewsu.com](mailto:hlawson@ewsu.com)>; Erika K. Powers - Barnes & Thornburg LLP ([erika.powers@btlaw.com](mailto:erika.powers@btlaw.com)) <[erika.powers@btlaw.com](mailto:erika.powers@btlaw.com)>; Montgomery, Matthew <[mmontgomery@ewsu.com](mailto:mmontgomery@ewsu.com)>; Cottom, Cris <[jcottom@ewsu.com](mailto:jcottom@ewsu.com)>  
**Subject:** NOTICE: Evansville Water & Sewer Utility Agreed Order 2020-26934, Progress Report, April 2022  
**Importance:** High

Hello,

Please accept this notice as the written progress report for April 10, 2022. Since the last progress update in January 2022, EWSU and its design team have continued to progress towards the new water treatment plant and associated residuals disposal requirements. Major activities of the last three months include the following:

- The IURC approved the rate case in March.
- AECOM and EWSU continued to progress with value engineering ideas identified in the VE workshop last quarter.
- EWSU has continued to advance the relocation of the maintenance building to prepare the site for plant construction.
- AECOM and sub-consultants prepared the phase 2 scope of services and fee to continue design beyond 30%, which is anticipated to be approved by EWSU in an upcoming April board meeting.
- AECOM prepared an advertisement and RFP document to solicit guaranteed energy savings contractors to perform the plant construction.

Would you please not hesitate to contact me if you have any comments or questions?

Regards,

**Jeff Merrick**

Director, Regulatory Compliance and Lab Operations  
Evansville Water & Sewer Utility  
1500 Waterworks Road  
Evansville, IN 47713  
TEL: 812.436.7858  
FAX: 812.428.6941  
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**From:** Merrick, Jeff

**Sent:** Monday, January 10, 2022 1:33 PM

**To:** 'Klein, Alyce' <[AKlein@idem.IN.gov](mailto:AKlein@idem.IN.gov)>; 'jdittmer@idem.IN.gov' <[jdittmer@idem.IN.gov](mailto:jdittmer@idem.IN.gov)>; 'Gardner, Nicole' <[ngardner@idem.IN.gov](mailto:ngardner@idem.IN.gov)>; 'bgavin@idem.IN.gov' <[bgavin@idem.IN.gov](mailto:bgavin@idem.IN.gov)>; 'Alberts, Sierra' <[SAlberts@idem.IN.gov](mailto:SAlberts@idem.IN.gov)>; 'Chaddock, Grant' <[GChaddoc@idem.IN.gov](mailto:GChaddoc@idem.IN.gov)>

**Cc:** Lane T Young <[lyoung@ewsu.com](mailto:lyoung@ewsu.com)>; Kevin Kolb (<[KJKolb@ewsu.com](mailto:KJKolb@ewsu.com)> <[KJKolb@ewsu.com](mailto:KJKolb@ewsu.com)>); Glover, Rick <[rglover@ewsu.com](mailto:rglover@ewsu.com)>; Lawson, Harry <[hlawson@ewsu.com](mailto:hlawson@ewsu.com)>; Erika K. Powers - Barnes & Thornburg LLP (<[erika.powers@btlaw.com](mailto:erika.powers@btlaw.com)> <[erika.powers@btlaw.com](mailto:erika.powers@btlaw.com)>); Montgomery, Matthew <[mmontgomery@ewsu.com](mailto:mmontgomery@ewsu.com)>; Cottom, Cris <[jcottom@ewsu.com](mailto:jcottom@ewsu.com)>

**Subject:** NOTICE: Evansville Water & Sewer Utility Agreed Order 2020-26934, Progress Report, January 2022

**Importance:** High

Hello,

Please accept this notice as the written progress report due January 2022. Since the last progress update in October 2021, EWSU and its design team have continued to progress towards the new water treatment plant and associated residuals disposal requirements. Major activities of the last three months include the following:

- EWSU and AECOM prepared to participate in the final OUCC hearing and provided testimony.
- AECOM and EWSU arranged and conducted a value engineering session for the proposed improvements with seven (7) independent engineering consulting firms and general contractors. In addition, AECOM prepared a report indicating which of the proposed value engineering ideas should be included.

- EWSU has continued to advance the relocation of the maintenance building to prepare the site for plant construction.
- AECOM is preparing an RFP document to solicit design-build contractors for the upcoming construction of the new plant. AECOM is also preparing a scope for the final design of the plant beyond the current 30% phase.

Would you please not hesitate to contact me if you have any comments or questions?

Regards,

**Jeff Merrick**

Director, Regulatory Compliance and Lab Operations  
Evansville Water & Sewer Utility  
1500 Waterworks Road  
Evansville, IN 47713  
TEL: 812.436.7858  
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**From:** Merrick, Jeff

**Sent:** Wednesday, October 13, 2021 7:05 AM

**To:** 'Klein, Alyce' <[AKlein@idem.IN.gov](mailto:AKlein@idem.IN.gov)>; 'jdittmer@idem.IN.gov' <[jdittmer@idem.IN.gov](mailto:jdittmer@idem.IN.gov)>; 'Gardner, Nicole' <[ngardner@idem.IN.gov](mailto:ngardner@idem.IN.gov)>; 'bgavin@idem.IN.gov' <[bgavin@idem.IN.gov](mailto:bgavin@idem.IN.gov)>; 'Alberts, Sierra' <[SAlberts@idem.IN.gov](mailto:SAlberts@idem.IN.gov)>; 'Chaddock, Grant' <[GChaddoc@idem.IN.gov](mailto:GChaddoc@idem.IN.gov)>

**Cc:** Lane T Young <[lyoung@ewsu.com](mailto:lyoung@ewsu.com)>; Kevin Kolb ([KJKolb@ewsu.com](mailto:KJKolb@ewsu.com)) <[KJKolb@ewsu.com](mailto:KJKolb@ewsu.com)>; Glover, Rick <[rglover@ewsu.com](mailto:rglover@ewsu.com)>; Lawson, Harry <[hlawson@ewsu.com](mailto:hlawson@ewsu.com)>; Erika K. Powers - Barnes & Thornburg LLP ([erika.powers@btlaw.com](mailto:erika.powers@btlaw.com)) <[erika.powers@btlaw.com](mailto:erika.powers@btlaw.com)>; Eric L. Foster <[efoster@ramboll.com](mailto:efoster@ramboll.com)>; Robin Richards <[rrichards@ramboll.com](mailto:rrichards@ramboll.com)>; Jackie Backus <[jbackus@ramboll.com](mailto:jbackus@ramboll.com)>; Labitzke, Michael <[MLabitzke@ewsu.com](mailto:MLabitzke@ewsu.com)>; Montgomery, Matthew <[mmontgomery@ewsu.com](mailto:mmontgomery@ewsu.com)>; Cottom, Cris <[jcottom@ewsu.com](mailto:jcottom@ewsu.com)>; 'Krinks, John' <[john.krinks@aecom.com](mailto:john.krinks@aecom.com)>

**Subject:** NOTICE: Evansville Water & Sewer Utility Agreed Order 2020-26934, Progress Report, October 2021

**Importance:** High

Hello,

Please accept this notice as the written progress report due October 2021.

Since the last progress update in July 2021, EWSU and its design team have continued to progress towards the new water treatment plant and associated residuals disposal requirements.

Major activities of the last three months include the following:

- AECOM submitted 30% plans and basis of design report to EWSU on August 13, 2021. If you want to see them, I can grant access via the EWSU document database.
- EWSU and AECOM are in the process of scheduling a value engineering workshop with consulting firms and construction contractors to review the 30% documents and identify potential cost saving strategies and advance the alternative delivery construction method. Tentative date for the meeting is October 15<sup>th</sup> or October 25<sup>th</sup>.
- EWSU and AECOM submitted additional responses to OUCC testimony in September relating to plant capacity and estimated costs.

Don't hesitate to get in touch with me if you have any questions.

Regards,

**Jeff Merrick**

Director, Regulatory Compliance and Lab Operations  
Evansville Water & Sewer Utility  
1500 Waterworks Road  
Evansville, IN 47713  
TEL: 812.436.7858  
FAX: 812.428.6941  
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**From:** Merrick, Jeff

**Sent:** Friday, July 9, 2021 10:14 AM

**To:** 'Klein, Alyce' <[AKlein@idem.IN.gov](mailto:AKlein@idem.IN.gov)>; 'jdittmer@idem.IN.gov' <[jdittmer@idem.IN.gov](mailto:jdittmer@idem.IN.gov)>; 'Gardner, Nicole' <[ngardner@idem.IN.gov](mailto:ngardner@idem.IN.gov)>; 'bgavin@idem.IN.gov' <[bgavin@idem.IN.gov](mailto:bgavin@idem.IN.gov)>; 'Alberts, Sierra' <[SAAlberts@idem.IN.gov](mailto:SAAlberts@idem.IN.gov)>; 'Chaddock, Grant' <[GChaddoc@idem.IN.gov](mailto:GChaddoc@idem.IN.gov)>

**Cc:** Lane T Young <[lyoung@ewsu.com](mailto:lyoung@ewsu.com)>; Kevin Kolb (<[KJKolb@ewsu.com](mailto:KJKolb@ewsu.com)> <[KJKolb@ewsu.com](mailto:KJKolb@ewsu.com)>); Glover, Rick (<[rglover@ewsu.com](mailto:rglover@ewsu.com)>); Lawson, Harry (<[hlawson@ewsu.com](mailto:hlawson@ewsu.com)>); Erika K. Powers - Barnes & Thornburg LLP (<[erika.powers@btlaw.com](mailto:erika.powers@btlaw.com)> <[erika.powers@btlaw.com](mailto:erika.powers@btlaw.com)>); 'Eric L. Foster' <[efoster@ramboll.com](mailto:efoster@ramboll.com)>; 'Robin Richards' <[rrichards@ramboll.com](mailto:rrichards@ramboll.com)>; 'Jackie Backus'

<[jbackus@ramboll.com](mailto:jbackus@ramboll.com)>; Labitzke, Michael <[MLabitzke@ewsu.com](mailto:MLabitzke@ewsu.com)>; Montgomery, Matthew <[mmontgomery@ewsu.com](mailto:mmontgomery@ewsu.com)>; Cottom, Cris <[jcottom@ewsu.com](mailto:jcottom@ewsu.com)>; 'Krinks, John' <[john.krinks@aecocom.com](mailto:john.krinks@aecocom.com)>

**Subject:** NOTICE: Evansville Water & Sewer Utility Agreed Order 2020-26934, Progress Report, July 2021

**Importance:** High

Hello,

Please accept this notice as the written progress report due July 2021.

Since the last progress update in April 2021, EWSU and their design team have continued to progress related to the new water treatment plant and associated residuals disposal requirements. Major activities of the last three months include the following:

- The EWSU Board of Directors held a public hearing on April 20 and approved the proposed water treatment plant improvements project.
- Direct engineering testimony was developed and submitted to the Indian OUCC describing the proposed water treatment plant design improvements.
- Written responses were provided to the Indiana OUCC to address subsequent testimony data requests.
- EWSU completed and submitted all required documentation for the SRF Funding Application in June.
- EWSU continues to work with the City street maintenance department to coordinate the relocation of the existing maintenance building and prepare the proposed site for construction of the new water treatment plant.

The design team has continued to advance the 30% drawings, and these are currently in the final QA/QC review phase with final submittal planned for this month. A copy of the basis of the design report is attached to this progress report. The following steps for this project include advancing the efforts to relocate the street maintenance building and beginning the RFP process to retain a contractor for the next design phase. This project is planned to be executed through a guaranteed maximum price alternative delivery method.

If this format is not acceptable and you would like a signed progress report mailed to you, I will oblige upon your request.

Don't hesitate to get in touch with me if you have any questions.

Regards,

**Jeff Merrick**

Director, Regulatory Compliance and Lab Operations  
Evansville Water & Sewer Utility  
1500 Waterworks Road

Evansville, IN 47713  
TEL: 812.436.7858  
FAX: 812.428.6941  
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[www.ewsu.com](http://www.ewsu.com)

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## ADDENDUM NO. 1

DATE: May 16, 2022  
PROJECT: Evansville New 50 MGD Water Filtration Plant  
OWNER: Evansville Water and Sewer Utility  
OWNER PROJECT #: U1032  
ENGINEER: AECOM  
TO: Prospective RRQ Respondents  
BIDS CLOSE: June 1, 2022 at 3:00 p.m., central standard time

### TO ALL RESPONDENTS ON THE ABOVE PROJECT:

All Respondents submitting a Statement of Qualifications on the above Contract shall carefully read this Addendum and give it full consideration in the preparation of their documents.

### CHANGES TO THE RFQ DOCUMENT

1. In the second paragraph of the RFQ, replace the words “One hard copy” with “Four hard copies” in this sentence. Note that an electronic copy is still required with the submission of four hard copies.

### RESPONDENT QUESTIONS AND ANSWERS

1. Who (CONTRACTOR, OWNER, OR ENGINEER) is ultimately responsible or at risk for compliance with the energy savings contract requirements?

**Answer:** Provider is referred to Indiana Code 36-1-12.5, specifically 36-1-12.5-11 which specifies the methodology for calculating energy savings. As stated, EWSU anticipates utilizing the stipulated savings model vs the measured savings. In addition to energy savings, if any, capital and O&M savings will be analyzed in support of the justification to utilize the GSC format. Ultimately, EWSU is looking to the GSC providers to outline how they plan to address the Guarantee Management as stated in the RFQ including any guarantees, if applicable, up to the 20-year period as outlined in IC 36-1-12.5.

2. Can an appendix be used for various attachments to the RFQ to not take away from page count?

**Answer:** EWSU will allow the following items to be included as an Appendix which will not take away from the total page count:

- a. Staff Resumes
- b. Indiana GESG certification documentation
- c. Financial Audit Information

3. How many 11x17 sheets can be included in the Statement of Qualifications?

**Answer:** The documents may contain up to five (5) 11x17 pages. Each 11x17 figures counts as 1 page of the 50-page limit.

4. Can contractors visit the project site or existing plant ahead of the RFQ due date?

**Answer:** EWSU will not be conducting any pre-response site visits. Contractors may drive near the area of the new site but no access to the existing water treatment plant will be given.

5. Please confirm that the contractor will not be responsible for design costs.

**Response:** The contractor is not responsible for covering design costs. However, they are expected to work with the design engineering team ahead of the GMP delivery to review plans, identify value engineering opportunities, and offer suggestions to improve the design as it relates to constructability, equipment access and maintenance requirements, etc.

6. We assume that design performance will not be the responsibility of the contractor. Is this correct?

**Answer:** The fully integrated design performance of the facility is not the sole responsibility of the contractor, provided the contractor constructs the facility correctly. However, most equipment will have “performance requirements” that are the responsibility of manufacturers and ultimately the contractor. Examples of performance requirements that will be identified in the specifications include a minimum transfer efficiency for the ozone equipment, hydraulic and power operating points which pumps must meet, etc.

7. We assume that this project is 100% funded by EWSU and that no funding will be provided by the contractor. Is this correct?

**Answer:** This is correct.

8. The energy savings contract is to be reconciled on a yearly basis over a 20-year period. Is there a penalty proposed for any performance under the guarantee? Is the designer or the contractor responsible for any penalties?

**Answer:** See response to question 1.

9. The RFP states that “Early Contractor Involvement before the Guaranteed Maximum Price is accepted shall be provided at no cost to the owner”. We assume this cost is for pre-construction efforts needed to coordinate with the design team and develop the Guaranteed Maximum Price. Can you please identify any additional other costs you expect that the contractor will incur?

**Answer:** The assumption is correct and further elaborated in the response to question 5. These efforts may involve meetings with the design engineering team, Owner, and/or equipment manufacturers, site visits, soliciting bids from and coordinating with subcontractors, etc. Tasks and associated costs beyond these types of activities associated with developing the GMP are not anticipated.

## ADDITIONAL INFORMATION FOR PROSPECTIVE RESPONDENTS

1. Talmadge Vick (W/MBE Reequipment Contact) provided his cell phone number during the pre-response meeting. This is (678) 508-4519.
2. The agenda from the pre-response meeting (with revisions noted in this addendum as applicable) is attached with this addendum.
3. The attendance sheet from the pre-response meeting is attached with this addendum.
4. For reference, more detail on proposal delivery instruction is attached with this addendum.

END OF ADDENDUM ITEMS

AECOM



John Krinks, P.E.

Attachments:

1. Pre-response meeting agenda
2. Pre-response meeting attendance sheet
3. Further instructions on delivery of the statement of qualifications

# Agenda

<b>Meeting name</b> RFQ Pre-Response Meeting	<b>Subject</b> Evansville New Water Filtration Plant (U1032) RFQ Pre-Response Meeting
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<b>Meeting date</b> May 12, 2022	<b>Time / Location</b> 2:00 PM CST / Virtual
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## 1.0 Attendance

1. Attendance will be verified via virtual meeting participant list.

## 2.0 Introduction

1. EWSU and AECOM team
2. Statement of Purpose
  - a. The purpose of this pre-response meeting is to give prospective RFQ respondents an opportunity to raise questions pertaining to the RFQ documents and for the Owner or representative of the Owner to clarify those points. Additionally, other features of the project may be brought to the attention of the prospective responders.
  - b. The RFQ Documents stand as issued. Nothing discussed during this meeting will change the intent of the RFQ Documents. Any potential modification discussed during this meeting will not become official unless issued in an Addendum to the RFQ.
3. Project Description
  - a. Guaranteed Energy Savings Contract:
    - i. General requirements are listed in the RFQ.
    - ii. Attempted contact by a provider proposing on this Project with anyone associated with EWSU other than the main contact may result in disqualification or rejection of the proposal.
  - b. Design is currently at a 20-30% level. Potential VE items are being incorporated moving into the next phase of design.
  - c. General scope is a new 50 MGD surface water treatment plant (WTP). The WTP will be constructed on a property adjacent to the existing WTP and east of Waterworks Road. The project generally includes replacement of the existing raw water screening and pumping equipment, new raw water pipelines to the project site, powder activated carbon storage and feed, sodium permanganate storage and feed, pre-treatment with flocculation and plate settler basins, ozone generation equipment and ozone contact basins, gravity filtration with biologically active dual media, clearwell disinfection and storage, high service pumping, chemical storage and feed facilities, process residuals handling and disposal systems, new administration building with offices, laboratories, maintenance garage, conference rooms, and other features and all ancillary sitework, utilities and roadway construction, process integration, electrical systems, etc.
4. Instructions to Providers
  - a. Responses will be accepted only from Providers prequalified as a Guaranteed Energy Savings Contract Provider by the State of Indiana.
  - b. RFQ Categories and Scoring Evaluation (100 total points) are noted in RFQ and below
    - i. Firm Overview and Qualifications (20 points maximum)

- ii. References (15 points maximum)
- iii. Technical Approach (20 points maximum)
- iv. Project Implementation (20 points maximum)
- v. Financial Approach (15 points maximum)
- vi. Guarantee Management (10 points maximum)

5. Project Schedule

- a. A tentative Guaranteed Energy Savings Contract Schedule is provided below:

RFQ Advertisement	<u>April 22 &amp; April 29, 2022</u>
Mandatory Pre-Response Meeting	May 12, 2022
Receive Responses from Providers	June 1, 2022
Notification of Interviews (if required)	June 8, 2022
Interviews (if required)	June 10, 2022
Selection of Most Qualified Provider (if no interviews conducted)	June 13, 2022
Early Contractor Involvement and Review of Design Documents	June 13, 2022 to June 21, 2022
Contractor Design Review Meeting	June 21, 2022
Receive Guaranteed Maximum Price Proposal	October 3, 2022
Initiate Guaranteed Savings Report and Contract	October 18, 2022

6. Responses to RFQ

- a. The responses to the RFQ will be received by EWSU at 1 SE 9<sup>th</sup> Street, Suite 200, Evansville Indiana 47708 to the attention of Matt Montgomery (EWSU Project Manager).
- b. Sealed responses must be received no later than 3:00 PM (local time) on June 1, 2022.
- c. ~~One hard copy~~ **Four Hard Copies** and one electronic copy shall be submitted. Electronic copy shall be in PDF format and saved on a flash drive submitted with the hard copy.
- d. RBO Certification: Contact Lora Bennett with questions:  
[lbennett@evansville.in.gov](mailto:lbennett@evansville.in.gov), 812-436-7917)
- e. W/MBE Requirements: Contact Talmadge Vick with questions:  
[tv@vickstrategic.com](mailto:tv@vickstrategic.com), 812-492-4400); **Cell (678) 508-4519**

7. Questions

- a. Questions discussed in the meeting are not binding and will not modify the contents of the RFQ. Any modifications to the RFQ content must be issued in a formal addendum to the RFQ.
- b. Subsequent questions can be emailed to [john.krinks@aecom.com](mailto:john.krinks@aecom.com)

Evansville Water and Sewer Utility  
New 50 MGD Water Filtration Plant  
RFQ Pre-Response Meeting - Attendance Sheet  
Meeting Date: May 12, 2022

Email Address	Name	Company	Phone Number	Bidding Interest
john.krinks@aecom.com	John Krinks	AECOM	614-493-3359	Owner/Owner Representative
jcottom@ewsu.com	Cris Cottom	Evansville Water & Sewer utility	812-428-0568	Owner/Owner Representative
pete.giannini@skanska.com	Pete Giannini	Industrial Contractors Skanska	812-454-1134	Subcontractor
jpurdue@bowenengineering.com	Jeff Purdue	Bowen Engineering	812-305-3775	Prime Contractor
tgw@kokosing.biz	Tina Wolff	Kokosing Industrial	260-444-8363	Prime Contractor
matt.perkins@skanska.com	Matt Perkins	Industrial Contractors Skanska	812-589-3721	Subcontractor
brian.pickering@norewesco.com	Brian Pickering	NORESCO	317-941-8322	Prime Contractor
derekdavidson@fawilhelm.com	Derek Davidson	F.A. Wilhelm Construction	317-359-5411	Prime Contractor
justinwinenger@fawilhelm.com	Justin Winenger	F.A. Wilhelm Construction	463-777-9968	Prime Contractor
matt@bowenengineering.com	Matt Gentry	Bowen Engineering Corp	865-851-0767	Prime Contractor
bstater@bowenengineering.com	Brian Stater	Bowen Engineering Corp	317-431-6874	Prime Contractor
fwargel@bowenengineering.com	Joseph Wargel	Bowen Engineering Corp	812-459-4397	Prime Contractor
tom.lydon@skanska.com	Tom Lydon	Industrial Contractors Skanska	812-480-0022	Subcontractor
jdeahl@bowenengineering.com	Teddy Deahl	Bowen	317-408-9960	Prime Contractor
belliott@bowenengineering.com	Bradford Elliott	Bowen Engineering Corporation	317-439-4471	Prime Contractor
bluigs@sterlingindustrialllc.com	Brian Luigs	Sterling Industrial, LLC	812-454-8281	Subcontractor
vince.bloom@skanska.com	Vincent Bloom	Industrial Contractors Skanska	812-470-2131	Subcontractor
tv@vickstrategic.com	Talmadge Vick	Vick Strategic	678-508-4519	Owner/Owner Representative
natecrowell@fawilhelm.com	Nate Crowell	F.A. Wilhelm Construction	317-359-5411	Prime Contractor
barb.daum@skanska.com	Barb Daum	Industrial Contractors Skanska	812-483-1361	Prime Contractor
steven.greseth@kiewit.com	Steven Greseth	Kiewit	502-759-3695	Prime Contractor
tkc@kokosing.biz	Tim Cooper	Kokosing Industrial Inc.	317-448-8505	Prime Contractor
jaclyn.rennie@skanska.com	Jaclyn Rennie	Industrial Contractors Skanska	812-305-8448	Subcontractor
scapin@ewsu.com	Steve Capin	EWSU	812-746-5882	Owner/Owner Representative
mmontgomery@ewsu.com	Matt Montgomery	EWSU	812-470-4265	Owner/Owner Representative
jcottom@ewsu.com	Cris Cottom	EWSU	812-746-5475	Owner/Owner Representative



U1032 Evansville New Water Filtration Plant GSC RFQ

Submission Instructions

If mailing:

**EWSU  
1 SE 9<sup>th</sup> Street Suite 200  
Evansville, IN 47708**

**Attention: Matt Montgomery**

Seal inner envelope and state:

**“Sealed Proposal for EWSU New Water Filtration Plant  
Submission Deadline: June 1, 2022 3:00 p.m. CDT”**

If hand delivering:

Deliver to EWSU Engineering Department at 1 SE 9<sup>th</sup> Street Suite 200.

Note – this location on the 2<sup>nd</sup> floor of the Evansville Teachers Federal Credit Union Plaza Building, NOT the Civic Center. See below.



Call Matt Montgomery at 812-470-4265 when you arrive. If unable to reach Matt, place package in the white mailbox located outside the main entrance on the second floor. Instructions will also be posted on door.



EVANSVILLE WATER AND SEWER UTILITY  
CITY OF EVANSVILLE, INDIANA

REQUEST FOR QUALIFICATIONS FOR  
NEW WATER TREATMENT PLANT

EWSU PROJECT NO. U1032

APRIL 2022

PREPARED BY:

AECOM  
2450 South Tibbs Avenue  
Indianapolis, IN 46241



**EVANSVILLE WATER AND SEWER UTILITY  
CITY OF EVANSVILLE, INDIANA  
REQUEST FOR QUALIFICATIONS  
NEW WATER TREATMENT PLANT  
GUARANTEED ENERGY SAVINGS CONTRACT**

**ADVERTISEMENT FOR BIDS:**

Sealed responses for the New Water Treatment Plant (U1032) will be received by the Evansville Water and Sewer Utility (EWSU), Evansville, Indiana at 1 SE 9<sup>th</sup> Street, Suite 200, Evansville, Indiana 47708 until 3:00 p.m., local time, on June 1, 2022. Any responses received later than the above time and date will be returned unopened. No conditional responses will be considered.

The general scope of this guaranteed savings contract project is to provide a surface water treatment plant (WTP) with a rated capacity of 50 million gallons per day. The WTP will be constructed on a property adjacent to the existing WTP and east of Waterworks Road. The project generally includes, but is not limited to, replacement of the existing raw water screening and pumping equipment, new raw water pipelines to the project site, powder activated carbon storage and feed, sodium permanganate storage and feed, raw water flow monitoring, pre-treatment with 3-stage flocculation and plate settler basins, ozone generation equipment and ozone contact basins, gravity filtration with biologically active dual media, clearwell disinfection and storage, high service pumping and flow monitoring, chemical storage and feed facilities, process residuals handling and disposal systems, and a new administration building with offices, laboratories, maintenance garage, conference rooms, and other features. Provide all ancillary work such as electrical and standby power equipment, instrumentation and controls systems, demolition, site preparation and excavation, concrete and form work, piping and valve systems, site and underground utility work, equipment installation and commissioning, road construction, site security features, landscaping and other required construction associated with the Project.

Responses will be accepted only from Providers prequalified as a Guaranteed Energy Savings Contract Provider by the State of Indiana. It is the intent of EWSU to select a single Provider to work with EWSU and the Engineer of Record to provide value engineering, finalize the project scope, negotiate a Guaranteed Maximum Price (with open book pricing) and develop a Guaranteed Energy Savings Contract agreement that meets or exceeds EWSU's expectations.

A Mandatory Pre-response meeting will be held on May 12, 2022, at 2:00 PM (local time), virtually via an online meeting platform or phone conference. Instructions for virtual access will be provided in advance of meeting through a notification to both known plan holders and external plan rooms. Email questions regarding virtual access to the pre-response meeting to [john.krinks@aecom.com](mailto:john.krinks@aecom.com).

The contract documents, including preliminary plans and specifications, can be obtained from AECOM (John Krinks, [john.krinks@aecom.com](mailto:john.krinks@aecom.com), 614-464-4500).

Dated April 19, 2022

**EVANSVILLE WATER AND SEWER UTILITY  
CITY OF EVANSVILLE, INDIANA  
REQUEST FOR QUALIFICATIONS  
NEW WATER TREATMENT PLANT  
GUARANTEED ENERGY SAVINGS CONTRACT**

BOARD OF DIRECTORS

EVANSVILLE WATER AND SEWER UTILITY:

Steven Heidorn, President

Mike Weber, Vice President

Connie Robinson, Member

Barry Russell, Member

Chris Rutledge, Member

Marco L. DeLucio, Board Attorney

ATTEST:

Vivian Holiday

Board Secretary

Evansville Courier Press and Indy Star

April 25 & May 2, 2022

**EVANSVILLE WATER AND SEWER UTILITY  
CITY OF EVANSVILLE, INDIANA  
REQUEST FOR QUALIFICATIONS  
NEW WATER TREATMENT PLANT  
GUARANTEED ENERGY SAVINGS CONTRACT**

Evansville Water and Sewer Utility (EWSU), of Evansville, Indiana hereby issues this “REQUEST FOR QUALIFICATIONS” (RFQ) for the implementation of a Guaranteed Energy Savings Contract for the New Water Treatment Plant (WTP) project.

The responses to the RFQ will be received by EWSU at 1 SE 9<sup>th</sup> Street, Suite 200, Evansville, Indiana 47708. Sealed responses must be received no later than 3:00 PM (local time) on June 1, 2022. One hard copy and one electronic copy shall be submitted. Any responses received later than the specified time will not be accepted. The final executed Guaranteed Energy Savings Contract shall conform with Indiana Code 36-1-12.5, the guidelines herein this RFQ, Contract Documents, and other information provided by EWSU.

**SECTION I – GENERAL INFORMATION**

ESWU has appointed John Krinks from AECOM as the primary contact throughout the RFQ process and can be reached at (614) 464-4500, john.krinks@aecom.com. Preliminary Contract Documents including partial 30% drawings and a Basis of Design report for this Guaranteed Energy Savings Contract may be obtained from EWSU. AECOM will be the Engineer of Record for this project. Attempted contact by any Provider proposing on this Project with anyone associated with EWSU other than the main contact may result in disqualification or rejection of the Proposal. A Mandatory Pre-Response Meeting will be conducted by EWSU and the Engineer on May 12, 2022 at 2:00 PM (local time). Providers not in attendance at the Pre-Response Meeting will be automatically disqualified.

A tentative Guaranteed Energy Savings Contract schedule is provided below:

RFQ Advertisement	<u>April 25 &amp; May 2, 2022</u>
Mandatory Pre-Response Meeting	May 12, 2022
Receive Responses from Providers	June 1, 2022
Notification of Interviews (if required)	June 8, 2022
Interviews (if required)	June 10, 2022
Selection of Most Qualified Provider (if no interviews conducted)	June 13, 2022
Early Contractor Involvement and Review of Design Documents	June 13, 2022 to June 21, 2022
Contractor Design Review Meeting	June 21, 2022
Receive Guaranteed Maximum Price Proposal	October 3, 2022
Initiate Guaranteed Savings Report and Contract	October 18, 2022

**EVANSVILLE WATER AND SEWER UTILITY  
CITY OF EVANSVILLE, INDIANA  
REQUEST FOR QUALIFICATIONS  
NEW WATER TREATMENT PLANT  
GUARANTEED ENERGY SAVINGS CONTRACT**

**Project Scope**

The general scope of this guaranteed savings contract project is to provide a surface water treatment plant (WTP) with a rated capacity of 50 million gallons per day. The WTP will be constructed on a property adjacent to the existing WTP and east of Waterworks Road. The project generally includes, but is not limited to, replacement of the existing raw water screening and pumping equipment, new raw water pipelines to the project site, powder activated carbon storage and feed, sodium permanganate storage and feed, raw water flow monitoring, pre-treatment with 3-stage flocculation and plate settler basins, ozone generation equipment and ozone contact basins, gravity filtration with biologically active dual media, clearwell disinfection and storage, high service pumping and flow monitoring, chemical storage and feed facilities, process residuals handling and disposal systems, and a new administration building with offices, laboratories, maintenance garage, conference rooms, and other features.

Provide all ancillary work such as electrical and standby power equipment, instrumentation and controls systems, demolition, site preparation and excavation, concrete and form work, piping and valve systems, site and underground utility work, equipment installation and commissioning, road construction, site security features, landscaping and other required construction associated with the Project.

The project may be financed through the Indiana State Revolving Fund Loan Program.

**General Requirements**

The following general requirements apply to this RFQ and project:

- The Provider is responsible for compliance with all Federal, State and Local codes and all Laws and Regulations including safety precautions and programs.
- The Provider must be licensed to do business in the State of Indiana and be properly licensed by the Evansville-Vanderburgh County Building Commissioner Office.
- The Provider is required to comply with Evansville Municipal Code 3.95.040, Responsible Bidder Ordinance, prior to acceptance of Guaranteed Maximum Price.
- The Provider must enroll in, and verify, the work eligibility status of newly hired employees of the Provide through the United States E-Verify program.
- Upon contract award the successful Proposer shall submit a suitable Guaranteed Energy Savings Contract, including all terms and conditions, that has been used on past water/wastewater projects by the Provider. This Contract shall serve as a starting point to negotiate and prepare a final Guaranteed Energy Savings Contract for execution by both parties. If EWSU cannot in good faith negotiate a Contract with the selected Provider, EWSU has the right to reject the selected Provider and proceed negotiations with the next highest ranked Provider until a Contract is executed.

**EVANSVILLE WATER AND SEWER UTILITY  
CITY OF EVANSVILLE, INDIANA  
REQUEST FOR QUALIFICATIONS  
NEW WATER TREATMENT PLANT  
GUARANTEED ENERGY SAVINGS CONTRACT**

- The Provider’s guarantee shall be a first party direct guarantee from the Provider to the EWSU; no third-party guarantees shall be accepted.
- Costs for the preparation of the RFP response will not be reimbursed by EWSU and are the responsibility of the Provider.
- The Provider will be required to comply with Davis Bacon and pay for each class of work applicable to project as designated for Vanderburgh County. It is anticipated that all or a portion of the project will be funded via the Indiana State Revolving Fund (SRF).
- EWSU believes that this Project is a governmental function and that all purchase of tangible personal property, materials and goods associated with this Project are exempt from Indiana Sales Tax. The Provider shall apply for an “Exemption Certificate for Construction Contractors,” Form ST-134, Indiana Department of Revenue.
- Whenever possible, the Provider, their subconsultants, or others who employ labor, shall employ such labor locally. The Provider shall purchase materials from local dealers whenever such local dealers’ prices meet competitors’ and where such materials meet the specifications.
- Contracts for this Work shall obligate the Provider and subcontractors not to discriminate in employment practices. If requested, Providers must submit a compliance report.
- Please be aware there is a 7.0 percent WBE and 12.0 percent MBE goal established by the City of Evansville Purchasing Department. EWSU is eager to meet or exceed these goals whenever possible.
- Early Contractor involvement before the Guaranteed Maximum Price is accepted shall be provided at no cost to the Owner.
- EWSU reserves the right to reject any and all RFQ responses.

**SECTION II – INSTRUCTIONS TO PROVIDERS**

Responses submitted must adhere to the following format and shall not exceed 50 single sided pages (or 25 double sided):

**Cover Page**

Cover page shall be as provided at the end of this RFQ.

**Cover Letter**

Cover letter should be a single page and signed by an authorized representative of the company.

**Table of Contents**

The table of contents should properly indicate the sections and page numbers of all information provided.

**EVANSVILLE WATER AND SEWER UTILITY  
CITY OF EVANSVILLE, INDIANA  
REQUEST FOR QUALIFICATIONS  
NEW WATER TREATMENT PLANT  
GUARANTEED ENERGY SAVINGS CONTRACT**

**Executive Summary**

The executive summary shall include a concise abstract of no more than two pages, which provides an overview of the Provider's qualifications and approach related to Guaranteed Energy Savings Contract.

**Firm Overview and Qualifications**

Provide general information on the Provider's firm and qualifications, including:

- Provide a history of the provider with a statement about company vision and values.
- Include the following information on the Provider:
  1. Name of Company
  2. Address
  3. Telephone Number
  4. Contact Information for Person Authorized to Execute Contract
- Provide number of years firm has operated in Indiana.
- Providers shall submit proof of qualifications to perform the scope of work as described.
- Provide an organization chart that includes the list of personnel employed by the Provider that would be team members on the project, and include the resume of each individual. The resumes should include their technical capabilities, background, responsibilities, and credentials.
- Provide the most recent audited financial report.
- Provide a copy of certification of qualification under Indiana Code 4-13.6-4.
- Designate if the Provider is a manufacturer, contractor or engineering firm. Clearly delineate what services or products the Provider is including from their own company.
- Provide a declaration that the Provider will meet E-Verify program requirements.
- Provide information on any prior serious, repeat, willful, or criminal violation of federal OSHA or state plan authorized by federal act.
- Provide information concerning the debarment, disqualifications, or removal of the potential provide or team member from a federal, state or local government project.
- Provide information concerning the bankruptcy or receivership of the potential Provider.

**References**

Provide at least three references with contact information for recent Indiana Guaranteed Energy Savings Contract projects completed and/or similar work and scope. Include the location, scope of work, and personnel responsible. Provide a list of all of the water/wastewater energy projects the Provider has completed under the terms of IC 36-1-12.5.

**EVANSVILLE WATER AND SEWER UTILITY  
CITY OF EVANSVILLE, INDIANA  
REQUEST FOR QUALIFICATIONS  
NEW WATER TREATMENT PLANT  
GUARANTEED ENERGY SAVINGS CONTRACT**

**Technical Approach**

Explain the Provider's technical approach to the project, including:

- Provide firm's project management approach, including the key work activities, major equipment procurement, timeline and schedule of project implementation.
- Explain the Provider's past experiences collaborating with engineers and owners on past Guaranteed Energy Savings Contracts, Design-Build Contracts, or other applicable water/wastewater projects. Describe Provider's approach to collaborate with Engineer of Record and EWSU.

**Project Implementation**

Describe the Provider's plan for implementing the project, including:

- **Project Management:** Describe how the project will be managed by the Provider. Explain the communication plan to be utilized between the team and EWSU along with past management documentation of previous projects.
- **Provider's Self-Performance:** Per IC 36-1-12.5-3 Provider must perform at least 20% of the contract value with its own workforce. Explain Provider's plan to meet or exceed this requirement on a percentage basis relative to the work to be completed by your own workforce.
- **Subcontractors:** Identify which portions of the project the Provider intends to implement with subcontractors and the subcontractors' responsibilities.
- **Minority and Women Business Enterprise Participation:** Identify which portions of the project the Provide intends to implement with Minority Business Enterprise (MBE) and Women Business Enterprise (WBE) subcontractors and their responsibilities.
- EWSU is particularly interested in how the provider plans to utilize local subcontractors and meeting or exceeding the established M/WBE goals.

**Financial Approach**

Explain in detail the Provider's approach to obtaining the best price for EWSU, including:

- Explain how the Provider plans to offer a Guaranteed Maximum Price with no change orders.
- Provide the types of financing sources the Provider will use to implement this project.
- Describe in detail how the Provider plans to obtain the best pricing options available for the project. Explain your firm's approach to open book pricing allowing EWSU to view savings from value engineering or other project cost reductions.
- Provide proof that the Provider can furnish a Performance Bond and a Payment Bond each in the amount of 100 percent of the project.



**EVANSVILLE WATER AND SEWER UTILITY  
CITY OF EVANSVILLE, INDIANA  
REQUEST FOR QUALIFICATIONS  
NEW WATER TREATMENT PLANT  
GUARANTEED ENERGY SAVINGS CONTRACT**

**Guarantee Management**

Explain how the Provider plans to address the guarantee for this type of project and how it meets Indiana requirements of IC 36-1-12.5, including:

- Describe the methodology used to compute the energy baseline.
- Describe the cost for guarantee management, schedule for delivery, and describe the report.
- Note how an Energy Savings estimate will be prepared and applied to the process.
- Note how an Operations & Maintenance estimate will be prepared and applied to the process.
- Note how a Future Capital Expenditure Savings estimate will be prepared and applied to process.
- Confirm that reconciliation of the guaranteed sums will be on an annual basis for 20 years starting one year after the date of completion.

**SECTION III – EVALUATION**

Responses will be accepted only from Providers prequalified as a Guaranteed Energy Savings Contract Provider by the State of Indiana. It is the intent of EWSU to select a single Provider to work with EWSU and the Engineer of Record to provide value engineering, finalize the project scope, negotiate a Guaranteed Maximum Price (with open book pricing) and develop a Guaranteed Energy Savings Contract agreement that meets or exceeds EWSU’s expectations.

RFQ responses will be scored according to the following scoring criteria below:

<b>Criteria</b>	<b>Score (Maximum)</b>
Firm Overview and Qualifications	20
References	15
Technical Approach	20
Project Implementation	20
Financial Approach	15
Guarantee Management	10
<b>Total Score</b>	100

The response with the highest score will be selected and the corresponding Provider notified.

EWSU will be the sole judge of the value and merit of all responses received.



**INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR  
DATA REQUEST**

**CITY OF EVANSVILLE**

**CAUSE NO. 45545 S1**

**OUCS Data Request Set No. 5**

**Date: November 11, 2022**

**PETITIONER’S RESPONSES AND OBJECTIONS TO THE FIFTH SET  
OF DATA REQUESTS FROM INDIANA OFFICE OF  
UTILITY CONSUMER COUNSELOR**

The City of Evansville (“Petitioner”) hereby provides the following responses to the fifth set of Data Requests from Indiana Office of Utility Consumer Counselor, subject to the following objections:

**I. General Objections.**

1. The responses provided to the Requests have been prepared pursuant to a reasonable and diligent investigation and search conducted in connection with the Requests in those areas where information is expected to be found. To the extent the Requests purport to require more than a reasonable and diligent investigation and search, Petitioner objects on grounds that they impose an undue burden or unreasonable expense.

2. Petitioner objects to the Requests to the extent they seek documents or information which are not relevant to the subject matter of this proceeding and which are not reasonably calculated to lead to the discovery of admissible evidence.

3. Petitioner objects to the Request to the extent they seek responses and information from individuals and entities who are not parties to this proceeding and to the extent they request the production of information and documents not presently in Petitioner’s possession, custody or control. Petitioner further objects to the Requests to the extent they are (i) vague and ambiguous as to the individuals and entities to whom the Requests refer, or (ii) overbroad and not reasonably calculated to lead to the discovery of relevant or admissible evidence.

4. Petitioner objects to the Requests to the extent the Requests seek information outside the scope of this proceeding, and as such, the Requests seek information not reasonably calculated to lead to the discovery of relevant or admissible evidence.

5. Petitioner objects to the Requests to the extent they seek an analysis, calculation, or compilation which has not already been performed and which Petitioner objects to performing.

6. Petitioner objects to the Requests to the extent they are vague and ambiguous and provide no basis from which Petitioner can determine what information is sought.

7. Petitioner objects to the extent the Requests purport to require production of (a) multiple copies of the same document; (b) additional copies of the same document merely because alterations, notes, comments, or other material appear thereon when such other material is not material or relevant; and (c) copies of the same information in multiple formats on the grounds that it is irrelevant, overbroad, unreasonably burdensome and not required by the Commission rules and inconsistent with practice in Commission proceedings.

8. Petitioner assumes no obligation to supplement these responses except to the extent required by Ind. Tr. R. 26(E) (1) and (2) and Petitioner objects to the extent the instructions and/or Requests purport to impose any greater obligation. Petitioner denies that Ind. Tr. R. 26(E)(3) applies to the Requests.

9. Petitioner objects to the Requests to the extent they seek information that is subject to the attorney-client, work product, settlement negotiation or other applicable privileges. Petitioner further objects to the Requests to the extent they purport to require the creation of a privilege log on the grounds that given the extremely expedited and informal nature of discovery in this proceeding, contemporaneous privilege logs are inappropriate. Petitioner objects to the Requests on the grounds they are unreasonably burdensome, overbroad, inconsistent with discovery practices in Commission proceedings and inconsistent with the informal discovery process applicable to this proceeding.

10. Petitioner objects to the Requests to the extent they seek information that is confidential, proprietary, competitively sensitive and/or trade secret.

11. The responses constitute the corporate responses of Petitioner and contain information gathered from a variety of sources. Petitioner objects to the Requests to the extent they request identification of and personal information about all persons who participated in responding to each data request on the grounds that it is overbroad, unreasonably burdensome and irrelevant given the nature and scope of the requests and the many people who may be consulted about them. Petitioner further objects to the Requests to the extent they purport to require identification of a witness who can answer questions regarding the substance of or origination of information supplied in each response on the ground that Petitioner has no obligation to call witnesses to testify as to information provided in discovery.

12. Petitioner objects to the Requests to the extent the discovery sought is unreasonably cumulative or duplicative, or is obtainable from some other source that is more convenient, less burdensome, or less expensive.

13. Petitioner objects to the Requests to the extent the burden or expense of the proposed discovery outweighs its likely benefit, taking into account the needs of the case, the amount in controversy, the parties' resources, the importance of the issues at stake in the litigation, and the importance of the proposed discovery in resolving the issues.

14. Petitioner objects to the Requests to the extent they solicit copies of voluminous documents.

15. Petitioner objects to the Request on the grounds that it is overbroad, unreasonably burdensome and seeks information that is largely irrelevant to the subject matter of this proceeding.

16. Petitioner objects to the Requests to the extent they request identification of witnesses who will be prepared to testify concerning the matters contained in each response on the grounds that Petitioner is under no obligation to call witnesses to respond to questions about information provided in discovery.

Without waiving these objections, Petitioner responds to the Requests in the manner set forth below.

## **II. Data Request Responses**

**OUCC DR 5-1**

**DATA REQUEST**

**City of Evansville**

**Cause No. 45545 S1**

**Information Requested:**

For the construction of the new 50 MGD Surface Water Treatment Plant under a Guaranteed Energy Savings Contract (“GESC”), please state or provide the following:

- a. Names of all Guaranteed Energy Savings Contract Providers that submitted qualifications in response to Evansville’s Request for Qualifications.
- b. Names and titles of Evansville staff who reviewed and scored the RFQ responses.
- c. Evansville’s RFQ review scores for each Provider.
- d. Names of all Guaranteed Energy Savings Contract Providers who were selected by Evansville for interviews. If no interviews were held, so state.
- e. Copies of the RFQ response for Kokosing Industrial, Inc. and all other GESC Providers who were interviewed.
- f. Copy of the selection notification letter sent to Kokosing Industrial, Inc.
- g. Current schedule for the Guaranteed Energy Savings Contract indicating all deliverables and milestones including for example the current anticipated dates to 1) receive the Guaranteed Maximum Price Proposal; 2) initiate the Guaranteed Savings Report and Contract; 3) reach Substantial Completion; 4) reach Final Completion; and 5) Start-up and Commissioning of the Water Treatment Plant.

**Objection:**

Petitioner objects to the request on the grounds and to the extent the request seeks information which is irrelevant to this proceeding and not reasonably calculated to lead to the discovery of admissible evidence. Petitioner will remind the OUCC why it has sought an increase in financing authority at this time. As explained in Petitioner’s Exhibit No. 1, the United States economy has experienced sustained inflation at levels not seen in over two generations. This historic inflation was not anticipated at the time of the evidentiary hearing in the main docket and thus was not reflected in the earlier cost estimates. Any reasonable engineer or economist would know that the earlier estimates will be insufficient. In addition, we are currently in an environment of rapidly rising interest rates. The worst possible outcome for Evansville customers would be to wait until after the project has been completely designed before seeking additional financing authority. This would delay the

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OUCC DR 5-1  
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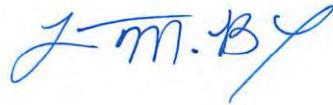
closing the bond issue, which, in this environment of rising interest rates, would be imprudent if not reckless. The only components of Evansville's request for additional financing authority that are driven by further engineering of the project are the deeper auger cast piles; environmental investigation identifying heavy metals in the soil; the river intake carbon steel piping and associated river intake costs; undercover basins; and depth of filter beds allowing for future PFAS treatment. No further changes in the estimate are proposed based upon further engineering. For any questions related to engineering components beyond these identified categories, please see the extensive evidence and discovery shared in Cause No. 45545. As indicated, before Petitioner closes on its bond issuance, engineering will have been completed. Hopefully the additional authority requested herein will allow a prompt closing on the bonds at that point.

**Information Provided:**

Subject to and without waiver of the foregoing objection, Petitioner responds as follows:

See objection.

As to objections only,

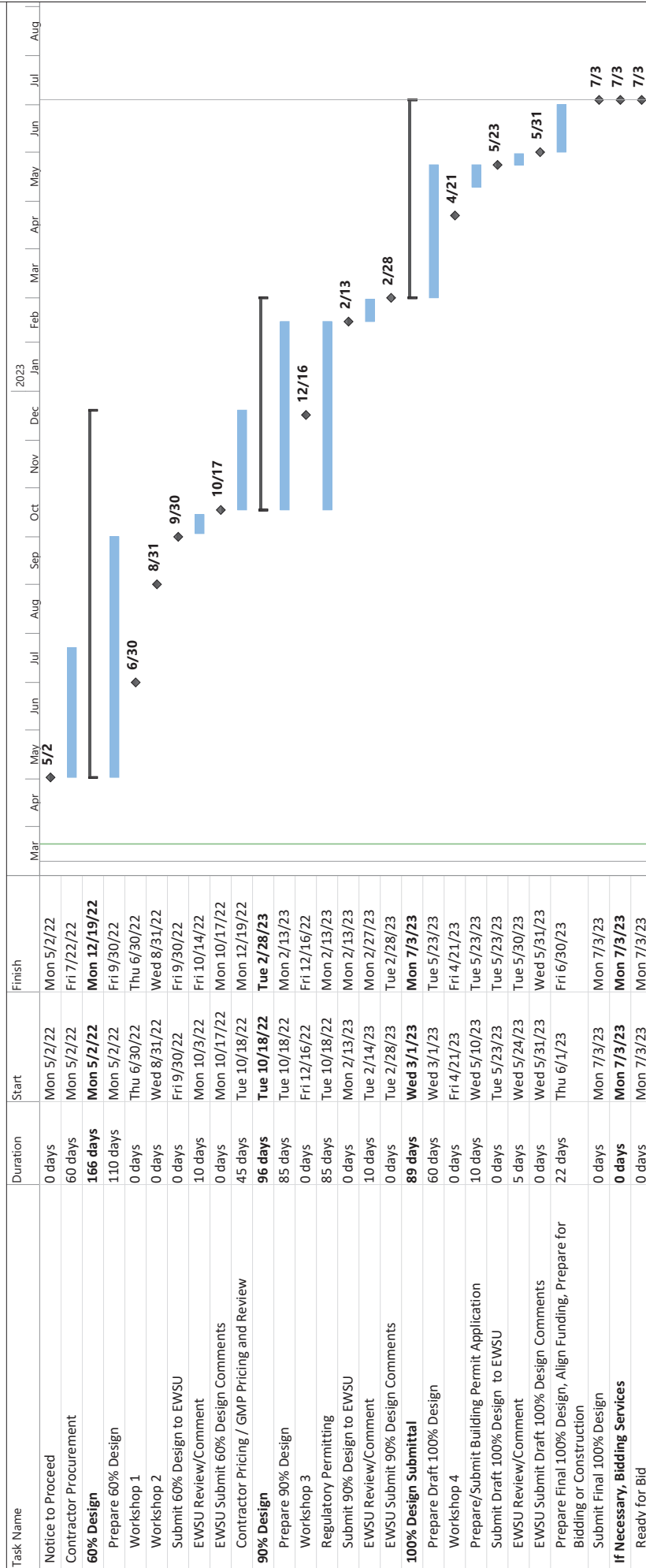


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Attorneys for Petitioner  
City of Evansville

Evansville Water and Sewer Utility - New Water Treatment Plant  
Phase 2 Design Services Project Schedule



Task  
Milestone  
Summary

**OUCC DR 1-2**

**DATA REQUEST**  
**City of Evansville**

**Cause No. 45545 S1**

**Information Requested:**

For the new Water Treatment Plant project schedule, please provide the following:

- a. Current design schedule with milestones indicating percent completion dates, deliverables/submittals to Evansville, and design review meetings with Evansville
- b. Current design completion status (i.e., 50%, 60%, 90% etc.)
- c. IDEM permitting status (please also indicate the anticipated date when the construction permit application will be submitted to IDEM).
- d. Current overall project schedule from selection of the design firm through construction completion and startup of the new plant.

**Information Provided:**

- a. The design is currently advancing towards the 60% deliverable mark. Its anticipated delivery date is set for the middle of November and the 90% mark is set for the spring of 2023. The issued for construction set will be finalized in late summer of 2023, with anticipated construction starting in the fall of 2023. We are currently having biweekly design review meetings that include EWSU, AECOM, and Kokosing, the Guaranteed Savings contractor.
- b. 60% is planned to be prior to November 15. See response to (a) above.
- c. The permit application will be submitted to IDEM using the 60% plans and is currently being planned to occur prior to 2023.
- d. AECOM was retained in late March of 2022 to complete the engineering design services. Kokosing was retained in July of 2022 as the Guaranteed Savings contractor. See response to (a) above for design and start of construction schedule. The project is anticipated to be constructed over a three-year period.