

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF THE TOWN OF CHANDLER,)
INDIANA, FOR AUTHORITY AND APPROVAL)
TO:)
)
(1) INCREASE RATES AND CHARGES FOR)
WATER UTILITY SERVICE, INCLUDING) CAUSE NO. 46124
APPROVAL OF NEW SCHEDULE(S) OF RATES)
AND CHARGES FOR WATER SERVICES; AND)
)
(2) ISSUE REVENUE BONDS, NOTES, OR)
OTHER OBLIGATIONS OF INDEBTEDNESS)

PETITIONER'S EXHIBIT NO. 1

Prepared Direct Testimony and Attachments of
Tyler C. Kinder
Director of Public Services for Chandler Utilities

Sponsoring Petitioner's Attachment No. TCK-1

VERIFIED DIRECT TESTIMONY OF TYLER C. KINDER

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

2 A. My name is Tyler C. Kinder 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 **Q. Please state your position with the Town of Chandler.**

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

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

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

9 **Q. Briefly describe your professional background and experience.**

10 A. In my role as the Director of Public Services for the Town of Chandler, Indiana, I bring
11 over a decade of hands-on experience and leadership within the utilities sector,
12 specifically focusing on our town's critical infrastructure. My journey in this field began
13 at Chandler Utilities, where I first served in June 2011 as the Lead of Water Construction
14 / Maintenance before advancing to Assistant Director in May 2023, and eventually to my
15 current position.

1 My tenure with Chandler Utilities has been marked by a comprehensive engagement with
2 every facet of our utilities infrastructure, from water and wastewater services to streets,
3 fleet maintenance, and city buildings. I have been instrumental in planning, organizing,
4 and executing activities that not only maintain but also enhance our utility services. This
5 includes both short and long-term strategizing to meet the town's needs efficiently and
6 sustainably. My experience extends to hands-on management of water construction and
7 maintenance, where I oversaw key projects involving the installation and repair of water
8 mains, hydrants, and the implementation of water distribution systems into our GIS
9 online mapping program.

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

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

17 **Q. Are you sponsoring any attachments?**

18 A. Yes. Petitioner's Attachment TCK-1 is a copy of Resolution No. 2024-01 (adopted on May
19 6, 2024) and Resolution No. 2024-02 (adopted on May 6, 2024), authorizing the request for

1 Commission authority to increase water rates by an overall amount not to exceed 52.17%,
2 as well as other actions related to the relief requested in this Cause.

3

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

6 A. Yes.

7

Project Background

8 **Q. Please describe the Petitioner's waterworks.**

9 A. Petitioner provides water to approximately 8,800 service connections serving
10 approximately 22,500 people. The service area of Petitioner's water utility extends well
11 beyond the boundaries of the Town of Chandler and includes much of southwestern
12 Warrick County, Indiana. Petitioner's service area extends west-to-east from the City of
13 Evansville, Indiana, and Interstate 69 east almost to Boonville and north-to-south from
14 about one mile north of the Town of Chandler to areas adjacent to areas served by Indiana-
15 American Water Company and in some places almost to the Ohio River.

16 **Q. What is the purpose of your testimony?**

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

1 existing water system and new water infrastructure projects that Petitioner proposes to
2 undertake (the "Project"). In particular, I will explain Petitioner's need and justification
3 for three important portions of the Project: (1) a Telephone Road widening project, (2) a
4 South State Street line project, (3) a Libbert Road widening project, and (4) a new water
5 tank. These are not our only upcoming projects, but they are larger ones that help drive
6 this request. Petitioner's Witness Peter R. Wamsley will present more details from an
7 engineering perspective on each portion of the Project and how the projected costs were
8 estimated. Petitioner's Witness Scott A. Miller will testify regarding the rates necessary to
9 support the revenue requirements and make recommendations regarding changes in
10 Petitioner's present schedule of rates and charges for service, as well as issues concerning
11 financing of the Project.

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. 45062 on February 6, 2019 ("Rate Order") and adjusted
15 pursuant to the true-up required by the Rate Order on May 19, 2023, and a compliance
16 filing on August 14, 2023. In Cause No. 45062, the Town sought approval for new water
17 infrastructure projects, including a road relocation project, a line replacement project, and
18 a new transmission line project. The Rate Order authorized the Town to borrow up to
19 \$29,294,000 in long-term debt through the SRF to fund its planned projects and a 45.51%
20 increase in rate revenues, resulting in total annual rate revenue of \$4,343,416.

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

3 A. Yes, the petitioner's service area has seen significant growth, especially in the western
4 region, characterized by residential and commercial development. This area has also
5 attracted healthcare-related businesses such as medical centers, research and
6 development facilities, and billing services. Projects currently underway or planned in
7 this region include several new subdivisions and infrastructure expansions.

8 In 2023, the utility pumped 704,349,000 gallons of water—an increase of 35.9 million
9 gallons from 2022—and installed 162 new water services. Currently, we are developing
10 five new subdivisions and will soon start two more, adding approximately 100 new
11 services. Additionally, the utility installed over 5,500 feet of 8-inch and 6-inch water mains
12 in-house.

13 The rapid growth in the region is expected to continue. As provided in Peter Wamsley's
14 testimony, Petitioner's engineers project annual growth over the next 10 years, for an
15 increase of 8,400 customers in 2023 to over 10,500 customers in 2035.

16 To accommodate this recent and projected growth, the waterworks utility must expand
17 and relocate some facilities. Furthermore, many of the distribution facilities are nearing
18 the end of their useful lives, requiring significant rehabilitation or replacement. Projects

1 include water line relocations for Telephone Road and Libbert Road, a new 6-inch water
2 main on Millersburg Road, and the construction of a new water tower. As Utility Director,
3 my role is to prioritize maintenance and repair within the available budget. These projects
4 are critical, yet the existing rate structure does not adequately support them.

5 **Telephone Road Widening Project**

6 **Q. Please describe the Telephone Road Widening Project.**

7 A. The Telephone Road Widening Project involves the relocation of water main prior to a
8 road reconstruction project. The project is spearheaded and driven by Warrick County,
9 Indiana ("Warrick County"), which is undertaking a road-widening project of Telephone
10 Road, necessitating the relocation. It is financed by the Indiana Department of
11 Transportation ("INDOT"). The existing water main is located outside of the pavement
12 and within public right-of-way. Warrick County anticipates the road reconstruction
13 project to commence this year in 2024, which makes this project a priority for the water
14 utility. Petitioner's witness Peter Wamsley offers more details in his testimony on the
15 particulars of this project.

16 **Q. What is the expected cost of the Telephone Road Widening Project?**

1 A. As our project engineer, Peter Wamsley, explains further in his testimony, the estimated
2 construction cost of this project is \$1,025,590, plus an additional \$317,900 in non-
3 construction costs for a total of \$1,343,490.

4 **Q. Could the cost of the Telephone Road Widening Project be foreseen?**

5 A. No. The cost of the Telephone Road Widening Project could not reasonably be foreseen
6 during the original planning of the utility's mains, nor in the utility's prior rate case, and
7 it is appropriate that these costs now be included in the financing being proposed.

8 **South State Street Project**

9 **Q. Please describe the purpose of the South State Street Project.**

10 A. Every water utility needs to get to a point where it is replacing its water mains, valves,
11 and hydrants ratably over the estimated useful life of these assets. Many of the
12 distribution mains along State Street are cast-iron and asbestos-cement and at the end of
13 their useful life. These mains have experienced breaks and failures and need to be
14 replaced. The water main breaks disrupt service to the residents, disrupt traffic in the
15 residential areas, and utilize the resources of Chandler Utilities.

16 The South State Street Project, as outlined in greater detail by Petitioner's witness Peter
17 Wamsley, will address these issues on South State Street from Washington Street to Nancy

1 Lane, along with replacements of the cross-street branch lines along Cherry Street, Maple
2 Street, Greenwood Road, and a new branch line along West Oak Street. Construction for
3 this project is expected to commence in either 2024 or 2025. The existing cast iron and
4 asbestos cement lines will be replaced with PVC water main lines.

5 **Q. What is the expected cost of the South State Street Project?**

6 A. As our project engineer, Peter Wamsley, explains further in his testimony, the estimated
7 construction cost of this project is about \$1,182,000, plus an additional \$313,523 in non-
8 construction costs, \$104,200 in land acquisition services, and \$77,250 in land purchase
9 prices, for a total of \$1,676,973.

10 **Libbert Road Widening Project**

11 **Q. Please describe the purpose of the Libbert Road Widening Project.**

12 A. This project involves replacing the existing 6-inch PVC and asbestos-cement water main
13 along Libbert Road, from Telephone Road to Oak Grove Road, with an 8-inch water main.
14 This upgrade addresses the need for modernized infrastructure and enhanced water
15 supply capacity. The new main will connect to a 14-inch transmission main and a 6-inch
16 water main at both ends of Libbert Road, with new tapping sleeve and valve connections.
17 The project also includes installing new fire hydrants, resetting customer meters, and
18 laying new service lines. The existing line will be decommissioned with line stops.

1 Petitioner's witness Peter Wamsley offers more details in his testimony on the particulars
2 of this project.

3 **Q. What is the expected cost of the Libbert Road Widening Project?**

4 A. As our project engineer, Peter Wamsley, explains further in his testimony, the estimated
5 construction cost of this project is about \$1.1 million, plus an additional \$313,523 in non-
6 construction costs, \$208,700 in land acquisition services, and \$122,250 in land purchase
7 prices, for a total of \$1,722,450.

8 **New Elevated Water Tank Project**

9 **Q. Please describe the purpose of the Elevated Water Tank Project.**

10 A. This project involves constructing a new 1.5-million-gallon tank adjacent to the existing
11 Paradise Tank. This tank will replace the Paradise and Frame Hill Tanks, combining
12 pressure zones to simplify and reduce maintenance within the water distribution system.
13 Currently, these tanks provide essential support to a medium-pressure zone that
14 demands about 900,000 gallons per day. Designed to merge the medium and high-
15 pressure zones, the project aims to enhance supply and fire suppression capabilities. It is
16 scheduled for completion within the next 1-2 years. Petitioner's witness Peter Wamsley
17 offers more details in his testimony on the particulars of this project.

1 **Q. What is the expected cost of the Elevated Water Tank Project?**

2 A. As our project engineer, Peter Wamsley, explains further in his testimony, the estimated
3 construction cost of this project is about \$6,215,000, plus an additional \$892,900 in non-
4 construction costs and \$680,667 in land purchase costs, for a total of \$7,788,567.

5 **South Wellfield Project**

6 **Q. Please describe the purpose of the South Wellfield Project.**

7 A. This project involves purchasing the land south of Chandler's existing treatment plant for
8 future development of a wellfield. Chandler currently utilizes six raw water wells at our
9 treatment plant with a firm combined capacity of 5,000 gpm. The peak hour demand is
10 projected to exceed 5,000 gpm during the study period so additional wells will be
11 required. Additionally, Chandler has experienced some fall-off from productions of
12 existing wells. We typically clean approximately three wells each year to try to maintain
13 production rates. Without alternatives, Chandler cannot meet the demands of our
14 growing water system. Acquiring this land for additional source of supply will be a
15 strategic asset for Chandler's water supply source and water infrastructure redundancy
16 as our water system continues to grow.

17 **Q. What is the expected cost of the South Wellfield Project?**

1 A. As our project engineer, Peter Wamsley, explains further in his testimony, the estimated
2 land services costs \$31,480, plus \$1,318,500 in land purchase costs, for a total of \$1,349,980.

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


4 A. Petitioner is seeking a rate increase of approximately 54%. The increase will be
5 implemented through three different phases, each resulting in an average monthly bill of
6 approximately \$35.16, \$40.58, and \$46.85, respectively, for an average residential
7 household using 4,000 gallons. After working closely with our consultants and advisors
8 over the past several months, we have determined that a rate increase of this magnitude
9 is necessary for two primary reasons. First, Petitioner will soon operate at a loss and that
10 is unsustainable going forward. Second, Petitioner must implement the capital projects
11 described to ensure safe, reliable, and efficient water supply to customers. It is therefore
12 in our customers' interest to increase its water rates.

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

14 A. Yes, at this time.

VERIFICATION

I, Tyler C. Kinder, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information, and belief.



Tyler C. Kinder

Date: 9/16/24

TOWN OF CHANDLER RESOLUTION NUMBER 2024-01

**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, plans, specifications, and drawings with full details and descriptions for the proposed work, consisting of the Telephone Road widening project, a South State Street line project, a Libbert Road widening project, and a new water tank (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 approximately Thirteen Million Eight Hundred Thousand Dollars (\$13,800,000). 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 Seventeen Million Six Hundred Forty Thousand Dollars (\$17,640,000).

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 6th day of May, 2024.

TOWN OF CHANDLER, INDIANA

Cheryl Amos
Cheryl Amos

Sandy Elder
Sandy Elder

Ron Whittedge
Ron Whittedge

Tonya Wester
Tonya Wester

Tom Burnett
Tom Burnett

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. 2024-01 passed by the Town Council of Chandler, Indiana, on the 6th day of May, 2024, by a vote of 5 AYES and 0 NAYS and now remains on file and on record in my office.

Brian Face
Brian Face
Clerk-Treasurer

TOWN OF CHANDLER RESOLUTION NUMBER 2024-02

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 Baker Tilly ("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 overall increase of approximately 52.17%;

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 I.C. § 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 52.17% over the current per thousand gallons rate.

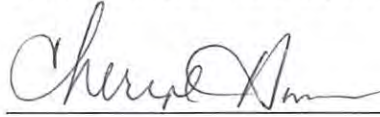
2. That the Director of Public Services for Chandler Utilities and his employees and agents are hereby authorized to secure the approval of the rates and charges established by this Resolution by the Indiana Utility Regulatory Commission ("IURC"), and to take any and all actions that are necessary to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

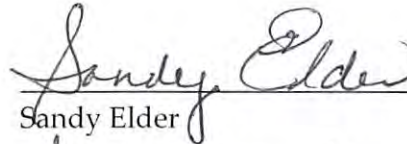
4. That this Resolution shall be in full force and effect from and after its passage and adoption.

Passed and adopted by the Town Council of Chandler, Indiana, this 6th day of May, 2024.

TOWN OF CHANDLER, INDIANA



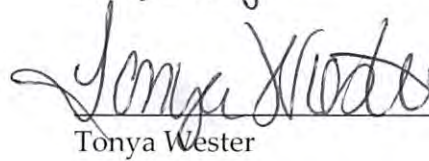
Cheryl Amos



Sandy Elder



Ron Whitledge

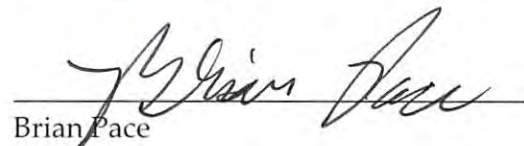


Tonya Wester



Tom Burnett

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. 2024-02 passed by the Town Council of Chandler, Indiana, on the 6th day of May, 2024, by a vote of 5 AYES and 0 NAYS and now remains on file and on record in my office.



Brian Pace
Clerk-Treasurer