

STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION

PETITION OF THE CITY OF EAST CHICAGO,)
INDIANA FOR AUTHORITY TO ISSUE)
BONDS, NOTES, OR OTHER OBLIGATIONS)
FOR AUTHORITY TO INCREASE ITS RATES) CAUSE NO. 44826
AND CHARGES FOR WATER SERVICE, AND)
FOR APPROVAL OF NEW SCHEDULES OF)
WATER RATES AND CHARGES.)

PETITIONER'S 2020 YEAR-END REPORT

Petitioner, the City of East Chicago (the "City") respectfully files this report pursuant to the Order of the Commission approved April 26, 2017 ("Order"), to report on lead-pipe remediation efforts.

1. The Order provided that \$3.1 million of the \$18 million financing approved by the Commission would be placed in a restricted account for the funding of the replacement of customer-owned lead pipes (the "Subsidization Program") in connection with an offer by the State Revolving Fund ("SRF") to provide that \$3.1 million at no-increased cost to the City or its ratepayers, i.e., no change to the debt service amount as originally proposed on the \$14.9 million in funding that did not include the Subsidization Program.

2. As Petitioner reported in its July 26, 2018 Second Report on Second Bond Issue, the City closed on the restricted funding for the Subsidization Program on June 22, 2018.

3. However, even before closing on the Second Bond Issue, the City had been engaged in lead-line replacement efforts based on funds made available on an interim basis by the SRF as reported in Petitioner's February 5, 2018 Initial Report ("Initial Report").

4. The work is being completed in phases. Phase I concerned the neighborhood

identified as Zone 3 on the map attached as Exhibit G to Petitioner's Initial Report.

Replacement work began here because of separate soil remediation emissions in the area; homes selected for lead pipe replacement were those designated as "not contaminated" or "have been remediated."

5. Phase 1 work began in August 2017 and was completed in October 2018. During Phase I, 331 houses were completed. The average cost per house was \$3,739.64. The total cost of Phase I was \$1,237,821.34 with a maximum of \$1,391,000.00 having been available from the SRF. The Phase I Project was therefore under budget.

6. Phase II, done under a publicly bid contract with Calumet City Plumbing, began in August 2018. Phase II concerns lead-service-line replacement of an additional 380 homes (primarily located in Zone 2). The previous estimated Phase II completion date was June 30, 2020, but the date had to be extended to account for paused work due to COVID-19. After a change order dated September 9, 2020, Phase II now has an estimated total cost of \$2,588,226.04 with an estimated completion date of February 17, 2022.

7. As reported in the 2019 year-end report, 129 houses in Phase II were completed by December 2019.

8. As of December 27, 2020, an additional 14 houses in Phase II have been completed, with an average cost of \$5,170.39 per house (not including mobilization, demobilization, or maintaining traffic items).

9. Total Phase II construction costs to date are \$788,395.90.

10. As initially reported, certain factors can influence the progress and scheduling

of this work, including non-consenting homeowners, absentee landowners, and weather delays. Added to these typical issues, the unprecedented COVID-19 pandemic caused a significant reduction in number of homes that could be completed in 2020. This COVID-related interruption has caused a delay in the overall project timeline. There are tentative plans to add additional labor for lead-line replacement efforts in 2021 to make up for some of the lost time. The City and its engineering supervisor have been working closely with the SRF as to these efforts, and the SRF continues to approve the disbursement of funds to vendors.

11. In February 2019, the City began testing the lead levels in homes in which lead-line replacement has been completed.

12. Homeowners or residents process the initial lead level test, and the City will conduct any necessary follow-up testing if the initial test shows lead levels above the state-recommended threshold. Homeowner and resident cooperation is the biggest factor in getting tests completed.

13. As of December 27, 2020, 122 houses completed in Phase I or Phase II were tested for lead levels. Of the 122 houses tested, 121 are below the state-recommended threshold. The house still above the threshold is an on-going matter from a previous year being addressed by the City's Water Department.

WHEREFORE, the City of East Chicago, by counsel, respectfully requests that the Commission accept this 2020 Year-End Report and for all other appropriate relief.

Respectfully submitted,

/s/Jane Dall Wilson

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing was served this 31st day of December, 2020, electronically to:

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