

**FILED**  
October 22, 2021  
INDIANA UTILITY  
REGULATORY COMMISSION

**Petitioner's Exhibit No. 2**

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

**INDIANA UTILITY REGULATORY COMMISSION**

**CAUSE NO. 45632**

**DIRECT TESTIMONY**

**OF**

**ANDRE J. RILEY**

**SPONSORING ATTACHMENTS AJR-1 THROUGH AJR-2**

**East Chicago Sanitary District  
(Wastewater Division)**

**Cause No. 45632**

**Direct Testimony of Andre J. Riley**

**INTRODUCTION**

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

2 A. My name is Andre J. Riley and my business address is 8365 Keystone Crossing, Suite  
3 300, Indianapolis, Indiana 46240-0458.

4

5 **Q. What is your profession and for whom are you employed?**

6 A. I am a director with the firm of Baker Tilly Municipal Advisors, LLC ("BTMA").  
7 BTMA began operations on March 1, 2019 as the result of a three-way business  
8 combination between my prior firm H.J. Umbaugh & Associates, Certified Public  
9 Accountants, LLP ("Umbaugh") and Baker Tilly Virchow Krause, LLP which is now  
10 doing business as Baker Tilly US, LLP ("Baker Tilly"). One month later, the third firm,  
11 Springsted, Inc. joined BTMA. BTMA is a registered municipal advisor and controlled  
12 subsidiary of Baker Tilly US, LLP, an accounting firm.

13

14 **Q. Can you describe your firm and its area of expertise?**

15 A. BTMA is a wholly-owned subsidiary of Baker Tilly US, LLP. BTMA focuses  
16 exclusively on providing services to public sector organizations, including municipal

1 utilities as independent municipal advisors and utility consultants. BTMA brings more  
2 than 65 years of experience in solid financial consulting and planning for governmental  
3 units, not-for-profit corporations and special districts and has resulted in completed  
4 projects and improved management and operations for utilities, municipalities, counties,  
5 schools, libraries, and other governmental units. A large part of our practice involves  
6 financial studies in connection with changes in utility rates and the financial planning  
7 associated with the acquisition of capital such as tax-exempt and taxable bonds and notes  
8 and other evidences of indebtedness.

9  
10 **Q. What is your educational experience?**

11 A. In December 1999, I received a Bachelor of Science Degree in Business Economics from  
12 the University of Kentucky. In May 2005, I received my Master of Professional  
13 Accountancy from Indiana University. Since then, I have completed various professional  
14 courses sponsored by the American Institute of Certified Public Accountants, Indiana  
15 CPA Society, and American Water Works Association and other professional  
16 organizations.

17  
18 **Q. Please describe your relevant professional experience.**

19 A. I joined Baker Tilly in October of 2003. I became a Director with the firm in January of  
20 2018. During the past eighteen (18) years with Baker Tilly, I have been involved with  
21 many professional engagements including financial studies for municipally owned water  
22 and sewage utilities, not-for-profit water corporations, regional water and sewer districts,  
23 and conservancy districts. These studies quite often have involved the determination of

1 utility revenue requirements, cost of service studies, and the financial planning associated  
2 with the issuance of tax-exempt and taxable bonds and loans.

3  
4 **Q. With what professional organizations are you associated?**

5 A. I am a member the American Water Works Association, the Indiana Water Environment  
6 Association, the Indiana Section American Water Works Association, the Indiana Rural  
7 Water Association, the Alliance of Indiana Rural Water, the AICPA and Indiana CPA  
8 Society, the ILMCT Clerk's Institute, the Accelerate Indiana Municipalities (AIM),  
9 where I serve as President of the AIM Corporate Partner Advisory Council (CPAC) for  
10 2020-2021. In addition, our firm is a member of the Indiana Water and Wastewater  
11 Alliance.

12  
13 **Q. Have you reviewed the Petition initiating this Cause?**

14 A. Yes, I have.

15  
16 **Q. For what purpose have you been retained?**

17 A. We were retained by the City of East Chicago, Indiana ("Petitioner") and East Chicago  
18 Sanitary District (the "District") to complete a financial study to determine the cost-of-  
19 service sewer rates and charges necessary to support the pro forma revenue requirements  
20 and make recommendations regarding changes in Petitioner's present schedule of rates  
21 and charges for service for the District's Wastewater Division (the "Wastewater  
22 Division").

23

1 **Q. Has the District conducted meetings locally addressing the need for an increase in**  
2 **sewer rates and charges?**

3 A. Yes. There have been several Sanitary District Board meetings, which are open to the  
4 public, where the need for a sewer rate increase has been discussed. Numerous meetings  
5 have also been conducted over the past several years in which the need for the proposed  
6 improvements has been discussed. As further discussed in Mr. Myers' testimony, in late  
7 2019, the City Council denied the District's request to adjust the sewer rates and charges.  
8 In August 2021, the Sanitary District Board authorized this request for approval of  
9 increased rates to the Commission.

10

11 **Q. Please provide a description of the District's Sewage Works System.**

12 A. The District's Sewage Works serves approximately 30,000 residents and a myriad of  
13 businesses. The District operates a Class IV treatment facility consisting of preliminary  
14 grit removal, an influent flow meter, two (2) oxidation ditches, five (5) clarifiers, six (6)  
15 rapid sand filters, post aeration, ultraviolet light disinfection, phosphorus removal by  
16 ferric sulfate, and an effluent flow meter, along with all of the necessary systems and  
17 equipment to return a design average daily flow of 15 million gallons per day ("MGD")  
18 of treated wastewater back into the Grand Calumet River and up to a peak design flow of  
19 27 MGD. The wastewater treatment plant is also designed to handle a design peak  
20 instantaneous flow of 36 MGD during rainstorm events. The collection system is  
21 comprised of combined sanitary and storm sewers with three (3) CSO locations, ten (10)  
22 sewer sub-basins, two (2) combined lift stations, three (3) storm runoff lift stations, three

1 (3) sanitary stations, three (3) storm relief stations, and a 142-million-gallon storage  
2 lagoon.

3

4 **Q. Please describe the fund structure of the District and how the sewer receipts and**  
5 **revenue requirements flow between the District's different funds.**

6 A. The District's Wastewater Division accounting structure is composed of five different  
7 funds. Each of these funds has different sources of receipts including user fees, interest  
8 and investment receipts and miscellaneous charges. The disbursements for each fund are  
9 based on that fund's particular stated purpose.

10

11 The Wastewater Utility - Operating Fund is the District's most active fund. Receipts  
12 from sewer collection and treatment services and other operating and non-operating  
13 receipts are receipted into this fund. These receipts are then used to pay for operation and  
14 maintenance of the District's Wastewater Division. This fund will be of focus due to the  
15 Petitioner's request to change its sewer collection and treatment rates and charges.

16

17 The Bond and Interest Account is a fund established by ordinance and is financed  
18 through interfund transfers into the account. The funds transferred in are then used to pay  
19 the debt service requirement for the District's Wastewater Division.

20

21 The Debt Service Reserve Account is also a fund established by ordinance and is  
22 financed through interfund transfers from the operating account until it is equal to the  
23 maximum principal and interest payment on the outstanding bonds. Since the debt

1 service reserve is fully funded, the only receipts for this account are interest and  
2 investment receipts.

3  
4 The Wastewater Replacement Reserve is financed through interfund transfers from the  
5 operating account. Transfers into this account are used for ongoing capital  
6 improvements.

7  
8 The Construction Fund is restricted for project expenditures. This fund is not funded  
9 through collection and treatment revenues during the test-year. Therefore, the receipts  
10 and revenue requirements of these funds are not included in the Petitioner's pro forma  
11 calculations associated with this Cause.

12

13 **Q. Have the results of your analysis been summarized in a written report?**

14 A. Yes. Our firm prepared Petitioner's Attachment AJR-1 Accounting Report on Proposed  
15 Improvement Project Financing and Cost of Service Rate Study, dated September 30,  
16 2021, summarizing the results of our studies and the accounting services performed for  
17 Petitioner.

18

19 **Q. Was the Accounting Report prepared by you or under your supervision?**

20 A. Yes.

21

1 **Q. What were the sources of data used to prepare Petitioner's Attachment AJR-1?**

2 A. The information within the exhibits and schedules contained within Attachment AJR-1  
3 came from the unaudited accounting and business records of the Petitioner, the officers  
4 and employees of the Petitioner with knowledge of the facts based on their job  
5 responsibilities and activities, and other sources which I analyzed in the course of my  
6 investigation.

7  
8 In addition, we discussed pertinent matters of this rate proceeding through a pre-file  
9 meeting with the Indiana Office of Utility Consumer Counselor (OUCC) on Thursday,  
10 September 30, 2021. Finally, I have reviewed the testimony of Mr. Ken L. Myers filed in  
11 this Cause.

12  
13 **Q. Is this the type of data normally relied on and used in your business for such  
14 purposes?**

15 A. Yes.

16  
17 **Q. Would you please explain Petitioner's Attachment AJR-1 to the extent not otherwise  
18 self-explanatory?**

19 A. The report is divided into four sections. The first section of the report is the accountant's  
20 compilation report, which describes the type of accounting service provided was a  
21 compilation and that the resulting accounting report is a special purpose report for  
22 submission to the Indiana Utility Regulatory Commission and is restricted to that purpose  
23 only. This letter is incorporated by reference on all the pages of the accounting report.



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The second section of the report (pages 3 through 18) contains pro forma financial information, including a schedule of estimated project costs and funding and the accompanying bond amortization schedules. Pages 6 through 11 set forth the various calculations of the Petitioner's pro forma cash operating disbursements. The next 2 pages present a normalization of annual operating receipts for the twelve months ended December 31, 2019, which was the test-year used to develop the proposed rates and charges. Pages 14 through 18 summarize the pro forma annual revenue requirements and annual operating revenues included in this cause.

The third section of the report (pages 19 through 40) presents the cost-of-service study. The cost-of-service study section of the report presents allocation of revenue requirements to cost function and the calculation of the proposed increase to the rates and charges by class to sufficiently fund the revenue requirements calculated in section two of the report.

The fourth section of the report (pages 41 through 48) contains supplemental data, including the historical and test-year financials, account balances with minimum balance requirements and outstanding bond amortization schedules.

**Q. What test period was used in the preparation of your Accounting Report?**

A. The test period consists of the twelve months ended December 31, 2019. In my opinion, when the results of this test period are combined with appropriate pro forma adjustments,

1 receipts and disbursements represent fairly the current and future operations of the  
2 sewage works. While the test-year is a bit older than I would usually recommend, it  
3 avoids the use of any part of 2020 as a test-year, which is an issue that the Office of  
4 Utility Consumer Counselor ("OUCC") has asked to be addressed in its Verified Petition  
5 filed in Cause No. 45380.

6  
7 **Q. Mr. Riley have you compiled more recent financial information to compare to your**  
8 **test-year?**

9 A. Yes, we compiled the results of operations for calendar year (twelve months ended  
10 December 31, 2020) 2020 along with the six months ended June 30, 2021. In addition,  
11 we compiled billing information for those same periods. This information is contained in  
12 the filed supplemental workpapers as part of my testimony.

13  
14 **Q. Did the results of your analysis indicate that rate adjustments were necessary?**

15 A. Yes. Consistent with the statutory elements that govern the establishment of rates for  
16 municipalities in the State of Indiana, BTMA's analysis indicates that an overall increase  
17 of approximately 37.76%, is justified. This is proposed to be phased in over a three-year  
18 period. Resolution No. SD 21-08 attached as Petitioner's Attachment KLM-3 to the  
19 testimony of Mr. Myers is the action of Petitioner's Board of Sanitary Commissioners on  
20 our recommendation.

21  
22 However, as discussed previously, we prepared a cost-of-service study that allocates the  
23 costs of service to the various customer classes based on the billing determinates

1 proportionate to each class. Thus, each class and customer will have its own unique  
2 percentage increase.

3  
4 **Q. What is the driving need for these rate adjustments?**

5 A. The primary drivers are as follows: (1) the need for issuance of long-term debt to pay off  
6 the aggregate par amount of \$8,300,000 Outstanding Sanitary District Revenue Bond  
7 Anticipation Notes of 2020 (the "2020 BAN"); (2) the allowance for replacements and  
8 improvements and (3) the need to provide for the pro forma operation and maintenance  
9 requirements. The rates and charges for the Sanitary District's customers were last  
10 adjusted in 2016.

11  
12 **Q. Are any of the projects within the \$8,300,000 BAN time sensitive?**

13 A. Yes. The Sanitary District is under an agreement with the Indiana Department of  
14 Environmental Management (IDEM) entered into in September of 2007. See Petitioner's  
15 Exhibit AJR-2. The agreement addresses the Sanitary District's violation of its National  
16 Pollutant Discharge Elimination System Permit (NPDES Permit) pursuant to the US  
17 EPA's Clean Water Act (CWA) due to Combined Sewer Overflows (CSOs) into the  
18 Grand Calumet River and Indiana Harbor Ship Canal. The agreement also discussed  
19 adherence to addressing the violations through a Long Term Control Plan (LTCP) to  
20 construct various capital improvements to the sewer system. The 2020 BAN plus (as  
21 discussed later) remaining bond proceeds from the 2015 Revenue Bonds will fund Phase  
22 II of the LTCP. Mr. Myers' testimony further describes the nature of the Phase II LTCP  
23 improvements.

1 **PRO FORMA FINANCIAL INFORMATION**

2

3 **Q. How did you determine the estimated project costs?**

4 A. As shown on page 3 of the Accounting Report, the 2020 Bond Anticipation Notes were  
5 issued to finance the 145<sup>th</sup> Street, Alder Street, and Roxana Pump Station Rehabilitations  
6 and CSO Lagoon improvements (the "Project"). Construction costs are based on the  
7 Guaranteed Maximum Price proposal from Kokosing Industrial (GMAX) executed on  
8 July 23, 2020, in the amount of \$12,232,000. Non-construction costs, estimated to be  
9 \$819,882, include allowances for engineering, rate case services and an allowance for  
10 issuance costs. Total estimated project costs are approximately \$13,052,000 (rounded).  
11 The Project was intended to be funded from a combination of \$4,752,000 (rounded) of  
12 remaining proceeds from the outstanding 2015 Revenue Bonds and \$8,300,000 from the  
13 2020 BANs.

14

15 For the 2022 Proposed Bond financing, the project costs include payoff of the 2020 BAN  
16 and other non-construction costs, such as, an allowance for an Asset Management Plan  
17 which is required as a condition of receiving funding from the State of Indiana's Finance  
18 Authority through the State Revolving Fund Loan Program (the "SRF"), accrued interest,  
19 additional rate case costs not included in the BAN and an allowance for issuance costs for  
20 the long-term debt. These non-construction costs are estimated to be \$8,655,768. The  
21 payoff of the BANs and the remaining associated costs, including accrued interest on the  
22 BANs, additional IURC rate case costs, the Asset Management Plan and the costs of  
23 issuance, are estimated to be funded by \$7,945,000 of proposed Revenue Bonds (the

1 "Proposed Bonds"), \$140,602 of remaining proceeds from the outstanding 2015 Revenue  
2 Bonds and \$570,166 of remaining proceeds from the 2020 BANs.

3  
4 **Q. How did you determine the amount of 2015 Bond proceeds to pay for a portion of**  
5 **the BAN payoff and associated costs as described on page 3 of the Accounting**  
6 **Report?**

7 A. The available bond proceeds to apply to the long-term payoff of the 2020 BANs were  
8 based on remaining funding for the project less the 2020 BAN's portion. Per the 2015  
9 Bond Construction workpaper provided by the City, as of July 2021 the ending balance,  
10 plus interest earnings, is \$140,602.

11  
12 **Q. Please summarize the bond amortization schedules in the Accounting Report.**

13 A. The amortization of the Proposed Bonds begins on page 4 of the report. The Proposed  
14 Bonds are assumed to be dated September 29, 2022. Principal is paid semiannually on  
15 January 15<sup>th</sup> and July 15<sup>th</sup>, beginning January 15, 2024, with final payment on July 15,  
16 2043. Interest is paid semiannually on January 15<sup>th</sup> and July 15<sup>th</sup>, beginning January 15,  
17 2023, at an assumed interest rate of 2.35%, which is the current subsidized SRF interest  
18 rate plus 35 basis points.

19  
20 The amortization schedules for the Outstanding Sanitary District Revenue Bonds of 2015  
21 (the "2015 Bonds") and the 2020 BAN can be found on pages 47 and 48, respectively.

22

1 **Q. Is it your opinion that the proposed financing through the issuance of the Revenue**  
2 **Bonds, and the structure of the Revenue Bonds, is a reasonable and necessary**  
3 **method of funding the proposed Project?**

4 Yes, it is. The use of tax-exempt debt is an appropriate means to finance the proposed  
5 improvements. This method allows the Petitioner the ability to spread the recovery of  
6 these costs among the benefited users. It results in lower rates for current customers and  
7 provides a mechanism for future customers of the Petitioner to pay for a portion of the  
8 facilities that they will use. In addition, financing through SRF will allow the Petitioner  
9 to secure low-cost financing for the project.

10

11 **Q. How did you arrive at the estimated interest rate shown on the proposed**  
12 **amortization schedule?**

13 A. SRF uses a tiered system that takes into account the median household family income of  
14 the customer base as well as the system's user rates when setting program interest rates.  
15 The interest rates change on a quarterly basis depending on the fluctuations in the  
16 municipal bond open market. As such, the final interest rate will not be known until  
17 closing with the SRF occurs. Using a median household income of \$32,839 as of 2019  
18 and an expected user rate for 4,000 gallons under \$35, the base interest rate for Petitioner  
19 is the current Tier III rate of 2.00%. To this, we have added thirty-five basis points for  
20 interest rate risk until bond closing, and we understand that these bonds may not receive  
21 subsidized interest rate funding and may end up in a pooled financing through the SRF  
22 program if the project is not in SRF's fundable range. Currently, the project is on the  
23 SRF's Project Priority List (PPL) – Large Systems for State Fiscal Year (SFY) 2022, and

1 it is outside the fundable range. The proposed financing as mentioned before, is assumed  
2 to close with SRF in September of 2022, which would place it in SFY 2023, and there is  
3 no guarantee where this project will be placed at that time.

4  
5 **Q. Mr. Riley, is it true that the actual cost of the proposed financing is unknown given**  
6 **the uncertainties with the actual interest rates?**

7 A. That is true.

8  
9 **Q. Given these uncertainties, does Petitioner anticipate conducting a true-up**  
10 **calculation of the proposed rates and charges?**

11 A. Yes, upon closing with SRF the actual interest rate, annual debt service requirement and  
12 required debt service reserve funding will be known. At that point in time, it would be  
13 appropriate to perform a true-up calculation on the rates and charges, if a material change  
14 is necessary.

15  
16 **Q. Please summarize the pro forma operating disbursements.**

17 A. The calculation of the pro forma annual cash operating disbursements is presented  
18 beginning on page 6 of the report, which shows the test-year cash operating  
19 disbursements, and the adjustments which have been made to arrive at the pro forma  
20 annual cash operating disbursements. Each of the adjustments is explained in detail on  
21 pages 7 through 11 of the report. Adjustments have been made to reflect current price  
22 levels for labor, current and future staffing levels, employee benefits, purchased power,  
23 contractual services and sludge removal just to name a few.

1 **Q. Please explain the adjustment to salaries and wages.**

2 A. The adjustment for pro forma salaries and wages disbursements reflects the combination  
3 estimates provided by utility management, 2020 budget and the payroll analysis  
4 conducted by BTMA. The payroll analysis is included with the workpapers submitted  
5 with my testimony. In addition, adjustments were made to normalize for the addition of  
6 five (5) new employees and anticipated hours that each employee will work. The total  
7 adjustment for pro forma salaries and wages disbursement is \$285,178 over test-year  
8 levels.

9  
10 **Q. Please explain the adjustments to FICA and PERF benefits.**

11 A. Adjustments two and three are for pro forma FICA and PERF on the pro forma salaries  
12 and wages. The total adjustment for FICA based on the rate of 7.65% is \$22,677 as  
13 shown in adjustment two on page 3. The total adjustment for PERF using the rate of  
14 11.2% is \$32,911 as shown in Adjustment three on page 3.

15  
16 **Q. Please explain the adjustment to health and life insurance.**

17 A. The adjustment for pro forma insurance reflects the current health and life insurance  
18 premium amounts per utility management. This adjustment results in insurance  
19 disbursements of \$164,847 over test-year levels.

20



1 **Q. Please explain the unemployment compensation adjustment.**

2 A. We also adjusted test-year unemployment compensation to reflect the pro forma number  
3 of employees (29) times an annual rate of \$95.00 per employee. The total adjustment for  
4 pro forma unemployment compensation is \$702 over test-year levels.

5  
6 **Q. How did you arrive at \$95.00 for yearly rate for unemployment compensation?**

7 A. Indiana unemployment is a certain percentage of the first \$9,500 of wages of each  
8 employee. For the test-year, the District paid 0.901% on these wages for unemployment.  
9 We used a rate of 1.0% for the pro forma calculation in order to be conservative.

10

11 **Q. Please explain the adjustment to worker's compensation.**

12 A. The adjustment for pro forma worker's compensation reflects the anticipated 2020  
13 workers' compensation amount per the pro forma number of employees. This adjustment  
14 results in adjusting worker's compensation by \$4,492 under test-year levels.

15

16 **Q. Please explain the adjustment to purchased power.**

17 A. The adjustment to purchased power reflects twelve months of bills at current Northern  
18 Indiana Public Service Company (NIPSCO) rates. Energy (KWH) and demand (KW) for  
19 calendar year 2019 were used to calculate the pro forma electric charges from NIPSCO's  
20 current IURC Electric Service Tariff approved in Cause No. 45159. The adjustment  
21 results in an increase of \$71,636 over test-year levels.

22

1 **Q. Please explain the adjustment to contractual services for the pumping –**  
2 **maintenance and collection – maintenance departments.**

3 A. The adjustment for pro forma contractual services reflects the anticipated 2020  
4 contractual service amounts per the 2020 budget and discussions with management. This  
5 adjustment results in increases in contractual services for pumping - maintenance and  
6 collection - maintenance of \$10,277 and \$222,492 over test-year levels, respectively.

7  
8 **Q. Please explain the adjustment made to shared labor costs.**

9 A. The adjustment for pro forma shared labor costs for the Utility Revolving Fund calculates  
10 total salaries and wages as well as pensions and benefits of employees that work with  
11 multiple utilities for the City. The pro forma expense for these employees is \$1,543,028.  
12 Per Resolution No. SD14-02, the wastewater utility is responsible for 44% of these costs,  
13 or \$678,932. This results in a \$149,364 adjustment over test-year amounts. The  
14 adjustment for pro forma customer account disbursements reflects 50% of the \$319,579  
15 total pro forma operating disbursements for the department less test-year disbursements  
16 of \$235,028. This leads to a downward adjustment to the test-year of \$75,238.

17  
18 **Q. Please explain the sludge removal adjustment.**

19 A. The adjustment to sludge removal calculates the pro forma sludge removal by taking the  
20 current contractual rate per ton (\$60.95) with Synagro Central, LLC times the ten-year  
21 historical average (2010 – 2019) tons of sludge less the test-year disbursement. This  
22 leads to an adjustment of \$70,754.

23

1 **Q. Please explain the adjustment to contractual services for the Administration and**  
2 **General Department.**

3 A. The adjustment for contractual services for the Administration and General Department  
4 shows the added costs of \$200,000 to include costs for engineering studies for process  
5 improvement and capacity analysis as discussed with utility management.  
6

7 **Q. Please explain the normalized annual operating receipts calculations presented on**  
8 **pages 12 through 13.**

9 A. Test-year receipts were normalized for the inclusion of seven adjustments described in  
10 additional detail below. Test-year receipts were normalized in adjustments 1 - 4 for the  
11 residential, commercial, industrial and public authority classes to account for the test-year  
12 consumption by class times the rate for the respective tiers. In addition to the receipts  
13 generated from the consumption calculation, test-year base charges and billing charges  
14 are added to the calculated flow receipts to arrive at pro forma receipts. After reducing  
15 the pro forma amount by the test-year receipts recorded on the cash financials, this results  
16 in a decrease in pro forma receipts for the residential class of \$5,589, an increase to the  
17 commercial receipts of \$33,853, a decrease to the industrial class of \$1,052 and a  
18 decrease to the public authority class of \$25,361. Test-year receipts for industrial  
19 excessive strength are normalized in adjustment 5 to include the twelve months of billing  
20 ended December 2019. Adjustment 5 results in a \$292,254 increase to industrial  
21 excessive strength receipts. The excessive strength receipts are further adjusted in  
22 adjustment 6 to account for the abnormally high TSS loadings for W.R. Grace in the test-  
23 year period. The TSS pounds for W.R. Grace have been normalized based on the

1 historical loadings for 2015-2020. Adjustment 6 results in a \$296,165 decrease to  
2 industrial excessive strength receipts. The final adjustment to test-year receipts is  
3 calculated in Adjustment 7. Adjustment 7 normalized residential, commercial, industrial  
4 and public authority receipts for the test-year to account for an annual decline in  
5 consumption. The billed revenues for 2014 through 2019 are compared year over year  
6 after deducting the 2016 Phase I, 11.0% increase and the 2016 Phase II, 10.98% increase.  
7 Overall, the year-over-year comparison shows an average annual decline of 1.76%. In  
8 total this reduces test-year receipts by \$130,631, (-\$26,595 for residential, -\$20,680 for  
9 commercial, -\$76,152 for industrial and -\$7,204 for public authority). After applying the  
10 7 adjustments to the test-year receipts, normalized receipts total \$7,422,260. **Q. Were**  
11 **there any adjustments made as a result of COVID-19?**

12 A. There were not. Given that our test-year was calendar year 2019, we did not factor  
13 COVID-19 into the report.

14  
15 **Q. What are the total revenue requirements that Petitioner must recover on an annual**  
16 **basis to operate its Wastewater Division?**

17 A. Pages 14 through 18 summarize the pro forma annual revenue requirements of Petitioner  
18 along with explanation of adjustments. As shown on page 14, the Petitioner is proposing  
19 to recover the necessary revenue requirements over three phases. Total revenue  
20 requirements in Rate Phase I are \$8,491,063. Rate Phase I rates and charges are assumed  
21 to be increased through the cost-of-service study, which is described in additional details  
22 throughout this testimony. Rate Phase II includes total revenue requirements of  
23 \$9,841,883, Rate Phase III total revenue requirements is \$10,224,705. It is proposed that

1 the calculated increases for Rate Phases II and III would be based on an across-the-board  
2 increase over the Rate Phase I rates and charges which will be increased through the cost-  
3 of-service study.

4  
5 Pro forma cash operating disbursements totaling \$6,010,467 are detailed on pages 6  
6 through 11.

7  
8 Debt service requirements reflect the payments on the outstanding 2015 Bonds and the  
9 Proposed Bonds. Rate Phases I assumes principal and interest payments on the  
10 outstanding 2015 Bonds and Proposed Bonds for the bond year ended July 15, 2023,  
11 which is an increase of \$146,279 over the test-year amount. Debt service requirements  
12 for Rate Phase II reflect the assumed principal and interest payments on the outstanding  
13 2015 Bonds and Proposed Bonds for the bond year ended July 15, 2024, which is an  
14 increase of \$206,403 over Rate Phase I. The Rate Phase III debt service requirement is  
15 based on the maximum annual debt service payment on the outstanding 2015 Bonds and  
16 the Proposed Bonds and is an increase of \$158,750 over Rate Phase II.

17  
18 The debt service reserve requirements assume an allowance to fund the proposed debt  
19 service reserve on the Proposed Bonds over a five-year period beginning the first month  
20 after closing with SRF. The outstanding 2015 Bonds currently have a fully funded debt  
21 service reserve, and upon closing with SRF the debt service reserve requirement will be  
22 combined and based on the maximum annual debt service on the outstanding 2015 Bonds

1 and the Proposed Bonds. This amount attributable to the Proposed Bonds is \$96,156 for  
2 each of the Rate Phases.

3  
4 The payment in lieu of tax is assumed at the maximum calculated payment in lieu of tax  
5 and phased-in over the three periods. Pro forma payment in lieu of tax is calculated by  
6 adding depreciable capital assets (net), land, construction work in progress, annual capital  
7 improvements and proposed project costs together and multiplying the total by the 2020  
8 pay 2021 corporate tax rate of 2.0796. Rate Phase I is calculated to be \$855,455, a  
9 reduction of \$23,039. Rate Phase II is calculated to be \$889,872 an increase of \$34,417  
10 and Rate Phase III is calculated to be \$928,153 an increase of \$38,281.

11  
12 The allowance for annual replacements and improvements ("E&R") is based on the  
13 annual composite depreciation calculation of 2.5% on audited capital assets, plus the  
14 proposed project costs applicable to depreciation, as shown on page 15. The Rate Phase I  
15 and II allowances for replacements and improvements have been decreased to help phase  
16 in the proposed increases in rates and avoid rate shock for the District's customers. The  
17 annual proposed E&R allowance from rates and charges will be \$545,000 in Rate Phase  
18 I, \$1.65 million in Rate Phase II and \$1.841 million in Rate Phase III.

19  
20 As mentioned in Mr. Myers' testimony, the Wastewater Division has many capital needs  
21 beyond addressing the next and final phase of the LTCP, and the City for many years has  
22 paid for these improvements from other available municipal funds/departments not  
23 supported by the District's ratepayers. This allowance would allow the District to start to

1 address the needed capital improvements identified, and, as the funds ramp up with the  
2 phased-in approach, gives the District time to develop more long-range plans with their  
3 engineering consultant.

4

5 **Q Please continue with the explanation of the Accounting Report.**

6 A. Next, the projected total revenue requirements are reduced by projected miscellaneous  
7 revenues. The resulting net revenue requirements are \$8,491,063 for Phase I, \$9,841,883  
8 for Phase II and \$10,224,705 for Phase III.

9

10 In order to provide revenues to meet these requirements, the Petitioner has proposed that  
11 sewer rates and charges be increased by an overall 14.41% effective September 1, 2022  
12 or upon approval by this Commission for Rate Phase I, 15.91% effective September 1,  
13 2023 for Rate Phase II and 3.98% effective September 1, 2024 for Phase III.

14

15 **Q. Mr. Riley you mentioned “ease the burden on ratepayers” and “rate shock” earlier  
16 in your testimony. Can you explain in more detail?**

17 A. Yes. The Sanitary District has had a history of very low sewer rates and charges in  
18 comparison to other communities across the State, which I will discuss later. Over the  
19 last 25 years, there have only been four rate increases in:

20

1. 1997,

21

2. 2013, and

22

3. a two-phase increase in 2016

1 So, the District doesn't have a history of systematic rate increases to address its operating  
2 and capital needs for its aging infrastructure that their ratepayers have grown accustomed  
3 to and can budget for. With the rate impacts as discussed previously, it seems  
4 appropriate in this case to phase-in the rates and charges over period of time to ease this  
5 burden. To further emphasize this point, a residential 5/8" customer using 5,000 gallons  
6 per month would incur a \$10.93 increase or 53.06% increase. This is a necessary  
7 increase due to the needs of the District, however, it is a significant impact to ratepayers.  
8

9 **Q. Mr. Riley, you mentioned that the District has low sewer rate and charges compared**  
10 **to other communities in the State. Why do you believe this is the case?**

11 A. The District's sewer rates and charges for a residential 5/8" customer using 5,000 gallons  
12 after the three phases of rate increases is proposed to be \$31.53. BTMA in 2018 released  
13 a comparative sewer rate study ("Study") that included 390 communities across the State.  
14 The Study showed that the average bill for 5,000 gallons of consumption was \$48.79 per  
15 month. Now this sample size has all sizes of communities included, and it is not  
16 completely out of the norm for smaller communities to have higher average rates as they  
17 have smaller economies of scale.  
18

19 The Study did have select information for a sample group with a population over 25,000,  
20 which would include East Chicago, and the average for this group assuming the same  
21 information is \$40.96.  
22



1 It would appear the proposed final average bill is significantly below the State average.  
2 While comparing rates across communities can give a general idea of affordability, it  
3 should also be noted that each community in the State has different facts and  
4 circumstances associated with its sewer rates and charges. Each community faces  
5 varying operating characteristics, differences in the makeup of their customer base and  
6 usage patterns. Each of these items can impact the rates and charges necessary to support  
7 the respective sewage works and make it difficult to directly compare one community to  
8 another.

9  
10 **Q. Mr. Riley, would you please describe the general purpose of a cost-of-service study?**

11 A. A cost-of-service study is a detailed analysis of the cost drivers that influence the  
12 provision of service to a utility's customers. The goal of the study is to determine the  
13 appropriate level of cost recovery allocable to each customer class. The cost-of-service  
14 study is normally done in conjunction with and leads to the creation of a rate design that  
15 recovers costs from the appropriate customer class as closely as possible to the allocated  
16 cost of service.

17  
18 **Q. Are there different accepted methodologies of conducting a cost-of-service study  
19 that are employed in practice and if so, which did you use this case?**

20 A. Yes, there are different accepted methodologies. For purposes of allocating costs to the  
21 customer classes and designing proposed rates for Petitioner's Wastewater Division , I  
22 have employed the functional cost allocation methodology promulgated by the Water

1 Environmental Federation (“WEF”) in its Manual of Practice No. 27 *Financing and*  
2 *Charges for Wastewater Systems*.

3  
4 The functional cost allocation methodology assigns cost factors using operational or  
5 service purposes. This approach uses the basis that the function of various cost centers or  
6 activities should be the basis for allocating the costs.

7  
8 Once the costs have been allocated to the functional categories, they are assigned to the  
9 various customer classes based upon each customer classes’ usage characteristics (or  
10 billing determinates) and their associated responsibility for those costs. After the cost  
11 responsibility for each customer class has been determined a rate structure can then be  
12 designed that appropriately recovers those costs.

13  
14 **Q. Would you please explain more fully the details of your cost-of-service and rate**  
15 **design calculations?**

16 A. As I mentioned, each of the revenue requirements are first allocated to the functional cost  
17 categories, and then assigned to each customer classification based upon each of the  
18 classes’ responsibility for those functional costs. The allocated cost of service for each  
19 customer classification is then used as a basis for developing the proposed rates and  
20 charges. These calculations begin with a detailed analysis of the test-year billing  
21 determinants in order to verify their statistical validity for rate-setting purposes.  
22

1 Page 19 shows a summary of this analysis by presenting Petitioner's usage characteristics  
2 and test-year metered billings. The consumer analysis control period variance was -  
3 0.04% for sewer usage, base charges, billing charges, excessive strength surcharges and  
4 pretreatment charges. This small variance indicates that the analysis and the underlying  
5 billing determinants are statistically valid for rate-making purposes.

6  
7 Page 20 presents the calculation of the test-year equivalent meters. Normalized bills are  
8 multiplied by the appropriate equivalency factor to arrive at equivalent connections. The  
9 equivalency factors used are those followed in the diameter of line calculation or area of  
10 a pipe. These calculations reflect the fact that larger size connections have the ability to  
11 place greater demands on the system and therefore generally receive a larger cost  
12 allocation than small connections.

13  
14 Page 21 displays the test-year billing determinates for the residential, commercial,  
15 industrial and public authority classes. These billing determinates include the annual  
16 bills by class, gallons billed both Tier 1 and Tier 2 by class and the pounds of chemical  
17 oxygen demand ("COD") and the total suspended solids ("TSS") billed during the test-  
18 year period.

19  
20 Page 22 displays the test-year plant flows and wastewater strength constituents by month  
21 for the test-year period. The information shown is pulled from the Petitioner's monthly  
22 report of operations ("MROs") filed with IDEM.

23

1 Pages 23 and 24 allocate the net revenue requirements less penalties for Rate Phase I to  
2 the cost function for the sanitary sewer system. These cost functions include treatment,  
3 collection system, pump stations, billing, pretreatment and administrative. For purposes  
4 of the cost-of-service study, the collection system costs and the pump station costs have  
5 been split out to include a fixed and flow portion. Overall, \$4,076,450 of costs have been  
6 allocated to treatment, \$693,379 to the fixed component of the collection system,  
7 \$693,375 to the flow portion of the collection system, \$829,861 to the fixed portion of the  
8 pump stations, \$1,657,828 to the flow portion of the pump stations, \$194,725 to the  
9 billing function and \$289,045 to pretreatment.

10  
11 Pages 25 and 26 allocate total costs which are to be recovered through billed flow  
12 through the Tiers I and II rate per 1,000 gallons, COD and TSS. A portion of the costs to  
13 be recovered include inflow and infiltration ("I/I") which is allocated as shown on 27.  
14 The allocation of the I/I is allocated to the respective Tiers using both flow and  
15 connection numbers. I/I is the groundwater that enters the system and ultimately is treated  
16 at the plant. I/I is not directly measurable as it is not reflected on metered billings. As  
17 part of the 1972 Water Pollution Control Act and subsequent amendments, the U.S.  
18 Environmental Protection Agency issued guidelines on establishing wastewater rates.  
19 The guidance included sections on the relevant allocation of I/I. The cost of the I/I shall  
20 be allocated and recovered using one or a combination of methods including wastewater  
21 volumes, number of connections, land area, and property valuation of users. For  
22 purposes of the cost-of-service study, we have used a combination of the wastewater  
23 volumes and number of connections. The use of the wastewater volume recognizes that

1 users with larger volumes of flow typically have large pipes and typically larger  
2 properties with the ability to generate more runoff into the system. The use of the  
3 number of connections recognizes that the more connections to the system the more areas  
4 I/I can enter the system. Due to the nature of the Petitioner's system which includes  
5 several larger industrial users and a large residential base we determined it was  
6 appropriate to use a combination when allocating the I/I.

7  
8 Pages 28 and 29 calculate the treatment rate, base charge, billing charge and excessive  
9 strength surcharges for the proposed Rate Phase I rates and charges. Using the costs  
10 allocated to the respective cost function and the billing determinates derived from the  
11 test-year data, the various calculations are derived to recover the necessary revenue  
12 requirements. The Tier I flow rate is calculated at \$2.73 per 1,000 gallons. The Tier II  
13 rate is calculated at \$5.04 ( $\$2.73 + \$2.31$ ) per 1,000 gallons. The base charge per EDU of  
14 \$10.18 is calculated using the fixed costs allocated to both the collection system and the  
15 pump stations divided by the test-year equivalent dwelling units ("EDUs"). The final rate  
16 calculated on page 28 is the monthly billing charge of \$2.38 per customer bill. The  
17 monthly billing rate is calculated by dividing the total costs allocated to the billing  
18 department by the test-year bills.

19  
20 Page 30 calculated the pretreatment charge based on the total costs allocated  
21 pretreatment. The total operation and maintenance allocation to pretreatment of  
22 \$289,045 has been split between fixed and variable costs. The fixed cost of \$183,729 as  
23 shown on page 23 is recovered through the base charge assuming twenty-six customers

1 from the test-year period. The remaining \$105,316 of variable costs will be recovered  
2 through the charge per monitoring events. The base charge is calculated at \$590 per  
3 month and the charge per monitoring event is \$430.

4  
5 Page 31 uses the proposed Rate Phase I rates and charges as calculated on pages 28  
6 through 30 and the test-year billing determinates to calculate the anticipated revenues to  
7 be required by the Petitioner in Rate Phase I. Total calculated revenues are \$8,434,249.  
8 Total net revenue requirements for Rate Phase I less penalties as shown on page 14 were  
9 \$8,433,664. Based on the calculated rates and charges the Petitioner would be able to  
10 recover the revenues needed to support Rate Phase I costs.

11  
12 Page 32 uses the proposed Rate Phase II rates and charges shown on page 34 and the test-  
13 year billing determinates to calculate the anticipated revenues to be required by the  
14 Petitioner in Rate Phase II. Total calculated revenues are \$9,771,820. Total net revenue  
15 requirements for Rate Phase II less penalties as shown on page 14 were \$9,784,484.  
16 Based on the calculated rates and charges the Petitioner would be able to recover the  
17 revenues needed to support Rate Phase II costs.

18  
19 Page 33 uses the proposed Rate Phase III rates and charges shown on page 34 and the  
20 test-year billing determinates to calculate the anticipated revenues to be required by the  
21 Petitioner in Rate Phase III. Total calculated revenues are \$10,153,956. Total net  
22 revenue requirements for Rate Phase III less penalties as shown on page 14 were

1           \$10,167,306. Based on the calculated rates and charges the Petitioner would be able to  
2           recover the revenues needed to support Rate Phase III costs.

3  
4           Page 34 displays the current rates and charges for the Petitioner as approved in Rate  
5           Ordinance No. 15-0023 adopted November 23, 2015. The proposed Rate Phase I rates  
6           which are calculated through the cost-of-service portion of the report are shown under the  
7           second column. Rate Phases II and III are also shown in columns three and four and are  
8           based on across-the-board increases over the rates and charges calculated in Rate Phase I.

9  
10          Pages 35 to 40 display the rate impacts of the three Rate Phases on various meters sizes,  
11          varying levels of consumption and the percentage changes. In addition, rate impacts on  
12          certain industrial customers on test-year billing information.

13  
14       **Q.     Please continue with the explanation of the Accounting Report.**

15       A.     Page 41 displays the current cash balances of the Wastewater Division for the calendar  
16           years ending December 31, 2017, 2018 and 2019. Page 42 shows the cash receipts and  
17           disbursements for 2017, 2018 and 2019. Pages 43 and 44 show the detailed operating  
18           disbursements for calendar years 2017, 2018 and 2019. Pages 45 and 46 compare the  
19           fund balances of the Petitioner as of December 31, 2019, with the minimum balances  
20           either required to be maintained by the outstanding bond resolutions in effect with respect  
21           to the Petitioner's outstanding long-term indebtedness, or that are typically maintained by  
22           municipal utilities such as the Petitioner. The minimum balance for the operation and  
23           maintenance is calculated based on a two-month allowance for the payment of current

1 operating expenses. The bond and interest and debt service reserve fund minimum  
2 balances are required by the outstanding bond resolutions. The allowance for unforeseen  
3 capital expenditures is included in the wastewater replacement fund (improvement) fund  
4 for budgetary purposes in an amount equal to annual depreciation. The minimum balance  
5 required in the wastewater replacement reserve fund is equal to \$1,985,093. The  
6 Construction Fund is restricted for the completion of the construction projects mentioned  
7 earlier in the testimony.

8  
9 **Q. Mr. Riley, are there additional requirements or factors that should be considered in**  
10 **this rate proceeding?**

11 A. Yes, the Sanitary District's outstanding 2015 Bonds currently have a "A" bond rating  
12 with S&P Global Ratings ("S&P"). This is a strong rating and must be maintained for  
13 the District to receive competitive interest rates when selling their bonds on the open  
14 market. As was previously mentioned, the District has many capital needs and must  
15 implement Phase III of the LTCP and it is very likely that the District will have to issue  
16 additional long-term debt in the future. To give the District the most flexibility in  
17 determining the type of bonds it will issue, having a strong rating is economically  
18 advantageous if and when they must access the capital markets.

19  
20 One of the heavily weighted metrics used by S&P when assessing a credit's financial risk  
21 profile, is liquidity and reserves. The available cash balances in the operating and  
22 improvement funds would need to be maintained at adequate levels. Based on test-year



1 information, the District had 235 days cash on hand and available cash balance of over \$3  
2 million, and those are considered “very strong” based on the scorecard.

3  
4 Another important metric is all-in debt service coverage. This is calculated by (Revenues  
5 – Expenses – Total Net Transfers Out) / (All Revenue Bond Debt Service). To issue debt  
6 on the open market or negotiate with a state agency like SRF, the coverage needs to be a  
7 minimum of 125%. To strengthen the rating with S&P, the higher the coverage  
8 percentage above the minimum, the more favorable the score for this metric. For  
9 example, S&P's scorecard would rate coverage above 140% as very strong, before taking  
10 into account any qualitative factors. In comparison, historically the District's all-in  
11 coverage has been:

12 2017 – 113%

13 2018 – 142%

14 2019 - 221%

15 So, over this period it has improved, but it also must be placed in the context that the  
16 District has deferred certain repairs and maintenance to the system and had others funded  
17 by other City departments or funds. The debt service coverage projected by the revenue  
18 requirements is Rate Phase I is – 159%, Rate Phase II is – 235% and Rate Phase III is –  
19 233%. This is also assuming that in the later rate phases operational costs will not  
20 increase or there will be no unforeseen items to occur.

21  
22 The request as presented will allow the District to maintain strong cash reserves, all the  
23 while addressing the needed improvements in the sewer system. It will also allow the

1 debt service coverage requirements to stay in the range as suggested by S&P to maintain  
2 the strong "A" bond rating.

3

4 **CONCLUSION**

5

6 **Q. Does this conclude the explanation of Petitioner's Attachment AJR-1?**

7 A. Yes it does.

8

9 **Q. Can Petitioner obtain the funding needed to complete the capital improvements  
10 discussed in the testimony of Mr. Myers' under current rates and charges?**

11 A. No, it cannot. The net revenues at pro forma present rates are insufficient to make the  
12 estimated debt service payments.

13

14 **Q. In your opinion, does the SRF provide a reasonable and cost-effective source of  
15 funds to construct the capital improvements?**

16 A. Yes, it does. I believe the Commission should authorize the issuance of bonds covering  
17 the estimated costs of the capital improvements through the SRF and allow the inclusion  
18 of the costs of so doing in this rate case. The proposed rate increase provides sufficient  
19 debt service coverage to satisfy the SRF and it allows Petitioner to meet its other  
20 statutory revenue requirements.

21

1 **Q. Is it your opinion that the rates proposed in your Accounting Report are fair, just,**  
2 **non-discriminatory and reasonable and necessary to meet the pro forma revenue**  
3 **requirements of the utility?**

4 A. Yes, it is my opinion that they are.

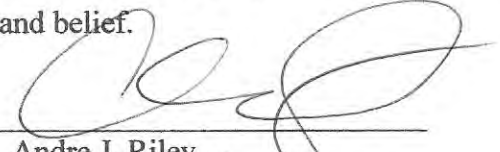
5

6 **Q. Does this conclude your direct testimony in this Cause?**

7 A. This concludes my direct testimony at this time.

**VERIFICATION**

I, Andre J. Riley, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information, and belief.



Andre J. Riley

Date:

10/21/21

# AJR-1

**CITY OF EAST CHICAGO**

**CAUSE NO. 45632**

**ACCOUNTING REPORT ON PROPOSED IMPROVEMENT  
PROJECT FINANCING AND COST OF SERVICE RATE STUDY**

**SANITARY DISTRICT**

**OCTOBER 21, 2021**



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October 21, 2021

Board of Commissioners  
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## ACCOUNTANTS' RATE STUDY AND COMPILATION REPORT

In connection with the proposed increase in the East Chicago (Indiana) Sanitary District's (the "Sanitary District") schedule of sewer rates and charges, we have, at your request, compiled this special purpose cost of service rate study report for submission to the Indiana Utility Regulatory Commission.

This special purpose cost of service rate study report has been prepared for the purpose of requesting approval of a new schedule of sewer rates and charges from the Indiana Utility Regulatory Commission and should not be used for any other purpose.

Further, the pro forma financial information in this report which has not been compiled, reviewed or audited by us, is based upon unaudited financial information for the twelve months ended December 31, 2019, which was compiled by us and assumptions provided by management and their consulting engineers or obtained from other sources. This pro forma financial information is prepared for the purpose of showing the estimated financial effects on the Sewer District's revenue and revenue requirements of an adjustment to rates and charges for service and other changes that may be reasonably fixed, known or measured, excluding provisions for future inflation. The actual results achieved may vary from the pro forma information and the variations may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

We have compiled the accompanying comparative schedule of selected information arising from cash transactions of the Sanitary District as of December 31, 2017, 2018 and 2019, and the related comparative schedule of cash receipts and disbursements for the periods then ended and supplementary data. We have not audited or reviewed the accompanying historical financial statements and supplementary data, and accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

(Continued on next page)



Board of Commissioners  
East Chicago Sanitary District  
October 21, 2021  
Page 2

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The financial statements are presented on the cash basis of accounting used by the Sanitary District, which is a comprehensive basis of accounting other than the generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Sanitary District's assets, liabilities, equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

*Baker Tilly US, LLP*

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

**PRO FORMA FINANCIAL INFORMATION**

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

**SCHEDULE OF ESTIMATED PROJECT COSTS AND FUNDING**  
**(Per Management and Consulting Engineers)**

<b><u>ESTIMATED PROJECT COSTS</u></b>	<u>2020 BANs</u> (1)	<u>2022 Proposed Bonds</u>
Construction Costs:		
Construction estimate	<u>\$12,232,000</u>	<u>\$ -</u>
Total Construction Costs	<u>12,232,000</u>	<u>-</u>
Non-Construction Costs:		
Engineering/design (net of payment to date)	436,977	
Asset management plan		85,000
Accrued interest		103,700 (2)
Payoff of 2020 BAN		8,300,000
IURC rate case	280,000	54,353
Allowance for legal, financial advisory, bond issuance costs, general project contingencies and rounding	<u>102,905</u>	<u>112,715</u>
Total Non-Construction Costs	<u>819,882</u>	<u>8,655,768</u>
Total Estimated Project Costs	<u><u>\$13,051,882</u></u>	<u><u>\$8,655,768</u></u>
 <b><u>ESTIMATED PROJECT FUNDING</u></b>		
Sanitary District Revenue Bond Anticipation Notes of 2020 (the "2020 BAN")	\$8,300,000	
Proposed Sanitary District Revenue Bonds of 2021		\$7,945,000
Cash on hand:		
Remaining proceeds from 2015 Revenue Bonds	4,751,882	140,602
Remaining proceeds from 2020 BANs	<u>-</u>	<u>570,166</u>
Total Estimated Project Funding	<u><u>\$13,051,882</u></u>	<u><u>\$8,655,768</u></u>

(1) Reflects the final costs for the Bond Anticipation Notes of 2020 at closing on June 4, 2020.

(2) Assumes accrued interest on the 2020 BAN though issuance of the proposed bonds.

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

**SCHEDULE OF AMORTIZATION OF \$7,945,000 PRINCIPAL AMOUNT  
OF PROPOSED SANITARY DISTRICT REVENUE BONDS, SERIES 2022**

Principal payable semiannually, January 15th and July 15th, beginning January 15, 2024.

Interest payable semiannually, January 15th and July 15th, beginning January 15, 2023.

Assumed interest rate as shown.

Assumes bonds dated September 29, 2022.

Payment Date	Principal Balance (-----In \$1,000's-----)	Principal	Assumed Interest Rate* (%)	Interest (-----In Dollars-----)	Total (-----In Dollars-----)	Bond Year Total
1/15/2023	\$7,945			\$54,974.99	\$54,974.99	
7/15/2023	7,945			93,353.75	93,353.75	\$148,328.74
1/15/2024	7,945	\$83	2.35	93,353.75	176,353.75	
7/15/2024	7,862	84	2.35	92,378.50	176,378.50	352,732.25
1/15/2025	7,778	164	2.35	91,391.50	255,391.50	
7/15/2025	7,614	165	2.35	89,464.50	254,464.50	509,856.00
1/15/2026	7,449	167	2.35	87,525.75	254,525.75	
7/15/2026	7,282	169	2.35	85,563.50	254,563.50	509,089.25
1/15/2027	7,113	171	2.35	83,577.75	254,577.75	
7/15/2027	6,942	173	2.35	81,568.50	254,568.50	509,146.25
1/15/2028	6,769	175	2.35	79,535.75	254,535.75	
7/15/2028	6,594	178	2.35	77,479.50	255,479.50	510,015.25
1/15/2029	6,416	180	2.35	75,388.00	255,388.00	
7/15/2029	6,236	182	2.35	73,273.00	255,273.00	510,661.00
1/15/2030	6,054	184	2.35	71,134.50	255,134.50	
7/15/2030	5,870	186	2.35	68,972.50	254,972.50	510,107.00
1/15/2031	5,684	188	2.35	66,787.00	254,787.00	
7/15/2031	5,496	190	2.35	64,578.00	254,578.00	509,365.00
1/15/2032	5,306	193	2.35	62,345.50	255,345.50	
7/15/2032	5,113	195	2.35	60,077.75	255,077.75	510,423.25
1/15/2033	4,918	197	2.35	57,786.50	254,786.50	
7/15/2033	4,721	200	2.35	55,471.75	255,471.75	510,258.25
1/15/2034	4,521	202	2.35	53,121.75	255,121.75	
7/15/2034	4,319	204	2.35	50,748.25	254,748.25	509,870.00
1/15/2035	4,115	207	2.35	48,351.25	255,351.25	
7/15/2035	3,908	209	2.35	45,919.00	254,919.00	510,270.25
1/15/2036	3,699	212	2.35	43,463.25	255,463.25	
7/15/2036	3,487	214	2.35	40,972.25	254,972.25	510,435.50
1/15/2037	3,273	216	2.35	38,457.75	254,457.75	
7/15/2037	3,057	219	2.35	35,919.75	254,919.75	509,377.50
1/15/2038	2,838	222	2.35	33,346.50	255,346.50	
7/15/2038	2,616	224	2.35	30,738.00	254,738.00	510,084.50
1/15/2039	2,392	227	2.35	28,106.00	255,106.00	
7/15/2039	2,165	230	2.35	25,438.75	255,438.75	510,544.75
1/15/2040	1,935	232	2.35	22,736.25	254,736.25	
7/15/2040	1,703	235	2.35	20,010.25	255,010.25	509,746.50
1/15/2041	1,468	238	2.35	17,249.00	255,249.00	
7/15/2041	1,230	240	2.35	14,452.50	254,452.50	509,701.50
1/15/2042	990	243	2.35	11,632.50	254,632.50	
7/15/2042	747	246	2.35	8,777.25	254,777.25	509,409.75
1/15/2043	501	249	2.35	5,886.75	254,886.75	
7/15/2043	252	252	2.35	2,961.00	254,961.00	509,847.75
Totals		\$7,945		\$2,244,270.24	\$10,189,270.24	\$10,189,270.24

\*Assumes current subsidized SRF interest rates plus 35 bps to account for potential interest rate changes in the next year.

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

**SCHEDULE OF PROPOSED COMBINED BOND AMORTIZATION**

<u>Bond Year Ending</u>	<u>Outstanding 2015</u>	<u>Proposed 2022</u>	<u>Total</u>	<u>Bond Year Total</u>
01/15/22	\$475,656.26		\$475,656.26	
07/15/22	471,306.26		471,306.26	\$946,962.52
01/15/23	471,956.26	\$54,974.99	526,931.25	
07/15/23	472,531.26	93,353.75	565,885.01	1,092,816.26
01/15/24	473,031.26	176,353.75	649,385.01	
07/15/24	473,456.26	176,378.50	649,834.76	1,299,219.77
01/15/25	473,806.26	255,391.50	729,197.76	
07/15/25	473,884.38	254,464.50	728,348.88	1,457,546.64
01/15/26	473,884.38	254,525.75	728,410.13	
07/15/26	473,603.13	254,563.50	728,166.63	1,456,576.76
01/15/27	473,240.63	254,577.75	727,818.38	
07/15/27	472,587.50	254,568.50	727,156.00	1,454,974.38
01/15/28	471,850.00	254,535.75	726,385.75	
07/15/28	475,812.50	255,479.50	731,292.00	1,457,677.75
01/15/29	474,600.00	255,388.00	729,988.00	
07/15/29	472,400.00	255,273.00	727,673.00	1,457,661.00
01/15/30	475,100.00	255,134.50	730,234.50	
07/15/30	472,600.00	254,972.50	727,572.50	1,457,807.00
01/15/31	475,000.00	254,787.00	729,787.00	
07/15/31	472,200.00	254,578.00	726,778.00	1,456,565.00
01/15/32	474,300.00	255,345.50	729,645.50	
07/15/32	471,200.00	255,077.75	726,277.75	1,455,923.25
01/15/33	473,000.00	254,786.50	727,786.50	
07/15/33	474,600.00	255,471.75	730,071.75	1,457,858.25
01/15/34	471,000.00	255,121.75	726,121.75	
07/15/34	472,300.00	254,748.25	727,048.25	1,453,170.00
01/15/35	473,400.00	255,351.25	728,751.25	
07/15/35	474,300.00	254,919.00	729,219.00	1,457,970.25 (1)
01/15/36		255,463.25	255,463.25	
07/15/36		254,972.25	254,972.25	510,435.50
01/15/37		254,457.75	254,457.75	
07/15/37		254,919.75	254,919.75	509,377.50
01/15/38		255,346.50	255,346.50	
07/15/38		254,738.00	254,738.00	510,084.50
01/15/39		255,106.00	255,106.00	
07/15/39		255,438.75	255,438.75	510,544.75
01/15/40		254,736.25	254,736.25	
07/15/40		255,010.25	255,010.25	509,746.50
01/15/41		255,249.00	255,249.00	
07/15/41		254,452.50	254,452.50	509,701.50
01/15/42		254,632.50	254,632.50	
07/15/42		254,777.25	254,777.25	509,409.75
01/15/43		254,886.75	254,886.75	
07/15/43		254,961.00	254,961.00	509,847.75
Totals:	<u>\$13,252,606.34</u>	<u>\$10,189,270.24</u>	<u>\$23,441,876.58</u>	<u>\$23,441,876.58</u>

Average annual debt service for the five bond years ending January 15, 2025 \$1,199,136.30

(1) Maximum annual debt service.

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

**PRO FORMA ANNUAL CASH OPERATING DISBURSEMENTS**  
**(See Explanation of Adjustments, pages 8 - 11)**

	Calendar Year Ended 12/31/2019	Adjustments	Ref.	Pro Forma
Operating Disbursements:				
Collections - Maintenance:				
Supplies	\$1,473	\$ -		\$1,473
Uniform rental	2,282	-		2,282
Contractual services - other	287,508	222,492	(10)	510,000
Miscellaneous	5,390	-		5,390
	<u>296,653</u>	<u>222,492</u>		<u>519,145</u>
Pumping - Operations:				
Utilities	277,752	18,546	(7a)	296,298
	<u>277,752</u>	<u>18,546</u>		<u>296,298</u>
Pumping - Maintenance:				
Supplies	16,403	-		16,403
Oil and gasoline	3,240	-		3,240
Contractual services - other	14,723	10,277	(8)	25,000
	<u>34,366</u>	<u>10,277</u>		<u>44,643</u>
Treatment and Disposal - Operations:				
Salaries and wages	614,062	38,772	(1)	652,834
Pensions and benefits	120,066	7,338	(2)(3)(5)	127,404
Insurance - health/life	153,527	35,233	(4)	188,760
Worker's compensation	6,402	1,023	(6)	7,425
Education	80	-		80
Supplies	11,332	-		11,332
Chemicals	47,825	-		47,825
Oil and gasoline	1,189	-		1,189
Sludge removal	170,913	70,754	(11)	241,667
Utilities	572,224	53,090	(7b)	625,314
Repairs and maintenance	40,329	-		40,329
Contractual services - testing	43,244	-		43,244
Contractual services - other	32,322	-		32,322
Uniform rental	2,404	-		2,404
Transportation	335	-		335
	<u>1,816,254</u>	<u>206,210</u>		<u>2,022,464</u>
Treatment and Disposal - Maintenance:				
Salaries and wages	398,802	168,852	(1)	567,654
Pensions and benefits	78,031	32,321	(2)(3)(5)	110,352
Insurance - health/life	108,861	83,259	(4)	192,120
Worker's compensation	13,519	(6,769)	(6)	6,750
Supplies	72,861	-		72,861
Repairs and maintenance	2,644	-		2,644
Contractual services - other	53,883	-		53,883
Uniform rental	2,033	-		2,033
Rental of equipment	180	-		180
	<u>730,814</u>	<u>277,663</u>		<u>1,008,477</u>

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(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

**PRO FORMA ANNUAL CASH OPERATING DISBURSEMENTS**  
**(See Explanation of Adjustments, pages 8 - 11)**

	Calendar Year Ended 12/31/2019	Adjustments	Ref.	Pro Forma
<b>Customer Accounts:</b>				
Contractual services - other	\$235,028	(\$75,238)	(9)	\$159,790
Total customer accounts	<u>235,028</u>	<u>(75,238)</u>		<u>159,790</u>
<b>Administrative and General:</b>				
Salaries and wages	307,637	18,432	(1)	326,069
Pensions and benefits	53,768	5,176	(2)(3)(5)	58,944
Insurance - health/life	59,261	17,899	(4)	77,160
Worker's compensation	2,846	529	(6)	3,375
Supplies	4,691	-		4,691
Oil and gasoline	36,063	-		36,063
Contractual services - engineering	31,566	200,000	(12)	231,566
Contractual services - accounting	42,524	-		42,524
Contractual services - legal	36,054	-		36,054
Contractual services - other	41,830	-		41,830
Rental of equipment	12,925	-		12,925
Insurance - liability	9,085	-		9,085
Insurance - Other	1,500	-		1,500
Telephone	51,635	-		51,635
Subscriptions and dues	1,000	-		1,000
Education	94	-		94
Transportation	1,442	-		1,442
Reimbursements	529,568	149,364	(9)	678,932
Miscellaneous	1,420	-		1,420
Total administrative and general	<u>1,224,909</u>	<u>391,400</u>		<u>1,616,309</u>
<b>Monitoring:</b>				
Salaries and wages	109,244	59,122	(1)	168,366
Pensions and benefits	20,867	11,455	(2)(3)(5)	32,322
Insurance - health/life	48,704	28,456	(4)	77,160
Worker's compensation	1,300	725	(6)	2,025
Supplies	2,079	-		2,079
Contractual services - testing	47,787	-		47,787
Contractual services - other	3,000	-		3,000
Uniform rental	592	-		592
Total monitoring	<u>233,573</u>	<u>99,758</u>		<u>333,331</u>
<b>Common Plant:</b>				
Supplies	8,722	-		8,722
Uniform rental	1,043	-		1,043
Miscellaneous	245	-		245
Total common plant	<u>10,010</u>	<u>-</u>		<u>10,010</u>
Total Operating Disbursements	<u>\$4,859,359</u>	<u>\$1,151,108</u>		<u>\$6,010,467</u>

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(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

(Cont'd)

**PRO FORMA ANNUAL CASH OPERATING DISBURSEMENTS  
(Explanation of Adjustments)**

**Adjustment (1) - Salaries and Wages**

To adjust test year salaries and wages for pro forma salaries and wages and increases in staff (5 new employees) based on estimates provided by utility management and salary worksheets.

	<u>Pro Forma</u>	<u>Less Test Year</u>	<u>Adjustment</u>
Treatment and Disposal - Operations*	\$652,834	\$614,062	\$38,772
Treatment and Disposal - Maintenance	567,654	398,802	168,852
Administrative and General**	326,069	307,637	18,432
Monitoring	168,366	109,244	59,122
Common Plant	-	-	-
	<u>-\$</u>	<u>-\$</u>	<u>-\$</u>
Totals	<u>\$1,714,923</u>	<u>\$1,429,745</u>	<u>\$285,178</u>

\*Pro forma includes an additional operator in Treatment and Disposal - Operations, an additional electrician and maintenance man I and II in Treatment and Disposal - Maintenance and an additional pretreatment coordinator in Monitoring.

\*\* Includes Board member payroll.

See "Book 1 - East Chicago SD - 2021 IURC Rates, pages 5 - 47."

**Adjustment (2) - FICA**

To adjust test year FICA expense for pro forma salaries and wages.

	<u>Pro Forma Salaries and Wages</u>	<u>Times 7.65%</u>	<u>Subtotal</u>	<u>Less Test Year</u>	<u>Adjustment</u>
Treatment and Disposal - Operations	\$652,834	7.65%	\$49,942	\$47,136	\$2,806
Treatment and Disposal - Maintenance	567,654	7.65%	43,426	30,367	13,059
Administrative and General	326,069	7.65%	24,944	22,851	2,093
Monitoring	168,366	7.65%	12,880	8,161	4,719
Common Plant	-	7.65%	-	-	-
	<u>-\$</u>	<u>-\$</u>	<u>-\$</u>	<u>-\$</u>	<u>-\$</u>
Totals	<u>\$1,714,923</u>	<u>-\$</u>	<u>\$131,192</u>	<u>\$108,515</u>	<u>\$22,677</u>

See "Book 1 - East Chicago SD - 2021 IURC Rates, pages 48 - 52."

**Adjustment (3) - PERF**

To adjust test year PERF expense for pro forma eligible salaries and wages.

	<u>PERF eligible pro forma Salaries and Wages*</u>	<u>Times 11.2%</u>	<u>Subtotal</u>	<u>Less Test Year</u>	<u>Adjustment</u>
Treatment and Disposal - Operations	\$652,834	11.20%	\$73,117	\$68,775	\$4,342
Treatment and Disposal - Maintenance	567,654	11.20%	63,577	44,666	18,911
Administrative and General	299,336	11.20%	33,526	30,490	3,036
Monitoring	168,366	11.20%	18,857	12,235	6,622
Common Plant	-	11.20%	-	-	-
	<u>-\$</u>	<u>-\$</u>	<u>-\$</u>	<u>-\$</u>	<u>-\$</u>
Totals	<u>\$1,688,190</u>	<u>-\$</u>	<u>\$189,077</u>	<u>\$156,166</u>	<u>\$32,911</u>

\* Sanitary District pays PERF for all employees with the exception of Board members.

See "Book 1 - East Chicago SD - 2021 IURC Rates, pages 53 - 59."

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(See Accountants' Compilation Report)



**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

(Cont'd)

**PRO FORMA ANNUAL CASH OPERATING DISBURSEMENTS  
(Explanation of Adjustments)**

**Adjustment (4) Insurance - Health/Life**

To adjust health and life insurance based on current premiums, per utility management.

	<u>Pro Forma</u>	<u>Less Test Year</u>	<u>Adjustment</u>
Treatment and Disposal - Operations	\$188,760	\$153,527	\$35,233
Treatment and Disposal - Maintenance	192,120	108,861	83,259
Administrative and General	77,160	59,261	17,899
Monitoring	<u>77,160</u>	<u>48,704</u>	<u>28,456</u>
Totals	<u>\$535,200</u>	<u>\$370,353</u>	<u>\$164,847</u>

See "Book 1 - East Chicago SD - 2021 IURC Rates, pages 60 - 64."

**Adjustment (5) Unemployment Compensation**

To adjust test year unemployment compensation to reflect pro forma number of employees.

	<u>Number of Employees</u>	<u>Times Yearly Rate</u>	<u>Pro Forma</u>	<u>Less Test Year</u>	<u>Adjustment</u>
Treatment and Disposal - Operations	11	\$95.00	\$1,045	\$855	\$190
Treatment and Disposal - Maintenance	10	95.00	950	599	351
Administrative and General	5	95.00	475	428	47
Monitoring	<u>3</u>	<u>95.00</u>	<u>285</u>	<u>171</u>	<u>114</u>
Totals	<u>29</u>		<u>\$2,755</u>	<u>\$2,053</u>	<u>\$702</u>

Note: Indiana unemployment is a certain percentage of the first \$9,500 of wages of each employee. For the test year, the District paid 0.901% on these wages for unemployment. A conservative 1% is used here for planning purposes.

See "Book 1 - East Chicago SD - 2021 IURC Rates, pages 65 - 70."

**Adjustment (6) Worker's Compensation**

To adjust test year workman's compensation to reflect pro forma number of employees.

	<u>Pro Forma</u>	<u>Less Test Year</u>	<u>Adjustment</u>
Treatment and Disposal - Operations	\$7,425	\$6,402	\$1,023
Treatment and Disposal - Maintenance	6,750	13,519	(6,769)
Administrative and General	3,375	2,846	529
Monitoring	<u>2,025</u>	<u>1,300</u>	<u>725</u>
Totals	<u>\$19,575</u>	<u>\$24,067</u>	<u>(\$4,492)</u>

See "Book 1 - East Chicago SD - 2021 IURC Rates, pages 71 - 75."

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(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

(Cont'd)

**PRO FORMA ANNUAL CASH OPERATING DISBURSEMENTS  
(Explanation of Adjustments)**

**Adjustment (7) Purchased Power**

**Pumping:**

To normalize test year purchased power for 12 monthly bills and current NIPSCO rates. Energy (KWH) and demand (KW) for calendar year 2019 were used to calculate pro forma electric charges from NIPSCO's current IURC Electric Service Tariff.

Pro forma purchased power expense	\$285,960
Less test year	<u>(267,414)</u>
Adjustment	<u><u>\$18,546</u></u>

**Treatment plant:**

To normalize test year purchased power for 12 monthly bills and current NIPSCO rates. Energy (KWH) and demand (KW) for calendar year 2019 were used to calculate pro forma electric charges from NIPSCO's current IURC Electric Service Tariff.

Pro forma purchased power expense	\$574,023
Less test year	<u>(520,933)</u>
Adjustment	<u><u>\$53,090</u></u>

See "Book 1 - East Chicago SD - 2021 IURC Rates, pages 76 - 484."

**Adjustment (8) Pumping - Maintenance: Contractual Services**

To adjust test year pumping - maintenance contractual services to reflect the 2020 budget, per utility management.

	<u>2020 Budget</u>	<u>Less Test Year</u>	<u>Adjustment</u>
Contractual services - other	<u>\$25,000</u>	<u>(\$14,723)</u>	<u><u>\$10,277</u></u>

See "Book 1 - East Chicago SD - 2021 IURC Rates, pages 485 - 487."

**Adjustment (9) Shared Labor Costs**

To adjust test year transfers to the Utility Revolving Fund and Water Department for Wastewater Portion of shared labor costs per (budgeted amounts are per calculation's specified in Resolution No. SD14-02 and Resolution No. WD-14-01, both dated January 16, 2014).

Pro forma shared labor costs (utility revolving fund)	\$678,932
Less test year	<u>(529,568)</u>
Adjustment	<u><u>\$149,364</u></u>

Pro forma customer accounts: contractual services - other (water department transfers)	\$159,790
Less test year customer accounts: contractual services - other	<u>(235,028)</u>
Adjustment	<u><u>(\$75,238)</u></u>

See "Book 1 - East Chicago SD - 2021 IURC Rates, pages 488 - 497."

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(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

**(Cont'd)**

**PRO FORMA ANNUAL CASH OPERATING DISBURSEMENTS  
(Explanation of Adjustments)**

**Adjustment (10) Collection - Maintenance: Other Contractual Services**

To adjust test year collection maintenance - other contractual services to reflect the 2020 budget.

	<u>2020 Budget</u>	<u>Less Test Year</u>	<u>Adjustment</u>
Collection Maintenance - Other Contractual Services	<u>\$510,000</u>	<u>(\$287,508)</u>	<u>\$222,492</u>

See "Book 1 - East Chicago SD - 2021 IURC Rates, pages 498 - 500."

**Adjustment (11) Sludge Removal**

To adjust test year sludge removal to reflect historical average tons of sludge removed at the current rate per contract with Synagro Central, LLC and utility management.

Current contractual rate per ton - 2020 Synagro Central, LLC Contract	\$60.95
Times historical average tons of sludge (2010 - 2019)	<u>3,965</u>
Pro forma sludge removal expense	241,667
Less: test year sludge removal expense	<u>(170,913)</u>
Adjustment	<u>\$70,754</u>

See "Book 1 - East Chicago SD - 2021 IURC Rates, pages 501 - 512."

**Adjustment (12) Administrative and General: Contractual Services - Engineering**

To adjust test year administrative and general: contractual services - engineering to include costs for process improvement and capacity analysis, per discussion with utility management.

Pro forma engineering expense	\$231,566
Less: test year engineering expense	<u>(31,566)</u>
Adjustment	<u>\$200,000</u>

See "Book 1 - East Chicago SD - 2021 IURC Rates, pages 513 - 514."

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

**SCHEDULE OF NORMALIZED OPERATING RECEIPTS**

	Calendar Year Ended 12/31/2019	Adjustments	Ref.	Normalized Revenues
Operating Receipts:				
Metered/measured:				
Residential	\$1,245,176	(\$32,184)	(1)(7)	\$1,212,992
Commercial	930,036	13,173	(2)(7)	943,209
Industrial flow	3,550,442	(77,204)	(3)(7)	3,473,238
Industrial excessive strength	1,046,731	(3,911)	(5)(6)	1,042,820
Public authority	361,418	(32,835)	(4)(7)	328,583
Pretreatment monitoring	156,325			156,325
Pretreatment base	207,694			207,694
Penalties	57,399			57,399
<b>Total Operating Receipts</b>	<b>\$7,555,221</b>	<b>(\$132,961)</b>		<b>\$7,422,260</b>

**EXPLANATION OF ADJUSTMENTS**

**Adjustment (1)**

**Residential**

To normalize test year collections based on calendar year 2019 usage (billings for January 2019 - December 2019).

Calendar year 2019 tier I usage (in 1,000 gallons)	271,615	
Times: Current flow rate per 1,000 gallons	\$2.34	
Calculated flow receipts		\$635,579
Calendar year 2019 tier II usage (in 1,000 gallons)	4,978	
Times: Current flow rate per 1,000 gallons	\$3.88	
Calculated flow receipts		19,315
Base charge		344,629
Billing charge		240,064
Less: Test year receipts		(1,245,176)
Adjustment		<u>(\$5,589)</u>

See "Book 2 - East Chicago SD - 2021 IURC Rates, pages 515 - 518."

**Adjustment (2)**

**Commercial**

To normalize test year collections based on calendar year 2019 usage (billings for January 2019 - December 2019).

Calendar year 2019 tier I usage (in 1,000 gallons)	183,694	
Times: Current flow rate per 1,000 gallons	\$2.34	
Calculated flow receipts		\$429,844
Calendar year 2019 tier II usage (in 1,000 gallons)	81,648	
Times: Current flow rate per 1,000 gallons	\$3.88	
Calculated flow receipts		316,794
Base charge		168,894
Billing charge		48,357
Less: Test year receipts		(930,036)
Adjustment		<u>\$33,853</u>

See "Book 2 - East Chicago SD - 2021 IURC Rates, pages 519 - 522."

**Adjustment (3)**

**Industrial Flow**

To normalize test year collections based on calendar year 2019 usage (billings for January 2019 - December 2019).

Calendar year 2019 tier I usage (in 1,000 gallons)	45,815	
Times: Current flow rate per 1,000 gallons	\$2.34	
Calculated flow receipts		\$107,207
Calendar year 2019 tier II usage (in 1,000 gallons)	840,987	
Times: Current flow rate per 1,000 gallons	\$3.88	
Calculated flow receipts		3,263,030
Base charge		173,803
Billing charge		5,350
Less: Test year receipts		(3,550,442)
Adjustment		<u>(\$1,052)</u>

See "Book 2 - East Chicago SD - 2021 IURC Rates, pages 523 - 526."

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(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

**SCHEDULE OF NORMALIZED OPERATING RECEIPTS**

(Cont'd)

**Adjustment (4)**

**Public Authority**

To normalize test year collections based on calendar year 2019 usage (billings for January 2019 - December 2019).

Calendar year 2019 tier I usage (in 1,000 gallons)	36,165	
Times: Current flow rate per 1,000 gallons	\$2.34	
Calculated flow receipts		\$84,626
Calendar year 2019 tier II usage (in 1,000 gallons)	40,663	
Times: Current flow rate per 1,000 gallons	\$3.88	
Calculated flow receipts		157,772
Base charge		84,681
Billing charge		8,708
Less: Test year receipts		<u>(361,418)</u>
Adjustment		<u>(\$25,631)</u>

See "Book 2 - East Chicago SD - 2021 IURC Rates, pages 527 - 530."

**Adjustment (5)**

**Industrial excessive strength**

To normalize industrial excessive strength surcharges to reflect 12 monthly billings. Calculated as follows:

Normalized amount (based on the 12 months ended December 2019)	\$1,338,985
Less test year amount	<u>(1,046,731)</u>
Adjustment	<u>\$292,254</u>

See "Book 2 - East Chicago SD - 2021 IURC Rates, pages 531 - 534."

**Adjustment (6)**

**Industrial excessive strength**

To normalize test year collections based on historical TSS loadings for W.R. Grace, per utility management (email 10/21/2020).

Historical average W.R. Grace pounds of TSS (2015 - 2020)	673,527
Less: Test year W.R. Grace pounds of TSS	<u>(995,445)</u>
Subtotal	(321,918)
Times \$0.92/lb	<u>\$0.92</u>
Adjustment	<u>(\$296,165)</u>

See "Book 2 - East Chicago SD - 2021 IURC Rates, pages 535 - 537."

**Adjustment (7)**

**Rate Fatigue**

	Calendar Year Ended					
	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019
<u>Billed Revenue:</u>	<u>\$6,363,872</u>	<u>\$6,073,279</u>	<u>\$6,006,812</u>	<u>\$6,845,115</u>	<u>\$6,692,381</u>	<u>\$7,138,661</u>
Annual increase (decrease)		(\$290,593)	(\$66,467)	\$838,303	(\$152,734)	\$446,280
Less estimated revenue Phase I 2016 rate increase of 11.0%			(668,061)			
Less estimated revenue Phase II 2016 rate increase of 10.9%			(246,960)	(386,095)		
Net increase (decrease) in revenue		(290,593)	(981,488)	452,208	(152,734)	446,280
Divide by prior year's revenue		<u>6,363,872</u>	<u>6,073,279</u>	<u>6,006,812</u>	<u>6,845,115</u>	<u>6,692,381</u>
Average Annual Percentage Change		<u>-4.6%</u>	<u>-16.2%</u>	<u>7.5%</u>	<u>-2.2%</u>	<u>6.7%</u>
5-Year Average						<u>-1.76%</u>
Normalized Revenue						\$7,422,260
Times 5-Year Average Reduction in Revenue						<u>-1.76%</u>
Adjustment to be Allocated Below						<u>(\$130,632)</u>

	Residential	Commercial	Industrial	Public Authority	Total
Operating Receipts:					
Normalized receipts	\$1,239,587	\$963,889	\$3,549,390	\$335,787	\$6,088,653
Less estimated receipt reduction (5)	<u>(26,595)</u>	<u>(20,680)</u>	<u>(76,152)</u>	<u>(7,204)</u>	<u>(130,632)</u>
Total Normalized Receipts	<u>\$1,212,992</u>	<u>\$943,209</u>	<u>\$3,473,238</u>	<u>\$328,583</u>	<u>\$5,958,021</u>

See "Book 2 - East Chicago SD - 2021 IURC Rates, pages 538 - 545."

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

**PRO FORMA ANNUAL REVENUE REQUIREMENTS AND ANNUAL REVENUES**  
(See Explanation of Adjustments, pages 15 - 18)

	Calendar Year Ended 12/31/2019	Adjustments	Ref.	Phase I 9/1/2022	Adjustments	Ref.	Phase II 9/1/2023	Adjustments	Ref.	Phase III 9/1/2024
<b><u>Annual Revenue Requirements:</u></b>										
Operating disbursements (1)	\$4,859,359	\$1,151,108	(1)	\$6,010,467	\$ -	(1)	\$6,010,467	\$ -	(1)	\$6,010,467
Debt Service:										
Outstanding 2015 Bonds (2)	946,538	(2,050)	(2)	944,488	2,000	(2)	946,488	1,203	(2)	947,691
Proposed 2021 Bonds (3)	-	148,329	(3)	148,329	204,403	(3)	352,732	157,547	(3)	510,279
Debt Service Reserve:										
Proposed 2021 Bonds (4)	-	96,156	(4)	96,156	-	(4)	96,156	-	(4)	96,156
Payment in lieu of tax (5)	878,494	(23,039)	(5)	855,455	34,417	(5)	889,872	38,281	(5)	928,153
Replacement and improvements (6)	552,882	(7,882)	(6)	545,000	1,110,000	(6)	1,655,000	185,791	(6)	1,840,791
Total Annual Revenue Requirements	7,237,273	1,362,622		8,599,895	1,350,820		9,950,715	382,822		10,333,537
Less miscellaneous revenues (7)	(108,832)	-	(7)	(108,832)	-	(7)	(108,832)	-	(7)	(108,832)
Net Annual Revenue Requirements	<u>\$7,128,441</u>	<u>\$1,362,622</u>		<u>\$8,491,063</u>	<u>\$1,350,820</u>		<u>\$9,841,883</u>	<u>\$382,822</u>		<u>\$10,224,705</u>
<b><u>Annual Revenues:</u></b>										
Metered/measured:										
Residential (8)	\$1,245,176	(\$32,184)	(8)	\$1,212,992	\$304,775	(9)	\$1,517,767	\$241,477	(9)	\$1,759,244
Commercial (8)	930,036	13,173	(8)	943,209	278,954	(9)	1,222,163	194,446	(9)	1,416,609
Industrial (8)	3,550,442	(77,204)	(8)	3,473,238	1,233,694	(9)	4,706,932	757,897	(9)	5,464,829
Industrial excessive strength (8)	1,046,731	(3,911)	(8)	1,042,820	(810,021)	(9)	232,799	37,038	(9)	269,837
Public authority (8)	361,418	(32,835)	(8)	328,583	135,990	(9)	464,573	73,914	(9)	538,487
Pretreatment monitoring (7)	156,325	-	(7)	156,325	(50,975)	(9)	105,350	16,761	(9)	122,111
Pretreatment base (7)	207,694	-	(7)	207,694	(23,614)	(9)	184,080	29,287	(9)	213,367
Penalties (7)	57,399	-	(7)	57,399	-	(7)	57,399	-	(7)	57,399
Total Annual Revenues	<u>\$7,555,221</u>	<u>(\$132,961)</u>		<u>\$7,422,260</u>	<u>\$1,068,803</u>		<u>\$8,491,063</u>	<u>\$1,350,820</u>		<u>\$9,841,883</u>
Additional Revenues Required	<u>(\$426,780)</u>			<u>\$1,068,803</u>			<u>\$1,350,820</u>			<u>\$382,822</u>

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(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

(Cont'd)

**PRO FORMA ANNUAL REVENUE REQUIREMENTS AND ANNUAL REVENUES**  
(Explanation of References)

**Adjustment (1)**

For Phase I, see pro forma annual disbursements - operating fund, pages 6 - 7.

**Adjustment (2)**

To provide an allowance for annual debt service on the outstanding 2015 Revenue Bonds as shown below:

	<u>Phase I</u>	<u>Phase II</u>	<u>Phase III</u>
Annual debt service on the proposed 2022 Bonds	\$944,488	\$946,488	\$947,691
Less prior phase	<u>(946,538)</u>	<u>(944,488)</u>	<u>(946,488)</u>
Adjustment	<u>(\$2,050)</u>	<u>\$2,000</u>	<u>\$1,203</u>

**Adjustment (3)**

To provide an allowance for annual debt service on the proposed 2022 Revenue Bonds as shown below:

	<u>Phase I</u>	<u>Phase II</u>	<u>Phase III</u>
Annual debt service on the proposed 2022 Bonds	\$148,329	\$352,732	\$509,856
Less prior phase	<u>-</u>	<u>(148,329)</u>	<u>(352,732)</u>
Adjustment	<u>\$148,329</u>	<u>\$204,403</u>	<u>\$157,124</u>

**Adjustment (4)**

Assumes an allowance to fund the proposed debt service reserve on the proposed 2021 Revenue Bonds as shown below:  
over a five year period.

Maximum combined debt service	\$1,457,970
Less current debt service reserve	<u>(977,189)</u>
Sub-total	480,781
Divided by five years	<u>5</u>
Adjustment	<u>\$96,156</u>

**Adjustment (5)**

Based on the maximum payment in lieu of tax calculated below:

	<u>Phase I</u>	<u>Phase II</u>	<u>Phase III</u>
Depreciable capital assets (net) (Unaudited)	\$20,442,545	\$33,656,522	\$35,311,522
Land (Unaudited)	680,328	680,328	680,328
Construction work in process (Unaudited)	6,798,687	6,798,687	6,798,687
Annual capital improvements (depreciation)	545,000	1,655,000	1,840,791
Plus: proposed project costs*	<u>12,668,977</u>	<u>-</u>	<u>-</u>
Sub-total	41,135,537	42,790,537	44,631,328
Times corporate tax rate (payable 2021) (per \$100)	<u>2.0796</u>	<u>2.0796</u>	<u>2.0796</u>
Calculated maximum payment in lieu of tax	855,455	889,872	928,153
Less test year maximum payment in lieu of tax	<u>(878,494)</u>	<u>(855,455)</u>	<u>(889,872)</u>
Adjustment	<u>(\$23,039)</u>	<u>\$34,417</u>	<u>\$38,281</u>

**Adjustment (6)**

To provide an allowance for replacements and improvements. Calculated as follows:

- Assumes replacements and improvements equal to depreciation. Depreciation is calculated as 2.5% of depreciable capital assets, construction work in progress and proposed project costs. See below.

	<u>Phase I</u>	<u>Phase II</u>	<u>Phase III</u>
Depreciable capital assets (2019 SBOA)	\$50,123,193	\$50,123,193	\$50,123,193
Construction work in progress (2019 SBOA)	6,798,687	6,798,687	6,798,687
Plus: proposed project costs*	12,668,977	12,668,977	12,668,977
Plus: annual capital improvements	<u>545,000</u>	<u>2,200,000</u>	<u>4,040,791</u>
Sub-total	70,135,857	71,790,857	73,631,648
Times composite depreciation rate of 2.5%	<u>2.50%</u>	<u>2.50%</u>	<u>2.50%</u>
Annual depreciation	1,753,396	1,794,771	1,840,791
Less reduction to phase in rates	<u>(1,208,396)</u>	<u>(139,771)</u>	<u>-</u>
Totals	<u>\$545,000</u>	<u>\$1,655,000</u>	<u>\$1,840,791</u>

\*Net of costs of issuance associated with financings.

**Adjustment (7)**

Assumed at test year amounts.

**Adjustment (8)**

See Schedule of Normalized Operating Receipts, pages 12 - 13.

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(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

(Cont'd)

**PRO FORMA ANNUAL REVENUE REQUIREMENTS AND ANNUAL REVENUES**  
(Explanation of References)

**Adjustment (9)**

Normalized operating revenues for Phases I, II and III calculated as follows:

Residential			
<u>Base Charge</u> Meter Size	<u>Phase I Rates</u>	<u>Number of Users</u>	<u>Phase I Revenues</u>
5/8"	\$10.18	63,560	\$647,041
3/4"	15.27	1,303	19,897
1"	25.45	169	4,301
1-1/2"	59.04	12	708
2"	101.80	14	1,425
<u>Billing Charge</u>	\$2.38	65,058	154,838
<u>Treatment Rate:</u>			
	<u>Phase I Rates</u>	<u>Gallons Billed</u>	
First 100,000 gallons	\$2.73	243,395	664,468
Over 100,000 gallons	5.04	4,978	25,089
	Phase I Residential Revenues		1,517,767
	Less normalized residential revenues		<u>(1,212,992)</u>
	Adjustment		<u><u>\$304,775</u></u>

Commercial			
<u>Base Charge</u> Meter Size	<u>Phase I Rates</u>	<u>Number of Users</u>	<u>Phase I Revenues</u>
5/8"	\$10.18	7,585	\$77,215
3/4"	15.27	2,956	45,138
1"	25.45	1,187	30,209
1-1/2"	59.04	710	41,918
2"	101.80	548	55,786
3"	234.14	24	5,619
4"	407.20	60	24,432
6"	926.38	11	10,190
8"	1,649.16	24	39,580
<u>Billing Charge</u>	\$2.38	13,105	31,190
<u>Treatment Rate:</u>			
	<u>Phase I Rates</u>	<u>Gallons Billed</u>	
First 100,000 gallons	\$2.73	164,608	449,380
Over 100,000 gallons	5.04	81,648	411,506
	Phase I commercial revenues		1,222,163
	Less normalized commercial revenues		<u>(943,209)</u>
	Adjustment		<u><u>\$278,954</u></u>

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(See Accountants' Compilation Report)



**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

(Cont'd)

**PRO FORMA ANNUAL REVENUE REQUIREMENTS AND ANNUAL REVENUES**  
(Explanation of References)

**Adjustment (9) (cont'd)**

Normalized operating revenues for Phases I, II and III calculated as follows:

Industrial			
<u>Base Charge</u> Meter Size	<u>Phase I Rates</u>	<u>Number of Users</u>	<u>Phase I Revenues</u>
5/8"	\$10.18	187	\$1,904
3/4"	15.27	270	4,123
1"	25.45	186	4,734
1-1/2"	59.04	159	9,387
2"	101.80	297	30,235
3"	234.14	82	19,199
4"	407.20	105	42,756
6"	926.38	89	82,448
8"	1,649.16	52	85,756
10"	2,575.54	11	28,331
12"	3,711.63	12	44,540
<u>Billing Charge</u>	\$2.38	1,450	3,451
<u>Treatment Rate:</u>	<u>Phase I Rates</u>	<u>Gallons Billed</u>	
First 100,000 gallons	\$2.73	41,054	112,077
Over 100,000 gallons	5.04	840,987	4,238,574
			Phase I industrial revenues 4,707,515
			Less rounding amount (583)
			Less normalized industrial revenues (3,473,238)
			<u>Adjustment \$1,233,694</u>
Public Authority			
<u>Base Charge</u> Meter Size	<u>Phase I Rates</u>	<u>Number of Users</u>	<u>Phase I Revenues</u>
5/8"	\$10.18	1,456	\$14,822
3/4"	15.27	124	1,893
1"	25.45	83	2,113
1-1/2"	59.04	95	5,609
2"	101.80	314	31,966
3"	234.14	119	27,863
4"	407.20	145	59,044
6"	926.38	24	22,233
<u>Billing Charge</u>	\$2.38	2,360	5,617
<u>Treatment Rate:</u>	<u>Phase I Rates</u>	<u>Gallons Billed</u>	
First 100,000 gallons	\$2.73	32,407	88,471
Over 100,000 gallons	5.04	40,663	204,942
			Phase I public authority revenues 464,573
			Less normalized public authority revenues (328,583)
			<u>Adjustment \$135,990</u>

(Continued on next page)

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

(Cont'd)

**PRO FORMA ANNUAL REVENUE REQUIREMENTS AND ANNUAL REVENUES  
(Explanation of References)**

**Adjustment (9) (cont'd)**

Normalized operating revenues for Phases I, II and III calculated as follows:

<u>Pretreatment Program</u>	<u>Phase I Rates</u>	<u>Billing Determinates</u>	<u>Phase I Revenues</u>
Base charge	\$590.00	26	\$184,080
Monitoring event charge	430.00	245	105,350
			<u>\$289,430</u>
			<u>(364,019)</u>
			<u>Adjustment (\$74,589)</u>

**Excess Strength (Metered Sewer):**

COD	\$0.24	388,725	93,294
TSS	0.20	697,525	139,505
			<u>232,799</u>
			<u>(1,042,820)</u>
			<u>Adjustment (\$810,021)</u>

<u>Operating Revenues</u>	<u>Phase I</u>	<u>15.91% Phase II Increase</u>	<u>Phase II Revenues</u>
Residential	\$1,517,767	\$241,477	\$1,759,244
Commercial	1,222,163	194,446	1,416,609
Industrial	4,706,932	757,897 (1)	5,464,829
Industrial excessive strength	232,799	37,038	269,837
Public authority	464,573	73,914	538,487
Pretreatment monitoring	105,350	16,761	122,111
Pretreatment base	184,080	29,287	213,367
Penalties	57,399	-	57,399
	<u>\$8,491,063</u>	<u>\$1,350,820</u>	<u>\$9,841,883</u>

<u>Operating Revenues</u>	<u>Phase II</u>	<u>3.89% Phase III Increase</u>	<u>Phase III Revenues</u>
Residential	\$1,759,244	\$68,435	\$1,827,679
Commercial	1,416,609	55,106	1,471,715
Industrial	5,464,829	214,787 (2)	5,679,616
Industrial excessive strength	269,837	10,497	280,334
Public authority	538,487	20,947	559,434
Pretreatment monitoring	122,111	4,750	126,861
Pretreatment base	213,367	8,300	221,667
Penalties	57,399	-	57,399
	<u>\$9,841,883</u>	<u>\$382,822</u>	<u>\$10,224,705</u>

(1) Includes rounding amount of \$9,024.

(2) Includes rounding amount of \$2,205.

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

**COST-OF-SERVICE STUDY**

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

**SUMMARY OF CONSUMER STUDY**

	<u>Rate</u>	<u>Billing Determinates</u>	<u>Revenues</u>
Historical Annual Revenues:			
<u>Billing Charge</u>	\$3.69	81,973 Annual bills	\$302,480
<u>Base Charge:</u>			
<u>Meter Size</u>			
5/8"	\$5.21	72,788 Annual connections	379,225
3/4"	7.82	4,653 Annual connections	36,386
1"	13.02	1,625 Annual connections	21,158
1-1/2"	30.20	976 Annual connections	29,475
2"	52.07	1,173 Annual connections	61,078
3"	119.76	225 Annual connections	26,946
4"	208.29	310 Annual connections	64,570
6"	473.85	124 Annual connections	58,757
8"	843.56	76 Annual connections	64,111
10"	1,317.40	23 Annual connections	30,300
<u>Treatment Rate:</u>			
First 100,000 gallons	\$2.34	537,290 1,000's of gallons	1,257,259
Over 100,000 gallons	3.88	968,276 1,000's of gallons	3,756,911
<u>Excessive Strength Surcharges:</u>			
Chemical Oxygen Demand (COD)	\$0.28	388,725 Pounds	108,843
Total Suspended Solids (TSS)	0.92	1,019,443 Pounds	937,888
<u>Pretreatment:</u>			
Base charge	\$701.67	295 Annual bills	206,993
Monitoring event charge	627.81	249 Monitoring events	156,325
Totals			7,498,704
Control (Billings)			<u>(7,501,978)</u>
Variance			<u>(\$3,274)</u>
Percentage			<u>-0.04%</u>

See "Book 2 - East Chicago SD - 2021 IURC Rates, pages 546 - 553."

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

**SCHEDULE OF ANNUAL BILLINGS  
AND EQUIVALENT CONNECTIONS**

<u>Meter Size</u>	<u>Annual Monthly Bills (1)</u>	<u>Equivalency Factors (2)</u>	<u>Annual Equivalent Connections</u>
5/8"	72,788	1.0	72,788.0
3/4"	4,653	1.5	6,979.5
1"	1,625	2.5	4,062.5
1-1/2"	976	5.8	5,660.8
2"	1,173	10.0	11,730.0
3"	225	23.0	5,175.0
4"	310	40.0	12,400.0
6"	124	91.0	11,284.0
8"	76	162.0	12,312.0
10"	11.00	253.0	2,783.0
12"	12.00 (3)	364.6	4,375.2
Totals	<u>81,973</u>		<u>149,550.0</u>

(1) See page 13.

(2) Based on diameter of line calculation:

$$\text{Area} = \text{radius}^2 \times \pi$$

$$\text{Area for } 5/8" \text{ meter} = .31$$

(3) With the addition of a 12" meter, 1 customer was billed at a 10" meter during the test period.

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

**SCHEDULE OF TEST YEAR BILLING DETERMINATES**  
**(Based on the twelve months ended December 31, 2019)**

<u>Cost of service customer class:</u>	<u>Annual Bills</u>	<u>Tier I Gallons Billed (1,000's)</u>	<u>Tier II Gallons Billed (1,000's)</u>	<u>Pounds COD</u>	<u>Pounds TSS</u>
Residential	65,058	271,616	4,978	-	-
Commercial	13,105	183,694	81,648	-	-
Industrial	1,450	45,815	840,987	388,725	1,019,443
Public Authority	<u>2,360</u>	<u>36,165</u>	<u>40,663</u>	<u>-</u>	<u>-</u>
Totals	<u><u>81,973</u></u>	<u><u>537,290</u></u>	<u><u>968,276</u></u>	<u><u>388,725</u></u>	<u><u>1,019,443</u></u>

See "Book 2 - East Chicago SD - 2021 IURC Rates, pages 546 - 553."

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

**SCHEDULE OF PLANT FLOWS AND WASTEWATER STRENGTH CONSTITUENTS**  
**(Based on the twelve months ended December 31, 2019)**

<u>Month</u>	<u>Raw Sewage (MG)</u>	<u>Average CBOD (mg/l)</u>	<u>Average COD (mg/l)</u> (1)	<u>Average TSS (mg/l)</u>	<u>Pounds CBOD</u> (2)	<u>Pounds COD</u> (2)	<u>Pounds TSS</u> (2)
January 2019	429.6	27	131	337	96,737	469,355	1,207,425
February	424.0	28	136	126	99,012	480,918	445,556
March	425.5	37	180	217	131,301	638,761	770,061
April	459.1	30	146	269	114,867	559,019	1,029,972
May	606.4	23	112	199	116,320	566,426	1,006,418
June	516.1	24	117	180	103,303	503,600	774,769
July	471.2	29	141	216	113,964	554,103	848,839
August	389.6	30	146	299	97,478	474,393	971,530
September	362.9	27	131	255	81,718	396,483	771,779
October	475.2	19	92	224	75,300	364,611	887,750
November	432.1	26	126	331	93,697	454,068	1,192,829
December	371.3	36	175	399	111,479	541,912	1,235,560
Totals	<u>5,363.0</u>	<u>336</u>	<u>1,633</u>	<u>3,052</u>	<u>1,235,176</u>	<u>6,003,648</u>	<u>11,142,489</u>

(1) COD strength is assumed at 4.86 times the CBOD strength based on the historical correlation between CBOD and COD, per utility management (email 11/9/20).

(2) Calculated as follows:

Formula = MG x 8.34 x Average mg/l

See "Book 2 - East Chicago SD - 2021 IURC Rates, pages 554 - 614."

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

*Phase I*

**ALLOCATION OF REVENUE REQUIREMENTS TO COST FUNCTION**  
**(See Explanation of References, page 24.)**

Annual Revenue Requirements	Pro	Treatment	Collection System		Pump Stations		Billing	Pretreatment	Administrative	Ref
	Forma		-Fixed- (Allocated 1/2)	-Flow- (Allocated 1/2)	-Fixed- (Allocated 1/3)	-Flow- (Allocated 2/3)				
Cash operating expenditures:										
Collections - maintenance	\$519,145		\$259,573	\$259,572						(1)
Pumping - operations	296,298				\$98,766	\$197,532				(1)
Pumping - maintenance	44,643				14,881	29,762				(1)
Treatment and disposal - operations	1,046,041 *	\$1,046,041								(1)
Treatment and disposal - maintenance	131,601 *	131,601								(1)
Customer accounts	159,790						\$159,790			(1)
Administrative and general	1,150,761 *								\$1,150,761	(1)
Monitoring	53,458 *							\$53,458		(1)
Common plant	10,010	10,010								(1)
Fixed Costs:										
Salaries and wages	1,714,923	1,020,766	60,962	60,961	80,988	161,975	-	121,244	208,027	(2)
Pensions and benefits	329,022	195,867	11,680	11,680	15,530	31,093	-	23,262	39,910	(3)
Insurance - health/life	535,200	318,605	19,000	19,000	25,261	50,575	-	37,839	64,920	(3)
Worker's compensation	19,575	11,653	695	695	924	1,850	-	1,384	2,374	(3)
<b>Total operating disbursements</b>	<b>6,010,467</b>	<b>2,734,543</b>	<b>351,910</b>	<b>351,908</b>	<b>236,350</b>	<b>472,787</b>	<b>159,790</b>	<b>237,187</b>	<b>1,465,992</b>	
Payment in lieu of tax	855,455	188,202	132,596	132,595	134,021	268,041				(4)
Replacements and improvements	545,000	119,900	84,475	84,475	85,383	170,767				(4)
<b>Total revenue requirements</b>	<b>7,410,922</b>	<b>3,042,645</b>	<b>568,981</b>	<b>568,978</b>	<b>455,754</b>	<b>911,595</b>	<b>159,790</b>	<b>237,187</b>	<b>1,465,992</b>	
Less miscellaneous revenues	(108,832)								(108,832)	(1)
<b>Subtotals</b>	<b>7,302,090</b>	<b>3,042,645</b>	<b>568,981</b>	<b>568,978</b>	<b>455,754</b>	<b>911,595</b>	<b>159,790</b>	<b>237,187</b>	<b>1,357,160</b>	
Debt service 2015 bonds	944,488	292,791			217,232	434,465				(5)
Debt service proposed 2022 bonds	148,329	45,982			34,116	68,231				(5)
Debt service reserve	96,156	29,808			22,116	44,232				(5)
<b>Subtotals</b>	<b>8,491,063</b>	<b>3,411,226</b>	<b>568,981</b>	<b>568,978</b>	<b>729,218</b>	<b>1,458,523</b>	<b>159,790</b>	<b>237,187</b>	<b>1,357,160</b>	
Allocation of administrative costs	-	694,601	129,892	129,891	104,043	208,107	36,478	54,148	(1,357,160)	(6)
Less penalties	(57,399)	(29,377)	(5,494)	(5,493)	(4,400)	(8,802)	(1,543)	(2,290)	-	
<b>Total net revenue requirements</b>	<b>\$8,433,664</b>	<b>\$4,076,450</b>	<b>\$693,379</b>	<b>\$693,376</b>	<b>\$828,861</b>	<b>\$1,657,828</b>	<b>\$194,725</b>	<b>\$289,045</b>	<b>\$ -</b>	

\* Net of salaries and wages, pensions and benefits, health/life insurance and worker's compensation as these costs are allocate via shared costs methodology.

(Continued on next page)

(See Accountants' Compilation Report)



**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

**(Cont'd) Phase I**

**ALLOCATION OF REVENUE REQUIREMENTS TO COST FUNCTION  
(Explanation of References)**

- (1) Direct allocation to cost function.  
(2) Salaries and wages are allocated based on individual employee responsibility.

	<u>Pro Forma</u>	<u>Treatment</u>	<u>Collection System -Fixed-</u>	<u>Collection System -Flow-</u>	<u>Pump Stations -Fixed-</u>	<u>Pump Stations -Flow-</u>	<u>Billing</u>	<u>Pretreatment</u>	<u>Administrative</u>
<u>Salaries and Wages:</u>									
Treatment and disposal - operations	\$652,834	\$652,834	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment and disposal - maintenance	567,654	261,789	41,886	41,886	74,031	148,062	-	-	-
Administrative and general	326,069	59,021	19,076	19,075	6,957	13,913	-	-	208,027
Monitoring	168,366	47,122	-	-	-	-	-	121,244	-
<b>Totals</b>	<b>\$1,714,923</b>	<b>\$1,020,766</b>	<b>\$60,962</b>	<b>\$60,961</b>	<b>\$80,988</b>	<b>\$161,975</b>	<b>\$ -</b>	<b>\$121,244</b>	<b>\$208,027</b>
<b>Percentage</b>	<b>100.00%</b>	<b>59.53%</b>	<b>3.55%</b>	<b>3.55%</b>	<b>4.72%</b>	<b>9.45%</b>	<b>0.00%</b>	<b>7.07%</b>	<b>12.13%</b>

- (3) Allocated based on salaries and wages allocation (see #3 above).  
(4) Allocated based on allocation of Sanitary District Sewage Works Assets; 22% treatment, 31% collection and 47% pump stations.  
(5) Allocated based on project descriptions.  
(6) Allocated based on allocation of all other pro forma disbursements to treatment, collection system, pump stations, billing and pretreatment.

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

*Phase I*

**ALLOCATION OF PRO FORMA TREATMENT  
EXPENSE TO CUSTOMER CLASS**

	<u>Total</u>	<u>Flow</u>	<u>Allocate To</u>	
			<u>COD</u>	<u>TSS</u>
Pro Forma Treatment Revenue Requirements (1)	<u>\$6,427,654</u>	<u>\$2,763,892</u>	<u>\$1,459,077</u>	<u>\$2,204,685</u>
Allocation to Customer Classes:				
Tier I	426,604	276,390 (2)	59,822 (3)	90,392 (4)
Tier II	764,055	500,264 (2)	105,054 (3)	158,737 (4)
I/I	<u>5,236,995</u>	<u>1,987,238</u> (2)	<u>1,294,201</u> (3)	<u>1,955,556</u> (4)
Totals	<u>\$6,427,654</u>	<u>\$2,763,892</u>	<u>\$1,459,077</u>	<u>\$2,204,685</u>

(1) Allocated 43.0% / 22.7% / 34.3% per District operations. See "Book 2 - East Chicago SD - 2021 IURC Rates, pages 546 - 553."

(2) Allocated based on test year flow in 1,000's of gallons.

	<u>Tier I</u>	<u>Tier II</u>	<u>I/I</u>	<u>Total</u>
	<u>537,289</u>	<u>968,276</u>	<u>3,857,470</u>	<u>5,363,035</u>
Percentage	<u>10.0%</u>	<u>18.1%</u>	<u>71.9%</u>	<u>100.0%</u>

\* Based on calculated flow due to I/I  
TY Plant Flow (twelve months ended 12/31/2019) (1,000 gal.)  
Less: Tier I Flow (1,000 gal.)  
Less: Tier II Flow (1,000 gal.)

Flow due to I/I (1,000 gal.) 3,857,470

(Continued on next page)

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

**(Cont'd) Phase I**

**ALLOCATION OF PRO FORMA TREATMENT  
EXPENSE TO CUSTOMER CLASS**

(3) Allocated based on test year lbs. of COD.

	<u>Tier I</u> *	<u>Tier II</u> *	<u>I/I</u> **	<u>Total</u>
	1,120,248	2,018,855	2,864,545	6,003,648
Percentage	18.7%	33.6%	47.7%	100.0%

\* Based on test year flow and normal domestic lbs of 250 mg/l.  
Formula = MG x 8.34 x 250 mg/l

\*\* Based on calculated COD due to I/I  
TY Plant COD (twelve months ended 12/31/2019)  
Less: Tier I calculated COD  
Less: Tier II calculated COD

6,003,648
(1,120,248)
(2,018,855)
<u>2,864,545</u>

(4) Allocated based on test year lbs. of TSS.

	<u>Tier I</u> *	<u>Tier II</u> *	<u>I/I</u> **	<u>Total</u>
	448,099	807,542	9,886,848	11,142,489
Percentage	4.1%	7.2%	88.7%	100.0%

\* Based on test year flow and normal domestic lbs of 100 mg/l.  
Formula = MG x 8.34 x 100 mg/l

\*\* Based on calculated TSS due to I/I  
TY Plant TSS (twelve months ended 12/31/2019)  
Less: Tier I calculated TSS  
Less: Tier II calculated TSS

11,142,489
(448,099)
(807,542)
<u>9,886,848</u>

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

*Phase I*

**ALLOCATION OF PRO FORMA TREATMENT AND FLOW  
I/I EXPENSE TO CUSTOMER CLASSES**

**User Charge Requirements:**

<b><u>Flow</u></b>	<u>Flow</u>	<u>Flow I/I</u>	<u>Connections I/I</u>	<u>Total Flow</u>
Customer Class:		(1)	(2)	
Tier I	\$276,390	\$354,722	\$986,664	\$1,617,776
Tier II	500,264	638,897	6,955	1,146,116
Totals	<u>\$776,654</u>	<u>\$993,619</u>	<u>\$993,619</u>	<u>\$2,763,892</u>

<b><u>COD</u></b>	<u>COD</u>	<u>COD I/I</u>	<u>Connections I/I</u>	<u>Total COD</u>
Customer Class:		(1)		
Tier I	\$59,822	\$231,015	\$642,570	\$933,407
Tier II	105,054	416,086	4,530	525,670
Totals	<u>\$164,876</u>	<u>\$647,101</u>	<u>\$647,100</u>	<u>\$1,459,077</u>

<b><u>TSS</u></b>	<u>TSS</u>	<u>TSS I/I</u>	<u>Connections I/I</u>	<u>Total TSS</u>
Customer Class:		(1)		
Tier I	\$90,392	\$349,067	\$970,934	\$1,410,393
Tier II	158,737	628,711	6,844	794,292
Totals	<u>\$249,129</u>	<u>\$977,778</u>	<u>\$977,778</u>	<u>\$2,204,685</u>

(1) Allocated based on test year flow:	<u>Customer Class</u>	<u>Percentage</u>
Tier I	537,289	35.7%
Tier II	968,276	64.3%
Totals	<u>1,505,565</u>	<u>100%</u>

(2) Allocated based on connections:	<u>Count</u>	<u>Percentage</u>
Tier I	6,818	99.3%
Tier II	51	0.7%
Totals	<u>6,869</u>	<u>100%</u>

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

*Phase I*

**CALCULATION OF TREATMENT RATE, BASE CHARGE, BILLING CHARGE AND EXCESS STRENGTH SURCHARGE**

	<u>Total</u>	<u>Treatment, Collection and Pumping Stations Flow</u>		<u>Collection</u>	<u>Pump</u>	<u>Billing</u>
		<u>Tier I</u> (1)	<u>Tier II</u> (2)	<u>-Fixed-</u>	<u>-Fixed-</u>	
Allocated Costs (page 23)		\$3,961,576	\$2,466,078	\$693,379	\$828,861	\$194,725
Less: Excess strength revenue (page 31)			(232,799)			
<b>Net Allocated Costs</b>		<b>3,961,576</b>	<b>2,233,279</b>	<b>693,379</b>	<b>828,861</b>	<b>194,725</b>
Divided by billing determinates:						
1,000 gallons (3)		<u>1,449,740</u>				
1,000 gallons over 100,000 per month			<u>968,276</u>			
Annual EDUs				<u>149,550</u>	<u>149,550</u>	
Annual Bills						<u>81,973</u>
Treatment Rate per 1,000 gallons - Tier I	<u>\$2.73</u>	<u>\$2.73</u>				
Treatment Rate per 1,000 gallons - Tier II	<u>\$5.04</u>	<u>\$2.73</u>	<u>\$2.31</u>			
Base Charge per EDU	<u>\$10.18</u>			<u>\$4.64</u>	<u>\$5.54</u>	
Billing Charge per monthly bill	<u>\$2.38</u>					<u>\$2.38</u>

(1) Calculation assumes treatment costs are allocated based on Tier I usage. See the followings number from page 27.

Total Flow - Tier I	\$1,617,776
Total COS - Tier I	933,407
Total TSS - Tier I	<u>1,410,393</u>
<b>Total</b>	<b><u>\$3,961,576</u></b>

(2) Calculation assumes treatment costs are allocated based on Tier II usage.

Total Flow - Tier II	\$1,146,116
Total COS - Tier II	525,670
Total TSS - Tier II	<u>794,292</u>
<b>Total</b>	<b><u>\$2,466,078</u></b>

(3) Assumes a reduction in usage equivalent to the \$ rate fatigue adjustment, see page 13.

Reductions from page 13	(\$130,632)
Divided by flow rate	<u>\$2.34</u>
Reduction in consumption (1,000 gallons)	(55,826)
Plus total consumption (1,000 gallons)	<u>1,505,566</u>
<b>Total (1,000 gallons)</b>	<b><u>1,449,740</u></b>

(Continued on next page)

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
 (Wastewater Division)**

**(Cont'd) Phase I**

**CALCULATION OF TREATMENT RATE, BASE CHARGE, BILLING CHARGE AND EXCESS STRENGTH SURCHARGE**

<u>Meter Size</u>	<u>Monthly Base Charge</u>	<u>Equivalency Factor</u>	<u>Calculated Monthly Base Charge</u>
5/8"	\$10.18	1.0	\$10.18
3/4"	10.18	1.5	15.27
1"	10.18	2.5	25.45
1-1/2"	10.18	5.8	59.04
2"	10.18	10.0	101.80
3"	10.18	23.0	234.14
4"	10.18	40.0	407.20
6"	10.18	91.0	926.38
8"	10.18	162.0	1,649.16
10"	10.18	253.0	2,575.54
12"	10.18	364.6	3,711.63

**EXCESSIVE STRENGTH SURCHARGES**

	<u>COD</u>	<u>TSS</u>
Variable Costs (page 27)	\$1,459,077	\$2,204,685
Divided by: Test Year Loadings (lbs.)	6,003,648	11,142,489
Calculated Excessive Strength Surcharge	<u>\$0.24</u>	<u>\$0.20</u>

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

*Phase I*

**CALCULATION OF PRETREATMENT CHARGE**

	<u>Base Charge</u>	<u>Charge per monitoring event</u>	<u>Totals</u>
Allocated Pretreatment Program Costs (page 23)*	\$183,729	\$105,316	<u>\$289,045</u>
Divided by billing determinates:			
Number of pretreatment customers	<u>26</u>		
Annual monitoring events (1)		<u>245</u>	
Pretreatment Base Charge (annual)	<u>7,067</u>		
Pretreatment Base Charge (monthly - rounded to nearest \$10)	<u>\$590</u>		
Pretreatment Charge per Monitoring Event (rounded to nearest \$10)		<u>\$430</u>	

\* Base charge is calculated based on direct labor and labor related costs. The charge per monitoring event is designed to recover all other costs of the program.

(1) Based on Industrial customers being part of pretreatment program.

<u>User</u>	<u>Number of Monitoring Events</u>
Central States	-
Electric Coating Tech.	12
ICO Polymers	12
Indiana Radiator	-
Mittal Steel East (acct. 010034)	12
Mittal Steel East (acct. 010035)	12
Mittal Steel West (acct. 010018)	12
Mittal Steel West (acct. 010033)	12
Mittal Steel West (acct. 010036)	12
Mittal Steel West (acct. 010037)	12
National Processing (acct. 010014)	12
National Processing (acct. 010051)	12
Citgo Petroleum Corp.	-
Praxair, Inc. (production plant)	12
Praxair, Inc. (rare gases)	12
Praxair, Inc. (hyd. plant)	12
Safety-Kleen Oil Recovery	20
Kemira Water Solutions	-
Lakeshore Railcare Services LLC	21
United States Gypsum	15
United States Steel Corp.	11
TAC East, Inc.	8
W.R. Grace & Co.	12
USS Lead Refinery, Inc.	-
Buckeye Pipeline Co.	2
GATX Remediation	<u>-</u>
Total	<u>245</u>

See "Book 2 - East Chicago - 2021 IURC Rates, pages 533 - 534."

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

*Phase I*

**CALCULATION OF PRO FORMA REVENUES  
AT PROPOSED RATES AND CHARGES**

	<u>Pro Forma Rate</u>	<u>Billing Determinates</u>	<u>Pro Forma Revenues</u>
<u>Pro Forma Annual Revenues:</u>			
<u>Billing Charge</u>	\$2.38	81,973 Annual bills	\$195,096
<u>Base Charge:</u>			
<u>Meter Size</u>			
5/8"	\$10.18	72,788 Annual connections	740,982
3/4"	15.27	4,653 Annual connections	71,051
1"	25.45	1,625 Annual connections	41,356
1-1/2"	59.04	976 Annual connections	57,623
2"	101.80	1,173 Annual connections	119,411
3"	234.14	225 Annual connections	52,682
4"	407.20	310 Annual connections	126,232
6"	926.38	124 Annual connections	114,871
8"	1,649.16	76 Annual connections	125,336
10"	2,575.54	11 Annual connections	28,331
12"	3,711.63	12 Annual connections	44,540
<u>Treatment Rate:</u>			
First 100,000 gallons	\$2.73	481,464 1,000's of gallons	1,314,398
Over 100,000 gallons	5.04	968,276 1,000's of gallons	4,880,111
<u>Pretreatment Program:</u>			
Base charge	\$590.00	26 Pretreatment customers	184,080
Monitoring event charge	430.00	245 Annual monitoring events	105,350
<u>Excess Strength (Metered Sewer):</u>			
COD	\$0.24	388,725 Pounds	93,294
TSS	0.20	697,525 Pounds (1)	139,505
Total			\$8,434,249
Less Pro Forma Net Revenue Requirements (page 14)			(8,491,063)
Plus Penalties			57,399
Variance			\$585
Percentage			0.01%

(1) Normalized TSS loading for W.R. Grace which was historically high in 2019.

(See Accountants' Compilation Report)



**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

*Phase II*

**CALCULATION OF PRO FORMA REVENUES  
AT PROPOSED RATES AND CHARGES**

	<u>Pro Forma Rate</u>	<u>Billing Determinates</u>	<u>Pro Forma Revenues</u>
<u>Pro Forma Annual Revenues:</u>			
<u>Billing Charge</u>	\$2.76	81,973 Annual bills	\$226,245
<u>Base Charge:</u>			
<u>Meter Size</u>			
5/8"	\$11.80	72,788 Annual connections	858,898
3/4"	17.70	4,653 Annual connections	82,358
1"	29.50	1,625 Annual connections	47,938
1-1/2"	68.43	976 Annual connections	66,788
2"	118.00	1,173 Annual connections	138,414
3"	271.39	225 Annual connections	61,063
4"	471.99	310 Annual connections	146,317
6"	1,073.77	124 Annual connections	133,147
8"	1,911.54	76 Annual connections	145,277
10"	2,985.31	11 Annual connections	32,838
12"	4,302.15	12 Annual connections	51,626
<u>Treatment Rate:</u>			
First 100,000 gallons	\$3.16	481,464 1,000's of gallons	1,521,428
Over 100,000 gallons	5.84	968,276 1,000's of gallons	5,654,732
<u>Pretreatment Program:</u>			
Base charge	\$683.87	26 Pretreatment customers	213,367
Monitoring event charge	498.41	245 Annual monitoring events	122,110
<u>Excess Strength (Metered Sewer):</u>			
COD	\$0.28	388,725 Pounds	108,843
TSS	0.23	697,525 Pounds (1)	160,431
Total			\$9,771,820
Less Pro Forma Net Revenue Requirements (page 14)			(9,841,883)
Plus Penalties			57,399
Variance			(\$12,664)
Percentage			-0.13%

(1) Normalized TSS loading for W.R. Grace which was historically high in 2019.

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

*Phase III*

**CALCULATION OF PRO FORMA REVENUES  
AT PROPOSED RATES AND CHARGES**

	<u>Pro Forma Rate</u>	<u>Billing Determinates</u>	<u>Pro Forma Revenues</u>
<u>Pro Forma Annual Revenues:</u>			
<u>Billing Charge</u>	\$2.87	81,973 Annual bills	\$235,263
<u>Base Charge:</u>			
<u>Meter Size</u>			
5/8"	\$12.26	72,788 Annual connections	892,381
3/4"	18.39	4,653 Annual connections	85,569
1"	30.65	1,625 Annual connections	49,806
1-1/2"	71.09	976 Annual connections	69,384
2"	122.59	1,173 Annual connections	143,798
3"	281.95	225 Annual connections	63,439
4"	490.35	310 Annual connections	152,009
6"	1,115.54	124 Annual connections	138,327
8"	1,985.90	76 Annual connections	150,928
10"	3,101.44	11 Annual connections	34,116
12"	4,469.50	12 Annual connections	53,634
<u>Treatment Rate:</u>			
First 100,000 gallons	\$3.28	481,464 1,000's of gallons	1,579,203
Over 100,000 gallons	6.07	968,276 1,000's of gallons	5,877,435
<u>Pretreatment Program:</u>			
Base charge	\$710.47	26 Pretreatment customers	221,667
Monitoring event charge	517.80	245 Annual monitoring events	126,861
<u>Excess Strength (Metered Sewer):</u>			
COD	\$0.29	388,725 Pounds	112,730
TSS	0.24	697,525 Pounds (1)	167,406
Total			\$10,153,956
Less Pro Forma Net Revenue Requirements (page 14)			(10,224,705)
Plus Penalties			57,399
Variance			<u>(\$13,350)</u>
Percentage			<u><u>-0.13%</u></u>

(1) Normalized TSS loading for W.R. Grace which was historically high in 2019.

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

**SCHEDULE OF PRESENT AND PROPOSED SEWER RATES AND CHARGES**

	<u>Present</u> (1)	<u>Phase I</u> 9/1/2022	<u>Phase II</u> 9/1/2023	<u>Phase III</u> 9/1/2024
Billing Charge (per bill)	\$3.69	\$2.38	\$2.76	\$2.87
Base Rates (per month):				
<u>Meter Size</u>				
5/8"	\$5.21	\$10.18	\$11.80	\$12.26
3/4"	7.82	15.27	17.70	18.39
1"	13.02	25.45	29.50	30.65
1-1/2"	30.20	59.04	68.43	71.09
2"	52.07	101.80	118.00	122.59
3"	119.76	234.14	271.39	281.95
4"	208.29	407.20	471.99	490.35
6"	473.85	926.38	1,073.77	1,115.54
8"	843.56	1,649.16	1,911.54	1,985.90
10"	1,317.40	2,575.54	2,985.31	3,101.44
12"	-	3,711.63	4,302.15	4,469.50
Treatment Rate (per 1,000 Gallons per month)				
First 100,000 gallons	\$2.34	\$2.73	\$3.16	\$3.28
Over 100,000 gallons	3.88	5.04	5.84	6.07
Pretreatment:				
Base charge per month	\$701.67	\$590.00	\$683.87	\$710.47
Monitoring event charge (per event)	627.81	430.00	498.41	517.80
Excess Strength Charges:				
Chemical Oxygen Demand (COD) - per lb. in excess of 250 mg/l	\$0.28	\$0.24	\$0.28	\$0.29
Total Suspended Solids (TSS) - per lb. in excess of 100 mg/l	0.92	0.20	0.23	0.24

(1) Per Rate Ordinance No. 15-0023, adopted November 23, 2015.

\* The treatment rate above is shown per 1,000 gallons. To convert this to a charge per 100 cu. Ft. the conversion factor is 100 cu. ft. = 748 gallons. The rates above per 100 cu. Ft. are as follows:

First 13,368 cu. ft.	\$1.75	\$2.04	\$2.36	\$2.45
Over 13,368 cu. ft.	2.90	3.77	4.37	4.54

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

**CUSTOMER BILL IMPACT - PHASE I**

	<u>Current Rates</u>	<u>Phase I Rates</u>	<u>Change</u>	<u>% Change</u>
<b>5/8" Meter</b>				
1,000 Gallons	\$11.24	\$15.29	\$4.05	36.03%
2,000 Gallons	13.58	18.02	4.44	32.70%
3,000 Gallons	15.92	20.75	4.83	30.34%
4,000 Gallons	18.26	23.48	5.22	28.59%
5,000 Gallons	20.60	26.21	5.61	27.23%
10,000 Gallons	32.30	39.86	7.56	23.41%
<b>1" Meter</b>				
5,000 Gallons	\$28.41	\$41.48	\$13.07	46.00%
10,000 Gallons	40.11	55.13	15.02	37.45%
15,000 Gallons	51.81	68.78	16.97	32.75%
20,000 Gallons	63.51	82.43	18.92	29.79%
30,000 Gallons	86.91	109.73	22.82	26.26%
50,000 Gallons	133.71	164.33	30.62	22.90%
<b>2" Meter</b>				
20,000 Gallons	\$102.56	\$158.78	\$56.22	54.82%
30,000 Gallons	125.96	186.08	60.12	47.73%
50,000 Gallons	172.76	240.68	67.92	39.31%
100,000 Gallons	289.76	377.18	87.42	30.17%
150,000 Gallons	483.76	629.18	145.42	30.06%
250,000 Gallons	871.76	1,133.18	261.42	29.99%
<b>4" Meter</b>				
50,000 Gallons	\$328.98	\$546.08	\$217.10	65.99%
100,000 Gallons	445.98	682.58	236.60	53.05%
500,000 Gallons	1,997.98	2,698.58	700.60	35.07%
1,000,000 Gallons	3,937.98	5,218.58	1,280.60	32.52%
5,000,000 Gallons	19,457.98	25,378.58	5,920.60	30.43%
10,000,000 Gallons	38,857.98	50,578.58	11,720.60	30.16%
<b>6" Meter*</b>				
30,000,000 Gallons	\$116,723.54	\$151,897.76	\$35,174.22	30.13%
<b>8" Meter*</b>				
500,000 Gallons	\$2,633.25	\$3,940.54	\$1,307.29	49.65%
1,000,000 Gallons	4,573.25	6,460.54	1,887.29	41.27%
3,000,000 Gallons	12,333.25	16,540.54	4,207.29	34.11%
<b>10" Meter*</b>				
5,000,000 Gallons	\$20,567.09	\$27,546.92	\$6,979.83	33.94%

\*Assumes an Industrial Customer

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

**CUSTOMER BILL IMPACT - PHASE II**

	<u>Phase I Rates</u>	<u>Phase II Rates</u>	<u>Change</u>	<u>% Change</u>
<b>5/8" Meter</b>				
1,000 Gallons	\$15.29	\$17.72	\$2.43	15.89%
2,000 Gallons	18.02	20.88	2.86	15.87%
3,000 Gallons	20.75	24.04	3.29	15.86%
4,000 Gallons	23.48	27.20	3.72	15.84%
5,000 Gallons	26.21	30.36	4.15	15.83%
10,000 Gallons	39.86	46.16	6.30	15.81%
<b>1" Meter</b>				
5,000 Gallons	\$41.48	\$48.06	\$6.58	15.86%
10,000 Gallons	55.13	63.86	8.73	15.84%
15,000 Gallons	68.78	79.66	10.88	15.82%
20,000 Gallons	82.43	95.46	13.03	15.81%
30,000 Gallons	109.73	127.06	17.33	15.79%
50,000 Gallons	164.33	190.26	25.93	15.78%
<b>2" Meter</b>				
20,000 Gallons	\$158.78	\$183.96	\$25.18	15.86%
30,000 Gallons	186.08	215.56	29.48	15.84%
50,000 Gallons	240.68	278.76	38.08	15.82%
100,000 Gallons	377.18	436.76	59.58	15.80%
150,000 Gallons	629.18	728.76	99.58	15.83%
250,000 Gallons	1,133.18	1,312.76	179.58	15.85%
<b>4" Meter</b>				
50,000 Gallons	\$546.08	\$632.75	\$86.67	15.87%
100,000 Gallons	682.58	790.75	108.17	15.85%
500,000 Gallons	2,698.58	3,126.75	428.17	15.87%
1,000,000 Gallons	5,218.58	6,046.75	828.17	15.87%
5,000,000 Gallons	25,378.58	29,406.75	4,028.17	15.87%
10,000,000 Gallons	50,578.58	58,606.75	8,028.17	15.87%
<b>6" Meter*</b>				
30,000,000 Gallons	\$151,897.76	\$176,008.53	\$24,110.77	15.87%
<b>8" Meter*</b>				
500,000 Gallons	\$3,940.54	\$4,566.30	\$625.76	15.88%
1,000,000 Gallons	6,460.54	7,486.30	1,025.76	15.88%
3,000,000 Gallons	16,540.54	19,166.30	2,625.76	15.87%
<b>10" Meter*</b>				
5,000,000 Gallons	\$27,546.92	\$31,920.07	\$4,373.15	15.88%

\*Assumes an Industrial Customer

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

**CUSTOMER BILL IMPACT - PHASE III**

	<u>Phase II Rates</u>	<u>Phase III Rates</u>	<u>Change</u>	<u>% Change</u>
<b>5/8" Meter</b>				
1,000 Gallons	\$17.72	\$18.41	\$0.69	3.89%
2,000 Gallons	20.88	21.69	0.81	3.88%
3,000 Gallons	24.04	24.97	0.93	3.87%
4,000 Gallons	27.20	28.25	1.05	3.86%
5,000 Gallons	30.36	31.53	1.17	3.85%
10,000 Gallons	46.16	47.93	1.77	3.83%
<b>1" Meter</b>				
5,000 Gallons	\$48.06	\$49.92	\$1.86	3.87%
10,000 Gallons	63.86	66.32	2.46	3.85%
15,000 Gallons	79.66	82.72	3.06	3.84%
20,000 Gallons	95.46	99.12	3.66	3.83%
30,000 Gallons	127.06	131.92	4.86	3.82%
50,000 Gallons	190.26	197.52	7.26	3.82%
<b>2" Meter</b>				
20,000 Gallons	\$183.96	\$191.06	\$7.10	3.86%
30,000 Gallons	215.56	223.86	8.30	3.85%
50,000 Gallons	278.76	289.46	10.70	3.84%
100,000 Gallons	436.76	453.46	16.70	3.82%
150,000 Gallons	728.76	756.96	28.20	3.87%
250,000 Gallons	1,312.76	1,363.96	51.20	3.90%
<b>4" Meter</b>				
50,000 Gallons	\$632.75	\$657.22	\$24.47	3.87%
100,000 Gallons	790.75	821.22	30.47	3.85%
500,000 Gallons	3,126.75	3,249.22	122.47	3.92%
1,000,000 Gallons	6,046.75	6,284.22	237.47	3.93%
5,000,000 Gallons	29,406.75	30,564.22	1,157.47	3.94%
10,000,000 Gallons	58,606.75	60,914.22	2,307.47	3.94%
<b>6" Meter*</b>				
30,000,000 Gallons	\$176,008.53	\$182,939.41	\$6,930.88	3.94%
<b>8" Meter*</b>				
500,000 Gallons	\$4,566.30	\$4,744.77	\$178.47	3.91%
1,000,000 Gallons	7,486.30	7,779.77	293.47	3.92%
3,000,000 Gallons	19,166.30	19,919.77	753.47	3.93%
<b>10" Meter*</b>				
5,000,000 Gallons	\$31,920.07	\$33,175.31	\$1,255.24	3.93%

\*Assumes an Industrial Customer

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

*Phase I*

**RATE COMPARISON CHART - MONTHLY INDUSTRIAL (CODE 2100) SEWER BILL**

Customer	Meter Size	Annual Monitoring Events	Avg. Monthly Flow (1,000 gal.)	Avg. Monthly COD (1) (lbs.)	Avg. Monthly TSS (2) (lbs.)	Monthly Bill			
						Current	Phase I	Dollar Increase	Percentage Increase
Central States	1"	-	-	-	-	\$718.38	\$617.83	(\$100.55)	-14.00%
Electric Coating Tech.	8"	12	942.01	-	-	5,677.71	7,188.25	1,510.54	26.60%
ICO Polymers	1"	12	414.42	-	3	2,802.89	2,906.09	103.20	3.68%
Indiana Radiator	1"	-	-	-	-	718.38	617.83	(100.55)	-14.00%
Mittal Steel East (acct. 010034)	4"	12	1,700.81	-	-	7,986.61	9,770.67	1,784.06	22.34%
Mittal Steel East (acct. 010035)	1-1/2"	12	5,092.41	-	-	20,967.93	26,516.18	5,548.25	26.46%
Mittal Steel West (acct. 010018)	4"	12	1,657.45	-	-	7,818.35	9,552.11	1,733.76	22.18%
Mittal Steel West (acct. 010033)	4"	12	790.30	-	-	4,453.82	5,181.69	727.87	16.34%
Mittal Steel West (acct. 010036)	3"	12	492.20	-	-	3,208.67	3,506.21	297.54	9.27%
Mittal Steel West (acct. 010037)	6"	12	14,955.43	-	-	59,680.08	77,093.12	17,413.04	29.18%
National Processing (acct. 010014)	3/4"	12	88.55	115	7	1,586.84	1,308.39	(278.45)	-17.55%
National Processing (acct. 010051)	3/4"	12	1,488.60	-	50	7,008.76	8,319.20	1,310.44	18.70%
Citgo Petroleum Corp.	10"	-	58.40	-	-	2,159.42	3,327.36	1,167.94	54.09%
Praxair, Inc. (production plant)	8"	12	2,748.55	-	12	12,698.13	16,295.62	3,597.49	28.33%
Praxair, Inc. (rare gases)	3"	12	505.08	-	-	3,258.65	3,571.14	312.49	9.59%
Praxair, Inc. (hyd. plant)	4"	12	18,380.45	7,460	-	74,792.39	95,626.43	20,834.04	27.86%
Safety-Kleen Oil Recovery	3"	20	3,608.70	14,176	1,265	20,852.30	23,155.27	2,302.97	11.04%
Kemira Water Solutions	4"	-	-	-	-	913.65	999.58	85.93	9.41%
Lakeshore Railcare Services LLC	3"	-	157.88	1,736	-	1,769.77	1,807.87	38.10	2.15%
United States Gypsum	8"	21	2,303.64	5,098	56	12,910.67	15,608.10	2,697.43	20.89%
United States Steel Corp.	10"	15	6,214.92	-	-	26,767.40	34,797.60	8,030.20	30.00%
TAC East, Inc.	3"	11	292.67	802	-	2,606.72	2,657.21	50.49	1.94%
W.R. Grace & Co.	4"	8	5,987.74	-	93,411	110,348.76	49,915.68	(60,433.08)	-54.77%
USS Lead Refinery, Inc.	1-1/2"	12	161.60	-	-	1,836.38	1,664.88	(171.50)	-9.34%
Buckeye Pipeline Co.	1"	-	26.24	57,622	-	16,913.95	14,518.75	(2,395.20)	-14.16%
GATX Remediation	1"	2	1.77	-	-	827.16	694.33	(132.83)	-16.06%
<b>Totals</b>		<b>245</b>	<b>68,069.81</b>	<b>87,009</b>	<b>94,804</b>	<b>\$411,283.77</b>	<b>\$417,217.39</b>	<b>\$5,933.62</b>	<b>1.44%</b>

(1) Average COD in excess of 250 mg/l (normal domestic).

(2) Average TSS in excess of 100 mg/l (normal domestic).

Reference the excel work papers "BIL Jan 2019 - BIL Dec 2019"

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

*Phase II*

**RATE COMPARISON CHART - MONTHLY INDUSTRIAL (CODE 2100) SEWER BILL**

Customer	Meter Size	Annual Monitoring Events	Avg. Monthly Flow (1,000 gal.)	Avg. Monthly COD (1) (lbs.)	Avg. Monthly TSS (2) (lbs.)	Monthly Bill			
						Phase I	Phase II	Dollar Increase	Percentage Increase
Central States	1"	-	-	-	-	\$617.83	\$716.13	\$98.30	15.91%
Electric Coating Tech.	8"	12	942.01	-	-	7,188.25	8,329.89	1,141.64	15.88%
ICO Polymers	1"	12	414.42	-	3	2,906.09	3,367.43	461.34	15.87%
Indiana Radiator	1"	-	-	-	-	617.83	716.13	98.30	15.91%
Mittal Steel East (acct. 010034)	4"	12	1,700.81	-	-	9,770.67	11,321.77	1,551.10	15.88%
Mittal Steel East (acct. 010035)	1-1/2"	12	5,092.41	-	-	26,516.18	30,725.16	4,208.98	15.87%
Mittal Steel West (acct. 010018)	4"	12	1,657.45	-	-	9,552.11	11,068.52	1,516.41	15.88%
Mittal Steel West (acct. 010033)	4"	12	790.30	-	-	5,181.69	6,004.38	822.69	15.88%
Mittal Steel West (acct. 010036)	3"	12	492.20	-	-	3,506.21	4,062.88	556.67	15.88%
Mittal Steel West (acct. 010037)	6"	12	14,955.43	-	-	77,093.12	89,330.51	12,237.39	15.87%
National Processing (acct. 010014)	3/4"	12	88.55	115	7	1,308.39	1,516.37	207.98	15.90%
National Processing (acct. 010051)	3/4"	12	1,488.60	-	50	8,319.20	9,639.67	1,320.47	15.87%
Citgo Petroleum Corp.	10"	-	58.40	-	-	3,327.36	3,856.49	529.13	15.90%
Praxair, Inc. (production plant)	8"	12	2,748.55	-	12	16,295.62	18,882.86	2,587.24	15.88%
Praxair, Inc. (rare gases)	3"	12	505.08	-	-	3,571.14	4,138.12	566.98	15.88%
Praxair, Inc. (hyd. plant)	4"	12	18,380.45	7,460	-	95,626.43	110,819.64	15,193.21	15.89%
Safety-Kleen Oil Recovery	3"	20	3,608.70	14,176	1,265	23,155.27	26,855.74	3,700.47	15.98%
Kemira Water Solutions	4"	-	-	-	-	999.58	1,158.62	159.04	15.91%
Lakeshore Railcare Services LLC	3"	-	157.88	1,736	-	1,807.87	2,098.11	290.24	16.05%
United States Gypsum	8"	21	2,303.64	5,098	56	15,608.10	18,095.96	2,487.86	15.94%
United States Steel Corp.	10"	15	6,214.92	-	-	34,797.60	40,322.07	5,524.47	15.88%
TAC East, Inc.	3"	11	292.67	802	-	2,657.21	3,080.63	423.42	15.93%
W.R. Grace & Co.	4"	8	5,987.74	-	93,411	49,915.68	57,675.85	7,760.17	15.55%
USS Lead Refinery, Inc.	1-1/2"	12	161.60	-	-	1,664.88	1,929.21	264.33	15.88%
Buckeye Pipeline Co.	1"	-	26.24	57,622	-	14,518.75	16,933.21	2,414.46	16.63%
GATX Remediation	1"	2	1.77	-	-	694.33	804.80	110.47	15.91%
<b>Totals</b>		<b>245</b>	<b>68,069.81</b>	<b>87,009</b>	<b>94,804</b>	<b>\$417,217.39</b>	<b>\$483,450.15</b>	<b>\$66,232.76</b>	<b>15.87%</b>

(1) Average COD in excess of 250 mg/l (normal domestic).  
(2) Average TSS in excess of 100 mg/l (normal domestic).

Reference the excel work papers "BIL Jan 2019 - BIL Dec 2019"

(See Accountants' Compilation Report)



**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

*Phase III*

**RATE COMPARISON CHART - MONTHLY INDUSTRIAL (CODE 2100) SEWER BILL**

Customer	Meter Size	Annual Monitoring Events	Avg. Monthly Flow (1,000 gal.)	Avg. Monthly COD (1) (lbs.)	Avg. Monthly TSS (2) (lbs.)	Monthly Bill			
						Phase II	Phase III	Dollar Increase	Percentage Increase
Central States	1"	-	-	-	-	\$716.13	\$743.99	\$27.86	3.89%
Electric Coating Tech.	8"	12	942.01	-	-	8,329.89	8,656.01	326.12	3.92%
ICO Polymers	1"	12	414.42	-	3	3,367.43	3,499.02	131.59	3.91%
Indiana Radiator	1"	-	-	-	-	716.13	743.99	27.86	3.89%
Mittal Steel East (acct. 010034)	4"	12	1,700.81	-	-	11,321.77	11,766.41	444.64	3.93%
Mittal Steel East (acct. 010035)	1-1/2"	12	5,092.41	-	-	30,725.16	31,934.18	1,209.02	3.93%
Mittal Steel West (acct. 010018)	4"	12	1,657.45	-	-	11,068.52	11,503.19	434.67	3.93%
Mittal Steel West (acct. 010033)	4"	12	790.30	-	-	6,004.38	6,239.61	235.23	3.92%
Mittal Steel West (acct. 010036)	3"	12	492.20	-	-	4,062.88	4,221.74	158.86	3.91%
Mittal Steel West (acct. 010037)	6"	12	14,955.43	-	-	89,330.51	92,847.13	3,516.62	3.94%
National Processing (acct. 010014)	3/4"	12	88.55	115	7	1,516.37	1,575.00	58.63	3.87%
National Processing (acct. 010051)	3/4"	12	1,488.60	-	50	9,639.67	10,018.34	378.67	3.93%
Citgo Petroleum Corp.	10"	-	58.40	-	-	3,856.49	4,006.34	149.85	3.89%
Praxair, Inc. (production plant)	8"	12	2,748.55	-	12	18,882.86	19,624.60	741.74	3.93%
Praxair, Inc. (rare gases)	3"	12	505.08	-	-	4,138.12	4,299.95	161.83	3.91%
Praxair, Inc. (hyd. plant)	4"	12	18,380.45	7,460	-	110,819.64	115,175.20	4,355.56	3.93%
Safety-Kleen Oil Recovery	3"	20	3,608.70	14,176	1,265	26,855.74	27,898.73	1,042.99	3.88%
Kemira Water Solutions	4"	-	-	-	-	1,158.62	1,203.69	45.07	3.89%
Lakeshore Railcare Services LLC	3"	-	157.88	1,736	-	2,098.11	2,178.05	79.94	3.81%
United States Gypsum	8"	21	2,303.64	5,098	56	18,095.96	18,801.34	705.38	3.90%
United States Steel Corp.	10"	15	6,214.92	-	-	40,322.07	41,907.57	1,585.50	3.93%
TAC East, Inc.	3"	11	292.67	802	-	3,080.63	3,200.01	119.38	3.88%
W.R. Grace & Co.	4"	8	5,987.74	-	93,411	57,675.85	60,034.14	2,358.29	4.09%
USS Lead Refinery, Inc.	1-1/2"	12	161.60	-	-	1,929.21	2,004.14	74.93	3.88%
Buckeye Pipeline Co.	1"	-	26.24	57,622	-	16,933.21	17,540.44	607.23	3.59%
GATX Remediation	1"	2	1.77	-	-	804.80	836.10	31.30	3.89%
<b>Totals</b>		<b>245</b>	<b>68,069.81</b>	<b>87,009</b>	<b>94,804</b>	<b>\$483,450.15</b>	<b>\$502,458.91</b>	<b>\$19,008.76</b>	<b>3.93%</b>

(1) Average COD in excess of 250 mg/l (normal domestic).

(2) Average TSS in excess of 100 mg/l (normal domestic).

Reference the excel work papers "BIL Jan 2019 - BIL Dec 2019"

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Sewage Works)**

**SUPPLEMENTAL DATA**

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

**COMPARATIVE SCHEDULE OF SELECTED FINANCIAL  
INFORMATION ARISING FROM CASH TRANSACTIONS\***

<u>Cash and Cash Equivalents:</u>	As of		
	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2019</u>
Wastewater Utility - Operating	\$1,275,902	\$1,147,006	\$1,272,369
Sinking Fund:			
Bond and Interest Account	472,981	475,256	472,306
Debt Service Reserve Account	949,727	959,009	977,189
Construction Funds	5,352,826	5,219,208	5,227,261
Wastewater Replacement Reserve	<u>1,512,697</u>	<u>1,787,426</u>	<u>1,852,244</u>
Total Cash and Cash Equivalents	<u>\$9,564,133</u>	<u>\$9,587,905</u>	<u>\$9,801,369</u>

Bonded Indebtedness:

Sanitary District Revenue Bonds, Series 2015	<u>\$12,340,000</u>	<u>\$11,825,000</u>	<u>\$11,295,000</u>
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- \* Does not include Sanitary District Funds:  
Solid Waste Operating, Solid Waste Bond and Interest, Sanitary District Revolving,  
Solid Waste Construction Fund, and Stormwater Operating

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

**COMPARATIVE SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**

	For the Twelve Months Ended		
	12/31/2017	12/31/2018	12/31/2019
Operating Receipts:			
Metered/measured:			
Residential	\$1,388,148	\$1,374,766	\$1,245,176
Commercial	873,776	811,590	930,036
Industrial	4,355,282	4,224,920	4,597,173
Public authority	298,209	295,890	361,418
Pretreatment monitoring	183,948	163,858	156,325
Pretreatment base	210,702	211,203	207,694
Penalties	13,114	46,955	57,399
(Increase) decrease in receivables (1)	1,411,886	175,281	(102,106)
Total operating receipts	<u>8,735,065</u>	<u>7,304,463</u>	<u>7,453,115</u>
Operating Disbursements:			
Collections - maintenance	660,529	723,828	296,653
Pumping - operations	324,182	235,814	277,752
Pumping - maintenance	21,650	57,627	34,366
Treatment and disposal - operations	2,100,612	1,742,783	1,816,254
Treatment and disposal - maintenance	742,543	707,851	730,814
Customer accounts	188,434	233,626	235,028
Administrative and general	1,081,090	1,127,193	1,224,909
Monitoring	237,680	237,853	233,573
Common plant	106,588	39,756	10,010
Increase (decrease) in current liabilities	(55)	-	-
Total operating disbursements	<u>5,463,253</u>	<u>5,106,331</u>	<u>4,859,359</u>
Net operating receipts	<u>3,271,812</u>	<u>2,198,132</u>	<u>2,593,756</u>
Non-Operating Receipts:			
Interest and investment receipts	3,048	78,362	161,884
Tap fees	2,000	1,000	1,000
Sale of fixed assets	-	14,651	711
Miscellaneous receipts	88,074	107,820	108,832
Total non-operating receipts	<u>93,122</u>	<u>201,833</u>	<u>272,427</u>
Non-Operating Disbursements:			
Capital improvements (cash funded)	377,450	346,834	552,882
Project costs (Bonds)	142,973	202,977	90,050
Paying agent fees	750	750	750
Debt service - principal	500,000	515,000	530,000
Debt service - interest	447,213	432,138	416,538
Payment in lieu of taxes	878,494	878,494	878,494
Other	1,103	-	184,005
Total non-operating disbursements	<u>2,347,983</u>	<u>2,376,193</u>	<u>2,652,719</u>
Increase/(decrease) in cash	1,016,951	23,772	213,464
Beginning cash and cash equivalents balance	<u>8,547,182</u>	<u>9,564,133</u>	<u>9,587,905</u>
Ending cash and cash equivalents balance	<u>\$9,564,133</u>	<u>\$9,587,905</u>	<u>\$9,801,369</u>

(1) Includes an interfund loan to the Waterworks of \$900,000 in 2016, which was repaid in 2017.

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

**COMPARATIVE SCHEDULE OF DETAILED OPERATING DISBURSEMENTS**

	For the Calendar Years Ended		
	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2019</u>
Operating Disbursements:			
Collections - maintenance:			
Supplies	\$19,206	\$9,466	\$1,473
Uniform rental	1,547	2,349	2,282
Contractual services - other	638,016	706,982	287,508
Rental of equipment	-	1,180	-
Miscellaneous	1,760	3,851	5,390
Total collections - maintenance	<u>660,529</u>	<u>723,828</u>	<u>296,653</u>
Pumping - operations:			
Utilities	<u>324,182</u>	<u>235,814</u>	<u>277,752</u>
Pumping - maintenance:			
Supplies	11,825	8,418	16,403
Oil and gasoline	7,350	4,865	3,240
Contractual services - other	2,475	44,344	14,723
Total pumping - maintenance	<u>21,650</u>	<u>57,627</u>	<u>34,366</u>
Treatment and disposal - operations:			
Salaries and wages	593,501	606,268	614,062
Pensions and benefits	117,948	119,418	120,066
Worker's compensation	9,437	6,627	6,402
Insurance - health/life	153,925	149,631	153,527
Education	338	-	80
Supplies	12,635	9,693	11,332
Chemicals	50,340	26,068	47,825
Oil and gasoline	3,779	2,454	1,189
Uniform rental	3,110	3,291	2,404
Repairs and maintenance	26,036	31,275	40,329
Contractual services - testing	52,074	57,030	43,244
Contractual services - other	-	6,736	32,322
Sludge removal	280,460	160,011	170,913
Transportation	138	497	335
Utilities	796,891	563,784	572,224
Total treatment and disposal - operations	<u>2,100,612</u>	<u>1,742,783</u>	<u>1,816,254</u>
Treatment and disposal - maintenance:			
Salaries and wages	449,379	401,437	398,802
Pensions and benefits	89,293	79,149	78,031
Worker's compensation	5,139	4,490	13,519
Insurance - health/life	116,327	100,876	108,861
Supplies	69,204	68,893	72,861
Uniform rental	3,185	3,209	2,033
Repairs and maintenance	4,650	-	2,644
Contractual services - other	4,197	48,757	53,883
Rental of equipment	1,169	1,040	180
Total treatment and disposal - maintenance	<u>742,543</u>	<u>707,851</u>	<u>730,814</u>
Customer accounts:			
Contractual services - other	<u>188,434</u>	<u>233,626</u>	<u>235,028</u>

(Continued on next page)

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Sanitary Division)**

(Cont'd)

**COMPARATIVE SCHEDULE OF DETAILED OPERATING DISBURSEMENTS**

	For the Calendar Years Ended		
	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2019</u>
Administrative and general:			
Salaries and wages	\$304,325	\$286,247	\$307,637
Pensions and benefits	52,864	49,943	53,768
Worker's compensation	2,694	2,595	2,846
Insurance - health/life	89,499	60,250	59,261
Insurance - liability	8,124	9,172	9,085
Insurance - other	4,975	3,100	1,500
Education	1,341	957	94
Supplies	9,473	5,794	4,691
Oil and gasoline	25,569	32,781	36,063
Repairs and maintenance	3,904	3,287	-
Rental of equipment	6,223	5,808	12,925
Contractual services - accounting	42,146	50,369	42,524
Contractual services - engineering	73,812	23,310	31,566
Contractual services - legal	17,699	11,250	36,054
Contractual services - other	27,942	36,410	41,830
Transportation	14	-	1,442
Telephone	47,810	45,557	51,635
Reimbursements	360,810	495,971	529,568
Subscriptions and dues	1,175	1,175	1,000
Miscellaneous	691	3,217	1,420
	<u>1,081,090</u>	<u>1,127,193</u>	<u>1,224,909</u>
Total administrative and general			
Monitoring:			
Salaries and wages	109,190	105,885	109,244
Pensions and benefits	21,179	20,367	20,867
Insurance - health/life	50,268	50,792	48,704
Worker's compensation	1,275	1,300	1,300
Supplies	4,058	570	2,079
Uniform rental	1,033	383	592
Contractual services - testing	48,728	55,831	47,787
Contractual services - other	1,949	2,725	3,000
	<u>237,680</u>	<u>237,853</u>	<u>233,573</u>
Total monitoring			
Common plant:			
Salaries and wages	51,974	19,947	-
Pensions and benefits	10,580	3,912	-
Insurance - health/life	23,768	7,900	-
Worker's compensation	1,050	350	-
Supplies	4,524	6,160	8,722
Uniform rental	780	967	1,043
Repairs and maintenance	3,131	-	-
Contractual services - testing	10,661	-	-
Miscellaneous	120	520	245
	<u>106,588</u>	<u>39,756</u>	<u>10,010</u>
Total common plant			
Total operating disbursements	<u>\$5,463,308</u>	<u>\$5,106,331</u>	<u>\$4,859,359</u>

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

**COMPARISON OF ACCOUNT BALANCES WITH  
MINIMUM BALANCES REQUIRED**

<u>Cash and Cash Equivalents:</u>	<u>Account Balances 12/31/2019</u>	<u>Minimum Balance Required (1)</u>	<u>Variance</u>
Wastewater Utility - Operating (2)	\$1,272,369	\$1,001,945	\$270,424
Sinking Fund:			
Bond and Interest Account (3)	472,306	472,306	-
Debt Service Reserve Account (4)	977,189	949,063	28,126
Construction Funds (5)	5,227,261	5,227,261	-
Wastewater Replacement Reserve (6)	<u>1,852,244</u>	<u>1,840,791</u>	<u>11,453</u>
Totals	<u>\$9,801,369</u>	<u>\$9,491,366</u>	<u>\$310,003</u>

(1) **Required Reserves:** Balances required per Bond Resolution No. SD15-10.

(2) **Wastewater Utility - Operating:** The balance maintained in the operation and maintenance account should be sufficient to pay the expenses of operation, repair and maintenance of the sewage works for the next succeeding two (2) calendar months.

Operation and maintenance expense - Pro Forma 2020	\$6,010,467
Times factor for 2 months	<u>16.67%</u>
Required Reserve	<u>\$1,001,945</u>

(3) **Bond and Interest Account:** A balance must be maintained equal to the sum of the monthly transfers in the amount of (1/6) of the next succeeding principal payment and the amount of (1/6) of the next succeeding interest payment.

<u>2015 Bonds</u>	<u>Amount</u>	<u>Factor</u>	<u>Months</u>	<u>Total</u>
Principal Due 1/15/20	\$270,000	x 1/6	x 6	= \$270,000
Interest Due 1/15/20	202,306	x 1/6	x 6	= <u>202,306</u>
Required Reserve				<u>\$472,306</u>

(4) **Debt Service Reserve Account:** Equal to the maximum principal and interest payment on the outstanding bonds.

Required Reserve	<u>\$949,063</u>
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(Continued on next page)

(See Accountants' Compilation Report)

EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)

(Cont'd)

COMPARISON OF ACCOUNT BALANCES WITH  
MINIMUM BALANCES REQUIRED

- (5) **Construction Fund**: Monies are restricted for the project expenditures.
- (6) **Wastewater Replacement Reserve**: No minimum balance required. However, as a general rule an amount equal to one year's depreciation expense is typically maintained in this account to provide a funding source for ongoing capital improvements.

Minimum balance suggested \$1,840,791

(See Accountants' Compilation Report)



**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

**SCHEDULE OF AMORTIZATION OF \$10,185,000 PRINCIPAL  
AMOUNT OF OUTSTANDING SANITARY DISTRICT REVENUE BONDS OF 2015**  
Principal and interest payable semiannually, January 15th and July 15th.

<u>Payment Date</u>	<u>Principal Balance</u> (-----In \$1,000's-----)	<u>Principal</u>	<u>Interest Rates</u> (%)	<u>Interest</u> (-----In Dollars-----)	<u>Total</u>	<u>Bond Year Total</u>
1/15/2022	\$10,185	\$290	3.000	\$185,656.26	\$475,656.26	
7/15/2022	9,895	290	3.000	181,306.26	471,306.26	\$946,962.52
1/15/2023	9,605	295	3.000	176,956.26	471,956.26	
7/15/2023	9,310	300	3.000	172,531.26	472,531.26	944,487.52
1/15/2024	9,010	305	3.000	168,031.26	473,031.26	
7/15/2024	8,705	310	3.000	163,456.26	473,456.26	946,487.52
1/15/2025	8,395	315	3.125	158,806.26	473,806.26	
7/15/2025	8,080	320	3.125	153,884.38	473,884.38	947,690.64
1/15/2026	7,760	325	3.250	148,884.38	473,884.38	
7/15/2026	7,435	330	3.250	143,603.13	473,603.13	947,487.51
1/15/2027	7,105	335	3.375	138,240.63	473,240.63	
7/15/2027	6,770	340	3.375	132,587.50	472,587.50	945,828.13
1/15/2028	6,430	345	3.500	126,850.00	471,850.00	
7/15/2028	6,085	355	3.500	120,812.50	475,812.50	947,662.50
1/15/2029	5,730	360	4.000	114,600.00	474,600.00	
7/15/2029	5,370	365	4.000	107,400.00	472,400.00	947,000.00
1/15/2030	5,005	375	4.000	100,100.00	475,100.00	
7/15/2030	4,630	380	4.000	92,600.00	472,600.00	947,700.00
1/15/2031	4,250	390	4.000	85,000.00	475,000.00	
7/15/2031	3,860	395	4.000	77,200.00	472,200.00	947,200.00
1/15/2032	3,465	405	4.000	69,300.00	474,300.00	
7/15/2032	3,060	410	4.000	61,200.00	471,200.00	945,500.00
1/15/2033	2,650	420	4.000	53,000.00	473,000.00	
7/15/2033	2,230	430	4.000	44,600.00	474,600.00	947,600.00
1/15/2034	1,800	435	4.000	36,000.00	471,000.00	
7/15/2034	1,365	445	4.000	27,300.00	472,300.00	943,300.00
1/15/2035	920	455	4.000	18,400.00	473,400.00	
7/15/2035	465	465	4.000	9,300.00	474,300.00	947,700.00
Totals		<u>\$10,185</u>		<u>\$3,067,606.34</u>	<u>\$13,252,606.34</u>	<u>\$13,252,606.34</u>

(See Accountants' Compilation Report)

**EAST CHICAGO SANITARY DISTRICT  
(Wastewater Division)**

**SCHEDULE OF AMORTIZATION OF \$8,300,000 PRINCIPAL AMOUNT  
OF OUTSTANDING SANITARY DISTRICT REVENUE BOND ANTICIPATION NOTES OF 2020**

**Principal payable upon maturity on June 4, 2023.**

**Interest payable annually on January 15 and upon maturity.**

**Interest rate as shown.**

<u>Payment Date</u>	<u>Principal Balance</u> (-----In \$1,000's-----)	<u>Principal</u>	<u>Interest Rate</u> (%)	<u>Interest</u> (-----In Dollars-----)	<u>Total</u>	<u>Bond Year Total</u>
1/15/2022	\$8,300		1.75	\$145,250.00	\$145,250.00	\$145,250.00
1/15/2023	8,300		1.75	145,250.00	145,250.00	145,250.00
6/4/2023	8,300	<u>\$8,300</u>	1.75	<u>56,082.64</u>	<u>8,356,082.64</u>	<u>8,356,082.64</u>
		<u>\$8,300</u>		<u>\$346,582.64</u>	<u>\$8,646,582.64</u>	<u>\$8,646,582.64</u>

(See Accountants' Compilation Report)

# AJR-2



**WHEREAS**, the District owns and operates a wastewater collection system comprised of combined and sanitary sewers, which includes three (3) combined sewer overflow (“CSO”) outfalls, and the East Chicago Wastewater Treatment Plant located at 5201 Indianapolis Blvd., in East Chicago, Indiana. The District is authorized by NPDES Permit No. IN0022829 to discharge wastewater to the receiving waters, Grand Calumet River and Indiana Harbor Ship Canal, in accordance with effluent limitations, monitoring requirements, and other conditions contained in the NPDES Permit.

**WHEREAS**, the NPDES Permit identifies three (3) CSO outfalls in the District’s sewage collection system, identified as Outfall Nos. 002, 003 and 005.

**WHEREAS**, IDEM records for the last three (3) years indicate that the District has reported discharges from CSO Outfalls listed in the NPDES Permit. Such discharges were not provided with treatment, and therefore violated or threatened to violate the narrative effluent limitations contained in the NPDES Permit.

**WHEREAS**, Pursuant to its NPDES Permit, the District was required to submit to IDEM, a CSO Long-Term Control Plan (“LTCP”) that contains, among other elements, the following:

- a. a description of the control/treatment measures that will be implemented by the District so that discharges from its CSO outfalls comply with the water quality based and technology based requirements of the CWA and State law, along with a schedule, that includes specific milestone dates, for implementation of the control/treatment measures; and
- b. a description of the post-construction compliance monitoring program that will be implemented by the District in order to determine whether the control/treatment measures, upon implementation, are adequate to comply with the water quality-based and technology -based

requirements of the CWA and State law, along with a schedule, that includes specific milestone dates for implementation of the post-construction compliance monitoring program.

**WHEREAS**, the District will submit to IDEM, for approval, as provided below, a LTCP.

**WHEREAS**, the Parties agree and the Court, by entering this Agreed Judgment, finds, that settlement of these matters, without protracted litigation, is fair, reasonable, and in the public interest.

**NOW THEREFORE**, before the taking of any testimony, without any admission by the District of any facts beyond those that the Parties have explicitly agreed to in this Agreed Judgment, and with the consent of the Parties, it is hereby **ORDERED**:

#### **JURISDICTION AND VENUE**

1. This Court has jurisdiction over the subject matter of this action pursuant to Indiana Code §§ 13-30-4-1 and 13-14-2-6. The Complaint states claims upon which relief can be granted under Title 327 of the Indiana Administrative Code, Articles 2 and 5. Venue is proper in this Court as the District of East Chicago is located in Lake County.

#### **APPLICABILITY**

2. The provisions of this Agreed Judgment shall apply to and be binding upon the State of Indiana, and the District and its officers, directors, agents, employees, successors, contractors and assigns and any person having notice of this Agreed Judgment who is, or will be acting on behalf of or in concert or participation with the District. The District shall provide a copy of this Agreed Judgment to any successor in interest at least thirty (30) days prior to transfer of that interest, and simultaneously shall verify in writing to IDEM that such notice has been given. Any sale or transfer of the District's interests in its wastewater treatment facilities shall not in any manner relieve the District of its responsibilities for meeting the terms and

conditions of this Agreed Judgment. In any action to enforce this Agreed Judgment, the District shall not raise as a defense the failure by any of its officers, directors, agents, employees, successors, assigns or contractors to take actions necessary to comply with the Agreed Judgment.

### **OBJECTIVE**

3. All plans, measures, reports, construction, maintenance, operational requirements and other obligations in this Agreed Judgment or resulting from the activities required by this Agreed Judgment shall have the objective of allowing the District to achieve and maintain compliance with applicable State law and the terms and conditions of the District's NPDES Permit.

### **REVISION OF LONG TERM CONTROL PLAN WORK PLAN**

4. The District shall revise and implement a LTCP. The LTCP shall provide for the construction and implementation of all wastewater treatment facility and collection system improvements and other measures necessary so that CSO discharges from all CSO discharge outfalls comply with the technology based and water quality based requirements of the CWA, state law and regulation, and the District's NPDES Permit.

5. The District shall revise and submit a LTCP in accordance with the schedule set forth below. The LTCP describes plans and schedules for implementation of the LTCP. The LTCP shall be submitted by September 1, 2007. The District may seek to amend or revise the LTCP in accordance with applicable laws, rules, policy and this Agreed Judgment. Upon the District's receipt of IDEM's approval of any amendment or revision to the LTCP, or upon resolution of any disputes pursuant to the Dispute Resolution provisions of this Agreed Judgment concerning a proposed revision to the LTCP, the revised LTCP (including any additional post-construction monitoring and modeling) shall supersede the schedule contained in any previously

revised LTCP, or any previously-approved extension of deadlines, and the District shall implement the revised LTCP (including any additional post-construction monitoring and modeling) in accordance with the schedule in the approved revised LTCP.

**COMPLIANCE AND IMPLEMENTATION OF THE  
APPROVED LONG TERM CONTROL PLAN**

6. The District shall comply with 327 IAC 5-2-8(1), 327 IAC 2-1-6(a)(1), IC 13-18-4-5, IC 13-30-2-1, and all parts of the NPDES Permit.
7. Beginning on the Effective Date of this Agreed Judgment, and continuing during revision and implementation of the LTCP pursuant to this Agreed Judgment, the District shall, at all times, operate its wastewater collection and treatment system as efficiently and effectively as possible.
8. Upon approval by IDEM, the District shall implement the LTCP, in accordance with the implementation schedule specified in the approved LTCP. In the event that the implementation schedule determined by the approved LTCP is before September 1, 2027, the date in the approved LTCP shall apply.
9. The District may seek to amend or revise the approved LTCP in accordance with applicable laws, rules, policy and this Agreed Judgment. Upon the District's receipt of IDEM's approval of any amendment or revision to the LTCP, or upon resolution of any disputes pursuant to the Dispute Resolution provisions of this Agreed Judgment concerning a proposed revision to the LTCP, the revised LTCP (including any additional post-construction monitoring and modeling) shall supersede the schedule contained in any previously approved LTCP or revised LTCP, or any previously-approved extension of deadlines, and the District shall implement the revised LTCP (including any additional post-construction monitoring and modeling) in accordance with the schedule in the approved revised LTCP.



## **IDEM APPROVAL OF SUBMISSIONS**

10. The District shall notify IDEM, in writing, within thirty (30) days of completion of each action or milestone contained in the submitted or approved LTCP and any task or plan approved by IDEM pursuant to this Agreed Judgment. The notification shall include a description of the action completed and the date it was completed, and a progress report that contains a summary of the activities undertaken to complete the task. The District shall adequately address any IDEM comments regarding the report, within the timeframe as mutually agreed by IDEM and the District.

11. Within sixty (60) days after completion of each post-construction monitoring phase of the approved LTCP, the District shall submit to IDEM, for review and approval, a report that contains a summary of the data gathered as a result of the post-construction compliance monitoring and an evaluation of the success of the phase in meeting the goals of the LTCP. The District shall adequately address any IDEM comments regarding the report, within the timeframe as mutually agreed by IDEM and the District.

12. Upon implementation of the LTCP, in the event that data resulting from CSO monitoring or other information indicates that the LTCP is not adequate to comply with the technological and water quality based requirements of the CWA, the District shall, within ninety (90) days of becoming aware of such inadequacy, develop and submit to IDEM, for approval, a CSO Compliance Plan ("CSO CP") that identifies (a) additional measures that will be implemented by the District; and (b) the post-construction compliance monitoring program that will be implemented by the District in order to determine whether the additional measures, upon implementation, are adequate, along with a schedule, that includes specific milestone dates.

13. The CSO CP is subject to IDEM approval. Following receipt of the CSO CP, IDEM may, in writing (a) approve all of or any portion of the CSO CP; (b) approve all or a portion of the CSO CP upon specified conditions; (c) disapprove of all or any portion of the CSO CP, notifying the District of deficiencies in the CP and granting the District additional time within which to correct the deficiencies; (d) modify the submission to correct deficiencies; or (e) reject all or any portion of the CP.

14. The District, upon receipt of written notification from IDEM of approval of the CSO CP, shall implement the approved CSO CP and adhere to the schedules contained therein. The approved CSO CP shall be incorporated into this Agreed Judgment and shall be deemed an enforceable part thereof.

15. In the event that a Use Attainability Analysis ("UAA") is denied, the District shall, within ninety (90) days, develop and submit to IDEM, for approval, a CSO CP as stated above in Paragraphs 14, 15, and 16.

16. The provisions of Order Paragraphs 13, 14, and 15 shall continue to apply until post-construction monitoring indicates to IDEM that water quality standards are being met.

#### **FUNDING**

17. The District may seek Federal and State grant funding assistance. However, compliance with the terms of this Agreed Judgment is not conditioned on the receipt of Federal or State funds. In addition, failure to comply is not excused by the lack of Federal or State funds, or by the processing of any applications for the same.

#### **COMMUNICATIONS**

18. All submittals required by this Order, unless notified otherwise in writing, shall be sent to:

Chief, Wet Weather Section  
Indiana Department of Environmental Management  
Office of Water Quality – Mail Code 65-42  
100 North Senate Avenue  
Indianapolis, IN 46204-2251

**STIPULATED PENALTIES**

19. In the event the terms and conditions of the following Judgment paragraphs are violated, the IDEM may assess and the District shall pay a stipulated penalty in the following amount:

Order Paragraph Number	<u>Violation</u>	Penalty Amount
5	Failure to develop the LTCP.	\$500 per each week or part thereof late
8	Failure to implement the LTCP and adhere to the milestone dates set forth in the schedule in the approved LTCP.	\$500 per each week or part thereof late
10	Failure to notify IDEM, in writing, within thirty (30) days of completion of each action contained in the LTCP and any plan approved by IDEM pursuant to this Agreed Judgment.	\$250 per each week or part thereof late
10	Failure to timely submit report.	\$500 per each week or part thereof late
10	Failure to timely address any IDEM comments within the agreed timeframe.	\$500 per each week or part thereof late
12	Failure to timely submit a complete and sufficient CSO CP.	\$500 per each week or part thereof late
13	Failure to timely revise and resubmit the CSO CP in accordance with written notice by IDEM.	\$500 per each week or part thereof late
14	Failure to comply with any milestone date contained in the schedule set forth in the approved CSO CP.	\$500 per each week or part thereof late

20. Stipulated penalties shall be due and payable within thirty (30) days after the District receives written notice that the IDEM has determined a stipulated penalty is due. Assessment and payment of stipulated penalties shall not preclude the IDEM from seeking any additional relief against the District for violation of the Agreed Judgment. In lieu of any of the stipulated penalties given above, the IDEM may seek any other remedies or sanctions available by virtue of the District's violation of this Agreed Judgment, or Indiana law, including but not limited to civil penalties pursuant to IC 13-30-4.

21. Stipulated penalties are payable by check to the Environmental Management Special Fund. Checks shall include the Case Number of this action and shall be mailed to:

Indiana Department of Environmental Management  
Cashiers Office – Mail Code 50-10C  
100 N. Senate Avenue  
Indianapolis, IN 46204-2251

22. In the event that any stipulated amount assessed pursuant to Paragraph Nos. 19 and 20 is not paid within thirty (30) days of notice that it is due, the District shall pay interest on the unpaid balance at the rate established by IC 24-4.6-1-101. The interest shall continue to accrue until the stipulated penalty is paid in full.

#### **FORCE MAJEURE**

23. If any event occurs that causes or may cause the District to violate any provision or requirement of this Agreed Judgment, the District shall notify IDEM in writing within fourteen (14) days from the date the District first knew, or in the exercise of reasonable diligence should have known, that compliance with the Agreed Judgment would be prevented or delayed. The notice shall reference this Section of the Agreed Judgment and shall describe in detail the anticipated length of time the violation may persist, the precise cause or causes of the violation, the measures taken or to be taken by the District to prevent or minimize the violation and the

timetable by which those measures will be implemented. The District shall adopt all reasonable measures to avoid or minimize any such violation. The District shall make all reasonable efforts to identify events that cause or may cause a violation of this Agreed Judgment. Failure by the District to comply with the notice requirements of this Paragraph shall constitute a waiver of the District's rights to obtain an extension of time or other relief under this Section based on such incident.

24. If IDEM agrees that the violation has been or will be caused by circumstances beyond the control of the District or any entity controlled by it, including its consultants and contractors, and that the District could not have prevented such violation, the time for performance of the requirement in question shall be extended for a period not to exceed the actual delay resulting from such circumstance, and stipulated penalties shall not be due for such delay or non-compliance. In the event IDEM does not agree that the violation was caused by circumstances beyond the control of the District and notifies the District of such determination, the District may invoke the dispute resolution provisions in this Agreed Judgment.

25. If the District invokes dispute resolution and IDEM or the Court determines that the violation was caused by circumstances beyond the control of the District or any entity controlled by it, and that the District could not have prevented such violation, the District shall be excused as to that violation, but only for the period of time the violation continues due to such circumstances.

26. The District shall bear the burden of proving that any delay or violation has been or will be caused by circumstances beyond its control, and that the District could not have prevented such violation, as set forth above. The District shall also bear the burden of establishing the duration and extent of any delay or violation attributable to such circumstances,



that such duration or extent is or was warranted under the circumstances and that, as a result of the delay, a particular extension period is appropriate. An extension of one compliance date based on a particular circumstance beyond the District's control shall not automatically extend any subsequent compliance date or dates.

27. Changed financial circumstances, unanticipated, increased costs or expenses associated with implementation of this Agreed Judgment shall not serve as a basis for excusing violations or granting extensions of time under this Agreed Judgment, except as expressly provided in Force Majeure.

28. Failure to apply for a required permit or approval or to provide in a timely manner all information required to obtain a permit or approval that is necessary to meet the requirements of this Agreed Judgment shall not, in any event, serve as a basis for excusing violations of or granting extensions of time under this Agreed Judgment. However, a permitting authority's failure to act in a timely manner on an approvable permit application may serve as a basis for an extension under the force majeure provisions of this Agreed Judgment.

29. The District shall make a showing of proof regarding the cause of each delayed incremental step or other requirement for which an extension is sought. The District may petition for the extension of more than one compliance date in a single request.

#### **DISPUTE RESOLUTION**

30. This Court shall retain jurisdiction of this matter for the purposes of implementing and enforcing the terms and conditions of this Agreed Judgment and for the purpose of adjudicating all disputes among the Parties that may arise under the provisions of this Agreed Judgment. Any dispute that arises with respect to the meaning, application, implementation, interpretation, amendment or modification of this Agreed Judgment, or with respect to the

District's compliance herewith (including the adequacy of the District's performance of the control measures and adequacy of the submittals required by this Agreed Judgment) or any delay hereunder, the resolution of which is not otherwise expressly provided for in this Agreed Judgment, shall in the first instance be the subject of informal negotiations. If any Party believes it has a dispute with any other Party, it shall notify all the other Parties in writing, including notice to the Indiana Attorney General, setting forth the matter(s) in dispute, and the Parties will proceed initially to resolve the matter in dispute by informal means. Such period of informal negotiations shall not exceed thirty (30) days from the date the notice was sent, unless the Parties agree otherwise.

31. If the informal negotiations are unsuccessful, the position of the IDEM shall control unless, within thirty (30) days after the conclusion of the informal negotiation period, the District invokes the formal dispute resolution procedures of this Section by serving on IDEM a written statement of position on the matter in dispute, including any supporting factual data, analysis, opinion, or documentation.

32. Within thirty (30) days of receiving the District's statement of position under Paragraph 31, the IDEM will serve on the District its written statement of position, including any supporting factual data, analysis, opinion, or documentation.

33. An administrative record of the dispute shall be maintained by IDEM and shall contain all statements of position, including supporting documentation, submitted pursuant to Paragraphs 31 and 32.

34 IDEM's statement of position shall be binding upon the District unless the District files a petition with the Court describing the nature of the dispute and a proposal for its resolution. The District's petition must be filed no more than thirty (30) days after receipt of

IDEM's statement of position. IDEM shall then have thirty (30) days to file a response setting forth their position and proposal for resolution. In any such dispute, the petitioner shall have the burden of proof, and the standard of review shall be that provided by applicable law.

35. Submission of any matter to the Court for resolution shall not extend any of the deadlines set forth in this Agreed Judgment, unless the Parties agree to such extension in writing or the Court allows the extension upon motion.

36. Stipulated penalties with respect to any disputed matter (and interest thereto) shall accrue in accordance with Paragraphs 21 and 22; however, payment of stipulated penalties, and any accrued interest, shall be stayed pending resolution of the dispute, as follows:

(a) If the dispute is resolved by informal agreement before appeal to this Court, accrued penalties (and interest), if any, determined to be owed shall be paid within sixty (60) days of the agreement or the receipt of IDEM's final position in writing.

(b) If the dispute is appealed to this Court and the IDEM prevails in whole or in part, the District shall pay all accrued penalties (and interest) determined to be owed, related to the issue(s) on which IDEM prevailed, within sixty (60) days of the Court's decision or order.

(c) In the event of an appeal, the District shall pay all accrued penalties (and interest) determined to be owed within sixty (60) days after a final decision no longer subject to judicial review has been rendered.

### **RIGHT OF ENTRY**

37. IDEM, and its representatives, contractors, consultants, and attorneys shall have the right of entry into and upon the District's wastewater treatment facility and collection system, at all reasonable times, upon proper presentation of credentials, for the purposes of:



- (a) Monitoring the progress of activities required by this Agreed Judgment;
- (b) Verifying any data or information required to be submitted pursuant to this Agreed Judgment;
- (c) Obtaining samples and, upon request, splits of any samples taken the District or its consultants. Upon request, the District will be provided with splits of all samples taken by the IDEM; and
- (d) Otherwise assessing the District's compliance with this Agreed Judgment, the District's Current Permits, the CWA or applicable State law.

This Section in no way limits or affects any right of entry and inspection held by IDEM pursuant to applicable Federal or State laws, regulations, or permits.

#### **CERTIFICATION**

38. Any report, plan, or other submission that the District is required by this Agreed Judgment to submit shall be signed by an official or authorized agent of the District and shall include the following certification:

I certify under penalty of law that the document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gathered and evaluated the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

39. The District or IDEM shall not object to the admissibility into evidence of any report, plan, or other submission prepared in accordance with this Paragraph or the information contained in said reports in any proceeding initiated by any of the Parties to this Agreed Judgment to enforce this Agreed Judgment. Notwithstanding the above, the District or IDEM may seek in accordance with applicable law to submit any contradictory or other evidence as to

any matter affected by the evidence referred to in the preceding section in any proceeding to enforce this Agreed Judgment.

### **NOT A PERMIT/COMPLIANCE WITH OTHER STATUTES/REGULATIONS**

40. This Agreed Judgment is not and shall not be construed as a permit, or a modification of any existing permit, issued pursuant to Section 402 of the CWA, 33 U.S.C. § 1342, or State law, nor shall it in any way relieve the District of its obligations to obtain permits for its wastewater treatment facilities, collection system, or modifications thereto, and to comply with the requirements of any NPDES permit or with any other applicable Federal or State law or regulation, including the obligation to obtain facility construction permits pursuant to Title 327 of the Indiana Administrative Code, Article 3. Any new permit, or modification of existing permits, must be complied with in accordance with applicable Federal and State laws and regulations.

41. Nothing herein, including the incorporation of the CSO Control Measures specified in Attachment 1 into this Agreed Judgment, or IDEM's review or approval of any plans, reports, policies or procedures formulated pursuant to this Agreed Judgment (including any Revised CSO Control Measures Plan), shall be construed as relieving the District of the duty to comply with the CWA, the regulations promulgated there under, and all applicable permits issued there under, or as relieving the District of its duty to comply with applicable state law.

### **EFFECT OF COMPLIANCE**

42. IDEM does not, by its consent to the entry of this Agreed Judgment, warrant or aver in any manner that the District's complete compliance with this Agreed Judgment will result in compliance with the provisions of the CWA, 33 U.S.C. §§ 1251 et seq., applicable state law, or the District's NPDES permits.

### **EFFECT OF AGREED JUDGMENT AND NON-WAIVER PROVISIONS**

43. Nothing contained in this Agreed Judgment shall be construed to prevent or limit IDEM's rights to obtain penalties or further or additional injunctive relief under State statutes or rules, including, but not limited to, criminal punishment under applicable State laws and rules respectively except as expressly specified herein.

44. This Agreed Judgment resolves the civil claims of IDEM for civil penalties and injunctive relief for the violations alleged in the Complaint filed herein through the date of entry of this Agreed Judgment.

45. IDEM further reserves all rights against the District with respect to any violations by the District that occur after the date of lodging of this Agreed Judgment, and/or for any violations of applicable state law not specifically alleged in the Complaint filed herein, whether they occurred before or after the date of lodging of this Agreed Judgment.

46. The Parties agree that the District is responsible for achieving and maintaining complete compliance with all State laws, rules, and permits, and that compliance with this Agreed Judgment shall be no defense to any actions commenced by IDEM pursuant to said laws, regulations, or permits, except as set forth herein.

47. This Agreed Judgment does not limit or affect the rights of the Parties as against any third parties that are not Parties to this Agreed Judgment. The Parties recognize that this Agreed Judgment resolves only matters between IDEM and the District and that its execution does not preclude the District from asserting any legal or factual position in any action brought against it by any person or entity not a Party to this Agreed Judgment.

48. IDEM reserves any and all legal and equitable remedies available to enforce the provisions of this Agreed Judgment.

49. This Agreed Judgment shall not limit any authority of IDEM under any applicable statute or regulation, including the authority to seek information from the District, to require monitoring, to conduct inspections, or to seek access to the property of the District; nor shall anything in this Agreed Judgment be construed to limit the authority of IDEM to undertake any action against any person, including the District, in response to conditions that may present an imminent and substantial endangerment to the environment or to the public health or welfare.

50. Obligations of the District under the provisions of this Agreed Judgment to perform duties scheduled to occur after the signing, but prior to the date of entry, shall be legally enforceable from the date this Agreed Judgment is signed by the District. Liability for stipulated penalties, if applicable, shall accrue for violation of such obligations and payment of such stipulated penalties may be demanded by the IDEM as provided in this Agreed Judgment. The contempt authority of this Court shall also extend to violations of such obligations.

#### **COSTS OF SUIT**

51. Each Party shall bear its own costs and attorneys' fees with respect to matters related to this Agreed Judgment.

#### **MODIFICATION**

52. Except as provided below, there shall be no material modification of this Agreed Judgment, Exhibits attached to this Agreed Judgment, or the submittals approved under this Agreed Judgment without written approval by the Parties and the Court. Any non-material modification of this Agreed Judgment, its Exhibits, or approved submittals shall be in writing and signed by the Parties. Any modifications to the attached Exhibits or subsequently approved submittals that are specifically allowed under the terms of those Exhibits or submittals may be

made in accordance with the terms of those Exhibits or approved submittals. All modifications, whether material or non-material, shall be deemed an enforceable part of this Agreed Judgment.

### **CONTINUING JURISDICTION**

53. The Court shall retain jurisdiction to enforce the terms and conditions and achieve the objectives of this Agreed Judgment and to resolve disputes arising hereunder as may be necessary or appropriate for the construction, modification, implementation or execution of this Agreed Judgment.

### **TERMINATION**

54. Upon motion filed with the Court by IDEM or the District, the Court may terminate the terms of this Agreed Judgment upon the mutual consent of IDEM and the District or after each of the following has occurred:

(a) The District has achieved compliance with all provisions contained in this Agreed Judgment, and subsequently has maintained satisfactory compliance with each and every provision for twelve consecutive months;

(b) The District has paid all penalties and other monetary obligations due hereunder and no penalties or other monetary obligations due hereunder are outstanding or owed to IDEM; and

(c) At least one hundred twenty (120) days prior to filing the motion, the District has certified to IDEM that it has complied with the terms of this Agreed Judgment and has provided sufficient documentation to IDEM to support its certification.

### **SIGNATORIES/SERVICE**

55. The Indiana Deputy Attorney General signing this Agreed Judgment, on behalf of the State of Indiana and IDEM, and the undersigned representative of the District each certifies

that he or she is authorized to enter into the terms and conditions of this Agreed Judgment and to execute and bind legally such Party to this document.

56. The Parties agree that the District need not file an answer to the Complaint in this action unless or until the Court expressly declines to enter this Agreed Judgment.

**FINAL JUDGMENT**

57. Upon approval and entry of this Agreed Judgment by the Court, this Agreed Judgment shall constitute the final judgment of the Court between IDEM and the District.

THE UNDERSIGNED PARTIES enter into this Agreed Judgment:

FOR THE STATE OF INDIANA  
STEVE CARTER  
Attorney General of Indiana

By: Sierra L. Cutts  
Sierra L. Cutts, Deputy Attorney General  
Office of the Attorney General  
Indiana Government Center South, 5<sup>th</sup> Floor  
302 West Washington Street  
Indianapolis, Indiana 46204

DATED: 9-27-2007

FOR IDEM

Thomas W. Easterly  
THOMAS W. EASTERLY, Commissioner  
Indiana Department of Environmental Management  
100 North Senate Avenue, IGCN 1301  
Indianapolis, Indiana 46204

DATED: 9-27-2007

FOR THE EAST CHICAGO SANITARY DISTRICT

[Signature]  
Representative, East Chicago Sanitary District  
5201 Indianapolis Boulevard  
East Chicago, Indiana 46312-3892

DATED: 9-15-07



The Court finds there is no just reason for delay and therefore approves and enters this Agreed Judgment as a final judgment.

SO ORDERED this \_\_\_\_\_ day of \_\_\_\_\_, 2007.

\_\_\_\_\_  
Judge, Lake Circuit Court

Distribution:

Sierra L. Cutts, Indiana Attorney General's Office, 302 West Washington Street, IGCS, 5<sup>th</sup>  
Floor, Indianapolis, Indiana 46204

Joseph Allegretti, 6920 Hohman Avenue, Hammond, Indiana 46324