

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF INDIANA MICHIGAN POWER)
COMPANY, AN INDIANA CORPORATION, FOR)
(1) AUTHORITY TO INCREASE ITS RATES AND)
CHARGES FOR ELECTRIC UTILITY SERVICE)
THROUGH A PHASE IN RATE ADJUSTMENT;)
(2) APPROVAL OF: REVISED DEPRECIATION)
RATES; ACCOUNTING RELIEF; INCLUSION IN)
BASIC RATES AND CHARGES OF QUALIFIED) CAUSE NO. 44967
POLLUTION CONTROL PROPERTY, CLEAN)
ENERGY PROJECTS AND COST OF BRINGING)
I&M'S SYSTEM TO ITS PRESENT STATE OF)
EFFICIENCY; RATE ADJUSTMENT MECHANISM)
PROPOSALS; COST DEFERRALS; MAJOR STORM)
DAMAGE RESTORATION RESERVE AND)
DISTRIBUTION VEGETATION MANAGEMENT)
PROGRAM RESERVE; AND AMORTIZATIONS;)
AND (3) FOR APPROVAL OF NEW SCHEDULES)
OF RATES, RULES AND REGULATIONS.)

**SUBMISSION OF SETTLEMENT TESTIMONY OF JOHN CHARLES BINKERD
ON BEHALF OF MUNICIPAL INTERVENORS**

The City of Ft. Wayne, the City of Marion, Marion Municipal Utilities, the Muncie Sanitary District, and the City of South Bend (collectively, the "Municipal Intervenors") hereby submit the Settlement Testimony of John Charles Binkerd in the above-referenced Cause. The undersigned has been authorized to make this filing on behalf of counsel for the Cities of Ft. Wayne and South Bend.

Respectfully submitted,



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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was served by hand delivery, electronic transmission or U.S. Mail, first class postage prepaid this 20th day of February, 2018 upon:

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PRE-FILED VERIFIED SETTLEMENT TESTIMONY OF

JOHN CHARLES BINKERD

Joint Municipal Exhibit No. 10

On Behalf of Intervenors
City of Fort Wayne, Indiana
City of Marion, Indiana
Marion Municipal Utilities
Muncie Sanitary District
City of South Bend, Indiana

February 20, 2018

1 **1. Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is John Charles (“Chuck”) Binkerd and my business address is 1540 N.
3 Washington Street, Marion, Indiana 46952.

4
5 **2. Q. BY WHOM ARE YOU EMPLOYED?**

6 A. I am the Director of Marion Municipal Utilities.
7

8 **3. Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND,**
9 **RELEVANT EXPERIENCE, AND PROFESSIONAL AFFILIATIONS.**

10 A. I attended Indiana University. I have been the Director at Marion Utilities since
11 2012. Prior to that, I served as the Assistant Director (2000-2012) and the
12 Superintendent of Wastewater Department at Marion Utilities (1998-2000). I
13 was the Utilities Superintendent at Grissom Redevelopment Authority (1996-
14 1998) in Miami County, as well as a Project Manager for Contract Management
15 Services (1993-1996) in South Bend. I was also the Superintendent of Peru
16 Utilities (1981-1993).

17 I hold professional certifications in the following: Change Leadership,
18 Grade WT3 Water Treatment Operator, Class D Industrial Wastewater
19 Treatment Plant Operator, Class IV Wastewater Treatment Plant Operator, Grade
20 WT5 Water Treatment Operator and Grade DSL Water Distribution System
21 Operator. I am also involved with the Grant County Economic Growth Council,

1 the Marion Community Redevelopment and Economic Enhancement District
2 Board, the American Water Works Association (“AWWA”), the Indiana Water
3 Environment Association (“IWEA”) and the Water Environment Federation. I
4 have also received the Ricky D. Dodd Public Outreach Award from IWEA, and
5 the John N. Hurty Service Award from the Indiana Section of AWWA.

6
7 **4. Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE COMMISSION**
8 **PRIOR TO THIS CAUSE?**

9 A. No, I have not.
10

11 **5. Q. ON WHOSE BEHALF ARE YOU TESTIFYING?**

12 A. I am testifying on behalf of the City of Ft. Wayne, the City of Marion, Marion
13 Municipal Utilities (together, “Marion”), the Muncie Sanitary District, and the
14 City of South Bend (collectively, the “Cities”), all located in the State of Indiana.
15

16 **6. Q. ARE YOU FAMILIAR WITH THE SETTLEMENT AGREEMENT THAT**
17 **HAS BEEN REACHED IN THIS CASE?**

18 A. Yes, I am. Following the filing of Indiana Michigan Power Company’s (“I&M’s”)
19 case in chief, as well as testimony from the Office of the Utility Consumer
20 Counselor (“OUCC”) and numerous intervenors, including the Cities, the parties

1 began a series of negotiations which ultimately resulted in a settlement that was
2 filed with the Commission on February 14, 2018.

3
4 **7. Q. WHAT IS THE PURPOSE OF YOUR SETTLEMENT TESTIMONY?**

5 A. The purpose of my testimony, together with the testimony of the other settling
6 parties, is to provide sufficient evidence upon which the Commission can approve
7 the settlement as being reasonable and in the public interest. While I&M's
8 settlement testimony will focus on the overall impact of the settlement, my
9 testimony will specifically address the impact of some of the terms of the
10 Settlement Agreement on the Cities and other local government entities. The City
11 of Fort Wayne and the City of South Bend will also be providing settlement
12 testimony.

13
14 **8. Q. WHAT ARE THE SPECIFIC TERMS THAT YOU WOULD LIKE TO**
15 **ADDRESS?**

16 A. I will address the following provisions found in Section I.C. of the Settlement
17 Agreement:

- 18 (i) Section 10 – Application of Tariff W.S.S. to Marion Water Facilities
19 (ii) Section 11 – Review of Joint Municipals' Accounts;
20 (iii) Section 12 – Electronic Billing Data for Joint Municipals
21 (iv) Section 17 – Economic Impact Grant Program

1 **9. Q. WHY IS THE APPLICATION OF TARIFF W.S.S. TO MARION WATER**
2 **FACILITIES IMPORTANT?**

3 A. Upon intervening in this case, Marion began to share its I&M billing information
4 with the other Cities to determine the rate impact of this proceeding on our
5 communities, as well as identify issues important to the Cities. When comparing
6 Marion Utilities' bills to the utility bills of the other Cities, it became apparent
7 that some of Marion Utilities' water and wastewater facilities (including lift
8 stations, a reservoir and treatment plant) were not being billed under Tariff W.S.S.
9 This billing issue was first raised in the Verified Direct Testimony of Eric J.
10 Walsh (Joint Municipal Exhibit No. 5, pp. 6-9). Since Rate W.S.S., pursuant to
11 the terms of I&M's tariff, is available for the supply of electric energy to
12 waterworks systems and sewage disposal systems, Marion wished to resolve this
13 billing issue as part of the Settlement. Thanks to the cooperation of
14 representatives of I&M, we were able to reach an agreement on a one-time, lump-
15 sum bill credit of \$25,000 to reach compromise and settle Marion's claim
16 regarding the application of non-W.S.S. tariffs to water and wastewater related
17 utility facilities.

18
19 **10. Q. WHY ARE SECTIONS 11 AND 12 OF THE SETTLEMENT**
20 **AGREEMENT IMPORTANT TO THE CITIES?**

1 A. As municipalities and other local governments in Indiana face the continuing
2 pressure of property tax caps and increased demand for funding of services such
3 as public safety, parks and recreation, street maintenance, and code enforcement,
4 conscientious budget management is more important than ever before. Under the
5 annual review provided in Section 11 of the Settlement, I&M will provide, upon
6 the Cities' request, an analysis of the ten largest accounts to ensure the tariff
7 billed is the most economical based on the previous 12 months' usage data. This
8 analysis, along with the ability to elect to switch tariffed services pursuant to the
9 terms of I&M's Commission-approved tariff, will be an extremely important part
10 of helping the Cities control their electric utility costs, and as a result, the
11 expenditure of taxpayer dollars and the pass-thru of local utility ratepayer costs
12 related thereto. The ability to receive billing information in electronic format
13 pursuant to Section 12 of the Settlement Agreement will also assist the Cities in
14 reviewing and paying their bills from I&M in a timely manner, budgeting
15 accurately, and identifying any possible billing errors in the future.

16
17 **11. Q. PLEASE EXPLAIN WHY THE ECONOMIC IMPACT GRANT**
18 **PROGRAM IS IMPORTANT TO THE CITIES AND OTHER**
19 **GOVERNMENT ENTITIES IN I&M'S TERRITORY.**

20 A. The Economic Impact Grant Program described in Section 17 of the Settlement
21 Agreement, is a crucial part of mitigating the impact of I&M's rate increase on

1 local governments, as well as spurring local economic development. As
2 explained in the Prefiled Direct Testimony of Mr. Walsh, the Cities represent
3 450,000 people living within the communities that intervened in this Cause (Id. at
4 p. 5). The Economic Impact Grant Program addresses the concerns in Mr.
5 Walsh's testimony. Marion, along with the other Cities, are excited to work with
6 I&M on economic development projects that attract new companies, grow
7 existing businesses, and develop talented employees. It is also important to note
8 that pursuant to Section 17.8, I&M's revenue deficiency in this Cause will not be
9 adjusted to include any incremental costs of this program. I see this provision of
10 the Settlement Agreement as a "win-win" for everyone.

11
12 **12. Q. WHAT ELSE WOULD YOU LIKE TO NOTE ABOUT THE**
13 **SETTLEMENT AGREEMENT?**

14 A. The Settlement Agreement is also important because it passes through the tax
15 savings impact of the Tax Cuts and Jobs Act. While I am not a tax expert, I
16 understand that as a result of the Settlement Agreement, I&M's customers will
17 likely see the benefit of this tax cut much sooner than other utility ratepayers in
18 Indiana. Due to the timing of settlement negotiations, the Cities did not file
19 supplemental testimony on tax issues, as we reached a settlement in principle on
20 the same day that supplemental testimony was due. That said, I believe that the
21 Settlement Agreement fairly addresses the issue.

1 **13. Q. DO YOU BELIEVE THE SETTLEMENT IS REASONABLE?**

2 A. Yes, I do. The Settlement is based upon a thorough review of information related
3 to I&M's operations and financial situation, along with extensive discovery and
4 discussions among the Parties. The Settlement is the reasonable result of
5 compromise on all sides. Most importantly, it significantly reduces the revenue
6 requirement that I&M originally sought in this case, to the benefit of all
7 ratepayers.

8
9 **14. Q. MR. BINKERD, DO YOU RECOMMEND THAT THIS COMMISSION**
10 **ACCEPT THIS SETTLEMENT AS FILED?**

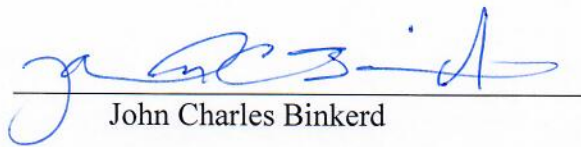
11 A. Yes, I do.

12
13 **15. Q. DOES THIS CONCLUDE YOUR SETTLEMENT TESTIMONY IN THIS**
14 **CAUSE?**

15 A. Yes, it does.

VERIFICATION

I affirm under the penalties of perjury that the foregoing Prefiled Verified Settlement
Testimony is true to the best of my knowledge, information and belief as of the date here filed.



John Charles Binkerd

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