

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF THE CITY OF)	
EVANSVILLE, INDIANA, FOR)	
AUTHORITY TO ISSUE BONDS, NOTES,)	CAUSE NO. 45545
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.)	

PETITIONER'S RESPONSE TO DOCKET ENTRY REQUEST
DATED OCTOBER 22, 2021

Petitioner, the City of Evansville, Indiana ("Petitioner"), by counsel, hereby responds to the Commission's Docket Entry Request dated October 22, 2021 as follows:

Request No. 1: Evansville's Attachment DLB-R1 to Douglas Baldessari's rebuttal testimony contains a document titled, Forward Looking Test Year Annual Cash Operating Expenses, and reflects an adjustment of \$254,412 for periodic maintenance (page 1 of Tab PF II (Forward)). Please identify the rebuttal workpaper and/or testimony that explains the derivation of this adjustment.

Response:

See the attached IURC Data Request (Workpapers), tab "D 2-1 TY Before Inflation" worksheet. This was included as page 11 of Attachment DLB-1 filed with Petitioner's case-in-chief. The schedule from the report was not included in the rebuttal schedules in this format due to the way in which Petitioner presented the comparisons of Petitioner's case-in-chief, the OUCC's position and Petitioner's rebuttal position in the rebuttal schedules. The \$254,412 total adjustment for periodic maintenance is the Petitioner's calculated rebuttal amount for the periodic maintenance adjustment prior to inflation of \$23,737 plus the calculated forward inflationary adjustments of \$112,651 for Phase I and \$118,024 for Phase II.

Request No. 2: Please identify the rebuttal workpaper and/or testimony that reflects the calculation for the inflationary adjustment proposed by Evansville for Phase 1 periodic maintenance.

Response:

See the attached IURC Data Request (Workpapers), tab "D 2-2&3 PF (Forward)" worksheet. The \$112,651 for the forward inflationary periodic maintenance adjustment is the sum

of the highlighted reference (5) adjustments detailed on the worksheet. The inflationary adjustment for the periodic maintenance in Phase 1 is based on 3.20%. The inflationary factor of 3.20% is based on the average annual increase from the Bureau of Labor Statistics average of 1999-2019.

Request No. 3: Please identify the rebuttal workpaper and/or testimony that reflects the calculation for the inflationary adjustment proposed by Evansville for Phase 2 periodic maintenance.

Response:

See the attached IURC Data Request (Workpapers), tab “D 2-2&3 PF (Forward)” worksheet. The \$118,024 for the forward inflationary periodic maintenance adjustment is the sum of the highlighted reference (5) adjustments detailed on the worksheet. The inflationary adjustment for the periodic maintenance in Phase 2 is based on 3.20%. The inflationary factor of 3.20% is based on the average annual increase from the Bureau of Labor Statistics average of 1999-2019.

Request No. 4: OUCC witness Margaret Stull, at page 48 of her testimony, addresses Evansville’s recording of \$26,594 for a fraud loss expense during the base period. Please provide a copy of Evansville’s cybersecurity policy that was in place during the time that the fraud loss expense was incurred. If no policy existed at that time, please provide a copy of Evansville’s current cybersecurity policy.

Response:

Evansville did not have an official cybersecurity policy in place at the time the fraud loss expense was incurred. Evansville did, however, have procedures, equipment and protocols in place to attempt to prevent against fraud at the time the loss occurred, but an official policy did not exist. The City is in the process of developing a cybersecurity policy, and that policy will be approved by the City Council once it is finalized.

Request No. 5: Using Workpaper DLB-11, which reflects a joint cost for the Professional Plaza Building Lease (in Row 124) of \$113,016, please explain how one may determine whether that joint cost was included in Evansville’s Sewer Share of Joint Costs (in Row 135) for the Forward Phase 1 amount of \$12,308,927 and the Forward Phase 2 amount of \$12,998,903.

Response:

See the attached IURC Data Request (Workpapers) for the calculations used for the forward-looking test year and the joint cost workpaper tab “DE 2-5 Joint Costs”. The Test Year Before Inflation is first calculated through the 14 adjustments as shown in the Rebuttal Testimony “DLB R-1 Evansville Rebuttal” on pages 31-36. Adjustment 12 includes the professional plaza lease which has been built into the Test Year Before Inflation. Once the Test Year Before Inflation has been calculated, inflationary factors based on the Bureau of Labor Statistics are applied on tab “PF (Forward)”. The inflationary factors used are based on the respective expense category and

the calculated average annual inflationary factor as reported by the Bureau of Labor Statistics for the given period. The inflationary factors are applied for both Phases 1 and 2. Once Phase 1 and Phase 2 have been calculated, the total expenses for the departments included in the shared cost calculation are referencing into the “Joints Costs”. Once all departments are included, we total them and arrive at the sewer reimbursement for Phase 1 and Phase 2. Since the Professional Plaza Building Lease was included in the original 14 adjustments to arrive at the Petitioner’s Test Year Before Inflation, this amount eventually rolls up into the sewer reimbursement amount.

Request No. 6: Attachment DLB-R1 (p. 6 of 37) to Douglas Baldessari’s rebuttal testimony indicates a pro forma sewer reimbursement of \$13,480,710 for Phase 1 and \$13,923,368 for Phase 2. Please provide the summary workpaper that Mr. Baldessari relied upon to calculate these amounts. In addition, if not included in the summary workpaper, please explain any inflation factors used and provide a breakout of the inflation adjustments that may exist in the reimbursement adjustments.

Response:

Please reference the attached IURC Data Request (Workpapers).

Request No. 7: Attachment DLB-1 (p. 30 of 52) to Douglas Baldessari’s direct testimony includes a line item for “Plus proposed improve projects – (2022 – 2026)” in Evansville’s payments in lieu of property taxes (“PILT”) calculation. Please provide the detailed calculations and any assumptions made for the amounts shown on this line item.

Response:

See the attached IURC Data Request (Workpapers) and reference the tab labeled “DE 2-7 PILOT” for the detailed calculations and assumptions made for the payment in lieu of taxes calculation.

Request No. 8: Evansville’s witness Lane Young (at 5 of his direct testimony) states that Evansville requests authority to issue long-term debt not to exceed \$260,000,000. However, Mr. Douglas Baldessari (at p. 16 of his rebuttal testimony) indicates Evansville is requesting borrowing authority of \$235,705,000. Please reconcile what appears to be a reduction of \$24,295,000 in requested borrowing authority.

Response:

The \$260,000,000 is the amount included in the adopted bond resolution for these financings. This amount had an extra 10% contingencies to allow for higher than expected construction bids. The Petitioner believes this is a reasonable amount for a project this size but is willing to lower the amount to the \$235,705,000 estimated costs as filed in Mr. Baldessari’s rebuttal testimony.

Request No. 9: Evansville’s Workpaper DLB-9 (at p. 61), contains columns labeled Year 1 through Year 10 that appear to reduce the “Total \$ / YR” by \$18,000 to yield the amounts shown

in the row labeled "Checking." Please explain how the \$18,000 adjustments referenced in this schedule relates to Petitioner's proposed tank maintenance.

Response:

See attached Storage Tank Maintenance (Detailed Pricing Matrix). The schedule provided in DLB-9 (at p. 61) is based on the Master Services Agreement with Utility Services Group for the periodic maintenance related to the Petitioner's tanks. The \$18,000 is based on the costs of three (3) mixers over a 10-year period for a total cost of \$180,000.

Respectfully submitted,



By:

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Attorneys for Petitioner

The City of Evansville, Indiana

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing was served this 26th day of October, 2021
by electronic mail to:

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Nicholas K. Kile

Evansville

WO = Internal Wash Out
REPAIRS = Welding, Add Mixer, etc

VIS = Std. Visual
EXT = External Overcoat

*All tanks get mixers except North & South Bachwash. Mixer Maintenance Fee Included.
INT= Internal Renovation

Tank	Year 1 2016	Year 2 2017	Year 3 2018	Year 4 2019	Year 5 2020	Year 6 2021	Year 7 2022	Year 8 2023	Year 9 2024	Year 10 2025	Year 11 2026	Year 12 2027	Year 13 2028	Year 14 2029	Year 15 2030	Year 16 2031	Year 17 2032	Year 18 2033	Year 19 2034	Year 20 2035
Darmstadt 1MM-ELV	WO	EXT INT REPAIRS	VIS	VIS	WO	VIS	VIS	WO	VIS	VIS	WO	VIS	EXT	WO	VIS	INT	VIS	VIS	WO	VIS
\$ / YR	\$76,372	\$76,372	\$76,372	\$76,372	\$76,372	\$76,372	\$76,372	\$76,372	\$76,372	\$76,372	\$47,915	\$49,611	\$51,367	\$53,186	\$55,069	\$57,018	\$59,036	\$61,126	\$63,290	\$65,531
Checking	\$73,603	\$73,603	\$73,603	\$73,466	\$73,466	\$73,466	\$73,466	\$73,466	\$73,466	\$73,466	\$47,915	\$49,611	\$51,367	\$53,186	\$55,069	\$57,018	\$59,036	\$61,126	\$63,290	\$65,531
Volkman 1.5MM-Hydro	REPAIRS WO	VIS	VIS	WO	EXT INT	VIS	WO	VIS	VIS	WO	VIS	VIS	WO	VIS	VIS	EXT	WO	VIS	INT	VIS
\$ / YR	\$74,605	\$74,605	\$74,605	\$74,605	\$74,605	\$74,605	\$74,605	\$74,605	\$74,605	\$74,605	\$54,221	\$56,140	\$58,128	\$60,186	\$62,316	\$64,522	\$66,806	\$69,171	\$71,620	\$74,155
Checking	\$71,586	\$71,586	\$71,586	\$71,437	\$71,437	\$71,437	\$71,437	\$71,437	\$71,437	\$71,437	\$54,221	\$56,140	\$58,128	\$60,186	\$62,316	\$64,522	\$66,806	\$69,171	\$71,620	\$74,155
Killian 4MM-GST	EXT INT REPAIRS	VIS	VIS	WO	VIS	VIS	WO	VIS	VIS	WO	VIS	EXT	WO	VIS	INT	VIS	VIS	WO	VIS	VIS
\$ / YR	\$141,276	\$141,276	\$141,276	\$141,276	\$141,276	\$141,276	\$141,276	\$141,276	\$141,276	\$141,276	\$89,675	\$92,849	\$96,136	\$99,540	\$103,063	\$106,712	\$110,489	\$114,401	\$118,450	\$122,644
Checking	\$136,731	\$136,731	\$136,731	\$136,507	\$136,507	\$136,507	\$136,507	\$136,507	\$136,507	\$136,507	\$89,675	\$92,849	\$96,136	\$99,540	\$103,063	\$106,712	\$110,489	\$114,401	\$118,450	\$122,644
Lincoln 500KG-ELV	MIXER	WO	VIS	VIS	WO	VIS	VIS	WO	VIS	VIS	WO	EXT	VIS	VIS	INT	VIS	VIS	WO	VIS	VIS
\$ / YR	\$48,499	\$48,499	\$48,499	\$41,115	\$42,570	\$44,077	\$45,637	\$47,253	\$48,926	\$50,658	\$52,451	\$54,308	\$56,231	\$58,221	\$60,282	\$62,416	\$64,626	\$66,913	\$69,282	\$71,735
Checking	\$47,910	\$47,910	\$47,910	\$41,115	\$42,570	\$44,077	\$45,637	\$47,253	\$48,926	\$50,658	\$52,451	\$54,308	\$56,231	\$58,221	\$60,282	\$62,416	\$64,626	\$66,913	\$69,282	\$71,735
Grimm 500KG-Ped	REPAIRS WO	VIS	EXT INT	WO	VIS	VIS	WO	VIS	VIS	WO	VIS	VIS	WO	EXT	VIS	WO	INT	VIS	VIS	WO
\$ / YR	\$45,444	\$45,444	\$45,444	\$45,444	\$45,444	\$45,444	\$45,444	\$45,444	\$45,444	\$45,444	\$37,360	\$38,683	\$40,052	\$41,470	\$42,938	\$44,458	\$46,032	\$47,661	\$49,348	\$51,095
Checking	\$43,906	\$43,906	\$43,906	\$43,832	\$43,832	\$43,832	\$43,832	\$43,832	\$43,832	\$43,832	\$37,360	\$38,683	\$40,052	\$41,470	\$42,938	\$44,458	\$46,032	\$47,661	\$49,348	\$51,095
N.Back Wash 200KG-STP	EXT INT REPAIRS	VIS	VIS	WO	VIS	VIS	WO	VIS	VIS	WO	VIS	EXT	WO	VIS	INT	VIS	VIS	WO	VIS	VIS
\$ / YR	\$27,361	\$27,361	\$27,361	\$27,361	\$27,361	\$27,361	\$27,361	\$27,361	\$27,361	\$27,361	\$19,043	\$19,717	\$20,415	\$21,138	\$21,886	\$22,661	\$23,463	\$24,294	\$25,154	\$26,044
Checking	\$26,560	\$26,560	\$26,560	\$26,520	\$26,520	\$26,520	\$26,520	\$26,521	\$26,521	\$26,520	\$19,043	\$19,717	\$20,415	\$21,138	\$21,886	\$22,661	\$23,463	\$24,294	\$25,154	\$26,044
S.Back Wash 200KG-STP	VIS	EXT INT REPAIRS	VIS	VIS	WO	VIS	VIS	WO	VIS	VIS	WO	VIS	EXT	WO	VIS	INT	VIS	VIS	WO	VIS
\$ / YR	\$25,653	\$25,653	\$25,653	\$25,653	\$25,653	\$25,653	\$25,653	\$25,653	\$25,653	\$25,653	\$18,890	\$19,559	\$20,251	\$20,968	\$21,710	\$22,479	\$23,275	\$24,098	\$24,952	\$25,835
Checking	\$24,844	\$24,844	\$24,844	\$24,804	\$24,804	\$24,804	\$24,804	\$24,804	\$24,804	\$24,804	\$18,890	\$19,559	\$20,251	\$20,968	\$21,710	\$22,479	\$23,275	\$24,098	\$24,952	\$25,835
Mt. Vernon 500KG-Ped	REPAIRS WO	VIS	VIS	EXT INT	VIS	VIS	WO	VIS	VIS	WO	VIS	VIS	WO	VIS	EXT	WO	VIS	INT	VIS	VIS
\$ / YR	\$43,762	\$43,762	\$43,762	\$43,762	\$43,762	\$43,762	\$43,762	\$43,762	\$43,762	\$43,762	\$37,260	\$38,579	\$39,945	\$41,359	\$42,823	\$44,339	\$45,908	\$47,534	\$49,216	\$50,958
Checking	\$42,123	\$42,123	\$42,123	\$42,044	\$42,044	\$42,044	\$42,044	\$42,044	\$42,044	\$42,044	\$37,260	\$38,579	\$39,945	\$41,359	\$42,823	\$44,339	\$45,908	\$47,534	\$49,216	\$50,958
USI 500KG-Comp	REPAIRS WO	VIS	VIS	WO	VIS	EXT	WO	VIS	INT	VIS	VIS	WO	VIS	VIS	WO	VIS	EXT	WO	VIS	VIS
\$ / YR	\$46,825	\$46,825	\$46,825	\$46,825	\$46,825	\$46,825	\$46,825	\$46,825	\$46,825	\$46,825	\$40,833	\$42,279	\$43,775	\$45,325	\$46,930	\$48,591	\$50,311	\$52,092	\$53,936	\$55,845
Checking	\$44,793	\$44,793	\$44,793	\$44,687	\$44,687	\$44,687	\$44,687	\$44,687	\$44,688	\$44,687	\$40,833	\$42,279	\$43,775	\$45,325	\$46,930	\$48,591	\$50,311	\$52,092	\$53,936	\$55,845
Campground 20MM-GST- Mixers Only	2-VAM600 PWM600	VIS	VIS	VIS	VIS	VIS	VIS	VIS	VIS	VIS	VIS	VIS	VIS	VIS	VIS	VIS	VIS	VIS	VIS	VIS
\$ / YR	\$64,555	\$64,555	\$64,555	\$8,134	\$8,422	\$8,720	\$9,029	\$9,349	\$9,680	\$10,022	\$10,377	\$10,744	\$11,124	\$11,518	\$11,926	\$12,348	\$12,785	\$13,238	\$13,707	\$14,192
Checking	\$64,295	\$64,295	\$64,295	\$8,134	\$8,422	\$8,720	\$9,029	\$9,349	\$9,680	\$10,022	\$10,377	\$10,744	\$11,124	\$11,518	\$11,926	\$12,348	\$12,785	\$13,238	\$13,707	\$14,192
Total \$ / YR	\$594,352	\$594,352	\$594,352	\$530,547	\$532,290	\$534,095	\$535,964	\$537,900	\$539,904	\$541,978	\$408,025	\$422,469	\$437,425	\$452,910	\$468,943	\$485,543	\$502,732	\$520,528	\$538,955	\$558,034
Total \$ / Month	\$49,529	\$49,529	\$49,529	\$44,212	\$44,358	\$44,508	\$44,664	\$44,825	\$44,992	\$45,165	\$34,002	\$35,206	\$36,452	\$37,742	\$39,079	\$40,462	\$41,894	\$43,377	\$44,913	\$46,503
Less \$18,000/ year or \$180,000 over ten years, or cost of the (3) mixers																				
Checking	\$576,351	\$576,351	\$576,351	\$512,546	\$514,289	\$516,094	\$517,963	\$519,900	\$521,905	\$523,977	\$408,025	\$422,469	\$437,425	\$452,910	\$468,943	\$485,543	\$502,732	\$520,528	\$538,955	\$558,034
Total \$ / Month	\$48,029	\$48,029	\$48,029	\$42,712	\$42,857	\$43,008	\$43,164	\$43,325	\$43,492	\$43,665	\$34,002	\$35,206	\$36,452	\$37,742	\$39,079	\$40,462	\$41,894	\$43,377	\$44,913	\$46,503

Last Offer, ten year sum \$5,535,734

Difference= \$180,007

Checking 4-18-2016,
ten year sum

\$5,355,727