

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF)
THE TOWN OF CHANDLER, INDIANA,)
FOR APPROVAL OF A NEW SCHEDULE)
OF RATES AND CHARGES FOR WATER)
UTILITY SERVICE AND FOR)
AUTHORITY TO ISSUE REVENUE) CAUSE NO. 45062
BONDS TO PROVIDE FUNDS FOR THE)
COSTS OF THE ACQUISITION AND)
INSTALLATION OF IMPROVEMENTS)
AND EXTENSIONS TO THE)
WATERWORKS OF THE TOWN)

PETITIONER'S SUBMISSION OF DIRECT TESTIMONY AND EXHIBITS

Petitioner, the Town of Chandler, Indiana ("Petitioner"), by counsel, hereby submits its pre-filed direct testimony and exhibits in this Cause, including (1) Petitioner's Exhibit No. 1, Direct Testimony and attachments of Robert D. Coghill, (2) Petitioner's Exhibit No. 2, Direct Testimony and attachments of J. Christopher Kaufman Jr., and (3) Petitioner's Exhibit No. 3, Direct Testimony and attachments of Scott A. Miller.

Respectfully submitted,

By: Joshua A. Claybourn

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*Attorney for Petitioner,
The Town of Chandler, Indiana*

CERTIFICATE OF SERVICE

The undersigned certifies that copies of the foregoing direct testimony and exhibits were served, by U.S. mail and electronic mail, this 13th day of March, 2018, to:

Indiana Office of Utility Consumer Counselor
PNC Center, Suite 1500 South
115 West Washington Street
Indianapolis, IN 46204
infomgt@oucc.in.gov

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PETITIONER'S EXHIBIT NO. 1

Prepared Direct Testimony and Attachments of
Robert D. Coghill
Director of Public Services for Chandler Utilities

Sponsoring Petitioner's Attachment No. RDC-1

VERIFIED DIRECT TESTIMONY OF ROBERT D. COGHILL

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

2 A. My name is Robert D. Coghill and my business address is Chandler Utilities, 101
3 Constitution Court, Chandler, Indiana 47610. I am employed by the Town of Chandler,
4 Indiana.

5
6 **Q. Please state your position with the Town of Chandler.**

7 A. I am employed as the Director of Public Services for Chandler Utilities.
8

9 **Q. For whom are you testifying?**

10 A. I am testifying on behalf on the Town of Chandler, Indiana ("Petitioner").
11

12 **Q. Briefly describe your education, professional background, and experience.**

13 A. I attended one year of college at Vincennes University – Jasper. I am certified as a Water
14 Distribution Operator and as a Water Treatment Plant Operator. I've held these
15 certifications since 1978. I am also certified as a Wastewater Treatment Plant Operator.
16 These certifications require continuing education credits yearly, which require me to
17 stay up to date on the operation of water and wastewater systems and treatment plants.
18 I am on the Board of Directors for the Indiana Rural Water Association. I have been
19 involved with all aspects of the municipal water and wastewater industry. My
20 experience includes construction, operations, design, management, budgets, personnel
21 and customer service. I was hired by Chandler in 1999 as wastewater plant operator and

1 in December 1999 accepted the position of Director of Public Services. Before I was hired
2 by Chandler, I was employed by Santa Claus Utilities for 20 years and served as water
3 operator, wastewater plant operator and as Utilities Superintendent.

4
5 **Q. Have you previously testified before the Indiana Utility Regulatory Commission**
6 **("Commission")?**

7 A. Yes, I have testified in several proceedings before the Commission. My testimony has
8 always been on behalf of Petitioner and I have generally testified about the status of
9 Petitioner's utility, its service area, and its capital needs.

10
11 **Q. Describe your responsibilities as Utility Director.**

12 A. I am responsible for the day-to-day operations of Chandler's water and sewer utilities.
13 My duties include scheduling of personnel, overseeing operations, and managing utility
14 assets. I also propose and implement programs to make the utilities run efficiently by
15 working with engineers, developers, and contractors to expand the system. I am directly
16 responsible for dealing with developers contacting Chandler for water and sewer
17 service. I also follow and maintain budgets and inventories.

18
19 **Q. Are you sponsoring any attachments?**

20 A. Yes. Petitioner's Attachment RDC-1 is a copy of Resolution No. 2017-07 (adopted on
21 December 18, 2017), Resolution No. 2017-08 (adopted on December 18, 2017), and
22 Resolution No. 2018-01 (adopted on March 5, 2018), authorizing the request for
23 Commission authority to increase water rates by an amount not to exceed (a) thirty-one

1 percent (31%) for residential customers, (b) seventy-nine percent (79%) for small
2 commercial customers, (c) one hundred thirty-five percent (135%) for large commercial
3 customers, and (d) fifty-eight percent (58%) for fire protection, as well as other actions
4 related to the relief requested in this Cause.

5
6 **Q. Was this testimony and your exhibits prepared by you or under your direction and**
7 **supervision?**

8 A. Yes.

9
10 **Project Background**

11
12 **Q. Please describe the Petitioner's waterworks.**

13 A. Petitioner provides approximately 7,200 service connections serving approximately
14 19,512 people. The service area of Petitioner's water utility extends well beyond the
15 boundaries of the Town of Chandler and includes much of southwestern Warrick
16 County, Indiana. Petitioner's service area extends west-to-east from the City of
17 Evansville, Indiana, and Interstate 69 east almost to Boonville and north-to-south from
18 about one mile north of the Town of Chandler to areas adjacent to areas served by
19 Indiana-American Water Company and in some places almost to the Ohio River.

20
21 **Q. What is the purpose of your testimony?**

22 A. I am testifying in support of Petitioner's request for authority to issue bonds and
23 increase rates in support of its proposed project. My testimony primarily describes

1 Petitioner's existing water system and new water infrastructure projects that Petitioner
2 proposes to undertake (the "Project"). In particular, I will explain Petitioner's need and
3 justification for three important portions of the Project: (1) the Bell Road Relocation
4 Project, (2) the Downtown Replacement Project, and (3) the Transmission Line Project.
5 Petitioner's Witness J. Christopher Kaufman Jr. will present more details from an
6 engineering perspective on each portion of the Project and how the projected costs were
7 estimated. Petitioner's Witness Scott A. Miller will testify regarding the rates necessary
8 to support the revenue requirements and make recommendations regarding changes in
9 Petitioner's present schedule of rates and charges for service, as well as issues
10 concerning financing of the Project.

11
12 **Q. When was the Town of Chandler's last water rate increase?**

13 A. Petitioner's existing rates and charges for water utility service were approved by the
14 Commission in Cause No. 43658 on 6 January 2010 ("Rate Order") and adjusted
15 pursuant to the true-up required by the Rate Order on 7 July 2010. In Cause No. 43658,
16 Petitioner sought approval for Phase II of its capital improvements program, with Phase
17 I of the program originally approved in Cause No. 42856. The Rate Order approved a
18 settlement between Petitioner and the Office of Utility Consumer Counselor ("OUCC")
19 that resulted in an increase to rates and charges for Petitioner's water utility across the
20 board by 5.54% in step one and by 12.48% in step two. Following Petitioner's unopposed
21 motion filed as part of the true-up required by the Rate Order, the Commission retained
22 the step one 5.54% and decreased the step two increase from 12.48% to 3.16%. The Rate
23 Order also approved bonding authority in an amount not to exceed \$5.38 million.

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Q. Have there been any material changes to the water department's facilities since the last rate case?

A. Yes. Petitioner's service area has experienced significant residential and commercial growth in recent years, particularly in the western region. In addition to substantial residential and commercial development, the region has become a magnet for healthcare-related businesses including medical centers, research and development facilities, billing and records services, and more. Recently developed, or soon to be developed, projects in the western region of the service territory include the following:

(1) A new St. Vincent Orthopedic Hospital, covering four floors and 135,000 square feet, is expected to open in late spring 2019. The \$95 million hospital is a partnership between St. Vincent and Tri-State Orthopaedics and received a \$5.5 million incentive from the Warrick County Redevelopment Commission because of the employment and economic benefits. Officials expect it will have 225 workers and roughly 100 of those will be new jobs.

(2) An expanded Deaconess Gateway Hospital is targeted for completion in spring 2018. The Deaconess Gateway Hospital opened in 2006 on a 60-acre site and consisted of three buildings totaling roughly 461,000 square feet – a six-story main hospital, a three-story heart facility, and a four-story physicians' office building. Later it was expanded to include a women's hospital, the Chancellor Center for Oncology, and a clinic offering nearly 100 physicians. The latest

1 expansion includes a \$135 million project that will add a new patient tower,
2 medical office building, and parking garage. The new patient tower will occupy
3 215,000 square feet and will be six stories tall, the same as Deaconess Gateway's
4 other two patient towers. The tower will start out with 64 beds, with the capacity
5 to add another 32 beds later. The medical office building will occupy 100,000
6 square feet and be five stories tall. The campus' energy center will also get an
7 expansion and upgrades to meet the infrastructure needs of the expanded
8 campus. Post-expansion, Deaconess Gateway will have 270 patient beds.

9
10 (3) Health South, a rehabilitation facility, plans to develop a new 80 bed facility in
11 the area with the potential of future expansion to 120.

12
13 (4) Heritage Woods of Newburgh, an assisted living and memory care facility, plans
14 to develop a new 124 bed facility in the area.

15
16 (5) In summer 2017, the Evansville Christian School completed its first freestanding
17 facility on a 16-acre tract in the vicinity. It can house up to about 240 students
18 and contains 31,000 square feet of academic space and an additional 13,000
19 square feet for athletic facilities.

20
21 (6) The region will get its first hotel sometime in 2018. Newburgh Lodging LLC is
22 building a Marriott TownePlace Suites north of Indiana 66, near the corner of

1 Grimm Road and the Warrick Trail. The hotel will have 108 rooms, all including
2 small kitchens.

3

4 (7) A new Meijer store, along with several other retail facilities, will be constructed
5 near the northwest corner of Libbert Rd. and State Rd. 66. Meijer is tentatively
6 planning to open the store in Newburgh by late 2018 or early 2019.

7

8 The significant growth in the area is likely to continue into the foreseeable future. To
9 deal with this growth, Petitioner's waterworks utility must expand the capacities of its
10 various facilities and relocate others. In addition to its response to growth, significant
11 portions of Petitioner's distribution and transmission facilities are nearing the end of
12 their useful lives, necessitating major rehabilitation or replacement. Specifically, the
13 utility needs to construct an additional transmission line and replace or relocate certain
14 distribution lines. My task as the Utility Director is to prioritize our needs and
15 implement as much maintenance and repair that I can with the funds available. These
16 projects constitute the most important and pressing projects facing the water utility at
17 this time, but the existing rate structure cannot adequately fund the projects.

18

19

Bell Road Replacement Project

20

21 **Q. Please describe the Bell Road Relocation Project.**

22 A. The Bell Road Relocation Project involves the relocation of water main prior to a road
23 reconstruction project. The project is spearheaded and driven by Warrick County,

1 Indiana ("Warrick County"), and financed by the Indiana Department of Transportation
2 ("INDOT"). The existing water main is located outside of the pavement and within
3 public right-of-way. Warrick County anticipates the road reconstruction project to
4 commence in early 2019, which makes this project a priority for the water utility.
5 Petitioner's witness Chris Kaufman offers more details in his testimony on the
6 particulars of this project subarea.

7
8 **Q. What is the expected cost of the Bell Road Relocation Project?**

9 A. As our project engineer, Chris Kaufman, explains further in his testimony, the estimated
10 construction cost of this project in 2017 dollars is about \$1.5 million, plus an additional
11 \$450,000 in non-construction costs for a total of \$1.95 million.

12
13 **Q. Could the cost of the Bell Road Relocation Project be foreseen?**

14 A. No. The cost of the Bell Road Relocation Project could not reasonably be foreseen during
15 the original planning of the utility's mains, nor in the utility's prior rate case, and it is
16 appropriate that these costs now be included in rate base.

17
18 **Downtown Replacement Project**

19
20 **Q. Please describe the purpose of the Downtown Replacement Project.**

21 A. Every water utility needs to get to a point where it is replacing its water mains, valves,
22 and hydrants ratably over the estimated useful life of these assets. Many of the
23 distribution mains in and around Chandler, Indiana, have experienced breaks and

1 failures and need to be replaced. Several water mains within the downtown area are
2 aged, cast iron pipes, and we must routinely dealing with breaks in these mains. The
3 water main breaks disrupt service to the residents, disrupt traffic in the residential areas,
4 and utilize the resources of Chandler Utilities. The Downtown Replacement Project, as
5 outlined in greater detail by Petitioner's witness Chris Kaufman, will address these
6 issues. The majority of the mains to be replaced are currently cast iron and asbestos
7 cement, but will be replaced with PVC mains and ductile iron. Not all of these needed
8 mains are located in downtown Chandler, but because most of them are downtown we
9 have described this particular project as the Downtown Replacement Project.

10
11 **Q. What is the expected cost of the Downtown Replacement Project?**

12 A. As our project engineer, Chris Kaufman, explains further in his testimony, the estimated
13 construction cost of this project in 2017 dollars is about \$5.66 million, plus an additional
14 \$1.698 million in non-construction costs for a total of \$7.358 million.

15
16 **Transmission Line Project**

17
18 **Q. Please describe the purpose of the Transmission Line Project.**

19 A. Without an upgrade of the current transmission line, it could potentially jeopardize
20 future economic growth in the service area because several water mains would continue
21 to operate without redundancy, and capacity at the Grimm Water Tower would be
22 unchanged. The Transmission Line Project is needed because of the opportunity for
23 growth and need for redundancy. The medical facilities near Warrick Trail and Grimm

1 Road are served by a 12-inch water main, which currently lacks redundancy. The
2 proposed 24-inch transmission line will provide redundancy to the existing system and
3 add capacity for future growth of the medical facilities and surrounding areas. The
4 transmission line will also provide redundancy to the 14-inch line on Epworth Road and
5 the Grimm Road water tower. There are two pressure zones, a high-pressure zone and a
6 low-pressure zone, within the Chandler water distribution system. The transmission line
7 will provide additional capacity to the low-pressure zone.
8

9 **Q. Will the water treatment facility require changes because of the Transmission Line**
10 **Project?**

11 A. No. Petitioner's existing water treatment plant was built in 2012 with a design treatment
12 capacity of 4.32 million gallons per day. Currently the plant operates at approximately
13 fifty percent (50%) capacity. The plant upgrade was designed to accommodate growth
14 and development in the Chandler utility service area. As a result, plant expansion is not
15 required for the Transmission Line Project.
16

17 **Q. What is the expected cost of the Transmission Line Project?**

18 A. As our project engineer, Chris Kaufman, explains further in his testimony, the estimated
19 construction cost of this project in 2017 dollars is about \$13.02 million, plus an additional
20 \$3.906 million in non-construction costs for a total of \$16.926 million.
21

22 **Q. How much of a rate increase is Petitioner seeking in this proceeding?**

1 A. Petitioner is seeking a rate increase of approximately 49.9%. The increase will result in
2 an average monthly bill of approximately \$36.50 for an average residential household
3 using 4,000 gallons. After working closely with our consultants and advisors over the
4 past several months, we have determined that a rate increase of this magnitude is
5 necessary for two primary reasons. First, Petitioner will soon operate at a loss and that is
6 unsustainable going forward. Second, Petitioner must implement the capital projects
7 described to ensure safe, reliable, and efficient water supply to customers. It is therefore
8 in our customers' interest to increase its water rates.

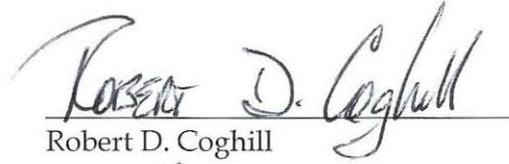
9

10 **Q. Does this conclude your direct testimony in this cause?**

11 A. Yes, at this time.

VERIFICATION

I, Robert D. Coghill, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information, and belief.


Robert D. Coghill

Date: March 6, 2018

Attachment No. RDC-1
Petitioner's Exhibit No. 1 (Robert D. Coghill)
Town of Chandler, Indiana

TOWN OF CHANDLER RESOLUTION NUMBER 2017-07

**DECLARATORY RESOLUTION OF THE TOWN COUNCIL
OF THE TOWN OF CHANDLER, INDIANA,
AUTHORIZING THE REPAIRING, RELOCATION,
EXTENDING, AND IMPROVING OF THE WATERWORKS
UTILITY OF THE TOWN AND RELATED MATTERS**

WHEREAS, the Town Council of the Town of Chandler, Indiana ("Town") and its Waterworks Utility ("Utility") exists and operates under the provisions of Indiana Code 8-1.5-4, as amended from time to time;;

WHEREAS, the Town hereby finds, upon investigation, that in order to properly protect the public health and welfare and safeguard the property within the Utility, it is necessary to repair, relocate, extend, and improve the waterworks system of the Town; and

WHEREAS, the Town has begun preparing maps, plan, specifications, and drawings with full details and descriptions for the proposed work, consisting of the acquisition, construction, installation, and equipping of a road relocation project, line repairs and replacement, an additional transmission line, and related waterworks improvements (collectively, the "Project"), together with an estimate of the cost thereof;

BASED UPON THE FOREGOING, IT IS THEREFORE RESOLVED, by the Town Council of the Town of Chandler as follows:

1. The Town hereby declares that the Project is necessary for the protection of the public health and welfare of the customers of the Utility and the safeguarding of the property of the Utility.
2. The Town hereby declares that the Project is of public utility and benefit.
3. The preliminary plans, maps, specifications, drawings, details, descriptions, and estimates prepared in connection with the Project, as submitted to the Town, are hereby adopted. Such plans, maps, specifications, drawings, details, descriptions, and estimates and this Resolution shall be made available for inspection during normal business hours by all persons interested in or affected by the Project at the Office of the Chandler Waterworks Utility, located at 101 Constitution Court, Chandler, Indiana 47610.
4. The Town's cost estimate for the Project is in excess of Twenty Nine Million Two Hundred Thousand Dollars (\$29,200,000). The Town further finds that the precise property rights and locations needed to complete the Project are impossible to determine at this time. If the final plans, maps, specifications, drawings, details, descriptions, and estimates require the purchase or appropriation of land, easements or rights of-way not currently owned by the

Utility, then the Town will amend this Resolution to comply with Indiana Code 8-1.5-4. The Town proposes that the Project proceed and that the Project be financed by the issuance of one or more series of bonds of the Utility to be issued pursuant to Indiana Code 8-1.5-4, to include all of the costs of the Project and the costs of issuance of said bonds in an estimated amount not to exceed Twenty Nine Million Five Hundred Thousand Dollars (\$29,500,000).

5. The Clerk-Treasurer of the Town is hereby authorized and directed to schedule a public hearing upon the adoption of this Resolution at which the Board will receive or hear remonstrances from the persons interested in, or affected by, this Resolution, and determine the public utility and benefit of the Project and take final action confirming, modifying, or rescinding this Resolution. The hearing shall be held at a meeting of this Town, and the Clerk-Treasurer of the Town is further authorized and directed to publish notice of such hearing at the time and in the manner provided by law, including, without limitation, the provisions of Indiana Code 8-1.5-4-15 and Indiana Code 5-3-1.

6. This Resolution shall be in full force and effect from and after its passage and adoption.

Passed and adopted by the Town Council of Chandler, Indiana, this 18th day of December, 2017.

TOWN OF CHANDLER, INDIANA



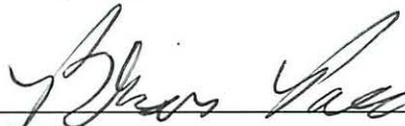
Tonya Wester
President, Town Council

ATTEST:



Brian Pace
Clerk-Treasurer

I, the undersigned Clerk-Treasurer of the Town of Chandler, in Warrick County, Indiana, do hereby certify that above and foregoing is a full, true, and complete copy of Resolution No. 2017-07 passed by the Town Council of Chandler, Indiana, on the 18th day of December, 2017, by a vote of 4 AYES and 0 NAYS and now remains on file and on record in my office.



Brian Pace
Clerk-Treasurer

TOWN OF CHANDLER RESOLUTION NUMBER 2017-08

**A PRELIMINARY BOND RESOLUTION OF THE
TOWN COUNCIL OF CHANDLER, INDIANA,
AUTHORIZING THE ISSUANCE OF BONDS OF THE
WATERWORKS UTILITY OF THE TOWN OF CHANDLER, INDIANA,
FOR THE PURPOSE OF PROCURING FUNDS FOR CERTAIN
IMPROVEMENTS AND EXTENSIONS TO SUCH WATERWORKS,
AND CERTAIN RELATED MATTERS**

WHEREAS, the Town Council of the Town of Chandler, Indiana ("Town") and its Waterworks Utility ("Utility") exists and operates under the provisions of Indiana Code 8-1.5-4, as amended from time to time;

WHEREAS, the Town finds that in order to provide funds for the payment of the costs of certain improvements and extensions to the Utility, consisting of the acquisition, construction, installation, and equipping of a road relocation project, line repairs and replacement, an additional transmission line, and related waterworks improvements (collectively, the "Project"), it will be necessary and in the best interest of the Utility, and the property and inhabitants thereof, to issue bonds of the Utility in an aggregate principal amount not to exceed Twenty Nine Million Five Hundred Thousand Dollars (\$29,500,000), which shall be payable solely from the net revenues of the Utility (the "Net Revenues");

WHEREAS, certain preliminary expenditures related to the Project have been or will be incurred by or on behalf of the Utility prior to the issuance and delivery of such bonds;

WHEREAS, the Town desires to express its intention to reimburse such expenditures as have been or may be incurred prior to the issuance of such bonds, pursuant to Indiana Code 5-1-14-6 and in compliance with Section 1.150-2 of the U.S. Treasury Regulations promulgated by the Internal Revenue Service (the "Treasury Regulations");

BASED UPON THE FOREGOING, IT IS THEREFORE RESOLVED, by the Town Council of the Town of Chandler as follows:

1. The Utility shall proceed to undertake the Project. In order to procure funds for the Project, the Clerk-Treasurer of the Town is hereby authorized and directed to have prepared and to issue and sell the bonds of the Utility, in one or more series or issues, the principal of and interest on which are payable solely from the Net Revenues, which bonds shall be issued in the name of the Town, for and on behalf of the Utility, in an aggregate principal amount not to exceed Twenty Nine Million Five Hundred Thousand Dollars (\$29,500,000) (the "Bonds"), with a discount not to exceed the discount set forth in or determined by the Final Bond Resolution to be adopted by the Town, and which amount (together with any investment earnings thereto, if any) does not exceed the cost of the Project, together with the expenses in connection with or on

account of the issuance of the New Money Bonds, which estimated cost shall not exceed Twenty Nine Million Five Hundred Thousand Dollars (\$29,500,000), plus investment earnings thereon, if any, which will be provided from proceeds of the New Money Bonds, plus any investment earnings thereon.

2. The New Money Bonds shall not constitute a corporate obligation or indebtedness of the Town but shall constitute an obligation of the Utility. The New Money Bonds, together with interest thereon, shall be payable solely from the Net Revenues.

3. The New Money Bonds shall mature and be payable no later than 1 January 2054, and shall bear interest as set forth in the Final Bond Resolution to be adopted by the Town. The New Money Bonds may be subject to redemption prior to maturity in whole or in part in accordance with the terms set forth in the Final Bond Resolution to be adopted by the Town.

4. The Town hereby declares that, for the purpose of evidencing compliance with Indiana Code 5-1-14-6 and Section 1.150-2 of the Treasury Regulations, it reasonably expects to reimburse with the proceeds of the New Money Bonds (in an amount not to exceed and payable from the sources set forth above) expenditures for the Project made by or on behalf of the Utility prior to the issuance of the New Money Bonds during the period beginning on the date sixty (60) days prior to the date of this Resolution until the date of issuance of the New Money Bonds, which expenditures are expected to be paid initially from other legally available funds of the Utility.

5. This Resolution shall be in full force and effect from and after its passage and adoption.

Passed and adopted by the Town Council of Chandler, Indiana, this 18th day of December, 2017.

TOWN OF CHANDLER, INDIANA



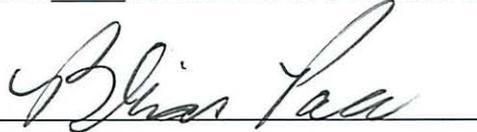
Tonya Wester
President, Town Council

ATTEST:



Brian Pace
Clerk-Treasurer

I, the undersigned Clerk-Treasurer of the Town of Chandler, in Warrick County, Indiana, do hereby certify that above and foregoing is a full, true, and complete copy of Resolution No. 2017-08 passed by the Town Council of Chandler, Indiana, on the 18th day of December, 2017, by a vote of 4 AYES and 0 NAYS and now remains on file and on record in my office.



Brian Pace
Clerk-Treasurer

TOWN OF CHANDLER RESOLUTION NUMBER 2018-01

A RESOLUTION AUTHORIZING A NEW SCHEDULE OF RATES AND CHARGES FOR SERVICES RENDERED BY THE WATERWORKS UTILITY OF THE TOWN OF CHANDLER, INDIANA, AND RELATED MATTERS

WHEREAS, the Town Council of the Town of Chandler, Indiana ("Town") and its Waterworks Utility ("Waterworks Utility") has under consideration the necessity for an increase in water rates and charges;

WHEREAS, the Town has caused a study to be made by H.J. Umbaugh & Associates, CPAs, LLP ("Rate Consultants") to determine whether or not an increase in water rates and charges for water service rendered by the Waterworks Utility is required in order to enable the Waterworks Utility to pay its necessary expenses of operating, including the payment of its bonded indebtedness, funds for extensions and replacements, and all the other costs of operation as set forth in the applicable statute, I.C. § 8-1.5-3-8;

WHEREAS, the Waterworks Utility has been advised by the Rate Consultants that the Waterworks Utility is in immediate need of a rate increase in order for the Waterworks Utility to realize sufficient revenues to promptly operate its water works as required by statute and to make necessary repairs, relocations, and extensions;

WHEREAS, the Rate Consultants have provided to the Town a recommendation to implement upon approval by the Indiana Utility Regulatory Commission ("IURC") a proposed an overall increase of approximately 49.9%;

WHEREAS, the Town now finds that it will be necessary to increase the water rates and charges for water service rendered by the Waterworks Utility in order for the revenues produced by the Waterworks Utility's facilities to comply with the statutory requirements of the State of Indiana;

WHEREAS, the Board of Directors is empowered by I.C. § 8-1.5-4-1.5 to act as the municipal legislative body for the purpose of LC. § 8-1.5-3-4 and I.C. § 8-1.5-3-8;

WHEREAS, a petition will be filed in the near future and assigned an IURC cause number; and

WHEREAS, the full extent of the rate relief to be sought in the referenced petition to the IURC remains to be finalized.

BASED UPON THE FOREGOING, IT IS THEREFORE RESOLVED, by the Town Council of the Town of Chandler as follows:

1. That a new schedule of water rates and charges shall be established reflecting an increase of approximately 49.9% over the current per thousand gallons rate.

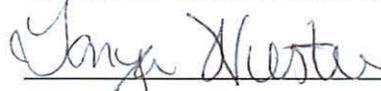
2. That the Director of Public Services for Chandler Utilities and his employees and agents are hereby authorized to secure the approval of the rates and charges established by this Resolution by the Indiana Utility Regulatory Commission ("IURC"), and to take any and all actions that are necessary to put said rates and charges in effect for the Waterworks Utility of the Town of Chandler, Indiana.

3. That all resolutions and parts of resolution in conflict herewith are hereby repealed; provided, however, that all existing rules and regulations of the Waterworks Utility are to continue in effect and that the existing schedule of water rates and charges for service rendered shall also remain in effect until a new schedule of rates and charges is established and approved by the Indiana Utility Regulatory Commission, and further until such time as the order of said Commission approving said new rates and charges shall direct.

4. That this Resolution shall be in full force and effect from and after its passage and adoption.

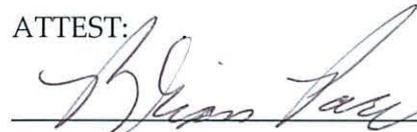
Passed and adopted by the Town Council of Chandler, Indiana, this 5th day of March, 2018.

TOWN OF CHANDLER, INDIANA



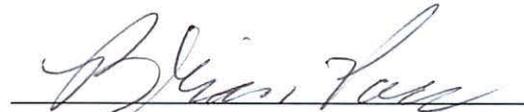
Tonya Wester
President, Town Council

ATTEST:



Brian Pace
Clerk-Treasurer

I, the undersigned Clerk-Treasurer of the Town of Chandler, in Warrick County, Indiana, do hereby certify that above and foregoing is a full, true, and complete copy of Resolution No. 2018-01 passed by the Town Council of Chandler, Indiana, on the 5th day of March, 2018, by a vote of 4 AYES and 1 NAYS and now remains on file and on record in my office.



Brian Pace
Clerk-Treasurer