

FILED
March 27, 2020
INDIANA UTILITY
REGULATORY COMMISSION

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF LMH)
UTILITIES, INC. FOR A NEW SCHEDULE OF) CAUSE NO. 45307-U
RATES AND CHARGES.)


CONSUMER COMMENTS – PUBLIC’S EXHIBIT NO. 5

ON BEHALF OF THE

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

March 27, 2020

Respectfully submitted,



Daniel M. Le Vay, Atty. No. 22184-49
Deputy Consumer Counselor

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing *CONSUMER COMMENTS* has been served upon the following counsel of record in the captioned proceeding by electronic service on March 27, 2020.

Jeffrey C. Tucker
2005 Jamison Drive, Suite 104
Bright, Indiana 47025
E-mail: jeff.tucker@tucker.homes.com

L. Parvin Price
Jeffrey M. Peabody
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Daniel M. Le Vay
Deputy Consumer Counselor

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

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317/232-2494 – Phone
317/232-5923 – Facsimile

Rivera, Olivia

From: kkeener@zoomtown.com
Sent: Tuesday, December 3, 2019 4:43 PM
To: UCC Consumer Info
Subject: Cause# 45307-U Attn: Olivia

Categories: aa- Comment - LMH

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This a comment related to the cause# above

Members of the commission,

I am a homeowner at 1228 Campground Drive in Miller Township, Dearborn County, and a customer of LMH Utilities Corporation. I appreciate this opportunity to express my objection to the 95% rate increase sought by LMH.

I have read the official document provided on your site that lays out the company's reasons for seeking a rate increase. An increase after ten years of an unchanged rate is certainly reasonable. The costs of doing business, such as salaries, are in line with that. At the same time, the company must have enjoyed sufficient revenues for most of that time since it sought no increases until now. The cost factors listed do not add up to a sudden doubling of the rate. Even if the 95% were spread out over the ten years, that's 9.5% per year, an equally unreasonable figure. And there's no suggestion of a dire catch-up need to such a degree.

I acknowledge the treatment capacity expansion by LMH, and that the company is entitled to compensation for capital expense. I would like the company to provide the board with the date that the work was completed and a certified statement of expenses. Unless the work is recent, I would suggest that the current monthly rate covered the project. In any case, a 95% increase seems outsized.

I am dubious about a claim of sustained lost business because of foreclosures soon after 2008. I would like to see data that show how many homes are still empty. There are none in the subdivisions close to mine. The company should be able to produce certified customer lists from 2009 and 2019 to enable the board to make a comparison. As to new clients, I suggest that a significant new subdivision adjacent to the fire house on Stateline Road might be a source of new customers for LMH. I do not know whether that construction falls within the LMH area.

LMH is a family owned company with customers who have no choice to opt out. The company thus has a guaranteed customer base with a steady flow of income. That's why such companies are designated as utilities and thus must be subject to just restraints. Only a government agency stands in the way of corporate greed. Citizens like me depend on your good judgment and civic duty. It's clear to me that LMH is after a windfall, not a reasonable and justifiable profit. Please examine this case carefully and allow LMH Utilities Corporation what it deserves but not in excess of that. Thank you sincerely.

Kenneth C. Keener

1228 Campground Drive Bright Indiana 47025
kkeener@zoomtown .com 812 637 0645

Rivera, Olivia

From: noreply@formstack.com
Sent: Friday, November 29, 2019 4:52 PM
To: UCC Consumer Info
Subject: OUCC_Contact_2361
Categories: aa- Comment - LMH

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Formstack Submission For: [OUCC_Contact_2361](#)
Submitted at 11/29/19 4:51 PM

Title: Mrs.

Name: Cheryl Seaver

Email: cherylseaver@gmail.com

Address: 2352 Judd Drive
Lawrenceburg, IN 47025

Telephone (Best number to reach you between 8:00 am and 4:30 pm, Eastern Time, Monday through Friday):: (513) 237-6493

Type of phone:: Mobile

If you do not have telephone service,;

If providing comments on a specific case, please IURC Cause No. 45307-U

**indicate the cause number
and/or name of utility::**

Your Comments::

Hello, I'm a current customer of LMH Utilities.
This company makes every customer pay a \$200 deposit upon activation of an account, that you never get back unless you cancel the service. Also, doubling the rate is absolutely outrageous! I understand a small increase from time to time but they already capitalize the area's sewage service. If they're not making money then they are not financially sound to begin with. I firmly oppose this rate hike by LMH!

Thank you for your representation.

Sincerely,

Cheryl Seaver

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Formstack, 11671 Lantern Road, Suite 300, Fishers, IN 46038

Rivera, Olivia

From: noreply@formstack.com
Sent: Friday, November 22, 2019 8:16 PM
To: UCC Consumer Info
Subject: OUCC_Contact_2361
Categories: aa- Comment - LMH

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Formstack Submission For: [OUCC_Contact_2361](#)
Submitted at 11/22/19 8:16 PM

Title: Mr.

Name: Elmer Bischoff

Email: elmer.bischoff@yahoo.com

Address: 25617 Brightleaf Drive
West Harrison, IN 47060

Telephone (Best number to reach you between 8:00 am and 4:30 pm, Eastern Time, Monday through Friday):: (513) 616-4616

Type of phone:: Mobile

If you do not have telephone service,;

If providing comments on a specific case, please LMH Utilities

**indicate the cause number
and/or name of utility::**

Your Comments::

A short time ago people in this area received a letter from LMH Utilities informing everyone that they have applied for a 95% increase in addition to other increases that was mentioned in the letter. I vehemently object to this increase for numerous reasons. LMH for one charges based only on water usage. Watering of grass and flowers, washing of cars, adding to swimming pools and any other general outdoor cleaning is included as part of the sewer bill but obviously this water never enters the sewer system. There is an option to purchase an outdoor meter at a substantial cost to track the outdoor usage. This is a major inconvenience both due to only being reimbursed once a year as well as the problems that occur with the meter being located in one area.

The excessive increase request will result in a bill that is in no way comparable to other local rural areas like the Bright/Logan area. The St. Leon area sewer bills are similar to what people in this area pay now. Again the requested increase is out of line and needs further discussion.

Respectfully

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Formstack, 11671 Lantern Road, Suite 300, Fishers, IN 46038

Rivera, Olivia

From: noreply@formstack.com
Sent: Saturday, December 28, 2019 6:07 PM
To: UCC Consumer Info
Subject: OUCC_Contact_2361
Categories: aa- Comment - LMH

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Formstack Submission For: [OUCC_Contact_2361](#)
Submitted at 12/28/19 6:06 PM

Title: Mrs.

Name: Gina Hoffmeister

Email: ginah@fioptics.com

Address: 1919 South Pointe Dr
Lawrenceburg, IN 47025

Telephone (Best number to reach you between 8:00 am and 4:30 pm, Eastern Time, Monday through Friday):: (812) 637-5024

Type of phone:: Home

If you do not have telephone service,:

If providing comments on a specific case, please indicate the cause number and/or name of utility::

Cause #45307-U LMH Utilities IURC- rate increase

Your Comments::

I am a customer of the LMH Utilities and on my behalf I am filing a complaint against the 50-60% increase in the LMH sewer rates. I believe this is an unjust rate increase at this percentage. If this utility company needed to raise their rates, they should have done it a least 1 or 2 percent at a time. Most of the customers in my surrounding area are on fixed incomes and this increase is way out of line for them. I would hope this would not be approved at this high of a rate increase. Thank you

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Formstack, 11671 Lantern Road, Suite 300, Fishers, IN 46038

Rivera, Olivia

From: Tracy Hodges <bumbleth@mail.com>
Sent: Monday, February 17, 2020 6:49 PM
To: UCC Consumer Info
Subject: IURC Cause No. 45307-U

Categories: aa- Comment - LMH

**** This is an EXTERNAL email. Exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email. ****

My name is Tracy Hodges and I am a customer of LMH Utilities, Inc.

I do not have a problem with LMH raising their rates, but not 24%. I am in favor of a 1% to 2% which is in line with a lot of other utilities. We were a family of 4 and now a family of 2 and we pay the same amount. There was no difference and you would have thought that there would have been. When we use our water during the summer time, LMH gets their portion which is higher because of the water usage and not part of sewage.

After being in the meeting and hearing testimony after testimony, LMH does not stand behind their sewage and as customers we feel why should we have to pay more for what. There is no justification in the 24% rate increase that they are asking.

Thank you.
Tracy Hodges
2533 Brookestone Way
West Harrison, IN 47060
812-637-5602
C-513-255-5937
Email: bumbleth@mail.com

Rivera, Olivia

From: noreply@formstack.com
Sent: Monday, November 25, 2019 1:20 PM
To: UCC Consumer Info
Subject: OUCC_Contact_2361
Categories: aa- Comment - LMH

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Formstack Submission For: [OUCC_Contact_2361](#)
Submitted at 11/25/19 1:20 PM

Title: Mr.

Name: Jeff Quinn-Hartley

Email: jquinn5306@aol.com

Address: 2433 Renck Ct
Lawrenceburg, IN 47025

Telephone (Best number to reach you between 8:00 am and 4:30 pm, Eastern Time, Monday through Friday):: (513) 319-1082

Type of phone:: Mobile

If you do not have telephone service,:

If providing comments on a specific case, please indicate the cause number and/or name of utility::

Re: Cause #45307-U LMH Utilities Corp

Your Comments::

We request a hearing on proposed rate increase by LMH utilities. This small family owned utility does not need to double there revenues based upon there own income statement shown, Why in documents, did they show 2018 individual lines for accounting but on previous year just totals of income and expenses? Also, why wait to send out letter ,which we receive on Friday November 15th , when due date for comments is a little more than week away? They filed for this increase on October 16th. it seems that they were hoping with holidays and everyday life we would not notice this and it would sail through based upon small utility rules.

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Formstack, 11671 Lantern Road, Suite 300, Fishers, IN 46038

November 27, 2019

Re: Cause No. 45307, LMH Utilities, 94.26% Rate Increase

Dear OUCC,

I'm sure the OUCC has received dozens of comments regarding LMH's purposed rate increase. Many of those comments probably include the words "absurd", "ridiculous", "excessive", and "outrageous". I am sure the OUCC hears these types of comments daily across all types of utilities. I would like to take a different route in response to the proposed increase. As a captive customer of a private, for-profit sewer utility, I will defer judgment on the pending rate increase to the Office of Utility Consumer Counselor. However, I would like to dispute the narrative summary LMH provided to the IURC.

In the notice provided to customers there was no explanation given by LMH for the proposed increase. Every customer has been left wondering why are my rates going up. I took it upon myself to research the alleged cause of the rate increase. In its petition filed with IURC on October 14, 2019, LMH maintains as justification for the rate increase:

L.M.H. Utilities Corporation ("LMH")'s last general rate increase was over a decade ago, in Cause No. 43431. Pursuant to approval received in that case, LMH installed a large collection system and expanded our plant capacity from 300,000 GPD to 480,000 GPD so as to provide reasonable and adequate service to customers in the Logan, Miller and Harrison Townships located in the Bright area. These significant capital investments have not been reflected in rate base. In addition, LMH's costs to provide service have continued to rise over the past ten years. At the same time, the economic downturn of 2009 caused many foreclosures on homes in our service area and new construction has been essentially non-existent. As a result, we have not been able to rely on new customer growth to help offset our increasing costs. Accordingly, LMH's current basic rates and charges are insufficient, unreasonable, and should be increased.

The first time I read LMH's statement it sounded accurate, clear and concise. Due to the level of the rate increase, I decided to do some further research to validate LMH's statements.

"L.M.H. Utilities Corporation ("LMH")'s last general rate increase was over a decade ago, in Cause No. 43431."

LMH's last increase took effect in 2008 and it is now 2019. This is a true statement.

"Pursuant to approval received in that case, LMH installed a large collection system and expanded our plant capacity from 300,000 GPD to 480,000 GPD so as to provide reasonable and adequate service to customers in the Logan, Miller and Harrison Townships located in the Bright area. These significant capital investments have not been reflected in rate base."

LMH states that the large collection system and plant capacity upgrade from 300,000 GPD to 480,000 GPD was not included in its rate base. On March 26, 2008, Harold Rees from the IURC inspected the treatment plant and concluded that these improvements were complete and amounted to \$1,362,827 (Cause 43431, Public Exhibit #3, Harold Rees Testimony Page 6). On August 26, 2008, the OUCC concluded that "The "OUCC's Total Original Cost Rate Base of \$1,685,605 includes the actual cost of the 2006 Plant Expansion (\$1,362,827)" (Page 23). Based upon past filings with the IURC, the capital improvements LMH claims are driving rates upward, were already completed and accounted for in the 2008 rate increase. The improvements were included in the rate base in cause number 43431. This statement is categorically false.

“In addition, LMH’s costs to provide service have continued to rise over the past ten years.”

Based upon LMH’s 2007 Federal Tax Return, expenses totaled \$908,781. The recent regulatory filing with the IURC references total expenses of \$768,637, a decrease of \$140,144 (15.4%) from 2007. While the IRS account structure does not map perfectly with the IURC account structure, many account classifications are the same. Based upon the analysis in Exhibit 1, expenditures are down, not up. One account classification which did increase substantially from 2007 was wages. 2007 total wages were \$106,783. In the wage detail submitted to IURC, wages have risen to \$256,620, an increase of over 140%. Currently, five of the six LMH employees are members of the Tucker family. While there are no laws regarding nepotism for privately held corporations, the organizational structure should pose a concern to the public and any regulatory body. If the proposed rate increase is approved, how many more Tucker family members will LMH employ? At what point does the IURC take a stand? All in all, another false statement.

“At the same time, the economic downturn of 2009 caused many foreclosures on homes in our service area and new construction has been essentially non-existent. As a result, we have not been able to rely on new customer growth to help offset our increasing costs.”

Connection fees and the quantity of new customers joining the sewage system should have virtually no impact on existing customers. Tap fees should be the cost of installing sewage lines to connect a new customer to the system. System development charges should be set aside to potentially expand system capacity. The IURC defines a system development charge as “a one-time fee assessed to new customers of water or sewer utilities to help finance development of utility systems, mainly those dealing with facilities for production, treatment or storage necessary to serve those new customers”. Neither tap fees or system development charges should offset or subsidize normal operating costs. Hypothetically, if a sewage utility’s customer base doubles one could rationally assume the capacity of the treatment plant would also need to double. There’s a reason it is called a “system development charge” after all.

LMH is not proposing a change to its connection fees. The standard tap fee of \$625 and system development charge of \$1,174 for a 5/8” meter have not changed since at least the 1990’s. Based upon discussion during previous rate hearings and the fact that these charges have not been adjusted in thirty plus years, they must be artificially low. LMH has added approximately 132 customers from 2007 to 2018, potentially forgoing thousands of dollars in the meantime due to outdated connection fees. Even worse, LMH has a cash balance of \$120,529 at the close of 2018. Accounting for the approximately 132 customers who joined the system between 2007 and 2018, system development charges would amount to at least \$154,968. Thus, it is apparent LMH is utilizing its system development charges for operating costs instead of setting them aside for future capacity. Yet again, another blatantly false statement from LMH which contradicts the very nature of system development charges.

“Accordingly, LMH’s current basic rates and charges are insufficient, unreasonable, and should be increased.”

As this statement is an opinion it cannot be classified as true or false. Opinions based upon false and misleading facts are often unfounded and unreliable. The explanation provided by LMH to the IURC includes numerous false and misleading statements. LMH should re-examine its current financial condition and come back to the IURC with a more reasonable rate increase while telling its customers the truth. Anything less than the truth would be an injustice to its customers and deceptive behavior for personal gain.

A 94.26% increase is not practical for any utility system. LMH's current rates rank 12th least expensive out of 38 metered sewage utilities regulated by the IURC. The proposed rate increase would push the ranking to 36th least expensive out of the 38 metered sewage utilities regulated by the IURC.

In addition, the Contributions in Aid of Construction figure included in LMH's October 14, 2019 filing of \$2,441,750 should be examined by the IURC. As part of case 43431, LMH attempted to consider a similar amount as part of the rate base. To refresh the OUCC's memory, the OUCC concluded:

Most importantly, our reliance on the OUCC's primary proposal more accurately reflects that the burden of establishing rate base rests with this utility that is now seeking to increase its rates. With respect to the \$2,544,548 rate base provided by Petitioner, this is a burden it did not meet. The utility's last IURC annual report before initiating its 2006 Plant Expansion indicated a negative rate base. It is reasonable for us to now conclude that it has a rate base that includes no more than 100% of the actual cost of its 2006 Plant Expansion as well as Petitioner's asserted values for Land, Office Equipment, Machinery & Equipment and Transportation Equipment. Any further accommodation would result in obviously rewarding a utility that failed to keep adequate records with a rate base higher than one it would have achieved had it kept accurate records. (OUCC ruling filed on August 26, 2008, Page 29).

Respectfully,

Kenneth Hoffman Jr.
2665 Oak Haven Drive
West Harrison, IN 47060
513-338-3380
kennyhoffmanjr@gmail.com

CC:

Jeff Tucker
Jeffrey Peabody

LMH Utilities Expense Comparison
Exhibit 1

Account #	Account Name	2007	2018	\$ Variance
701	Salaries & Wages - Employees	60,784	108,525	47,741
703	Salaries & Wages - Officers, Directors and Majority Stockholders	45,999	129,050	83,051
704	Employee Pensions and Benefits	11,253	18,484	7,231
711	Sludge Removal Expense	89,233	44,267	(44,966)
715	Purchased Power	70,780	78,938	8,158
718	Chemicals	10,227	9,570	(657)
720	Materials and Supplies	36,993	53,370	16,377
732	Contractual Services - Accounting	-	10,145	10,145
733	Contractual Services - Legal	-	28	28
736	Contractual Services - Other	202,537	25,399	(177,138)
741	Rental of Building/Real Property	6,500	6,000	(500)
750	Transportation Expenses	1,393	34,883	33,490
755 - 759	Insurance	11,782	26,564	14,782
767	Regulatory Commission Expenses - Other	-	3,056	3,056
770	Bad Debt Expense	-	6,171	6,171
775	Miscellaneous Expenses	-	12,663	12,663
403	Depreciation	138,103	92,754	(45,349)
408.11	Property Taxes	9,201	49,503	40,302
408.12	Payroll Taxes	9,227	20,834	11,607
408.1 - 408.2	Utility Receipts Tax	8,412	10,364	1,952
427	Interest Expense	50,646	28,069	(22,577)
	Miscellaneous*	119,119	-	(119,119)
	Office*	7,662	-	(7,662)
	Repairs and Maintenance*	6,074	-	(6,074)
	Telephone*	4,236	-	(4,236)
	Postage*	3,804	-	(3,804)
	Permits*	2,485	-	(2,485)
	Dues & Licenses*	1,075	-	(1,075)
	Waste*	930	-	(930)
	Meals*	326	-	(326)
	Total Expenses	908,781	768,637	(140,144)

* Expense account classification did not align with the IURC chart of accounts.

Rivera, Olivia

From: noreply@formstack.com
Sent: Monday, December 9, 2019 4:35 PM
To: UCC Consumer Info
Subject: OUCC_Contact_2361
Categories: aa- Comment - LMH

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Formstack Submission For: [OUCC_Contact_2361](#)
Submitted at 12/09/19 4:34 PM

Title: Ms.

Name: Sherri Richardson

Email: sherich69@gmail.com

Address: 22953 Redwood Drive
Lawrenceburg, IN 47025

Telephone (Best number to reach you between 8:00 am and 4:30 pm, Eastern Time, Monday through Friday):: (812) 637-3077

Type of phone:: Home

If you do not have telephone service,:

If providing comments on a specific case, please indicate the cause number and/or name of utility::

“IURC Cause No. 45307-U

Your Comments::

LMH hopes to double costs for its sewage service; yet, what benefit does this offer current customers. Is LMH even a legitimate utility company? They appear to be linked directly to Tucker Homes, providing sewage service to a number of Tucker Homes Subdivisions, including the one in which I reside. While I fully understand that it is often hard to compete "with the big companies," their request to raise rates seems unwarranted and could place some families in financial hardship. Please review LMH's request carefully, and in the event the rates must increase, please help the hard-working customers understand the reason for the increase, stating specifically how/if we will benefit. Thank you for your time and consideration.

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Formstack, 11671 Lantern Road, Suite 300, Fishers, IN 46038

Rivera, Olivia

From: Tom Walsh <tom.walsh72@gmail.com>
Sent: Sunday, February 16, 2020 3:33 PM
To: UCC Consumer Info
Subject: L.M.H. Utilities Rate Case (Case Number 45307-U)

Categories: aa- Comment - LMH

**** This is an EXTERNAL email. Exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email. ****

We attended the hearing on Thursday, Feb 13 at Bright Elementary school. We agree with the witnesses who spoke at the meeting. A 24% increase is outlandish and is obviously an effort by LMH to recover from years of misguided business practices. We can accept and understand a 2% increase. However, a more appropriate measure, especially since LMH originally proposed a 95% increase, would be to rescind their ownership of the sewer treatment operations.

Thank you for holding the hearing,

Thomas and Juliann Walsh
2713 Flagstone Dr.
West Harrison. IN 47060

Rivera, Olivia

From: noreply@formstack.com
Sent: Monday, November 25, 2019 8:45 PM
To: UCC Consumer Info
Subject: OUCC_Contact_2361
Categories: aa- Comment - LMH

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Formstack Submission For: [OUCC_Contact_2361](#)
Submitted at 11/25/19 8:44 PM

Title: Mrs.

Name: Verna Zahner

Email: vernadave@fuse.net

Address: 1909 Oakridge Drive
Lawrenceburg, IN 47025

Telephone (Best number to reach you between 8:00 am and 4:30 pm, Eastern Time, Monday through Friday):: (812) 655-2331

Type of phone:: Mobile

If you do not have telephone service,:

If providing comments on a specific case, please indicate the cause number and/or name of utility::

IURC Cause No 45307-U

Your Comments::

David and Verna Zahner are opposed to the significant rate increase requested by LMH Utilities, Inc. LMH offers no service when your system breaks. We are required to get an outside company to come in to fix. We don't understand the need for such a high increase except to put more money in LMH pockets. We are in full support of a public hearing.

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