

August 1, 2017

INDIANA UTILITY

REGULATORY COMMISSION

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF CITIZENS WASTEWATER)
OF WESTFIELD, LLC FOR (1) AUTHORITY TO)
IMPLEMENT A SYSTEM DEVELOPMENT CHARGE;)
AND (2) APPROVAL OF NEW RATE SCHEDULES)
IMPLEMENTING THE APPROVED SYSTEM)
DEVELOPMENT CHARGE)

CAUSE NO. 44968

VERIFIED DIRECT TESTIMONY
of
KORLON L. KILPATRICK II

On Behalf of
Citizens Wastewater of Westfield

Petitioner's Exhibit 2

INTRODUCTION AND BACKGROUND

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. Korlon L. Kilpatrick II. My business address is 2020 North Meridian Street, Indianapolis, Indiana 46202.

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

A. I am employed by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis d/b/a Citizens Energy Group. Citizens Energy Group is the successor trustee of a public charitable trust related to the provision of energy utility services and, acting by and through the Board owns, manages and controls a number of utility assets. Citizens Energy Group owns the stock of Citizens By-Products Coal Company d/b/a Citizens Resources, which itself owns a number of energy and utility related businesses, including Citizens Westfield Utilities, LLC, which in turn, owns the sole membership interest of Citizens Water of Westfield, LLC and Citizens Wastewater of Westfield, LLC ("Petitioner" or "Citizens Wastewater of Westfield"). I currently serve as Citizens Energy Group's Director, Regulatory Affairs.

Q. PLEASE DESCRIBE THE DUTIES AND RESPONSIBILITIES OF YOUR PRESENT POSITION.

A. I oversee the development, implementation, and administration of Citizens Energy Group's ("Citizens") regulated utilities' rates and charges and terms and conditions for service. I am responsible for coordinating certain regulatory and

1 rate matters of Citizens' regulated utilities. I have been involved in a number of
2 base rate proceedings, including Citizens Wastewater of Westfield's last base rate
3 case, Cause No. 44835. I also am responsible for the preparation of various
4 tracker filings and other miscellaneous rate matters.

5 **Q. HOW LONG HAVE YOU BEEN EMPLOYED BY CITIZENS?**

6 A. I have been employed by the Board since October of 2010.

7 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

8 A. I hold a Bachelor of Arts degree with a major in Computer Science from Harvard
9 College and a Master of Business Administration degree with a major in Finance
10 from the University of North Carolina at Chapel Hill.

11 **Q. PLEASE DESCRIBE YOUR PRIOR BUSINESS EXPERIENCE.**

12 A. I began my employment with Citizens in 2010 as a Manager, Rates & Business
13 Applications. Prior to joining Citizens, I worked for the Indiana Office of Utility
14 Consumer Counselor ("OUCC") as a Utility Analyst. In that capacity, my work
15 focused on economic and financial analysis of various regulatory issues including
16 demand-side management and energy efficiency issues and cost of equity
17 analysis. I regularly attended Midwest ISO stakeholder committee meetings and
18 served as the Public Consumer Advocate sector representative to the Finance
19 subcommittee. Prior to that, I was part of the senior management team of a start-
20 up business, and prior to that, I worked for several years as a management

1 consultant performing economic and financial analysis for clients in various
2 industries.

3 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

4 A. Yes. I have testified before this Commission in numerous proceedings involving
5 the regulated utilities under Citizens' ownership, management and control. I
6 recently offered direct and rebuttal testimony in Citizens Wastewater of
7 Westfield's most recent rate case, as well as testimony in support of the
8 Settlement Agreement entered into in that Cause.

9 **Q. WHAT HAVE YOU DONE TO PREPARE YOURSELF TO TESTIFY IN**
10 **THIS PROCEEDING?**

11 A. I have read the Verified Petition and am familiar with its contents. I also have
12 read the direct testimony and attachments Petitioner filed in this proceeding. In
13 addition, I reviewed the terms of the Settlement Agreement entered into Cause
14 No. 44835, as well as testimony relating thereto. In particular, I reviewed the
15 terms of the Settlement Agreement under which Citizens Wastewater of Westfield
16 and the OUCC agreed that "on or before August 1, 2017 . . . Petitioner would file
17 a petition and case-in-chief asking the Commission to approve a System
18 Development Charge in an amount no less than the amount indicated in
19 Petitioner's rebuttal testimony in this Cause." I also reviewed the section of the
20 AWWA M1 Manual relating to System Development Charges and WEF MOP 27.

1 **Q. ARE YOU FAMILIAR WITH THE AMOUNT OF THE SYSTEM**
2 **DEVELOPMENT CHARGE THAT WAS “INDICATED IN**
3 **PETITIONER’S REBUTTAL TESTIMONY” IN CAUSE NO. 44835?**

4 A. Yes. In fact, I was the witness that sponsored the referenced rebuttal testimony.
5 In my rebuttal testimony, I presented a calculation of a System Development
6 Charge (“SDC”) consistent with the AWWA M1 Manual and WEF MOP 27 in
7 the amount of \$2,000 per equivalent dwelling unit (“EDU”).

8 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
9 **PROCEEDING?**

10 A. My testimony describes the purpose and calculation of an SDC and why I believe
11 it constitutes a just and reasonable charge for service. Petitioner is proposing to
12 call the new charge a Connection Fee to be consistent with the practice of CWA
13 Authority, Inc. ("CWA Authority") in Marion County. I also provide a brief
14 comparison of Petitioner’s proposed SDC to similar charges of other wastewater
15 utilities within the State of Indiana. Lastly, I discuss how Petitioner proposes to
16 implement the charge.

17 **SYSTEM DEVELOPMENT CHARGE OVERVIEW**

18 **Q. WHAT IS THE AMOUNT OF THE SDC PETITIONER IS PROPOSING**
19 **IN THIS PROCEEDING?**

20 A. Petitioner continues to believe an SDC in the amount of \$2,000 per EDU is
21 consistent with the AWWA M1 Manual and WEF MOP 27.

1 **Q. PLEASE DISCUSS THE PURPOSE OF THE PROPOSED SDC.**

2 A. The purpose of Petitioner's proposed SDC -- as with all SDCs -- is to provide a
3 means of recovering costs associated with investments in the system outside of
4 Petitioner's recurring retail rates and charges that is fair and equitable to all
5 parties – *i.e.*, existing retail customers, prospective customers and members of the
6 developer community. An SDC is a one-time, initial charge that is charged for a
7 new connection that provides a reasonable means of ensuring that existing retail
8 customers do not subsidize the cost of new development. Funds from the SDC
9 become CIAC. The payment of the SDC is not in consideration for a retail sale of
10 utility services.

11 **Q. WHAT IS THE IMPACT OF IMPLEMENTING AN SDC?**

12 A. SDCs can keep customer rates lower in the long term. Petitioner's proposed SDC
13 will provide additional capital that can be used to reduce the amount of debt
14 issued to fund needed improvements, which in turn can result in lower retail rates
15 and charges for customers.

16 **Q. TO WHOM WILL THE PROPOSED SDC BE ASSESSED AND WHEN?**

17 A. The proposed SDC will be assessed to developers or others constructing new
18 buildings that are connected to the system. The SDC is a one-time charge that
19 will be assessed when the developer applies for connection to the collection
20 system.

1 **Q. PLEASE EXPLAIN HOW THE \$2,000 PER EDU SDC WAS**
2 **DETERMINED.**

3 A. Petitioner used the system buy-in method described in the AWWA M1 Manual to
4 calculate its proposed SDC.

5 **Q. PLEASE EXPLAIN THE SYSTEM BUY-IN METHOD OF**
6 **CALCULATING AN SDC.**

7 A. The system buy-in method is based on existing facilities and capacities. Under
8 this approach, customers are required to “buy-in” to existing system facilities,
9 generally at a rate that reflects the prior investment of existing customers. This
10 method is fairly easy to compute and administer. In essence, net utility plant-in-
11 service is divided by the total system capacity in EDUs. Using the system buy-in
12 approach to calculate an SDC is most appropriate where current system facilities
13 have adequate capacity to serve both existing and future customers. The rationale
14 behind the capacity buy-in approach is that new customers should be charged for
15 existing available capacity at a rate consistent with the average value of available
16 capacity of the existing system.

17 **Q. PLEASE DESCRIBE PETITIONER’S ATTACHMENT KKK-1.**

18 A. Petitioner’s Attachment KKK-1 sets forth a calculation of Petitioner’s proposed
19 \$2,000 SDC using the system buy-in method. The calculated net utility plant-in-
20 service as of December 31, 2015 (\$66,444,044) is divided by the total system
21 capacity (33,355 EDUs) to determine the proposed \$2,000 system development

1 charge. The actual calculation results in an SDC of \$1,992, but Petitioner has
2 rounded that amount to the nearest hundred to derive the \$2,000 proposed SDC.

3 **Q. HOW DOES PETITIONER'S PROPOSED SDC COMPARE WITH**
4 **SIMILAR FEES IN OTHER CENTRAL INDIANA COMMUNITIES?**

5 A. Petitioner's proposed SDC is comparable to similar fees charged in the central
6 Indiana market. CWA Authority has a connection fee of \$2,530 that is dedicated
7 to capital improvement projects. Petitioner's Attachment KKK-2 contains a
8 listing of Indiana communities in Marion County and its surrounding counties
9 along with their respective fees or charges. The cities and towns listed all have
10 similar fees or charges, which are in the approximately \$1,000 to \$5,000 range. It
11 is important to note that while Petitioner's proposed SDC is within the range of
12 other such fees or charges of other Indiana communities, Petitioner recognizes
13 that each utility's situation is different. A fee or charge established for one utility
14 may not be appropriate for another. As such and as presented in Petitioner's
15 Attachment KKK-1, Petitioner's proposed SDC was not based on what other
16 utilities may charge, but is cost-based.

17 **Q. HOW IS PETITIONER PROPOSING TO IMPLEMENT ITS PROPOSED**
18 **SDC?**

19 A. Based on feedback from some of its external stakeholders, Petitioner is proposing
20 to phase-in the SDC. Upon issuance of an Order in this Cause, Petitioner is
21 proposing that the SDC be \$1,000 per EDU. Six months following the date the

1 Order is approved, the rate would escalate to \$2,000 per EDU. This approach
2 allows the developer community to “step into” the new rate and recognizes that
3 the developers have a number of lots ready for connection that do not have the
4 SDC built into the price of the home. This proposed phased-in approach will help
5 the affected developers make any necessary adjustments.

6 **Q. WHAT IS PETITIONER REQUESTING WITH RESPECT TO ITS**
7 **PROPOSED SDC?**

8 A. Petitioner requests that the Commission (i) approve its \$2,000 per EDU SDC, (ii)
9 approve the proposed phased implementation of the SDC, (iii) authorize the
10 charge to be placed on Petitioner's Appendix A as a Connection Fee and as a non-
11 recurring charge and (iv) approve certain minor revisions to Petitioner's Terms
12 and Conditions for Service referencing the Connection Fee. See Petitioner's
13 Attachment KLK-3 for a proposed version of Petitioner's Appendix A
14 incorporating the non-recurring Connection Fee and Attachment KLK-4 for the
15 minor revisions to the Terms and Conditions for Service.

16 **CONCLUSION**

17 **Q. IN YOUR OPINION IS THE PROPOSED \$2,000 PER EDU SDC A**
18 **REASONABLE AND JUST CHARGE FOR SERVICE?**

19 A. Yes. As described above, the \$2,000 per EDU SDC is a cost-based rate that was
20 derived in accordance with the system buy-in methodology set forth in the
21 AWWA M1 Manual relating to System Development Charges. Moreover, in

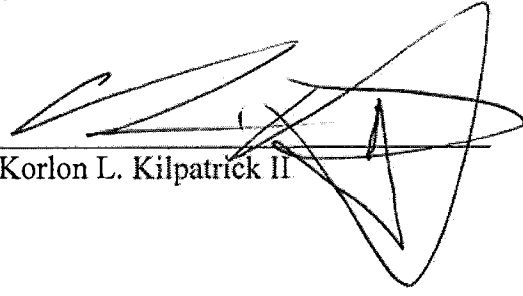
1 order to ensure that all interested stakeholders have a chance to make any
2 necessary adjustments to their business model as a result of implementing the
3 SDC, Petitioner is proposing to phase-in the charge.

4 **Q. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY IN THIS**
5 **PROCEEDING?**

6 A. Yes, it does.

VERIFICATION

The undersigned affirms under the penalties for perjury that the foregoing testimony is true to the best of his knowledge, information and belief.


Korlon L. Kilpatrick II

Calculation of System Development Charge

| Line No. | | |
|----------|---|---------------------|
| 1 | Westfield Wastewater Treatment Plant Capacity | 7,500,000 |
| 2 | Capacity at Carmel's Wastewater Treatment Plant | 2,840,000 |
| 3 | Total System Capacity (gallons) | <u>10,340,000</u> |
| 4 | Divided by: 310 gpd | 310 |
| 5 | Number of EDUs that can be served | 33,355 |
| 6 | Utility Plant in Service | \$ 88,841,680 |
| 7 | Less: Accumulated Depreciation | <u>(22,397,636)</u> |
| 8 | Net Utility Plant in Service | 66,444,044 |
| 9 | System Development Charge | \$ 1,992 |
| 10 | System Development Charge (rounded up to 100) | \$ 2,000 |

Citizens Wastewater of Westfield

Wastewater Connection and Availability Fee Comparison
(5/8" or 3/4" Meter Size)

| City/Town | County | Connection Fee | Availability Capacity Fee | Total Fee |
|---------------------------------------|---------------|---------------------------|--|----------------------|
| Avon | Hendricks | 5,098.00 | - | 5,098.00 |
| Brownsburg | Henricks | 5,098.00 | - | 5,098.00 |
| Carmel | Hamilton | 1,600.00 | - | 1,600.00 |
| Cicero | Hamilton | 610.00 | 2,385.00 | 2,995.00 |
| Clay Township Regional Waste District | Hamilton | 1,818.00 | 4,075.00 | 5,893.00 |
| Danville | Hendricks | 2,500.00 | - | 2,500.00 |
| Fishers | Hamilton | 250.00 | 2,400.00 | 2,650.00 |
| Fishers (Hamilton Southeastern) | Hamilton | 305.00 | 2,400.00 | 2,705.00 |
| Franklin | Johnson | 2,000.00 | - | 2,000.00 |
| Greenfield | Hancock | 1,200.00 | - | 1,200.00 |
| Greenwood | Johnson | 2,073.00 | - | 2,073.00 |
| Hamilton Southeastern Utilities | Hamilton | 305.00 | 3,650.00 | 3,955.00 |
| Lawrence | Marion | 1,780.00 | - | 1,780.00 |
| McCordsville | Hancock | 3,100.00 | - | 3,100.00 |
| New Palestine | Hancock | 2,750.00 | - | 2,750.00 |
| Noblesville | Hamilton | 1,665.00 | 1,050.00 | 2,715.00 |
| Plainfield | Hendricks | 375.00 | 590.00 | 965.00 |
| West Central | Hendricks | 5,098.00 | - | 5,098.00 |
| Zionsville | Boone | 4,000.00 | | 4,000.00 |

Attachment KLK-3

MISCELLANEOUS NONRECURRING CHARGES (Cont'd)

7. USAGE INFORMATION CHARGE

A summary of Customer usage by meter for the most recent twenty-four (24) month period may be accessed at www.citizensenergygroup.com. A Usage Information Charge shall be assessed to the Customer for requests for usage summary by meter beyond the twenty-four (24) month period. Such charge to the Customer shall be eighteen dollars (\$18.00) per customer usage summary per meter.

8. EXTENSION, AMENDMENT, OR TRANSFER OF AUTHORITY TO CONNECT TO THE SEWAGE DISPOSAL SYSTEM

The fee for extending the authority granted by the Utility to connect to the Sewage Disposal System beyond 180 days shall be \$30. The fee for amending an application for connection shall be \$30. The fee for transferring the authority granted by the Utility to connect to the Sewage Disposal System, which transfer must be done with the consent of the Utility shall be \$30.

9. CONNECTION FEE

A baseline Connection Fee per equivalent dwelling unit ("EDU") in the amount set forth below, will be assessed for all new connections to the Sewage Disposal System. A new connection includes new sewer service or modification of an existing sewer service agreement; however, replacement or repair of an existing individual Building Sewer that does not increase EDUs will not constitute a new connection. EDU's shall be determined in accordance with industry standards and reflect the greater of the actual daily flow requirements (per 327 IAC 3), the area ratio of the water meter size serving a particular user, or such other means of determination deemed appropriate by the Utility. One (1) EDU shall be estimated as equal to three hundred ten (310) gallons per day.

| | Charge |
|--|----------------|
| Connections to Sewage Disposal System on or before [6-Month Anniversary of Order] | \$1,000 |
| Connections to Sewage Disposal System after [6-Month Anniversary of Order] | \$2,000 |

MISCELLANEOUS NONRECURRING CHARGES (Cont'd)

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| | Charge |
|---|---------|
| Connections to Sewage Disposal System on or before [6-Month Anniversary of Order] | \$1,000 |
| Connections to Sewage Disposal System after [6-Month Anniversary of Order] | \$2,000 |

Attachment KLK-4

3.9 No person shall do any form of work on or in connection with lines or facilities owned by the Utility until he has received a lateral permit from the Utility to do such work. A lateral permit is required to construct, repair, modify, connect, or abandon any lateral within the Utility's service area. All work must be in compliance with the Utility's Sanitary District Standard Specifications.

3.10 ~~A baseline Connection Fee~~Connection Fee per EDU, as set forth in Appendix A, will be assessed for all new connections to the Sewage Disposal System. A new connection includes new Sewage Disposal Service or modification of an existing Sewage Disposal Service agreement.

Replacement or repair of an existing individual Building Sewer that does not increase EDUs will not constitute a new connection.

3.9.3.11 An application for a new connection to the Sewage Disposal System shall be made on a form prescribed by the Utility and may require the following information:

3.9.13.11.1 Name and address of the owner;

3.9.23.11.2 Name, address and telephone number of the contractor;

3.9.33.11.3 Address and, if necessary, the legal description of the Premises where the work is to be done;

3.9.43.11.4 Plans for the Building Sewer and connections, which at a minimum must consist of drawing(s) of the building, the parcel boundaries, the connection detail, including grease interceptor connection detail where applicable, materials of construction and installation method; and

3.9.53.11.5 Any other information as may be deemed reasonable and necessary by the Utility.

3.103.12 Application for a connection to the Sewage Disposal System shall be made only by a plumbing contractor licensed by the State of Indiana or a contractor bonded to the Utility's satisfaction.

3.113.13 All Sewer work and other construction actually performed on or associated with the Building Drain, Building Sewer and the connection of the Building Sewer to the Sewage Disposal System shall be in accordance with the rules and regulations of the Indiana Fire Prevention and Building Safety Commission and standard specifications of the Utility.

3.123.14 The permit granted by the Utility to connect to the Sewage Disposal System shall be given in writing and expire by operation of law and shall no longer be of any force or effect if work is not initiated within one hundred eighty (180) days from the date thereof. The Utility may, however, for good cause shown in writing, extend the duration of the permit for an additional period that is reasonable under the circumstances to allow commencement of the construction activity. In no event shall the extension exceed a period of sixty (60) days.

If the construction activity has been commenced but only partially completed, and thereafter substantially no construction activity occurs on the construction site over a period of one hundred eighty (180) days, the permit shall expire by operation of law and no longer be of any force or effect; provided, however, the Utility may, for good cause shown in writing, extend the authority to connect to the Sewage Disposal System for an additional period that is reasonable under the circumstances to allow resumption of construction activity. The fee for an extension under this Rule shall be as provided for in Appendix A, and the extension shall be confirmed in writing.

~~3.13.15~~ After the Utility has granted the permit, the plumbing contractor or contractor as defined in Rule 3.11 shall give prompt written notice to the Utility of any addition to or change in the information contained in the permit application.

~~3.14.16~~ After the Utility has in writing, granted authority to connect to the Sewage Disposal System, any material deviation or change in the information contained in the application or the plans shall be considered an amendment subject to approval by the Utility. Before construction has begun, the contractor shall file with the Utility a written request for amendment, including a detailed statement of the requested change and the submission of any amended plans. The Utility shall give the contractor written notice that the request for amendment has been approved or denied. The fee for the amendment of an application for connection is set forth in Appendix A.

~~3.15.17~~ A permit may be transferred with the approval of the Utility to a person, partnership or corporation that would be eligible to obtain such authority in the first instance (hereinafter called "Transferee"), after both the payment of a fee as provided in Appendix A and the execution and filing of a transfer form furnished by the Utility. Such transfer form shall contain, in substance, the following certifications, release and agreement:

~~3.15.17.1~~ The person who obtained the original connection approval from the Utility or a person who is employed by and authorized to act for the obtainer (hereinafter called "Transferor") shall:

- a. Certify under penalties for perjury that such person is familiar with the sanitary Sewer construction activity to be accomplished pursuant to the permit; such person is familiar with the construction standards and procedures of the Utility; and to the best of such person's knowledge, information and belief the construction activity, to the extent performed, is in conformity with all standards and procedures required by the Utility; and
- b. Sign a statement releasing all rights and privileges secured under the permit granted by the Utility to the Transferee.

~~3.15.17.2~~ The Transferee shall:

- a. Certify that the Transferee is familiar with the information contained in the original application requesting authority to connect to the Sewage Disposal System, the design plans and specifications, and any other documents filed in support of the application;
- b. Certify that the Transferee is familiar with the present condition of the Premises on which the construction activity is to be accomplished pursuant to the permit; and
- c. Agree to adopt and be bound by the information contained in the original application, the design plans and specifications, and other documents supporting the original application; or in the alternative, agree to be bound by such application plans and documents modified by plan amendments submitted to the Utility for approval.

The Transferee shall assume the responsibilities and obligations of and shall comply with the same procedures required of the Transferor, and shall be subject to any written directives issued by the Utility. Authority granted by the Utility for construction activity at a specified location may not be transferred to construction activity at another location.

3.163.18 The Utility may revoke a permit when:

3.16.13.18.1 The application, plans or supporting documents contain a false statement or misrepresentation as to a material fact; or

3.16.23.18.2 The application, plans or supporting documents reflect a lack of compliance with the requirements of these Terms and Conditions for Sewage Disposal Service.

3.173.19 The Utility may order the suspension of the pertinent construction activity ("Stop-Work Order") if the Utility determines that:

3.17.13.19.1 Construction activity is proceeding in an unsafe manner;

3.17.23.19.2 Construction activity is proceeding in violation of a requirement of these Terms and Conditions for Sewage Disposal Service;

3.17.33.19.3 Construction activity is proceeding in a manner that is materially different from the application, plans, or supporting documents; or

3.17.43.19.4 Construction activity for which Utility authority under this Rule is required is proceeding without such authority having been obtained. In such an instance, the Stop-Work Order shall indicate that the effect of the order terminates when the required authority is obtained.

3.183.20 The Stop-Work Order shall be in writing and shall state the reason for its issuance. The Stop-Work Order shall be posted on the property in a conspicuous place and, if conveniently possible, shall be given to the person doing the construction and to the owner of the property or his or her agent. The Stop-Work Order shall state the conditions under which construction may be resumed.

4. DEPOSITS

4.1 In accordance with the Rules and Regulations of the Commission pursuant to 170 IAC 8.5 et al, the Utility may require a Residential Customer or Applicant to pay a cash deposit as a condition of receiving or continuing to receive Sewage Disposal Service, if the Utility determines that the Residential Customer or Applicant does not meet the criteria for creditworthiness set forth in 170 IAC 8.5-2-3 of the Rules and Regulations of the Commission.

4.2 The Utility may require Non-Residential Customers or Applicants who are determined to be uncreditworthy to make a cash deposit at any time to assure payment of bills, and as a condition of receiving or continuing to receive Sewage Disposal Service.

4.2.1 The Utility shall determine the creditworthiness of a Non-Residential Applicant or Customer in an equitable, non-discriminatory manner.

- 3.9 No person shall do any form of work on or in connection with lines or facilities owned by the Utility until he has received a lateral permit from the Utility to do such work. A lateral permit is required to construct, repair, modify, connect, or abandon any lateral within the Utility's service area. All work must be in compliance with the Utility's Sanitary District Standard Specifications.
- 3.10 A baseline Connection Fee per EDU, as set forth in Appendix A, will be assessed for all new connections to the Sewage Disposal System. A new connection includes new Sewage Disposal Service or modification of an existing Sewage Disposal Service agreement.
Replacement or repair of an existing individual Building Sewer that does not increase EDUs will not constitute a new connection.
- 3.11 An application for a new connection to the Sewage Disposal System shall be made on a form prescribed by the Utility and may require the following information:
- 3.11.1 Name and address of the owner;
- 3.11.2 Name, address and telephone number of the contractor;
- 3.11.3 Address and, if necessary, the legal description of the Premises where the work is to be done;
- 3.11.4 Plans for the Building Sewer and connections, which at a minimum must consist of drawing(s) of the building, the parcel boundaries, the connection detail, including grease interceptor connection detail where applicable, materials of construction and installation method; and
- 3.11.5 Any other information as may be deemed reasonable and necessary by the Utility.
- 3.12 Application for a connection to the Sewage Disposal System shall be made only by a plumbing contractor licensed by the State of Indiana or a contractor bonded to the Utility's satisfaction.
- 3.13 All Sewer work and other construction actually performed on or associated with the Building Drain, Building Sewer and the connection of the Building Sewer to the Sewage Disposal System shall be in accordance with the rules and regulations of the Indiana Fire Prevention and Building Safety Commission and standard specifications of the Utility.
- 3.14 The permit granted by the Utility to connect to the Sewage Disposal System shall be given in writing and expire by operation of law and shall no longer be of any force or effect if work is not initiated within one hundred eighty (180) days from the date thereof. The Utility may, however, for good cause shown in writing, extend the duration of the permit for an additional period that is reasonable under the circumstances to allow commencement of the construction activity. In no event shall the extension exceed a period of sixty (60) days.
- If the construction activity has been commenced but only partially completed, and thereafter substantially no construction activity occurs on the construction site over a period of one hundred eighty (180) days, the permit shall expire by operation of law and no longer be of any force or effect; provided, however, the Utility may, for good cause shown in writing, extend the authority to connect to the Sewage Disposal System for an additional period that is reasonable under the circumstances to allow resumption of construction activity. The fee for an extension under this Rule shall be as provided for in Appendix A, and the extension shall be confirmed in writing.

- 3.15 After the Utility has granted the permit, the plumbing contractor or contractor as defined in Rule 3.11 shall give prompt written notice to the Utility of any addition to or change in the information contained in the permit application.
- 3.16 After the Utility has in writing, granted authority to connect to the Sewage Disposal System, any material deviation or change in the information contained in the application or the plans shall be considered an amendment subject to approval by the Utility. Before construction has begun, the contractor shall file with the Utility a written request for amendment, including a detailed statement of the requested change and the submission of any amended plans. The Utility shall give the contractor written notice that the request for amendment has been approved or denied. The fee for the amendment of an application for connection is set forth in Appendix A.
- 3.17 A permit may be transferred with the approval of the Utility to a person, partnership or corporation that would be eligible to obtain such authority in the first instance (hereinafter called "Transferee"), after both the payment of a fee as provided in Appendix A and the execution and filing of a transfer form furnished by the Utility. Such transfer form shall contain, in substance, the following certifications, release and agreement:
- 3.17.1 The person who obtained the original connection approval from the Utility or a person who is employed by and authorized to act for the obtainer (hereinafter called "Transferor") shall:
- a. Certify under penalties for perjury that such person is familiar with the sanitary Sewer construction activity to be accomplished pursuant to the permit; such person is familiar with the construction standards and procedures of the Utility; and to the best of such person's knowledge, information and belief the construction activity, to the extent performed, is in conformity with all standards and procedures required by the Utility; and
 - b. Sign a statement releasing all rights and privileges secured under the permit granted by the Utility to the Transferee.
- 3.17.2 The Transferee shall:
- a. Certify that the Transferee is familiar with the information contained in the original application requesting authority to connect to the Sewage Disposal System, the design plans and specifications, and any other documents filed in support of the application;
 - b. Certify that the Transferee is familiar with the present condition of the Premises on which the construction activity is to be accomplished pursuant to the permit; and
 - c. Agree to adopt and be bound by the information contained in the original application, the design plans and specifications, and other documents supporting the original application; or in the alternative, agree to be bound by such application plans and documents modified by plan amendments submitted to the Utility for approval.

The Transferee shall assume the responsibilities and obligations of and shall comply with the same procedures required of the Transferor, and shall be subject to any written directives issued by the Utility. Authority granted by the Utility for construction activity at a specified location may not be transferred to construction activity at another location.

3.18 The Utility may revoke a permit when:

3.18.1 The application, plans or supporting documents contain a false statement or misrepresentation as to a material fact; or

3.18.2 The application, plans or supporting documents reflect a lack of compliance with the requirements of these Terms and Conditions for Sewage Disposal Service.

3.19 The Utility may order the suspension of the pertinent construction activity ("Stop-Work Order") if the Utility determines that:

3.19.1 Construction activity is proceeding in an unsafe manner;

3.19.2 Construction activity is proceeding in violation of a requirement of these Terms and Conditions for Sewage Disposal Service;

3.19.3 Construction activity is proceeding in a manner that is materially different from the application, plans, or supporting documents; or

3.19.4 Construction activity for which Utility authority under this Rule is required is proceeding without such authority having been obtained. In such an instance, the Stop-Work Order shall indicate that the effect of the order terminates when the required authority is obtained.

3.20 The Stop-Work Order shall be in writing and shall state the reason for its issuance. The Stop-Work Order shall be posted on the property in a conspicuous place and, if conveniently possible, shall be given to the person doing the construction and to the owner of the property or his or her agent. The Stop-Work Order shall state the conditions under which construction may be resumed.

4. DEPOSITS

4.1 In accordance with the Rules and Regulations of the Commission pursuant to 170 IAC 8.5 et al, the Utility may require a Residential Customer or Applicant to pay a cash deposit as a condition of receiving or continuing to receive Sewage Disposal Service, if the Utility determines that the Residential Customer or Applicant does not meet the criteria for creditworthiness set forth in 170 IAC 8.5-2-3 of the Rules and Regulations of the Commission.

4.2 The Utility may require Non-Residential Customers or Applicants who are determined to be uncreditworthy to make a cash deposit at any time to assure payment of bills, and as a condition of receiving or continuing to receive Sewage Disposal Service.

4.2.1 The Utility shall determine the creditworthiness of a Non-Residential Applicant or Customer in an equitable, non-discriminatory manner.