STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION AMERICAN SUBURBAN UTILITIES, INC. FOR AUTHORITY TO: (1) ISSUE LONG TERM DEBT AND ENCUMBER ITS ASSETS AS SECURITY FOR SUCH DEBT; (2) USE THE PROCEEDS TO REIMBURSE ITS TREASURY, REFINANCE EXISTING INDEBTEDNESS, AND CONSTRUCT CERTAIN IMPROVEMENTS; (3) INCREASE ITS RATES AND CHARGES FOR SEWER UTILITY SERVICE; AND (4) IMPLEMENT A NEW SCHEDULE OF RATES AND CHANGES APPLICABLE THERETO	**CAUSE NO. 46318**

PREFILED DIRECT TESTIMONY AND EXHIBITS OF LANA BEREGSZAZI

Prefiled Direct Testimony of Lana Beregszazi — ASU Exhibit 21

Respectfully submitted,

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ASU EXHIBIT 21

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PREFILED DIRECT TESTIMONY AND EXHIBITS

OF

LANA BEREGSZAZI

ON BEHALF OF

AMERICAN SUBURBAN UTILITIES, INC.

I.
INTRODUCTION

Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Lana Beregszazi, and my business address is 1202 W. Wayne St., Fort Wayne, IN 46802.

Q2. PLEASE STATE YOUR TITLE, EMPLOYER, AND YOUR FIRM'S BACKGROUND.

A. I am the Founder and President of BCS Management, Inc. ("BCS"). BCS is a certified Woman-Owned Business Enterprise ("WBE") in the State of Indiana. My experience is in the field of municipal water and sewer utility consulting, and engineering project management. I hold a Bachelor's Degree in Organizational Leadership and Supervision from Purdue University and a Master of Business Administration (or MBA) degree from Indiana University. BCS focuses on providing strategic, financial, and administrative management to utilities and governmental entities, which includes budget analysis and project recovery within the sanitary sewer and water industries. BCS also provides full service website development and management services for municipalities and related industry businesses.

Q3. CAN YOU DESCRIBE SOME OF THE ENTITIES TO WHOM BCS PROVIDES SERVICES AND THE RELEVANCE OF THIS EXPERIENCE TO THIS PROCEEDING?

A. Yes, I can. Our diverse client list includes entities like Aqua Indiana, Ninestar Connect (Hancock County), Boone County, Huntington County, Taylor Regional Sewer District,

Montgomery Regional Sewer District, City of Garrett, Grant County, and the Grant County Economic Growth Council. By working with such diverse governmental and utility-related clients, our firm has deep industry experience across various public and private sewer utilities and related governmental units. In light of our experience, I am well-positioned to assess whether American Suburban Utilities, Inc.'s ("ASU", "Utility" or "Petitioner") capital planning and execution methodology aligns with or deviates from cost-effective industry norms, and to that end, I have solicited historical project information from ASU to compare their capital expenditures to other clients' projects.

Q4. PLEASE DESCRIBE YOUR RELEVANT WORK EXPERIENCE PRIOR TO STARTING BCS.

A. BCS has been providing a unique, non-engineering financial and comparative perspective on utility projects and operations for 12 years. Prior to founding BCS, I gained extensive knowledge of disciplined, cost-effective engineering project management methods while working in the International PMO (Project Management Office) of a major defense contractor. This background provided me with the experience and framework to analyze the budgetary and financial effectiveness of the management of various utilities.

Q5. HAVE YOU EVER WORKED FOR OR BEEN CONTRACTED BY ASU PRIOR TO FILING TESTIMONY AND EXHIBITS IN THIS CAUSE?

A. Yes, I have. In my role at BCS, I have been called on from time to time by Mr. Scott L. Lods, ASU's owner, to assess projects and processes and I am familiar with ASU's reputation and its unique approach to scaling and operating a utility. My current engagements are focused on reviewing their historical capital expenditures, updating their

Standard Operating Procedures ("SOPs"), and rebuilding and updating their website.

Q6. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to provide my professional opinion on the costs incurred by ASU to construct improvements to its system. Based on my review of the provided historical project data, I believe ASU's methodology is and has been less expensive than industry standards, which ultimately would insure to the benefit of the ratepayers via (lower costs for service and) lower rates.

Q7. HAVE YOU REVIEWED THE PREFILED TESTIMONIES OF PETITIONER'S OTHER WITNESSES IN THIS CAUSE?

A. Yes, I have reviewed the testimonies of Mr. Thomas B. Astbury, Mr. Timothy A. Beyer, Ms. Jennifer Z. Wilson, and Mr. John R. Skomp.

II.
FINANCIAL PRUDENCE AND COST COMPARISON

Q8. MS. BEREGSZAZI, CAN YOU PROVIDE A DETAILED BREAKDOWN OF THE HISTORICAL PROJECT DATA YOU REVIEWED IN PREPARATION FOR YOUR TESTIMONY IN THIS CAUSE?

A. Yes. The historical information reviewed outlines the major plant expansions undertaken by ASU. I requested this detail to take a non-engineering look at the projects and compare them to my other clients' projects. The summary table below shows the year, capacity changes, plant name, and construction cost for the projects reviewed:

Year	Plant	Starting Capacity (GPD)	End Design Capacity (GPD)	Construction Cost
1999	CH-II	30,000	100,000	$1,030,000
2000	CE-II	760,000	1,500,000	$2,028,402
2006	CH-III	100,000	1,000,000	$2,450,913
2016	CE-III	1,500,000	3,000,000	$11,500,000
2022	CH-IV (Phosphorus)	N/A	N/A	$406,472

Q9. DO YOU HAVE ANY EXAMPLES FROM YOUR CLIENT BASE THAT PROVIDE A COMPARISON FOR CONSIDERATION OF ASU'S PREVIOUSLY INCURRED ENGINEERING FEES AND CONSTRUCTION COSTS?

A. Yes, I do. I understand that in prior Commission cases there have been concerns regarding ASU's use of in-house engineering and affiliated parties to provide engineering and construction services to ASU. Based on my experience, however, ASU's fees and costs have been reasonable.

One comparison comes from a client in Montgomery County, Indiana. This client retained an outside engineering firm to design a phased plant expansion of 200,000 and 500,000 gallons per day, which is significantly smaller than many of the expansions completed by ASU. The fees paid by the Montgomery County client to the engineering firm for the design work alone exceeded $400,000. It is my understanding that the total compensation paid to

ASU's in-house engineer, Mr. Serowka, from July of 1997 to September of 2025 (28 years) is approximately $508,000 for the design of all treatment plants and expansions as well as on-call engineering services. This is only 25% more than what the Montgomery County utility paid for a single design fee. ASU has been able to execute major capacity expansions at a fraction of the customary engineering cost, delivering a massive capital project, the CE-II expansion for example, while a much smaller-scale project elsewhere incurs hundreds of thousands of dollars just for the design fees. To date, ASU's cost-effective method of retaining engineering services and construction has been highly competitive, lower than what I have seen from other utilities and, in the long term, has provided a financial benefit to the customers in the form of lower rates.

Q10. WHAT IS YOUR OPINION REGARDING ASU'S USE OF INTERNAL RESOURCES FOR CONSTRUCTION AS COMPARED TO INDUSTRY STANDARDS?

A. Similar to my testimony regarding the use of in-house engineering, I believe that ASU's use of in-house and affiliated construction staff has resulted in lower overall project costs for ASU and its customers. Consistent with Mr. Astbury's testimony, my experience with utility clients is that a major benefit of employing qualified in-house staff for design, project management, and construction is to avoid the high external consultant fees and the often lengthy, costly delays associated with the traditional design-spec-bid model.

I have reviewed the quotes received by ASU from three known engineering firms (HWC, Clark Dietz, and Burke Engineering) for design and bid solicitation services related to the proposed County Home plant expansion from 1.0 MGD to 3.0 MGD. (See ASU Exhibit

17 attached to the prefiled testimony of Mr. Beyer.) All quotes place the projected engineering, construction, and inspection costs for this project in line with industry averages for similar capacity expansions.

For the Commission's reference, I am also including a few examples of recent utility projects and the professional engineering fees associated with each project. The comparative projects are as follows:

- **Aqua Indiana's Midwest Plant Expansion** (3.5 MGD to 4.5 MGD) had a total project cost of $17,500,000, with $800,000 allocated to engineering. The cost per gallon for the Aqua expansion was $17.50 per gallon (i.e. $17,500,000 ÷ 1 MGD).
- **TRICO** recently expanded its plant from 3.05 MGD to 5.72 MGD at a total cost of $22,000,000, with engineering costs comprising approximately 6-8% ($1.32 to $1.76 million) of that total. The cost per gallon for the TriCo expansion was $8.24 per gallon (i.e. $22,000,000 ÷ 2.67 MGD).
- **Whitestown** is currently undertaking an expansion from 1.7 MGD to 2.3 MGD costing $16,000,000, with $960,000 in engineering costs. The cost per gallon for the Whitestown expansion was $26.67 per gallon (i.e. $16,000,000 ÷ 600,000 gallons).

Q11. MS. BEREGSZAZI, CAN YOU EXPLAIN THE HISTORICAL COSTS FOR ENGINEERING FEES AND EXPANSIONS FOR ASU'S PROJECTS?

A. Yes, I can. Historically, ASU has incurred a cost of not more than $7.67 per GPD for any wastewater treatment plant expansion and has averaged $5.37 per GPD historically across all projects. This amount is obviously much lower than the examples highlighted above. This comparison highlights that reliance on conventional methods and external projections

can result in costs that are materially higher than ASU's highest historical project cost of not more than $7.67 per GPD.

Q12. WHAT CAN WE LEARN FROM COMPARING ASU'S HISTORICAL COSTS OF EXPANSION AS COMPARED TO SIMILARLY SITUATED UTILITIES?

A. The historical project data for ASU, combined with a review of these outside quotes and comparable industry projects, strongly indicates that ASU's strategy of leveraging the expertise of its staff, such as Mr. Lods's background in construction management and seasoned administrative and engineering personnel, has resulted in cost efficiencies for its ratepayers. I would also note that while the bids that ASU recently received from independent engineering and consulting firms are consistent with the engineering and consulting fees incurred by other similarly situated utilities performing expansions to their wastewater treatment facilities, they are still more than what ASU has incurred in the past with its in-house personnel.

Q13. DO YOU BELIEVE THAT ASU'S PRIOR USE OF IN-HOUSE ENGINEERING AND RELATED CONSTRUCTION STAFF HAS BEEN BENEFICIAL TO ASU'S CUSTOMERS?

A. Yes, I do. As I mentioned above, I believe that ASU has been able to construct improvements to its system at a cost that is lower than other similarly situated utilities. The core benefit of ASU's approach to date is to deliver necessary infrastructure at a lower cost for the Utility and its ratepayers. Unfortunately, however, there has been a great deal of concern in prior Commission cases regarding ASU's use of in-house engineering and affiliated construction staff to construct improvements to ASU's system and ASU has not

been allowed to recover the total cost of its improvements. Absent some approval, agreement, or recognition that ASU's traditional approach to designing and constructing improvements is appropriate, ASU has decided to pursue the more traditional design-spec-bid process that other similarly situated utilities are using (i.e. ASU will select one of the three engineering quotes included in ASU Exhibit 17 to design the facilities, obtain permits and approvals for the facilities, and prepare bid solicitation materials).

Q14. IS IT YOUR UNDERSTANDING THAT ASU'S IN-HOUSE ENGINEER WILL BE RESPONSIBLE FOR THE DESIGN OF ASU'S FUTURE PLANT EXPANSION?

A. As I stated above and Mr. Beyer explains in his testimony, ASU currently plans to use an independent engineering firm for the design and engineering related services associated with completing the expansion to the Country Home wastewater treatment plant ("WWTP") (absent some approval or agreement to the contrary). As also explained by Mr. Beyer, ASU has used in-house engineering to prepare a preliminary scope of the facilities that will be necessary for the expansion of the Country Home WWTP (from 1 MGD to 3 MGD). These preliminary plans were shared with the engineering firms to obtain quotes for the WWTP expansion. Such plans should provide a starting point for the selected engineer's design work. Because the plans or scope of work are preliminary in nature, I would anticipate that there will be changes prior to final construction. By using in-house engineering to establish the preliminary scope of work, ASU has been and will continue to be able to avoid certain professional costs. I also understand that in-house engineering, specifically Mr. Serowka will continue to provide contracted engineering and consulting services to ASU, such as assistance with reports, permitting, and operational issues. ASU

will only be using Mr. Serowka to oversee the projects and not specifically design them which should continue to reduce the overall cost of operating and maintaining the utility.

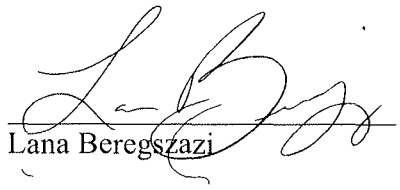
III.
CONCLUSION

Q15. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

VERIFICATION

I affirm under the penalties for perjury that the foregoing testimony is true to the best of my knowledge, information, and belief.



Lana Beregszazi

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing has been served upon the following by electronic mail this 5th day of December, 2025:

Abby Gray
Daniel Le Vay
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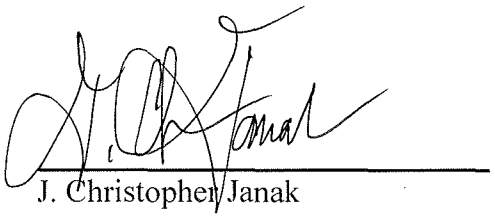

J. Christopher Janak

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