

STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION

PETITION OF THE CITY OF ELKHART,)
INDIANA, FOR AUTHORITY TO ISSUE)
BONDS, NOTES, OR OTHER OBLIGATIONS)
FOR AUTHORITY TO INCREASE ITS) CAUSE NO. 46010
RATES AND CHARGES FOR WATER)
SERVICE, AND FOR APPROVAL OF)
NEW SCHEDULES OF RATES AND)
CHARGES)

AMENDED PETITION

Petitioner, the City of Elkhart, Indiana (“Petitioner”), respectfully petitions the Indiana Utility Regulatory Commission (“Commission”) for authority to increase its rates and charges for water utility service, approval of a new schedule of rates and charges applicable thereto, and authority to issue notes, bonds, or other obligations. In support of its Amended Petition, the Petitioner states:

1. Petitioner owns and operates a municipal water system, pursuant to Ind. Code § 8-1.5-4). The City of Elkhart Water Utility collects rates and charges for the use of services rendered by its water system pursuant to Ind. Code § 8-1.5-3-8.
2. Petitioner is subject to the jurisdiction of this Commission in the manner and to the extent provided in Ind. Code § 8-1.5-1-1 et seq., as amended, and other laws of the State of Indiana.
3. Petitioner, by its Water Utility, operates, manages, and controls plants, property, pipelines, equipment, and facilities which are used and useful in the production, treatment, distribution, and sale of water and provision of water service to residential, commercial, industrial, and other consumers. Petitioner’s water utility properties are used and useful in its public service and operated and maintained so as to provide adequate, dependable, and efficient water sales and service to its customers.

4. Petitioner's existing water rates were established pursuant to Commission Orders dated July 11, 2007, in Cause No. 43191.

5. Petitioner has experienced significantly increased costs and expenses since its last rate increase approved by the Commission.

6. Petitioner must also make necessary additions, extensions, replacements, and improvements to its waterworks system to continue to provide reasonable and adequate service.

7. Petitioner proposes to obtain the necessary funds for these additions, extensions, replacements, and improvements, including a Lead Service Line Replacement ("LSLR") Program, from revenues and from the issuance of new waterworks revenue bonds through the Drinking Water State Revolving fund ("SRF"). The proposed bonds will be in a principal amount not to exceed \$12,815,000, which is a reasonable method for financing the planned improvements. Petitioner anticipates the term of these bonds will not exceed 35 years and that they may be used in multiple series. The principal and interest of the new waterworks revenue bonds will be payable solely from future revenues of the Petitioner's waterworks.

8. Petitioner's revenues provided by its current rates are inadequate to meet the carrying cost and expense of operating either its present or planned future capital improvement projects, as well as the costs and expenses to meet or exceed environmental and other legal and customer service requirements.

9. In particular, the existing rates and charges for water service render by Petitioner do not produce sufficient revenue to pay all the necessary expenses incident to the operating of the utility, including maintenance costs, operating charges, upkeep, repairs, depreciation, and interest charges on bonds or other obligations, including leases; provide a sinking fund for the liquidation of bonds or other evidence of indebtedness, including leases; provide a debt service reserve for

bonds or other obligations, including leases; provide adequate money for working capital; provide adequate money for making extensions and replacements to the extent not provided for through depreciation; provide money for the payment of any taxes that may be assessed against the utility; compensate the City for taxes that would be due the City on the utility property where it privately owned; and provide a return on the utility plant. The issuance of the proposed revenue bonds for Petitioner's necessary additions, extensions, replacements, and improvements would increase the shortfall. The existing rates and charges are therefore insufficient and unlawful pursuant to Ind. Code §8-1.5-3-8.

10. It is necessary to increase the present rates and charges in order to provide sufficient funds to meet the financial requirements of Petitioner's waterworks and maintain the utility property in a sound physical and financial condition, and to meet all environmental and other water services requirements to enable Petitioner to continue rendering adequate and efficient utility service. Petitioner also intends to use increased funding to support the issuance of long-term debt financed through SRF.

11. Petitioner's Board of Public Works ("Board") acts as the advisory board for the Water Utility pursuant to Ind. Code §§ 8-1.5-3-4(7), which states that the Board "recommend to the legislative body reasonable and just rates and charges for services to the patrons of each utility."

12. Further, Ind. Code 8-1.5-3-8(e) states that "The board may recommend to the municipal legislative body rates and charges sufficient to include a reasonable return on the utility plant of the municipality."

13. At its meeting on November 21, 2023, by the passing of Resolution 23-R-26, the Board recommended to the City of Elkhart Common Council that it approve the filing of this Petition with the Commission seeking authority for a rate increase consistent with the Baker Tilly

rate study, which indicated an overall increase of 34% for 2025, 4% for 2026 and 3% for 2027. Resolution 23-R-26 is attached to the Testimony of Tory Irwin.

14. On December 4, 2023, the Common Council for the City of Elkhart passed Ordinance 5963 which included the requested water rate increase pending approval by the IURC. Ordinance 5963 is attached to the Testimony of Tory Irwin.

15. The extensions, replacements, and improvements for which authority is sought to issue the bonds, notes, or other obligations are reasonable necessary for Petitioner to provide adequate and efficient utility service. The revenue bonds which Petitioner seeks authority to issue are a reasonable method of financing such extensions, replacements, and improvements. The new schedule of rates and charges will represent rates and charges which are lawful, nondiscriminatory, necessary, reasonable, and just. Therefore, the issuance of the proposed revenue bonds and establishment of the new schedule of rates and charges should be approved by the commission.

16. Petitioner plans to utilize a historical test year for purposes of determining Petitioner's actual and pro forma operating revenues, expenses, and revenue requirement under present and proposed rates based on the twelve (12) months ended October 31, 2023, and believes the financial and accounting data, when properly adjusted pursuant to Petitioner's evidence, including, but not limited to, the substantial additional capital requirements Petitioner must meet and finance over the next few calendar years, fairly reflect the Petitioner's annual operations. Therefore, such historical test year, as adjusted, is a proper bases for fixing the requested new rates for Petitioner and testing in the effect of those rates.

17. The attorney authorized to represent Petitioner in this proceeding, who is authorized to accept service of papers in the proceeding on behalf of Petitioner, is:

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18. Petitioner filed a proposed procedural schedule negotiated with Indiana Office of Utility Consumer Counselor (“OUCC”).

WHEREFORE, Petitioner respectfully requests that the Commission make such investigation and hold such hearings as are necessary or advisable and thereafter issue a final order in this Cause:

- a. Authorizing an increase in Petitioner’s rates and charges for water service as requested by Petitioner;
- b. Approving the establishment of new schedules of water rates and charges applicable thereto, with such schedules properly to reflect and establish the proposed rate increase;
- c. Approving the issuance of bonds, notes or other obligations; and
- d. Making such other and further orders as the Commission may deem appropriate and proper.

Respectfully submitted,

/s/Margaret M. Marnocha
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing was served electronically on the date of filing to:

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/s/Margaret M. Marnocha
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