

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF THE BOARD OF SANITARY)
COMMISSIONERS OF THE SANITARY)
DISTRICT OF THE CITY OF EAST CHICAGO,)
INDIANA, FOR AUTHORITY TO INCREASE) CAUSE NO. 45632
ITS RATES AND CHARGES FOR)
WASTEWATER SERVICE, AND FOR)
APPROVAL OF NEW SCHEDULES OF)
WASTEWATER RATES AND CHARGES.)

PUBLIC'S EXHIBIT NO. 5

SETTLEMENT TESTIMONY OF SCOTT A. BELL

ON BEHALF OF

THE INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

APRIL 22, 2022

Respectfully submitted

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR



T. Jason Haas, Attorney No. 34983-29
Deputy Consumer Counselor
Daniel M. Le Vay, Attorney No. 22184-49
Deputy Consumer Counselor
OFFICE OF UTILITY CONSUMER COUNSELOR
115 W. Washington St. Suite 1500 South
Indianapolis, IN 46204
Email: thaas@oucc.in.gov
dlevay@oucc.in.gov
infomgt@oucc.in.gov

CERTIFICATE OF SERVICE

This is to certify that a copy of the *Public's Exhibit No. 5 – Settlement Testimony of Scott A. Bell on behalf of the OUCC* has been served upon the following in the captioned proceeding by electronic service on April 22, 2022.

Jane Dall Wilson
Katrina Gossett Kelly
**FAEGRE DRINKER BIDDLE & REATH
LLP**
300 North Meridian Street, Suite 2500
Indianapolis, Indiana 46204
Email: jane.wilson@faegredrinker.com
katrina.kelly@faegredrinker.com

Joseph P. Rompala
Aaron A. Schmoll
LEWIS & KAPPES, P.C.
One American Square, Suite 2500
Indianapolis, Indiana 46282
Email: JRompala@Lewis-Kappes.com
ASchmoll@Lewis-Kappes.com



T. Jason Haas
Deputy Consumer Counselor

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR
115 West Washington Street
Suite 1500 South
Indianapolis, IN 46204
infomgt@oucc.in.gov
317/232-2494 – Phone
317/232-5923 – Facsimile

SETTLEMENT TESTIMONY OF OUCC WITNESS SCOTT A. BELL
CAUSE NO. 45632
BOARD OF SANITARY COMMISSIONERS OF THE SANITARY DISTRICT
OF THE CITY OF EAST CHICAGO, INDIANA

I. INTRODUCTION

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

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

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

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

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

9 A: The Board of Sanitary Commissioners of the Sanitary District of the City of East Chicago,
10 Indiana (“Petitioner” or “East Chicago”), the East Chicago Sanitary District Industrial
11 Group (“Industrial Group”), and the OUCC (together the “Settling Parties”) have entered
12 into a Stipulation and Settlement Agreement (“Settlement”) that resolves all the issues in
13 this case. The purpose of my testimony is to support the terms of the Settlement and explain
14 why the Settlement is in the public interest.

15 **Q: Have you previously filed testimony in this proceeding?**

16 A: No.

17 **Q: Are you knowledgeable about the issues in this case?**

18 A: As Director of the Water and Wastewater Division and case team member, I have been
19 actively involved in all aspects of this case. I have read Petitioner’s prefiled testimony and
20 exhibits. I have read the Industrial Group’s prefiled testimony and exhibits. I have reviewed

1 OUCC discovery and reviewed Petitioner's responses to that discovery. I supervised the
2 preparation of the OUCC's testimony and exhibits. Finally, I participated in settlement
3 negotiations with Petitioner and the Industrial Group.

4 **Q: Is the Settlement a product of arms-length negotiations between the Settling Parties?**

5 A: Yes. The Settlement represents a compromise reached in the settlement negotiation
6 process, with give and take by all Settling Parties, which include Petitioner, the Industrial
7 Group, and the OUCC. The Settling Parties devoted considerable time and effort to
8 evaluate the various settlement proposals ultimately resulting in an agreement that affords
9 the East Chicago the ratemaking it requires while affording East Chicago's customers the
10 benefit of positions advocated by the OUCC. I believe the Commission should view the
11 agreement as resulting in a balanced settlement that is in the public interest. The Settlement
12 was filed with the Commission on April 22, 2022.

II. STIPULATION AND SETTLEMENT AGREEMENT

13 **Q: What are the terms of the settlement agreement?**

14 A: The terms of the Settlement are:

- 15 • The overall revenue requirement will be \$9,643,000, an increase of \$2,101,901, or
16 27.87%, from the current revenue requirement of \$7,541,099. East Chicago proposed
17 an increase of \$2,802,433, while the OUCC proposed an increase of \$1,447,293. The
18 agreed revenue requirement increase represents 75% of East Chicago's requested
19 increase.
- 20 • As part of the revenue requirement, the overall debt service requirement is maintained
21 at the amount proposed by East Chicago of \$1,457,970, based on the Settling Parties
22 agreement of East Chicago's full requested borrowing amount.

- 1 • The proposed increase will be implemented over three phases, with Phase 1 rates taking
2 effect on September 1, 2022, Phase II rates would take effect on September 1, 2023,
3 and Phase III rates would take effect on September 1, 2024. The Settling Parties agree
4 that the Phase I increase would be 10.00%, Phase II increase would be 8.00% and Phase
5 III increase would be 7.59%.
- 6 • Based on the changes to the revenue requirement, the Settling parties agreed to changes
7 to the billing charge, the base rates based on meter size, the treatment and pretreatment
8 rates, and the extra strength charges to achieve the required revenue.
- 9 • The Settling Parties agreed to adjust the extra strength and Tier 1 billing determinants.

10 **Q: Is the Settlement in the public interest?**

11 A: Yes. The rates and charges resulting from the Settlement, along with the phased in
12 approach to implementing the rates, lessens the impact of East Chicago's rate request while
13 also allowing East Chicago to construct much-needed improvements and the opportunity
14 to earn the revenues it needs to continue to provide safe and reliable service. The Settlement
15 is consistent with the General Assembly's affordability policy in Indiana Code § 8-1-2-.05
16 and acknowledges customer affordability by, for example, providing a more constant
17 phased-in approach to the rate increase to lessen rate shock to customers, and decreases the
18 billing charge for all customers. The Settlement is a reasonable compromise between the
19 positions of the Settling Parties, is in the public interest, and should be approved. The terms
20 of the Settlement demonstrate the give and take of settlement negotiations in resolving
21 multiple contested issues in a manner acceptable to all Settling Parties. The Settlement also
22 reduces the risk and expense of litigation of multiple issues. The Settlement also eliminates
23 the need for all parties, as well as the Commission, to expend the time and personnel

1 resources needed to produce an order addressing contested issues. Therefore, taken as a
2 whole, the OUCC considers the Settlement to be in the public interest.

III. RECOMMENDATIONS

3 **Q: Do you recommend the Commission approve the terms of the Settlement?**

4 A: Yes. I recommend the Commission find the Settlement is in the public interest and approve
5 its terms without change.

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

7 A: Yes.

APPENDIX A

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

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

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

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

AFFIRMATION

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

A handwritten signature in cursive script that reads "Scott A. Bell". The signature is written in black ink and is positioned above a horizontal line.

By: Scott A. Bell
Cause No. 45632
Office of Utility Consumer Counselor (OUCC)

Date: April 20, 2022