

OFFICIAL
EXHIBITS

FILED
September 14, 2020
INDIANA UTILITY
REGULATORY COMMISSION

PETITIONER'S EXHIBIT 20

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF THE TOWN OF CEDAR LAKE,)
LAKE COUNTY, INDIANA, FOR APPROVAL)
TO ADJUST ITS RATES AND CHARGES AND)
ISSUE BONDS)
)
)
)

CAUSE NO. 45367

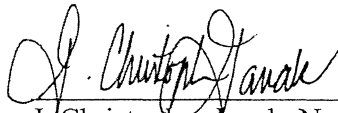
IURC
PETITIONER'S
EXHIBIT NO. 20
10-16-20
DATE
REPORTER AT

PETITIONER'S REBUTTAL TESTIMONY OF
RANDELL C. NIEMEYER

Rebuttal Testimony of Randell C. Niemeyer

Petitioner's Exhibit 20

Respectfully submitted,



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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**PETITION OF THE TOWN OF CEDAR)
LAKE, LAKE COUNTY, INDIANA, FOR)
APPROVAL TO ADJUST ITS RATES AND) CAUSE NO. 45367
CHARGES AND ISSUE BONDS)
)
)**

**REBUTTAL TESTIMONY OF
RANDELL C. NIEMEYER**

September 14, 2020

**On behalf of Petitioner
Town of Cedar Lake, Lake County, Indiana**

TOWN OF CEDAR LAKE, LAKE COUNTY, INDIANA

IURC Cause No. 45367

I. INTRODUCTION

1. Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR THE RECORD.

A. My name is Randell C. Niemeyer and my address for business related to the Town of Cedar Lake, Indiana, is 7408 Constitution Avenue, Cedar Lake, IN 46303.

2. Q. ARE YOU THE SAME RANDELL C. NIEMEYER THAT PREVIOUSLY PREFILED TESTIMONY AND EXHIBITS IN THIS CAUSE?

A. Yes, I am.

3. Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. The purpose of my rebuttal testimony is three fold. First, I will testify regarding the proposal from the Indiana Office of Utility Consumer Counselor ("OUCC") to phase-in Cedar Lake's monthly user rates. Second, I will discuss the role of the Town Council in overseeing the operation and maintenance of the water utility, as well as the overall allocation of expenses to the water utility. Third, I will discuss the need for the project and the anticipated financing for the same.

1 **II. DISAGREEMENT WITH OUCC'S PROPOSALS**

2
3 **A. Phase-in of Rates**

4
5 **4. Q. DO YOU AGREE WITH THE OUCC'S PROPOSED PHASE-IN OF**
6 **RATES?**

7 **A.** No, I do not. As explained by Ms. Haase, Cedar Lake intends to move forward
8 with its proposed projects immediately after receipt of a Commission order.
9 While there is no guarantee that the Commission will approve the projects or
10 authorize the issuance of bonds, there is no dispute that the projects are needed
11 and should be done as quickly as possible. Due to the anticipated timing for
12 issuance of the order and closing on the proposed bonds, a phase-in of monthly
13 user rates would not be appropriate and would, in fact, likely confuse our
14 customers who could receive three (3) different bills in a three (3) month
15 timespan.

16 **5. Q. HAVE YOU ALSO REVIEWED MS. HAASE'S ALLOCATION TO THE**
17 **MUNICIPAL WATER UTILITY FOR THE EXPENSES ASSOCIATED**
18 **WITH SIX (6) EMPLOYEE POSITIONS?**

19 **A.** Yes, I have. In fact, I participated in some of the meetings and interviews in
20 which Ms. Haase analyzed and determined the amount of time each of our
21 employees may spend with the utilities. It was determined that a number of
22 employees, despite what the job descriptions might say, spend regular time
23 completing tasks for the water utility. After these interviews, Ms. Haase made an

1 allocation of the time and expense for these employees to the water utility, and I
2 agree with the same.

3 **B. Role of the Town Council and Allocation of Expenses**

4 **6. Q. DID YOU REVIEW THE OUCC'S TESTIMONY OBJECTING TO THE**
5 **ALLOCATION OF EXPENSES TO THE WATER UTILITY FOR TOWN**
6 **COUNCIL WAGES AND RELATED BENEFITS?**

7 **A.** Yes, I did. I was surprised by the OUCC's position that the expenses of the
8 Town Council should not be allocated to Cedar Lake's municipal water utility.
9 In Cedar Lake, like most other municipalities, the Town Council acts as the
10 legislative and fiscal body for the Town and is responsible for the overall
11 management and direction of its water utility. The Town Council reviews all
12 contracts; approves all rates; meets with engineers, accountants, and lawyers;
13 adopts ordinances and resolutions; oversees or actively participates in the
14 negotiation for the acquisition of land, land rights, and facilities for the water
15 utility; and ensures that the utility takes the steps necessary to meet the service
16 demands of its customers. While I am not an attorney, I understand that these
17 duties are prescribed by Indiana law. For this reason, there is no need for a job
18 description for the Town Council (as suggested by the OUCC).

19 **7. Q. CAN YOU DESCRIBE THE TOWN COUNCIL'S ROLE WITH RESPECT**
20 **TO THE WATER UTILITY OVER THE LAST DECADE?**

21 **A.** Yes, I can. As I previously explained in my prefiled testimony, the Town
22 purchased the water utilities a little more than a decade ago. As part of the

1 process, the Town Council was responsible for negotiating the purchase of two
2 (2) different utilities (and three different service areas); meeting with ratepayers
3 regarding the potential transition; meeting with accountants, engineers, and
4 lawyers to prepare for the inclusion of the new facilities under the Town's
5 ownership; held public meetings and approved ordinances and resolutions;
6 attended closings; oversaw any and all regulatory proceedings for approval of the
7 same; and has overseen the operation, maintenance, and expansion of the water
8 facilities since the acquisition.

9 **8. Q. CAN YOU DESCRIBE THE ROLE OF THE TOWN COUNCIL ON A**
10 **PROSPECTIVE BASIS?**

11 **A.** Yes. The Town Council will continue to perform many of the tasks outlined
12 above. At this time, the Town is experiencing significant growth and is in the
13 process of acquiring a new water supply; negotiating a purchase price for the
14 same; meeting with engineers, accountants, and attorneys to ensure that all
15 proper legal steps are followed; adopting ordinances and resolutions necessary to
16 issue bonds and changes our rates; participating in these proceedings; and
17 meeting with our constituents on a regular basis to discuss the expansion,
18 financing of the same, and potential impact on rates.

19 **9. Q. DO YOU AGREE WITH MS. HAASE'S ALLOCATION OF 25% OF THE**
20 **EXPENSE FOR THE TOWN COUNCIL TO THE WATER UTILITY?**

21 **A.** Yes, I do. I would estimate that the Town Council spends at least 25% of its time
22 on water utility matters.

1 **III. NEED FOR PROEJCTS AND FINANCING OF THE SAME**

2 **10. Q. WHAT ARE THE TOWN'S PLANS FOR FINANCING THE**
3 **IMPROVEMENTS PROPOSED IN THIS CAUSE?**

4 **A.** As indicated from the very beginning of the case, Cedar Lake has planned to issue
5 bonds on the open market. Due to the potential availability of grants and low
6 interest loans, Cedar Lake has expanded its financing options to include the
7 Indiana State Revolving Loan Fund Program. At one point, Cedar Lake was
8 concerned that the open market would not be an option for the Town due to
9 economic circumstances arising out of the COVID-19 pandemic. At this point,
10 however, the market has changed such that the open market may be a less
11 expensive option than the SRF Program. Between now and next July or August
12 (i.e. the time that Cedar Lake anticipates issuing bonds), the Town Council will
13 monitor the financing market to determine the lowest cost alternative for our
14 customers.

15 **11. Q. IS THE TOWN COUNCIL COMMITTED TO SELECTING THE**
16 **LOWEST COST ALTERNATIVE?**

17 **A.** Yes, it is. As noted by Ms. Haase in her testimony, Cedar Lake has a long history
18 of maintaining low user rates. Since the acquisition of the water utilities, the
19 Town has not changed its monthly user rates. Similarly, the Town has operated
20 its wastewater utility for twenty-two (22) years without a rate increase. This is a
21 source of great pride to the Town Council, and we are committed to a financing
22 alternative that results in the lowest possible rates for our constituents.

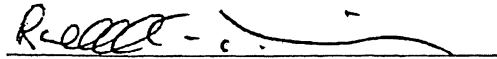
1 **IV. CONCLUSION**

2 **12. Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

3 **A.** Yes, it does.

VERIFICATION

I, Randell C. Niemeyer, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information, and belief.

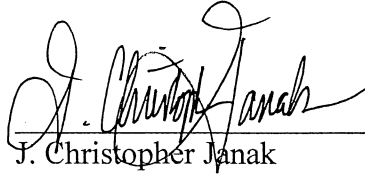

Randell C. Niemeyer, Town Council President

09/14/2020
Date

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing *Rebuttal Testimony of Randell C. Niemeyer* was served upon the following by electronic mail this 14th day of September, 2020:

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