OFFICIAL EXHIBITS

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF THE CITY OF EAST CHICAGO, INDIANA FOR AUTHORITY TO ISSUE BONDS, NOTES, OR OTHER OBLIGATIONS FOR AUTHORITY TO INCREASE ITS RATES AND CHARGES FOR WATER SERVICE, AND FOR APPROVAL OF NEW SCHEDULES OF WATER RATES AND CHARGES.	)))))))))	**CAUSE NO. 44826**

Verified Testimony and Exhibits of

Michael P. Gorman

IURC INTERVENOR'S EXHIBIT NO. 1 DATE 1-19-17 REPORTER AT

On behalf of

City of East Chicago Industrial Group

January 6, 2017

BRUBAKER & ASSOCIATES, INC.

Project 10342

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Verified Testimony of Michael P. Gorman

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Verified Testimony of Michael P. Gorman

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A Michael P. Gorman. My business address is 16690 Swingley Ridge Road, Suite 140, Chesterfield, MO 63017.

Q WHAT IS YOUR OCCUPATION?

A I am a consultant in the field of public utility regulation and a Managing Principal of Brubaker & Associates, Inc., energy, economic and regulatory consultants.

Q PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A This information is included in Appendix A to my testimony.

Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?

A I am appearing on behalf of an *ad hoc* group of intervenors, the City of East Chicago Industrial Group ("Industrial Group"). As industrial customers of the City of East Chicago ("East Chicago"), members of the Industrial Group are reliant upon East

Chicago for consistent, reliable and reasonably priced water service to support their respective operations.

Q WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A I will comment on the proposed Joint Stipulation and Settlement Agreement ("Settlement") between East Chicago and the Office of Utility Consumer Counselor ("OUCC") (collectively "Settling Parties") as to the stipulated revenue increase and the recovery of the increase on an across the board basis in this proceeding. Initially, East Chicago filed for an increase in revenues of $2.55 million, or 55%, over current estimated water revenues. The Settlement agrees to an increase of the same size, though with some modifications from East Chicago's initial request, as outlined in Schedule 1 to the Settlement. The Settlement also accepts an across the board allocation method for the increase.

I. Proposed Settlement Revenue Requirement

Q DO YOU BELIEVE THE SETTLEMENT IS REASONABLE?

A No. The Settlement revenue requirement is poorly constructed and overstates the revenue East Chicago needs to accomplish the capital spending and cash reserve funding targets included in the Settlement. The Settlement revenue requirement should be reduced by at least $148,470.

Q PLEASE EXPLAIN WHY THE SETTLEMENT REVENUE REQUIREMENT SHOULD BE REDUCED.

A The adjustments I propose to the Settlement include the following:

1. The Settlement revenue requirement will provide a material amount of rate revenue funding for extensions and replacements ("E&R"), and still fund cash

reserves in amounts that are far greater than the amounts identified as reasonable in the Settlement.

2. The Settlement modifies East Chicago's original requested 2017 bond issue amount of $16.55 million down to a 2017 bond issue amount of $14.9 million to fund East Chicago's E&R plan. However, the 2017 bond issue amount of $14.9 million still ignores that the Settlement revenue requirement will provide $4.3 million of rate revenue funding of the E&R budget through collection of depreciation expense over the five-year period reflected in the Settlement. Consequently, in the Settlement, the $14.9 million 2017 bond issue is overstated by $4.3 million. This amount represents the depreciation expense recovery over a five-year period that will be a source of cash available to fund part of the planned $14.9 million E&R budget included in the Settlement.

3. The Settlement includes annual amortizations designed to fund a $420,738 working capital cash reserve over five years, and to fund an increase to the debt service reserve by $321,660 to account for the planned 2017 bond issue. However, the Settlement revenue requirement produces over $1.0 million of cash available to fund the cash reserve, considerably more than needed.

Q BASED ON THESE PROPOSED ADJUSTMENTS HOW SHOULD THE REVENUE REQUIREMENT OF THE SETTLEMENT BE MODIFIED?

A The revenue requirement should be reduced by $148,470. With this reduction in the revenue requirement, charges to customers will be adequate to cover the expense of the 2017 bond issue and provide rate revenue funding adequate to support the $14.9 million E&R program over the next five years. Revenues will still provide adequate coverage of maximum debt service, including the new bond issue in 2017. My adjustments to the Settlement revenue requirement, and adjustment to maximum debt service coverage caused by changes in the 2017 bond issue amount, will reduce the maximum debt service coverage as proposed under the Settlement of 1.59x down to a maximum debt service coverage of 1.45x. The revised maximum debt service coverage is still well in excess of 1.25x required in the State Revolving Fund's financial requirements.

Q DO YOU HAVE ANY COMMENTS CONCERNING THE TRUE-UP PROVISION OF THE SETTLEMENT?

A Yes. The true-up provision of the Settlement will adjust the final revenue requirement based on the actual interest expense on the 2017 bond issue. The Settlement revenue requirement is based on a 2% interest rate on the 2017 bond issue, but the Settling Parties state that the actual interest rate could range between 2% to 4%.

Within the true-up, East Chicago should be directed to try to refinance its existing bond indentures to offset any change in the cost of interest for the 2017 bond issue. Specifically, East Chicago's filing includes a 4.4% interest rate on its 2006 bond issue. To the extent East Chicago is able to refinance this at a lower interest rate, that reduced interest cost may offset any increase in the interest rates that may be realized based on the actual interest rate for the 2017 bond issue. Further, East Chicago has a 2002 bond issue at an interest rate of 2.9%. Again, if this bond issue can be refinanced at a lower interest rate, that reduced interest cost should be reflected in the true-up filing.

II. Revenue Requirement Adjustment

Q PLEASE DESCRIBE WHY YOU BELIEVE THE SETTLEMENT REVENUE REQUIREMENT WILL PROVIDE MORE FUNDING THAN NECESSARY TO MEET THE OBJECTIVES OF THE E&R AND CASH RESERVE TARGETS CONTAINED IN THE SETTLEMENT.

A My Attachment MPG-A, page 1, shows the Settlement revenue requirement, and projected operating expenses, and debt service costs, over the next five-year period. As shown on Attachment MPG-A, page 1, the Settlement revenue requirement for calendar years 2017 through 2021 will cover all cash operating expenses and annual debt service costs projected for East Chicago during that five-year period, and produce "net" revenue after all cash operating expenses have been paid in an aggregate amount of around $5.34 million over this five-year period. The Settlement revenue requirement produces a coverage of maximum debt service of 1.59x.

This net revenue, after cash expenses, of $5.34 million is more than adequate to cover the depreciation portion of E&R funding projected by the Settling Parties of $4.325 million over the same period. This results in additional cash, after depreciation/E&R funding has been funded by rate revenue, of approximately $1 million over this five-year period. In effect, the Settlement revenue requirement would allow East Chicago to fully recover its depreciation expense to reinvest in its E&R program, but also allow for additional contributions to cash reserves of up to $1 million over this time period.

This amount of rate revenue funding is excessive in relationship to the cash needed to meet these obligations as contained in the Settlement. The Settlement contains a cash working capital reserve of $420,738 (Schedule 7) and a debt service reserve increase to reflect the 2017 bond issue in the amount of $321,660 (Schedule 9).

In summary, the Settlement provides for E&R funding from depreciation expense of $4.32 million as reflected on Attachment MPG-A, page 1, line 15, but also identifies the two cash reserves in a total amount of $743,000 to be funded through rate revenue. As such, the Settlement revenue requirement overstates the cash needed to support East Chicago's E&R program and cash reserves by approximately $360,000 over the five-year period reflected.

Q WHAT REVENUE REQUIREMENT DO YOU RECOMMEND THE COMMISSION APPROVE IN LIEU OF THE SETTLEMENT REVENUE REQUIREMENT IN THIS PROCEEDING?

A I recommend the Settlement revenue requirement be adjusted by two factors to arrive at a final revenue requirement of $7,430,874, or a $148,470 reduction to the Settlement revenue requirement. My adjustments are described as follows:

1. The 2017 bond issue of $14.9 million should be reduced by the $4.325 million recovery of depreciation expense. This revenue recovery will produce cash available to East Chicago to fund, in part, the $14.9 million E&R program budget included in the Settlement. As such, the $14.9 million 2017 bond issue should be reduced by $4.325 million, for an adjusted 2017 bond issue amount of $10.6 million.

2. I reflected the possibility that East Chicago can refinance its 2006 bond issue interest rate. In estimating the cost of its 2017 bond issue, the Settling Parties assumed the bond interest rate could be issued in the range of 2% to 4%. The 2006 bond issue is currently at 4.4%. The Commission should instruct East Chicago to attempt to refinance this bond issue after rates are structured to allow East Chicago to fully recover its debt service costs and meet its capital program costs. In my revenue requirement, I assume that this bond issue can be refinanced at an interest rate no higher than 4%. However, I recommend that the Settlement term for East Chicago's actual true-up position include the 2017 bond issue and to reflect for changes, if any, that can be made to the 2006 bond issue interest rate.

Q WITH THESE ADJUSTMENTS, WHAT REVENUE REQUIREMENT WOULD BE ADEQUATE TO FUND THE E&R PROGRAM, AND THE CASH RESERVES AS CONTEMPLATED IN THE SETTLEMENT?

A The revenue requirement under the Settlement should be reduced by $148,470. At this level, East Chicago should be able to fully fund its E&R program with a 2017 bond issue of $10.5 million, fully fund its cash reserves as contemplated in the Settlement, and produces a coverage of maximum debt service of 1.45x. This is shown on my Attachment MPG-A, page 2. As shown on this page, based on actual debt service costs, East Chicago will be able to fully recover these expenses, and fund its cash reserves in line with the targets included in the Settlement.

Q EAST CHICAGO CLAIMS THAT IT COULD JUSTIFY A 100% RATE INCREASE. BASED ON THAT CLAIM DO YOU BELIEVE IT IS REASONABLE TO REDUCE THE REQUESTED INCREASE?

A Yes. Although East Chicago states, numerous times, that it could seek a 100% increase in current revenues, East Chicago has also made the decision that a lower, 55%, increase is appropriate in order to avoid rate shock. Implicit in that decision is the conclusion that the lower increase also meets the current and near term financial needs of the utility. If that were not so, if the requested revenue requirement were below the amount needed to meet those needs, East Chicago would be doing a significant disservice to its customers that rely on it to provide consistent, reliable, and reasonably priced service.

I have shown that a reduction to the Settlement revenue requirement still allows East Chicago to meet its financial operating needs and help it return to financial health. Accordingly, it is reasonable to utilize the lower revenue requirement and further assist the utility's customers in avoiding a very significant rate increase.

It is also important that the Commission keep in mind why East Chicago is in the financial position it is in. East Chicago acknowledges that the utility was losing money, in the words of Mr. Crowley, "for a number of years", yet it delayed seeking rate relief. (Petitioner's Ex. 1 at 11). The fact that part of the delay in seeking an increase was because its new treatment plant was not operational (*see* Petitioner's Ex. 3 at 9) is not an excuse. If the utility were in an untenable financial situation, it had an obligation to seek a rate increase, not to wait until the situation reached a juncture where it wishes to impose a 55% across the board increase. Imposing such large increases is its own form of rate shock. While the average residential bill may increase by less than $6 per month, (Petitioner's Ex. 1 at 11), as I show later the increases for some of East Chicago's largest customers are tens, and hundreds, of thousands of dollars annually.

Whatever the intention of the City in not seeking an increase sooner, sporadic increases of that nature are problematic and pose significant challenges for all users. In that context, the lower increase I have recommended is also appropriate regardless of whether East Chicago could have asked for more of an increase.

Further, it is my understanding that a portion of the increase sought in this case is to refund interdepartmental loans to the utility, some of which have been rolled over. *See* Attachment MPG-B. I am aware of at least one decision from the Commission that found the setting of prospective rates to include recovery necessary to refund transfers is retroactive ratemaking.[1] Accordingly, I believe it is justifiable to consider the exclusion of funds from the revenue requirement.

III. Rate Design

Q DO YOU HAVE ANY CONCERNS WITH REGARDS TO THE SETTLEMENT'S ACCEPTANCE OF AN "ACROSS THE BOARD" RATE INCREASE AND RESULTING RATE DESIGN?

A Yes. Recovery of the costs of operating a utility should be based on cost of service principles. That is, costs should be assigned to cost causers, and rates should be designed to recover those costs from the cost causers. As the Commission has long recognized, there are many sound and well recognized reasons supporting the use of

[1] In re Town of Nashville, 1988 WL 1621475 (Ind. U.R.C Cause No. 38481, Aug. 31, 1998).

a cost of service based approach to rate setting. These include considerations such as basic fairness and equity in rate setting so that customers are not burdened with paying for costs they do not impose on the system, and the need to send proper price signals to customers so that they can respond appropriately to the cost consequences of their consumption. This, in turn, promotes conservation on the part of customers as well as cost minimization for the utility by reducing the resources the utility needs to invest in order to provide safe, reliable, service.

The use of an "across the board" rate increase in which all components of every customer's bill increase by an equal percentage, as supported by the Settlement, deviates from this core principle of utility rate-making and necessarily imposes costs on customers without regard for whether they are cost-causers. As a consequence, the rate design agreed to as part of the Settlement is unfair and unjust.

Q WHAT IS THE GIVEN RATIONALE FOR IMPOSING AN "ACROSS THE BOARD" INCREASE ON CUSTOMERS?

A In Mr. Sommer's direct testimony he states simply that a "straightforward across-the-board increase makes the most sense under the present circumstances." (Petitioner's Ex. 3 at 14). In discovery, East Chicago provided some additional context, explaining that the utility is in "dire" financial condition and that the "most important objective in these circumstances is to improve the financial health of the utility by increasing revenue." Attachment MPG-C.

Q **DO YOU AGREE WITH THE EAST CHICAGO'S EXPLANATION FOR WHY AN ACROSS THE BOARD INCREASE IS APPROPRIATE?**

A No. Part of the Commission's role in setting rates is ensuring that those rates are non-confiscatory to both the utility and to ratepayers. East Chicago's need to "fill the hole" in its finances looks only at the question of whether the rates set in this case are non-confiscatory for the utility and completely ignores the question of whether the rates are fair, just and reasonable as to the utility's consumers.

As I stated above, establishing rates on a cost of service basis is important for several reasons, including fairness and equity to ratepayers. By imposing costs on customers for which they are not responsible through an across the board increase, the Settlement is deviating from core regulatory principles. More specifically, it is imposing costs on customers for which they are not, demonstrably, responsible. Consequently, customers are paying more to the utility than the costs they impose on the system. Such rates are, by definition, confiscatory as to those ratepayers.

Q **ARE THERE OTHER REASONS YOU CONSIDER THE OFFERED JUSTIFICATION FOR AN ACROSS THE BOARD INCREASE INSUFFICIENT?**

A Yes. As expressed in Attachment MPG-C, East Chicago seems most concerned with stabilizing its financial condition. Financial stability is important for a utility to provide safe and reliable service. The utility's financial difficulties are, however, at least partially of its own making. East Chicago delayed seeking any rate increase until the completion of its new water treatment plant even as it faced financial difficulties. While it is understandable East Chicago would want to delay a rate case until that plant was operational and "used and useful", the financial stress currently being experienced by the utility does not emerge overnight. Clearly, changes to costs and revenues occurred over time. Rather than acting to adjust its rates in response to those changes in a timely manner, the utility elected a different path. The negative consequences of that choice, namely an easy across the board increase to fix the utility's financial condition, should not be imposed on ratepayers.

Q CAN YOU POINT TO EXAMPLES IN THE UTILITY'S CAPITAL PLAN WHICH SUGGEST CUSTOMERS ARE UNFAIRLY PAYING FOR COSTS WHICH THEY ARE NOT IMPOSING ON THE SYSTEM?

A. Yes. East Chicago's capital improvement plan ("CIP") is shown in Attachment GDC-4 to Petitioner's Exhibit 1, the direct testimony of Mr. Crowley. That Attachment shows extensive investment in the replacement of customer meters between 5/8ths and 1 inch. Meters in this size range primarily serve residential customers, and indeed, East Chicago states in discovery that "[a]ll of the residential meters" fall within that size range.[2] It is also clear this will be an ongoing investment, to the extent that through June 2016, East Chicago has replaced only about 44% of the meters one inch, or smaller.[3] There is no clear justification to impose the costs associated with replacing meters of that size on customers who use larger meters fed through larger distribution and transmission mains. Conversely, East Chicago states in discovery that "commercial, industrial, and multi-unit residential (i.e., apartment complex) customers will have to reimburse the City for replacement meters."[4] This puts cost responsibility directly on those customers for the costs associated with replacing their own meters, and relieves residential customers of that cost. As a result, large

[2] *See* Attachment MPG-D at: Petitioner's Response to OUCC DR 1-9.

[3] The 44% calculation is derived by dividing the total number of meters replaced one inch or smaller in Attachment GDC-5 to Petitioner's Exhibit 1 (2,717) with the total number of meters one inch or smaller in the system as shown on Attachment MPG-D at Petitioner's Response to Ind. Group. DR 2-15 (6,875).

[4] Attachment MPG-D at Petitioner's Response to Ind. Group DR 2-16.

customers are funding not only the replacement of their own meters, but a portion of the costs associated with replacing meters for residential customers. That is simply unfair.

It is particularly unfair given that East Chicago's 12 largest customers, excluding its wholesale customers, are funding almost 44.34% of the total requested revenue increase solely through increases in the Block 4 volumetric charge, with no demonstration that they are responsible for 44.34% of the total costs the utility will incur; or that recovery of those costs is appropriate through volumetric rates.[5]

For example, the CIP shows a planned large investment of over $4.2M for the construction of a new storage tank in 2019. All customers will likely benefit from that capital investment, but there is nothing which indicates that they should share the costs associated with that investment equally; or that the Utility's largest customers should bear 44.34% of that cost. Rather, the costs associated with that investment should be allocated to the various customer classes using appropriate cost of service principles, and rates should be designed to collect those costs appropriately.

Q EAST CHICAGO ADMITS IT HAS NOT PREPARED A COST OF SERVICE STUDY IN THIS CASE, WHAT DO YOU RECOMMEND IN ORDER TO BETTER ALIGN RATES WITH COST OF SERVICE?

A A short term solution, until East Chicago files a new base rate case, would be to hold Block 4 charges at their current levels. Only the largest customers will use the volumes above that level. To the extent that the rate increase in this case is meant to fund investments for smaller customers, such as meter replacements and line repair eliminating an increase to the Block 4 charges for those large customers would

[5] *See* Confidential Attachment MPG-E for calculation of revenue from Block 4 customers.

remove some of the cost responsibility for those improvements to portions of the system which they do not use. This includes the $1.47M in meter replacements for meters one inch and smaller. Keeping the increases for Blocks 1, 2 and 3, as well as the proposed increases for meter charges, will continue, however, to impose cost responsibility on those large customers for other costs associated with operating the system for which they may be partially responsible.

Q IS THERE A LONGER TERM SOLUTION?

A Yes. The Commission should order East Chicago to conduct a cost of service study before its next rate case and utilize that study to design new rates which reflect the collection of costs from cost causers.

Q GIVEN THE EVIDENCE OF SIGNIFICANT LOST WATER AND PROBLEMS WITH MEASURING CONSUMPTION, WILL A COST OF SERVICE STUDY NECESSARILY PRODUCE COST OF SERVICE RATES?

A No. Among other data, a proper cost of service study requires reasonably accurate measurements of water consumption by the various classes. East Chicago is, through its AMI meter replacement program and plan to install "district metering" developing reasonably sound data on that point; as well as useful information as to where the sizable volume of water is, being lost in the system.[6] Further, requiring more comprehensive metering of industrial customers (or permitting self-reporting of consumption) will also aid East Chicago in developing an understanding of consumption patterns.

[6] It should be noted that most lost water due to leaks is from smaller distribution lines because of the number of such lines.

By the next rate case, using information developed through new meters already installed, East Chicago should have a better picture of consumption patterns by the various classes. As time goes on, and the meter replacement project is complete, it will continue to develop a more accurate picture as additional data is collected. Accordingly, I would also recommend that after the next rate case, East Chicago be required to utilize a revised cost of service model in any new rate case. Doing so will not only allow continued movement towards cost of service rates, but also help prevent further situations in which the utility's financial situation degrades to the point of being described as "dire" by producing more stable rates.

Q DOES THIS CONCLUDE YOUR VERIFIED TESTIMONY?

A Yes.

Qualifications of Michael P. Gorman

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A Michael P. Gorman. My business address is 16690 Swingley Ridge Road, Suite 140, Chesterfield, MO 63017.

Q PLEASE STATE YOUR OCCUPATION.

A I am a consultant in the field of public utility regulation and a Managing Principal with the firm of Brubaker & Associates, Inc. ("BAI"), energy, economic and regulatory consultants.

Q PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND WORK EXPERIENCE.

A In 1983 I received a Bachelors of Science Degree in Electrical Engineering from Southern Illinois University, and in 1986, I received a Masters Degree in Business Administration with a concentration in Finance from the University of Illinois at Springfield. I have also completed several graduate level economics courses.

In August of 1983, I accepted an analyst position with the Illinois Commerce Commission ("ICC"). In this position, I performed a variety of analyses for both formal and informal investigations before the ICC, including: marginal cost of energy, central dispatch, avoided cost of energy, annual system production costs, and working capital. In October of 1986, I was promoted to the position of Senior Analyst. In this position, I assumed the additional responsibilities of technical leader on projects, and my areas of responsibility were expanded to include utility financial modeling and financial analyses.

In 1987, I was promoted to Director of the Financial Analysis Department. In this position, I was responsible for all financial analyses conducted by the Staff. Among other things, I conducted analyses and sponsored testimony before the ICC on rate of return, financial integrity, financial modeling and related issues. I also supervised the development of all Staff analyses and testimony on these same issues. In addition, I supervised the Staff's review and recommendations to the Commission concerning utility plans to issue debt and equity securities.

In August of 1989, I accepted a position with Merrill-Lynch as a financial consultant. After receiving all required securities licenses, I worked with individual investors and small businesses in evaluating and selecting investments suitable to their requirements.

In September of 1990, I accepted a position with Drazen-Brubaker & Associates, Inc. ("DBA"). In April 1995, the firm of Brubaker & Associates, Inc. was formed. It includes most of the former DBA principals and Staff. Since 1990, I have performed various analyses and sponsored testimony on cost of capital, cost/benefits of utility mergers and acquisitions, utility reorganizations, level of operating expenses and rate base, cost of service studies, and analyses relating to industrial jobs and economic development. I also participated in a study used to revise the financial policy for the municipal utility in Kansas City, Kansas.

At BAI, I also have extensive experience working with large energy users to distribute and critically evaluate responses to requests for proposals ("RFPs") for electric, steam, and gas energy supply from competitive energy suppliers. These analyses include the evaluation of gas supply and delivery charges, cogeneration and/or combined cycle unit feasibility studies, and the evaluation of third-party asset/supply management agreements. I have participated in rate cases on rate design and class cost of service for electric, natural gas, water and wastewater utilities. I have also analyzed commodity pricing indices and forward pricing methods for third party supply agreements, and have also conducted regional electric market price forecasts.

In addition to our main office in St. Louis, the firm also has branch offices in Phoenix, Arizona and Corpus Christi, Texas.

Q HAVE YOU EVER TESTIFIED BEFORE A REGULATORY BODY?

A Yes. I have sponsored testimony on cost of capital, revenue requirements, cost of service and other issues before the Federal Energy Regulatory Commission and numerous state regulatory commissions including: Arkansas, Arizona, California, Colorado, Delaware, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Michigan, Mississippi, Missouri, Montana, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, South Carolina, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, and before the provincial regulatory boards in Alberta and Nova Scotia, Canada. I have also sponsored testimony before the Board of Public Utilities in Kansas City, Kansas; presented rate setting position reports to the regulatory board of the municipal utility in Austin, Texas, and Salt River Project, Arizona, on behalf of industrial customers; and negotiated rate disputes for industrial customers of the Municipal Electric Authority of Georgia in the LaGrange, Georgia district.

Q PLEASE DESCRIBE ANY PROFESSIONAL REGISTRATIONS OR ORGANIZATIONS TO WHICH YOU BELONG.

A I earned the designation of Chartered Financial Analyst ("CFA") from the CFA Institute. The CFA charter was awarded after successfully completing three examinations which covered the subject areas of financial accounting, economics, fixed income and equity valuation and professional and ethical conduct. I am a member of the CFA Institute's Financial Analyst Society.

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF THE CITY OF EAST CHICAGO, INDIANA FOR AUTHORITY TO ISSUE BONDS, NOTES, OR OTHER OBLIGATIONS FOR AUTHORITY TO INCREASE ITS RATES AND CHARGES FOR WATER SERVICE, AND FOR APPROVAL OF NEW SCHEDULES OF WATER RATES AND CHARGES.	**CAUSE NO. 44826**

VERIFICATION

I, Michael P. Gorman, a Consultant and Managing Principal of Brubaker & Associates, Inc., affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.

Michael P. Gorman
January 6, 2017

EAST CHICAGO MUNICIPAL WATER DEPARTMENT
East Chicago, Indiana

Net Revenue After Cash Expenses
Company and OUCC Settlement Revenue Requirement

Line	Description	Settlement Pro-forma	Pro-forma with Actual Annual Debt Service CY 2017	CY 2018	CY 2019	CY 2020	CY 2021	Total
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Total Revenue[1]	$ 7,579,344	$ 7,579,344	$ 7,579,344	$ 7,579,344	$ 7,579,344	$ 7,579,344	$ 37,896,720
2	Revenue Adjustment	-						
	Cash Expenses							
3	Purchased Power[1]	$ 821,401	$ 821,401	$ 821,401	$ 821,401	$ 821,401	$ 821,401	$ 4,107,005
4	O&M[2]	3,314,248	3,314,248	3,314,248	3,314,248	3,314,248	3,314,248	16,571,240
5	Taxes Other than Income[3]	115,044	115,044	115,044	115,044	115,044	115,044	575,220
6	Debt Service[4]	1,680,993	1,403,320	1,574,109	1,703,678	1,725,170	1,726,370	8,132,648
7	PILT[5]	600,000	600,000	600,000	600,000	600,000	600,000	3,000,000
8	Utility Receipts Tax[3]	34,141	34,141	34,141	34,141	34,141	34,141	170,705
9	Total Cash Expense	$ 6,565,827	$ 6,288,154	$ 6,458,943	$ 6,588,512	$ 6,610,004	$ 6,611,204	$ 32,556,818
	Non-Cash Expenses[5]							
10	Debt Service Reserve	$ 64,322	-	-	-	-	-	-
11	Depreciation	865,047						
12	Working Capital	84,148						
13	Total Non-Cash Expense	$ 1,013,517	-	-	-	-	-	-
14	Net Revenue After Cash Expenses	$ 1,013,517	$ 1,291,190	$ 1,120,401	$ 990,832	$ 969,340	$ 968,140	$ 5,339,902
15	Depreciation/E&R Funding		$ 865,039	$ 865,039	$ 865,039	$ 865,039	$ 865,039	$ 4,325,195
16	Available For Cash Reserve Contributions		$ 426,151	$ 255,362	$ 125,793	$ 104,301	$ 103,101	$ 1,014,707
17	Maximum Debt Service[6]	$ 1,727,510						
18	Debt Service Coverage	1.59						

Sources:

[1] Settlement Schedule 4, page 1.

[2] Exhibit B of Attachment TS-2, page 6, plus $45,128 to reflect costs of the Leak Detection and Valve Exercising project, which was originally proposed to be included in the 2017 debt issuance.

[3] Exhibit B of Attachment TS-2.

[4] Column (1) is from Settlement Schedule 8, page 1.
Columns (2) - (5) have been estimated based on settlement debt issuance of $14.9 million at a 2% interest rate.

[5] Settlement Schedule 1, page 1.

[6] Estimated based on settlement debt issuance of $14.9 million at a 2% interest rate.

EAST CHICAGO MUNICIPAL WATER DEPARTMENT
East Chicago, Indiana

Net Revenue After Cash Expenses
Adjusted Settlement Revenue Requirement

Line	Description	Settlement Pro-forma	Pro-forma with Actual Annual Debt Service					
			CY 2017	CY 2018	CY 2019	CY 2020	CY 2021	Total
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Total Revenue[1]	$ 7,579,344	$ 7,430,874	$ 7,430,874	$ 7,430,874	$ 7,430,874	$ 7,430,874	$ 37,154,370
2	Revenue Adjustment	**148,470**						
	Cash Expenses							
3	Purchased Power[1]	$ 821,401	$ 821,401	$ 821,401	$ 821,401	$ 821,401	$ 821,401	$ 4,107,005
4	O&M[2]	3,314,248	3,314,248	3,314,248	3,314,248	3,314,248	3,314,248	16,571,240
5	Taxes Other than Income[3]	115,044	115,044	115,044	115,044	115,044	115,044	575,220
6	Debt Service[4]	1,680,993	1,379,340	1,479,143	1,576,276	1,596,324	1,601,589	7,632,672
7	PILT[5]	600,000	600,000	600,000	600,000	600,000	600,000	3,000,000
8	Utility Receipts Tax[3]	34,141	34,141	34,141	34,141	34,141	34,141	170,705
9	Total Cash Expense	$ 6,565,827	$ 6,264,174	$ 6,363,977	$ 6,461,110	$ 6,481,158	$ 6,486,423	$ 32,056,842
	Non-Cash Expenses[5]							
10	Debt Service Reserve	-	-	-	-	-	-	-
11	Depreciation	865,047						
12	Working Capital	-						
13	Total Non-Cash Expense	$ 865,047	-	-	-	-	-	-
14	Net Revenue After Cash Expenses	$ 865,047	$ 1,166,700	$ 1,066,897	$ 969,764	$ 949,716	$ 944,451	$ 5,097,528
15	Depreciation/E&R Funding		$ 865,039	$ 865,039	$ 865,039	$ 865,039	$ 865,039	$ 4,325,195
16	Available For Cash Reserve Contributions		$ 301,661	$ 201,858	$ 104,725	$ 84,677	$ 79,412	$ 772,333
17	Maximum Debt Service[6]	$ 1,610,078						
18	Debt Service Coverage	1.45						

Sources:

[1] Settlement Schedule 4, page 1.

[2] Exhibit B of Attachment TS-2, page 6, plus $45,128 to reflect costs of the Leak Detection and Valve Exercising project, which was originally proposed to be included in the 2017 debt issuance.

[3] Exhibit B of Attachment TS-2.

[4] Column (1) is from Settlement Schedule 8, page 1.
Columns (2) - (5) have been estimated based on a reduced debt issuance of $10.6 million at a 2% interest rate.
Additionally, the interest rate on the 2006 debt has been reduced from 4.44% to 4.00% beginning in 2017.

[5] Settlement Schedule 1, page 1.

[6] Based on reduced debt issuance of $10.6 million at a 2% interest rate, and a 4% interest rate on the 2006 debt beginning in 2017.

Q 2-12. On page 12 of Mr. Sommer's testimony, lines 13-16, he references resolutions requiring the water utility to repay the inter-fund borrowings. Please provide copies of all of the resolutions to which Mr. Sommer is referring.

Response: Please see Attachment 2-12, which includes prior and current resolutions. Mr. Sommer provided information for this response and will be available to answer questions regarding this information.

Attachment 2-12

RESOLUTION NO. WD-15-23 Attachment MPG-B

A RESOUTION OF THE BOARD OF DIRECTORS OF THE EAST CHICAGO DEPARTMENT OF WATERWORKS AUTHORIZING AN EXTENSION OF THE PRESCTRIBED PERIOD OF THE TEMPORARY TRANSFER TO THE

EAST CHICAGO DEPARTMENT OF WATER WORKS.

WHEREAS, on July 2, 2015 the East Chicago Water Board of Commissioners adopted its Resolution No. WD15-05 authorizing a temporary transfer to a depleted fund (the East Chicago Department of Water Works Fund 0601) from the Water Tank Refurbishing Fund 0631, which amount was to be refunded on or before December 31, 2015; and

WHEREAS, I.C. 36-1-8-4 (b) authorizes the East Chicago Water Board of Directors to extend the prescribed period of the temporary transfer for not more than six (6) months if it determines that an emergency exists requiring an extension.

NOW, THEREFORE, BE IT RESOLVED by the East Chicago Water Board of Directors as follows:

1. The East Chicago Water Board of Directors now determines that an emergency exists.
2. That the grounds for the emergency are that the East Chicago Water Department is continuing to experience a cash flow shortage due to the delay in collecting revenue from water billings and is therefore unable to repay the temporary transfer.
3. That the amount of the extended transfer to the depleted Water Department Fund is $825,000, which amount shall be refunded no later than June 30, 2016.

Passed and adopted by the East Chicago Water Board of Directors on the 7th day of December, 2015.

John Bakota, President

Joseph Ochoa, Vice-President

Anthony Askounis, Member

Raymond Lopez, Member

Henry Ventura, Member

ATTEST:

Eva Lozano, Secretary

Attachment MPG-B

RESOLUTION NO. SD15-26

A RESOUTION OF THE BOARD OF COMMISSIONERS OF THE EAST CHICAGO SANITARY DISTRICT AUTHORIZING AN EXTENSION OF THE PRESCRIBED PERIOD OF THE TEMPORARY TRANSFER TO THE EAST CHICAGO DEPARTMENT OF WATER WORKS.

WHEREAS, on December 7, 2015 the East Chicago Sanitary District Board of Commissioners adopted its Resolution No. SD15-22 authorizing a temporary transfer to a depleted fund (the East Chicago Department of Water Works Fund 0601) from the Waste Water Fund 0606 which amount was to be refunded on or before December 31, 2015; and

WHERS, I.C. 36-1-8-4 (b) authorizes the East Chicago Sanitary Board of Directors to extend the prescribed period of the temporary transfer for not more than six (6) months if it determines that an emergency exists requiring an extension.

NOW, THEREFORE, BE IT RESOLVED by the East Chicago Sanitary District Board of Commissioners as follows:

1. The East Chicago Sanitary Board of Commissioners now determines that an emergency exists.
2. That the grounds for the emergency are that the East Chicago Water Department is continuing to experience a cash flow shortage due to the delay in collecting revenue from water billings and is therefore unable to repay the temporary transfer.
3. That the amount of the extended transfer to the depleted Water Department Fund is up to $500,000, which amount shall be refunded no later than June 30, 2016.

Passed and adopted by the East Chicago Sanitary Board of Commissioners on the 21st day of December, 2015.

Miguel Rivera

Miguel (Mike) Rivera, President

Alojzy (Ben) Moricz, Vice-President

Tia Cauley

Tia Cauley, Member

Anthony Galindo, Member

Loreto Gonzalez, Member

ATTEST:

Eva Lozano

Eva Lozano, Secretary

Attachment MPG-B

RESOLUTION NO **WD 16-05**

A RESOLUTION OF THE WATER BOARD OF DIRECTORS OF THE CITY OF EAST CHICAGO AUTHORING A TEMPORARY TRANSFER TO A DEPLETED FUND.

WHEREAS, I.C. 36-1-8-4(a) authorizes the Water Board of Directors to permit the transfer of a prescribed amount for a prescribed period to a depleted fund in need of money for cash flow purposes from another fund of the political subdivision upon the following conditions.

1. That it must be necessary to borrow money to enhance the depleted fund that is in need of money for cash flow purposes.
2. There must be sufficient money on deposit to the credit of the other fund that can be temporarily transferred.
3. That the prescribed period of the loan must end during the budget year of the year in which the transfer occurs.
4. That the amount transferred must be returned to the other fund at the end of the prescribed period.

WHEREAS, the East Chicago Water Utility Fund 0601 is depleted and in need of money for cash flow purposes and there is sufficient money in the Water Tank Refurbishment Fund 0631 on deposit to allow for a temporary transfer of money to the East Chicago Water Utility Fund 0601.

NOW, THEREFORE, BE IT RESOLVED by the Water Board of Directors of the City of East Chicago that the Chief Fiscal Officer is authorized to make a temporary transfer of up to $925,000.00 from the Water Tank Refurbishment Fund 0631 to the East Chicago Water Utility Fund 0601, which shall be refunded on or before December 31, 2016

Passed and adopted by the Water Board of Directors of the City of East Chicago on this 15nd day of August, 2016.

Joseph Ochoa, President

John Bakota, Vice-President

Anthony Askounis, Member

Raymond Lopez, Member

Henry Ventura, Member

ATTEST: Eva Lozano

Eva Lozano, Secretary

Attachment MPG-B

RESOLUTION NO SD16-12

A RESOLUTION OF THE SANITARY DISTRICT BOARD OF COMMISSIONERS OF THE CITY OF EAST CHICAGO AUTHORING A TEMPORARY TRANSFER TO A DEPLETED FUND.

WHEREAS, I.C. 36-1-8-4(a) authorizes the Sanitary District Board of Commissioners to permit the transfer of a prescribed amount for a prescribed period to a depleted fund in need of money for cash flow purposes from another fund of the political subdivision upon the following conditions.

1. That is must be necessary to borrow money to enhance the depleted fund that is in need of money for cash flow purposes.
2. There must be sufficient money on deposit to the credit of the other fund that can be temporarily transferred.
3. That the prescribed period of the loan must end during the budget year of the year in which the transfer occurs.
4. That the amount transferred must be returned to the other fund at the end of the prescribed period.

WHEREAS, the East Chicago Water Utility Fund 0601 is depleted and in need of money for cash flow purposes and there is sufficient money in the Sanitary District Waste Water Fund 0606 on deposit to allow for a temporary transfer of money to the East Chicago Water Utility Fund 0601.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the East Chicago Sanitary District that the Chief Fiscal Officer is authorized to make a temporary transfer of up to $1,400,000.00 from the Sanitary District Waste Fund 0606 to the East Chicago Water Utility Fund 0601, which shall be refunded on or before December 31, 2016.

Passed and adopted by the East Chicago Sanitary District of Commissioners on this 15h day of August, 2016.

Anthony Galindo, President

Miguel Rivera

Miguel (Mike) Rivera, Vice-President

Tia Cauley, Member

Loreto T. Gonzalez

Loreto Gonzalez, Member

Alojzy (Mike) Moricz, Member

ATTEST: Eva Lozano

Eva Lozano, Secretary

Attachment MPG-B

RESOLUTION NO. WD-16-13

A RESOUTION OF THE BOARD OF DIRECTORS OF THE EAST CHICAGO DEPARTMENT OF WATERWORKS AUTHORIZING AN EXTENSION OF THE PRESCRIBED PERIOD FOR THE TEMPORARY TRANSFER TO THE EAST CHICAGO DEPARTMENT OF WATER WORKS.

WHEREAS, on August 15, 2016 the East Chicago Water Board of Commissioners adopted its Resolution No. WD16-05 authorizing a temporary transfer to a depleted fund (the East Chicago Department of Water Works Fund 0601) from the Water Tank Refurbishing Fund 0631, which amount was to be refunded on or before December 31, 2016; and

WHEREAS, I.C. 36-1-8-4 (b) authorizes the East Chicago Water Board of Directors to extend the prescribed period of the temporary transfer for not more than six (6) months if it determines that an emergency exists requiring an extension.

NOW, THEREFORE, BE IT RESOLVED by the East Chicago Water Board of Directors as follows:

1. The East Chicago Water Board of Directors now determines that an emergency exists.
2. That the grounds for the emergency are that the East Chicago Water Department is continuing to experience a cash flow shortage due to the delay in collecting revenue from water billings and is therefore unable to repay the temporary transfer.
3. That the amount of the extended transfer to the depleted Water Department Fund is $925,000, which amount shall be refunded no later than June 30, 2017.

Passed and adopted by the East Chicago Water Board of Directors on the 21st day of November, 2016.

Joseph Ochoa, President

John Bakota, Vice-President

Anthony Askounis, Member

Raymond Lopez, Member

Henry Ventura, Member

ATTEST:

Eva Lozano, Secretary

RESOLUTION NO. SD16-18

Attachment MPG-B

A RESOUTION OF THE BOARD OF COMMISSIONERS OF THE EAST CHICAGO SANITARY DISTRICT AUTHORIZING AN EXTENSION OF THE PRESCRIBED PERIOD OF THE TEMPORARY TRANSFER TO THE EAST CHICAGO DEPARTMENT OF WATER WORKS.

WHEREAS, on August 15, 2015 the East Chicago Sanitary District Board of Commissioners adopted its Resolution No. SD16-12 authorizing a temporary transfer to a depleted fund (the East Chicago Department of Water Works Fund 0601) from the Waste Water Fund 0606 which amount was to be refunded on or before December 31, 2015; and

WHERS, I.C. 36-1-8-4 (b) authorizes the East Chicago Sanitary Board of Directors to extend the prescribed period of the temporary transfer for not more than six (6) months if it determines that an emergency exists requiring an extension.

NOW, THEREFORE, BE IT RESOLVED by the East Chicago Sanitary District Board of Commissioners as follows:

1. The East Chicago Sanitary Board of Commissioners now determines that an emergency exists.
2. That the grounds for the emergency are that the East Chicago Water Department is continuing to experience a cash flow shortage due to the delay in collecting revenue from water billings and is therefore unable to repay the temporary transfer.
3. That the amount of the extended transfer to the depleted Water Department Fund is up to $1,400,000, which amount shall be refunded no later than June 30, 2017.

Passed and adopted by the East Chicago Sanitary Board of Commissioners on the 21st day of November, 2016.

Anthony Galindo

Anthony Galindo, President

Miguel Rivera

Miguel (Mike) Rivera, Vice-President

Tia Cauley, Member

Loreto L. Gonzalez

Loreto Gonzalez, Member

Alojzy Moricz

Alojzy (Ben) Moricz, Member

ATTEST:

Eva Lozano

Eva Lozano, Secretary

Q 2-13. On page 14 of Mr. Sommer's testimony, lines 5 and 6, he states that a "straight forward across-the-board increase makes most sense under the present circumstances. Please describe what those circumstances are that makes an across-the-board increase the preferred method for spreading the requested increase.

Response: The financial condition of the East Chicago system is dire, and the City has a drastic need to "fill the hole" that has developed as indicated by the size of the requested increase. Mr. Sommer's analysis indicates that the requested relief merely covers current operating expenses without regard to debt of the waterworks being paid by Casino Funds, operating funds being supplied by the Sewage works, certain main repairs paid for by the City, and the increased need for funds to fix ongoing line breaks and other infrastructure needs that will likely become more evident as the City moves to AMI. The most important objective in these circumstances is to improve the financial health of the utility by increasing revenue. Mr. Sommer provided information for this response and will be available to answer questions regarding this information.

Q 1.9. Please provide additional detail, including any analyses performed and cost support for the "Distribution/Transmission, AMI Meter System" project shown on page 5 of 7 of Petitioner's Exhibit GDC-6.

Response: The cost of the AMI Meter System was estimated based on the installation of a Neptune Fixed Network AMI System. The City has been installing AMI-compatible Neptune RF meters since 2011. The installed meter inventory as of May 2016, at the time the SRF application was submitted, is being provided as part of Attachment 1.9. All of the City's residential meters are in the size range of 5/8" to 1," so RF meter prices are based on these sizes. The Water Resources pricing for Neptune RF Meters is being provided as part of Attachment 1.9. Although City employees have performed most of the meter retrofits-to-date, recent loss of staff through attrition made it necessary to obtain budgetary pricing was for installation of future RF meters by a local contractor. Included in the contractor pricing is the required cost of scheduling appointments along with the labor expense of performing meter installations.

The existing meter equipment suppliers, Water Resources and Neptune, had not yet completed a propagation study for the City at the time of submission of the SRF application, but provided a budgetary proposal for the projected AMI infrastructure. The Neptune AMI Infrastructure Proposal is being provided as part of Attachment 1.9. Mr. Crowley provided information responsive to this request and will be available to answer questions regarding this information.

Q 2-15. Please provide a list of the number of customers served by each size meter.

Response: East Chicago objects to this request as ambiguous in its reference to "customers." East Chicago will answer as to direct ratepayers. Subject to the foregoing objection, East Chicago provides the following information:

	Size	Total
City Responsibility Meters	**Size**	**Total**
	5/8"	6348
	3/4"	381
	1"	146
	Total	**6875**
Customer Responsibility Meters	1.5"	84
	2"	102
	3"	20
	4"	36
	6"	23
	8"	7
	10"	5
	Total	**277**
All Meters	**Total**	**7152**

Some industrial, commercial, and multi-unit residential facilities may have more than one meter. Mr. Crowley provided information for this response and will be available to answer questions regarding this information.

Q 2-16. Please provide detail on when all meters over 1 inch will be replaced.

Response: At this time, the City does not have a detailed replacement plan. However, once SRF funding is in place, the utility will move forward with advancing the cost of and replacing larger meters. Commercial, industrial, and multi-unit residential (i.e., apartment complex) customers will have to reimburse the City for replacement meters. Mr. Crowley provided information for this response and will be available to answer questions regarding this information.

PUBLIC Attachment MPG-E

Calcuation of Block 4 Revenue Under Settlement Rates as Percentage of Total Settlement Increase

Customer	**2015 Annual Gallons**	**Average 2015 Monthly Gallons**	**Average 2015 Monthly Usage in Block 4**	**Average 2015 Monthly Block 4 Revenue Under Current Rates**	**Average Monthly Block 4 Revenue Under Settlement Rates**	**Average Monthly Difference**	**Annualized Difference**
AM East	[redacted]						
AM West	[redacted]						
AM RD	[redacted]						
Praxair Production	[redacted]						
Praxair HYCO	[redacted]						
WR Grace	203,945,192	16,995,433	15,995,433	$ 17,595	$ 27,352	$ 9,757	$ 117,087
USS	[redacted]						
Ameristar Casino	103,065,177	8,588,765	7,588,765	$ 8,348	$ 12,977	$ 4,629	$ 55,550
Safety-Kleen	65,718,532	5,476,544	4,476,544	$ 4,924	$ 7,655	$ 2,731	$ 32,768
USG	[redacted]						
St. Catherine	33,269,741	2,772,478	1,772,478	$ 1,950	$ 3,031	$ 1,081	$ 12,975
Millennia Housing	25,520,414	2,126,701	1,126,701	$ 1,239	$ 1,927	$ 687	$ 8,247
Electic Coatings	21,380,084	1,781,674	781,674	$ 860	$ 1,337	$ 477	$ 5,722
National Material	15,636,439	1,303,037	303,037	$ 333	$ 518	$ 185	$ 2,218
East Chicago SD	15,306,000	1,275,500	275,500	$ 303	$ 471	$ 168	$ 2,017
Total	**2,035,392,058**	**169,616,005**	**154,616,005**	**$ 170,078**	**$ 264,393**	**$ 94,316**	**$ 1,131,789**

Requested Increase	**Block 4 Revenue as % of Total Increase**
$ 2,552,585.00	**44.34%**
Ind. Group Block 4 Revenue	**Ind. Group Block 4 Revenue as % of Total Increase**
[redacted]	[redacted]

Source:
Petitioner's Response to OUCC DR 5-6 and Attachment 5-6

Q 5.6. Please provide a list of Petitioner's ten largest customers for the test year. Please include the name of the customer, number of meters assigned to the customer, and total usage in thousands of gallons (or hundreds of cubic feet) for the test year.

Response: The listing of the Department's Top Twenty Largest Water Users is being provided as Attachment 5.6. Mr. Sommer provided information responsive to this request and will be available to answer questions regarding this information.

EXHIBIT 5.6

Cause No. 44826, OUCC DR 5, Q 5.6
Top 20 Largest Water Consumers

Consumer	Customer Type	Number of Meters	2015 Annual Usage (Gallons)
1. ArcelorMittal (Total)	Industrial		[redacted]
Indiana Harbor – East		6	
Indiana Harbor – West		3	
Indiana Harbor – Long Carbon (Idled in 2015)		3	
R&D Center		2	
2. Indiana American Water	Wholesale	1	465,829,925
3. Praxair, Inc. (Total)	Industrial		[redacted]
Hydrogen Production Plant		2	
HYCO Production		1	
Rare Gases		1	
4. W.R. Grace & Co.	Industrial	2	203,945,192
5. U.S. Steel Corp.	Industrial	1	[redacted]
6. Ameristar Casino	Commercial	2	103,065,177
7. Safety-Kleen Systems	Industrial	2	65,718,532
8. U.S. Gypsum Co.	Industrial	1	[redacted]
9. St. Catherine's Hospital	Commercial	2	33,269,741
10. Millennia Housing – Lakeside Garden Apartments	Commercial	2	25,520,414
11. Electric Coatings Technologies	Industrial	2	21,380,084
12. National Material Co.	Public	2	15,636,439
13. East Chicago Sanitary District	Industrial	1	15,306,000
14. East Chicago Housing Authority – John B. Nicosia Senior Building	Public	1	10,544,706
15. United Transportation Group	Industrial	1	7,815,351
16. Exxon Mobil	Industrial	1	5,725,350
17. Indiana Harbor Belt Railroad	Industrial	1	5,229,320
18. East Chicago Public Works Department	Public	1	5,049,000
19. Lake County Nursing and Rehabilitation Center	Public	1	4,829,836
20. East Chicago Housing Authority – James Hunter Senior Building	Public	1	3,858,932

Largest Water Consumers by Customer Type

Industrial Consumer	Number of Meters	2015 Annual Usage (Gallons)
1. ArcelorMittal (Total)		[redacted]
Indiana Harbor – East	6	
Indiana Harbor – West	3	
Indiana Harbor – Long Carbon (Idled in 2015)	3	
R&D Center	2	
2. Praxair, Inc. (Total)		[redacted]
Hydrogen Production Plant	2	
HYCO Plant	1	
Rare Gases	1	
3. W.R. Grace & Co.	2	203,945,192
4. U.S. Steel Corp.	1	[redacted]
5. Safety-Kleen Systems	2	65,718,532
6. U.S. Gypsum Co.	1	[redacted]
7. Electric Coatings Technologies	2	21,380,084
8. National Material Co.	2	15,636,439
9. United Transportation Group	1	7,815,351
10. Exxon Mobil	1	5,725,350

Commercial Consumer	Number of Meters	2015 Annual Usage (Gallons)
1. Ameristar Casino	2	103,065,177
2. St. Catherine's Hospital	2	33,269,741
3. Millennia Housing – Lakeside Garden Apartments	2	25,520,414
4. Gas Stop	1	4,029,551
5. Luke Gas Station	1	3,044,360

Public Consumer	Number of Meters	2015 Annual Usage (Gallons)
1. East Chicago Sanitary District	1	15,306,000
2. East Chicago Housing Authority – John B. Nicosia Senior Building	1	10,544,706
3. East Chicago Public Works Department	1	5,049,000
4. Lake County Nursing and Rehabilitation Center	1	4,829,836
5. East Chicago Housing Authority – James Hunter Senior Building	1	3,858,932

Wholesale Consumer	Number of Meters	2015 Annual Usage (Gallons)
1. Indiana American Water	1	465,829,925