

# OFFICIAL EXHIBITS

Petitioner's Exhibit No. 5

**Verified Supplemental Direct Testimony of Donald Smith, Jr.  
On Behalf of Eastern Bartholomew Water Corporation  
Cause No. 44903**

IURC  
PETITIONER'S

EXHIBIT NO. 5  
DATE 8-23-17 REPORTER AT

**Q1. Please state your name and business address.**

A1. My name is Donald Smith, Jr. My business address is 2413 West 700 North, Taylorsville, Indiana.

**Q2. By whom are you employed and in what capacity, and for how long?**

A2. I am the Superintendent for Eastern Bartholomew Water Corporation ("Eastern Bartholomew" or "Petitioner") and I have been so employed since January, 1998.

**Q3. Are you the same Donald Smith, Jr. who previously submitted Verified Direct Testimony on behalf of the Petitioner on February 17, 2017, in this Cause?**

A3. Yes.

**Q4. Why are you offering Verified Supplemental Direct Testimony?**

A4. I am offering Supplemental Direct Testimony for two purposes. First, I will confirm that the Notice to Customers, required by 170 IAC 6-1-18 (C), was provided to Petitioner's customers. Second, I will support Petitioner's request for approval of the November 19, 2015, Amendment to Petitioner's Agreement for Connection of Utilities and Water Purchase Contract ("Contract") with the Town of Hope ("Hope"), as requested in the Amended Petition filed in this Cause. A copy of the Amended Petition, as filed in this Cause on March 9, 2017, is attached hereto as Exhibit 5-A.

**Q5. Please explain the provision of notice to Petitioner's customers.**

A5. As stated in my Verified Direct Testimony, at A43 on Page 24, Petitioner prepared a written Notice to its customers, a copy of which was attached to my Verified Direct Testimony as Exhibit 2-C. On March 7, 2017, the Notice was mailed to each of Petitioner's customers by a special mailing separate from the regular billing.

**Q6. Did Petitioner also notify the Town of Hope of its proposed adjustment to its sale for resale rates and charges to the Town of Hope?**

A6. Yes. The Town of Hope was certainly aware of the proposed changes to its rate and charges because those changes were provided for by the November 19, 2015, Amendment to the Contract. However, to be certain that the Town of Hope understood the details and timing of the proposed changes to its rate and charges, Petitioner prepared a notice letter for the Town of Hope specific to the proposed changes to its rates and charges. A copy of the notice letter for the Town of Hope is attached hereto as Exhibit 5-B. The notice letter was mailed to the Town of Hope on February 27, 2017.

**Q7. Please explain Petitioner's relationship with the Town of Hope.**

A7. The Petitioner and the Town entered into an agreement for connection of utilities and a water service contract on September 22, 1980, for a term of forty (40) years. A true and accurate copy of the Contract is attached hereto as Exhibit 5-C. An amendment to the Town of Hope wholesale water agreement had been concluded by previous counsel on the 19<sup>th</sup> day of November 2015. A true and accurate copy of the Amendment is attached to Mr. Baldessari's direct testimony as Exhibit No. 3-B.

**Q8. Why did the Petitioner enter into the Contract?**

A8. It is my understanding that the Town of Hope was seeking a consistent water supply for the Town. Petitioner and Hope determined that the Petitioner could provide safe, potable water for the citizens of the Town of Hope. This association has been ongoing since 1980.

**Q9. Why was amendment to the Contract considered?**

A9. In early 2015, the Town of Hope requested an extension of the soon to expire water supply Contract since Hope was pursuing financing and its lender wanted Hope to have a long term water supply contract in place. The Town of Hope also requested an additional point of interconnection with Petitioner's system. Further, Hope had requested a change in the way its rates and charges for service were calculated. Hope asked for an elimination of its fixed charges with those costs to be recovered through volume rates. Finally, Petitioner was aware that it would soon need to seek long term financing for the replacement of its failing water treatment plants, and its lender would also expect the Hope Contract to be operative for the term of Petitioner's loan. After discussions with the Town of Hope, Petitioner's Board of Directors determined that an amendment to the Contract with the Town of Hope would be appropriate.

**Q10. What did the Petitioner do in that regard?**

A10. Petitioner asked its rate consultant to calculate appropriate rates and charges for Petitioner's service to Hope, consistent with Hope's request. Mr. Baldessari and his team performed a wholesale cost of service study, the results of which are detailed in Mr. Baldessari's

testimony and Exhibit 3-A. I, along with members of Petitioner's Board, discussed the contract term, rates and charges, and interconnection matters with Hope's leadership. Petitioner and Hope were able to agree on a contract term, rates and charges and an additional interconnection consistent with Hope's requests. Ultimately, those discussions resulted in the agreements which are set forth in the November 19, 2015, Amendment to the Contract.

**Q11. Do you believe the November 19, 2015, Amendment is fair and reasonable to both Petitioner and the Town of Hope?**

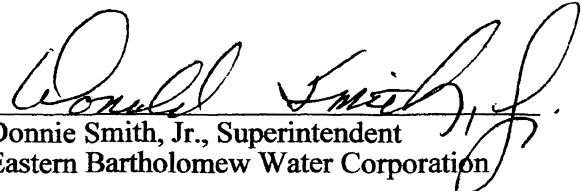
A11. Yes, I do.

**Q12. Does this conclude your Supplemental Direct Testimony?**

A12. Yes.

VERIFICATION

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

  
Donnie Smith, Jr., Superintendent  
Eastern Bartholomew Water Corporation

**STATE OF INDIANA  
INDIANA UTILITY REGULATORY COMMISSION**

<b>IN THE MATTER OF THE AMENDED PETITION )</b>	
<b>OF EASTERN BARTHOLOMEW WATER )</b>	
<b>CORPORATION, OF TAYLORSVILLE, INDIANA, )</b>	
<b>(1) FOR THE AUTHORITY TO ISSUE LONG TERM )</b>	
<b>BONDS, NOTES OR OTHER EVIDENCE OF )</b>	
<b>INDEBTEDNESS, (2) FOR AUTHORITY TO )</b>	
<b>ENCUMBER ITS FRANCHISE, WORKS AND )</b>	
<b>SYSTEM IN CONNECTION WITH SUCH )</b>	
<b>BORROWING, (3) FOR A CERTIFICATE OF )</b>	
<b>AUTHORITY TO ISSUE LONG TERM DEBT, )</b>	<b>CAUSE NO. 44903</b>
<b>(4) FOR AUTHORITY TO INCREASE ITS RATES )</b>	
<b>AND CHARGES FOR WATER SERVICE, (5) FOR )</b>	
<b>APPROVAL OF A NEW SCHEDULE OF RATES )</b>	
<b>AND CHARGES FOR WATER SERVICE AND, (6) )</b>	
<b>FOR APPROVAL OF AN AMENDMENT TO ITS )</b>	
<b>WATER SUPPLY CONTRACT WITH THE TOWN )</b>	
<b>OF HOPE, INDIANA )</b>	

**VERIFIED AMENDED PETITION OF  
EASTERN BARTHOLOMEW WATER CORPORATION,  
TAYLORSVILLE, INDIANA**

Comes now Eastern Bartholomew Water Corporation (hereinafter designated as "Eastern Bartholomew" or "Petitioner"), by its Board President, Ted Darnall, its Board Secretary, George Dinn, and by counsel, and for its Verified Amended Petition states the following:

**I. GENERAL INFORMATION**

**1.1. Petitioner's Characteristics.** Petitioner is a not-for-profit public utility corporation incorporated in the State of Indiana. Its principal place of business is located at 2413 W 700 N, Taylorsville, Indiana 47280. Petitioner is owned by its members who are also its customers. Petitioner provides water utility service to approximately 5,022 residential, 131 commercial, 22 public authorities, 27 multiple family dwellings, and 1 sale for resale customers located in

Bartholomew County, Jennings County and Decatur County, Indiana. Petitioner produces and treats about 90% of its water and purchases the balance from the City of Columbus, Indiana.

**1.2. Petitioner's Utility Status.** Petitioner is a "public utility" as defined by I.C. 8-1-2-1(a)(2) and a "not-for-profit utility" as defined by I.C. 8-1-2-125(a), and is subject to Commission jurisdiction in the manner and to the extent provided by law. Petitioner's current rates were approved by the Commission's September 24, 2008, Order in Cause No. 43392.

**1.3. Amended Petition.** The Petition initiating this Cause was filed with the Commission on February 3, 2017. The filing of this Amended Petition, with an amended caption, was authorized by the Commission's March 6, 2017, Docket Entry in this Cause.

## **II. Financing Request**

**2.1. Use for Borrowed Funds.** Petitioner proposes to undertake a capital improvement project which will, among other things, include the replacement of its current water treatment plant. This capital improvement project is necessary for Petitioner to continue to provide reasonably adequate service. Petitioner does not have the funds on hand to accomplish the capital improvement project and must borrow the money.

**2.2. Proposed Lender.** Petitioner has discussed its proposed capital project with the State Revolving Fund ("SRF"). Based on those discussions, Petitioner believes it will be eligible for SRF financing. Petitioner believes a SRF loan will be the least costly financing alternative available to petitioner.

**2.3. Proposed loan.** If Petitioner's borrowing request is approved by the Commission, Petitioner plans to borrow \$7,685,000 from the SRF at an annual interest rate not to exceed 3.00% to be repaid over twenty (20) years.

**2.4. Compliance with I.C. 8-1-2-79.** Petitioner plans to submit evidence at hearing to satisfy the requirements of I.C. 8-1-2-79(1)-(6).

**2.5. Applicable Statutes.** Petitioner believes that I.C. 8-1-2-78, -79, -80, -83, 8-1-4-1 and other related statutes are applicable to Petitioner's request for financing authority.

**2.6. Resolution.** Petitioner's President and Secretary, respectively, have been authorized by the Petitioner to execute any and all necessary documents to commence this rate proceeding. A copy of said corporate resolution is attached hereto and made a part hereof as Exhibit "A".

### **III. Rate Increase Request**

**3.1. Existing Rates and Charges.** The revenue now generated by Petitioner's current rates and charges for water utility service, is insufficient to enable it to pay its reasonable and necessary expenses of operation, its proposed debt service and other expenses required to be covered by I.C. 8-1-2-125. Accordingly, Petitioner's current rates and charges for water utility service are, therefore, insufficient, unjust, unreasonable and unlawful, and must be increased to satisfy the revenue requirements of I.C. 8-1-2-125.

**3.2. Test Year.** Petitioner plans to propose a test year ending July 31, 2016, which, when adjusted for changes that are fixed, known and measurable, and occurring within twelve (12) months of the end of the test year, will be representative of Petitioner's operations for ratemaking purposes.

**3.3. Proposed Rate Increases.** Petitioner proposes to increase its rates for water service to Petitioner's retail customers by approximately 48.69% across-the-board. Petitioner plans to submit evidence at hearing to explain and justify its proposed rate increase.

**3.4. Applicable Statutes.** Petitioner believes that I.C. 8-1-2-4, -38, -42, -61, -68, -125 and related statutes to be applicable to Petitioner's request for approval of a new schedule of rates and charges for water utility service.

**IV. Approval of the November 19, 2015, Amendment to the  
Water Purchase Contract with Town of Hope, Indiana ("Hope")**

**4.1 Agreement for Connection of Utilities and Water Purchase Contract ("Contract").**

Petitioner has provided water for resale to Hope pursuant to the Contract which was executed on September 22, 1980. Among other things, the Contract establishes the rates and charges for water service to Hope.

**4.2 Amendment to Contract.** On November 19, 2015, Petitioner and Hope agreed to an Amendment to the Contract ("Amendment"). The Amendment, among other things, provides for an additional interconnection to Hope's system and a revised procedure for calculating Petitioner's rates and charge for water service to Hope. The Amendment provides for the following calculation of proposed rates and charges for service to Hope:

Rate per 1,000 gallons – current \$1.36; Proposed \$2.45

Monthly fixed charge – current \$1,960.00; proposed \$0

Increase in Hope fixed charges and flow billings based on test year flows – current \$127,741; proposed \$187,751 = increase of \$60,010 or 46.98%.

Petitioner believes the Amendment is fair and reasonable, and should be approved by the Commission.

**4.3 Applicable Statutes.** Petitioner believes that I.C. 8-1-2-5, -42, -61, -68, -83, -125 and related statutes to be applicable to Petitioner's request for approval of the Amendment.



**V. Petitioner's Counsel**


Petitioner's Counsel who are authorized to receive all pleadings, papers and notices on behalf of Petitioner in this Cause, and are:

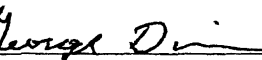
Mark W. Cooper  
Attorney at Law, No. 4139-49  
1449 North College Ave.  
Indianapolis, IN 46202  
Phone: (317) 635-8312  
Fax: (317) 685-2666  
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Peter Campbell King  
Attorney at Law, No 5349-03  
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675 Reeves Way, Suite B  
P.O. Box 250  
Columbus, IN 47205-0250  
Phone: (812) 372-8461  
Fax: (812) 372-2544  
Email: [pck@lawdogs.org](mailto:pck@lawdogs.org)

**VERIFICATION**

We hereby swear or affirm under the penalties for perjury that the foregoing factual statements are true and correct to the best of our knowledge and belief.

  
Ted Darnall, President  
Petitioner's Board of Directors

  
George Dinn, Secretary  
Petitioner's Board of Directors

Date: 3/07/2017

Date: 3-8-17

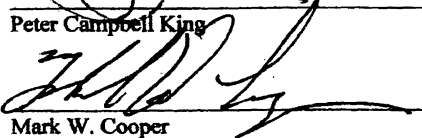
WHEREFORE, Petitioner respectfully requests this Commission make such investigation and hold such hearings as necessary or advisable in this Cause, and thereafter make and enter an Order in this Cause:

1. Regarding Petitioner's Financing Request which:
  - a. Approves the issuance of Long Term Bonds, Notes or Other Evidence of Long Term Debt in connection with the Proposed Debt;
  - b. Authorizes Petitioner to Encumber its Franchise, Works and System in connection with the Proposed Debt;
  - c. Grants petitioner a Certificate of Authority to Issue the Proposed Debt; and
2. Regarding the Petitioner's Rate Increase Request which:
  - a. Finds that Petitioner's existing rates for water service are unjust, unreasonable and insufficient;
  - b. Determines and by Order fixes the increased water rates and charges to be imposed, observed and followed in the future by Petitioner in lieu of those so found to be unjust, unreasonable, and insufficient;
  - c. Authorizes and approves the filing by Petitioner of a new schedule of increased rates and charges applicable to the water utility service rendered by the Petitioner so as to provide just, reasonable, sufficient and nondiscriminatory rates; and
3. Regarding the Petitioner's Contract Amendment Request which: Approves the November 19, 2015, Amendment to the Contract between Petitioner and the Town of Hope; and
4. Provides for all other proper relief.

Respectfully Submitted,  
Cline, King & King, P.C.  
Attorneys for Petitioner,  
Eastern Bartholomew Water Corporation



Peter Campbell King



Mark W. Cooper

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Phone: (812) 372-8461  
Fax: (812) 372-2544  
Email: [pck@lawdogs.org](mailto:pck@lawdogs.org)

Certificate of Service

I hereby certify that a copy of the foregoing Verified Amended Petition has been served upon the following, electronically, this 9<sup>th</sup> day of March, 2017.

Lorraine Hitz-Bradley  
Daniel LeVay, Esq.  
Indiana Office of the Utility Consumer Counselor  
115 West Washington St.  
Suite 1500 South  
Indianapolis, IN 46204  
[LHitzBradley@oucc.IN.gov](mailto:LHitzBradley@oucc.IN.gov)  
[dlevay@oucc.IN.gov](mailto:dlevay@oucc.IN.gov)  
[infomgt@oucc.IN.gov](mailto:infomgt@oucc.IN.gov)



Peter Campbell King, Attorney at Law

**RESOLUTION AUTHORIZING PRESIDENT AND SECRETARY  
TO SIGN ANY AND ALL NECESSARY DOCUMENTS  
FOR INFRASTRUCTURE IMPROVEMENT PROJECT**

Whereas, the Eastern Bartholomew Water Corporation ("EBWC") of Taylorsville, Indiana, has plans for a drinking water infrastructure improvement project to meet State and Federal regulations such as the Safe Drinking Water Act (the "Project"), and EBWC intends to proceed with the construction of such Project:

Now, therefore, be it resolved by the Board of Directors ("Board"), the governing body of EBWC:

1. That the Board President, Ted Darnall, and the Board Secretary, George Dinn, be authorized to execute any and all documents related to the Project, and financing therefor, including, but not limited to, the May 18, 2016, Preliminary Engineering Report (PER), prepared by Banning Engineering, PC, and subsequent amendments thereto; and,
2. Approves the filing of a Petition with the Indiana Utility Regulatory Commission ("IURC") seeking authority for EBWC to: increase its rates and charges for water service; undertake and engage in longterm borrowing; encumber its utility assets in connection with such borrowing; increase certain of its non-recurring charges; modify its tariff; and, seek other related approvals and, further, authorizes the Board President, Ted Darnall, and the Board Secretary, George Dinn, to execute such Petition and any and all other necessary papers in furtherance of, or in connection with, such filing before the IURC.

Adopted and Passed by the Board of Directors of Eastern Bartholomew Water Corporation of Taylorsville, Indiana, this 19th day of May, 2016.

**BOARD OF DIRECTORS**

By: Ted Darnall  
Ted Darnall, President

Attest: George Dinn  
George Dinn, Secretary

**EXHIBIT A**



February 27, 2017

Clyde Compton, President  
Hope Town Council  
Hope, Indiana

RE: Eastern Bartholomew Water Corporation  
IURC Rate Case No. 44903

Dear Mr. Compton:

Please be advised that the Eastern Bartholomew Water Corporation ("EBWC") did on February 3, 2017, file a Petition with the Indiana Utility Regulatory Commission ("Commission"), under Cause No. 44903, for authority to: increase its water rates and charges for its retail customers, implement the new rates and charges for Hope as agreed in the November 19, 2015, Amendment to the Hope water supply contract, and issue long-term debt.

The effects of this Petition, if granted, will change the rates and charges for service to the Town of Hope, as follows:

Rate per 1,000 gallons – current \$1.36; Proposed \$2.45

Monthly fixed charge – current \$1,960; Proposed \$0

Increase in Hope fixed charges and flow billings based on test year flows – current \$127,741; Proposed \$187,751

For your information, a copy of the Notice which EBWC will provide to its retail customers of the Petition filed with the Commission is enclosed.

Peter Campbell King  
*pck@lawdogs.org*

J. Kevin King  
*mjm@lawdogs.org*

Reeves Center  
675 Reeves Way, Suite B, PO Box 250  
Columbus, IN 47202-0250

Phone: (812) 372-8461 Fax: (812) 372-2544 [www.lawdogs.org](http://www.lawdogs.org)

Assistants: Mindy Nobbe Connie Buterbaugh Dalene Pattingill

William H. Dobbins  
(1899-1954)

Leon D. Cline  
(1924-1984)

Arthur D. King  
(1927-2007)

Clyde Compton, President  
Hope Town Council

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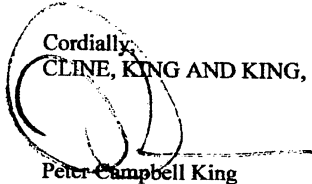
February 27, 2017

The Commission will hold a public hearing on EBWC's requests. The Indiana Office of the Utility Consumer Counselor ("OUCC") will represent EBWC's customers at the hearing. If you have comments or questions, you may contact:

Eastern Bartholomew Water Corporation: 812-526-9777  
OUCC: 888-441-2494  
Commission: 800-851-4268

With kind regards, I remain

Cordially,  
CLINE, KING AND KING, P.C.

  
Peter Campbell King

PCK/ckb  
Enclosure

cc: Ted Darnall, President EBWC  
Donnie Smith, Superintendent, EBWC

**TO THE CUSTOMERS OF  
EASTERN BARTHOLOMEW WATER CORPORATION**

**In Re: Proposed Water Rate Increase, Proposed Issuance of Long-Term Debt**

Dear Water Customer:

The purpose of this letter is to notify you that Eastern Bartholomew Water Corporation ("EBWC") did on February 3, 2017, file a Petition with the Indiana Utility Regulatory Commission ("Commission"), under Cause No. 44903, for authority to: increase its water rates and charges and issue long-term debt.

The effects of this Petition, if granted, will:

Approve an overall increase of 47.88% of the current water rates and charges. For a customer consuming 3,000 gallons of water per month, the proposed increase is \$6.72, from the current charge of \$14.01 to \$20.73, excluding tax.

Approve EBWC's issuance of long-term debt. The borrowed funds will allow EBWC to update the infrastructure, including the construction of a new water treatment plant.

The Commission will hold a public hearing on EBWC's requests. The Indiana Office of the Utility Consumer Counselor ("OUCC") will represent EBWC's customers at the hearing. If you have comments or questions, you may contact:

Eastern Bartholomew Water Corporation: 812-526-9777  
OUCC: 888-441-2494  
Commission: 800-851-4268

**EASTERN BARTHOLOMEW WATER CORPORATION**

AGREEMENT FOR CONNECTION OF  
UTILITIES AND WATER PURCHASE CONTRACT

*George  
Hewitt*

THIS AGREEMENT for the connection of utilities and the purchase of water is entered into this 22nd day of Sept, 1980, by and between Eastern Bartholomew Water Corporation, an Indiana not-for-profit corporation, hereinafter referred to as the "Corporation", and the Town of Hope, Indiana, acting by and through its Town Board, hereinafter referred to as the "Town",

WITNESSETH:

WHEREAS, the Corporation is a not-for-profit corporation organized under and existing by virtue of the laws of the State of Indiana for the purpose of operating a water supply distribution system serving water users in rural areas of Bartholomew County, Indiana; and,

WHEREAS, the Town now owns and operates a water supply distribution system serving water users within its corporate limits; and,

WHEREAS, the Town desires to purchase water from the Corporation for distribution and resale to its customers in order to supplement the water produced by the Town's wells and pumping system; and,

WHEREAS, the sale of water to the Town, in accord with the terms and conditions set forth in this Agreement, was approved by the Board of Directors of the Corporation by a resolution adopted on the 23<sup>RD</sup> day of Sept, 1980; and,

WHEREAS, the purchase of water from the Corporation, in accord with the terms and conditions set forth in this Agreement was approved by the Town Board by a resolution adopted on the 22nd day of Sept, 1980;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, it is agreed by and between the parties as follows:



1. CONNECTION OF SYSTEMS AND CONSTRUCTION OF IMPROVEMENTS.

As soon as reasonably possible after the date of execution of this Agreement, the Corporation shall have prepared all necessary plans and specifications for the construction and installation of all mains, fittings, valves, meter and appurtenances which may be required to connect the water distribution system of the Corporation to the water distribution system of the Town, so that the Corporation may furnish water to the Town as specified in this Agreement. Such plans and specifications shall not be effective until approved by an engineer selected by the Town, which approval shall take place as quickly as is reasonably possible. The connection of the respective water distribution systems shall occur at a delivery point located \_\_\_\_\_

as more particularly shown on the drawing attached hereto as Exhibit A. The Corporation shall be responsible for and pay the engineering fees of its engineer in connection with the production of such plans and specifications and the supervision of the construction and installation of such connection. The Town shall be responsible for and pay the engineering fees of its engineer in connection with the review and approval of such plans and specifications. The Corporation shall select a contractor to perform all work and provide all equipment and materials necessary to construct and install all mains, fittings, valves, meter and appurtenances, including a pressure reducing valve, which may be required for such connection in accord with such plans and specifications. All costs and expenses of the contract and agreement with such contractor to perform all work and provide all equipment and materials necessary to construct and install all mains, fittings, valves, meter and appurtenances which may be required for such connection shall be paid by the Corporation. It is understood and agreed by the parties that a pressure reducing valve will be installed as a part of the work described herein. It is further understood and agreed that such pressure reducing valve will be installed within the water distribution presently

owned, operated and maintained by the Town, the exact location of such pressure reducing valve to be chosen by the Corporation's engineer and approved by the Town's engineer. As quickly as is reasonably possible after the date of the execution of this Agreement and prior to the commencement of such construction and installation, the Corporation and the Town shall obtain and properly record all easements and rights-of-way which may be necessary for said construction and installation. Each easement or right-of-way shall be obtained by and at the expense of and shall name as grantee that party which shall own those improvements which have been installed within such easement or right-of-way, as set forth in Paragraph 2 below.

2. OWNERSHIP OF IMPROVEMENTS AND MAINTENANCE RESPONSIBILITIES.

Upon completion and acceptance by the Corporation of the construction and installation of all mains, fittings, valves, meter and appurtenances, including a pressure reducing valve, which may be required to connect the water distribution system of the Corporation to the water distribution system of the Town: (a) the Corporation shall become the owner of and be responsible for all replacement of and repairs and maintenance to all mains, fittings, valves, meter and appurtenances up to the point at which the water distribution system of the Town is connected to the water distribution system of the Corporation; (b) the Town shall become the owner of and be responsible for all replacement of and repairs and maintenance to the pressure reducing valve to be installed within the water distribution system of the Town. Each party agrees to execute any documents or bill of sale which may be requested by the other party to confirm such ownership.

3. PAYMENT OF CONNECTION AND MEMBERSHIP FEE AND PRIVILEGES OF MEMBERSHIP. Upon completion of the construction and installation as specified herein but prior to the furnishing of water

under this Agreement, the Town shall pay to the Corporation a connection and membership fee in the amount of One Hundred Dollars (\$100.00). When the Town becomes a member of the Corporation, the Corporation shall become a member of the Town.

of the Corporation and shall be entitled to all of the rights and privileges accorded to members under the rules, regulations and by-laws of the Corporation. In addition, the Town Board, at its first meeting of each calendar year, shall designate a representative of the Town who shall serve as an ex-officio member of the Board of Directors of the Corporation. Such ex-officio member shall serve as a liason between the Town Board and the Board of Directors of the Corporation and shall be permitted to attend and participate in all meetings of the Corporation's Board of Directors, but such ex-officio member shall not be a voting member of such Board. Such ex-officio member shall serve until his successor is duly appointed and qualified by the Town Board. The Board of Directors of the Corporation and the Town Board shall also meet at least once each calendar year at a mutually agreed upon place, date and time to discuss any matters concerning water service and the operation of the water distribution systems of the Corporation and the Town which may be brought before such meeting.

4. FURNISHING WATER, MAXIMUM TOTAL GALLONAGE PER MONTH AND MAXIMUM FLOW PER MINUTE. The Corporation shall furnish to the Town, at the point of delivery specified in Paragraph 1 above, during the term of this Agreement or any renewal or extension thereof, potable water meeting applicable purity standards of the State Board of Health, in such quantity as may be required by the Town. In case of water main failure or excessive customer demand on the part of either the Corporation or the Town, the Corporation reserves the right to limit the maximum flow at the delivery point to two hundred (200) gallons per minute.

5. PRESSURE. The Corporation shall furnish water to the Town at a reasonably constant normal pressure of not less than sixty (60) pounds per square inch. If a greater or lesser pressure than that normally available at the point of delivery is required by the Town, the cost of providing such greater or lesser pressure shall be borne by the Town. All pressure booster or reducer equipment, other than that provided for in Paragraph 1

above, shall be furnished and installed by the Town, at its sole cost and expense, only after prior written consent of the Corporation, in accordance with plans and specifications approved by the Corporation. Emergency failures of pressure or supply due to main supply line breaks, power failures, flood, fire and use of water to fight fire, earthquake or other catastrophe, shall excuse the Corporation from this provision for such reasonable period of time as may be necessary to restore service.

6. METERING EQUIPMENT. The Corporation shall own, operate and maintain at all times at its own expense at the point of delivery specified in this Agreement, the necessary metering equipment for properly measuring the quantity of water delivered to the Town, and shall calibrate such metering equipment whenever requested by the Town, but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) fast or two percent (2%) slow shall be deemed to be accurate. The previous readings of any meter disclosed by tests to be inaccurate shall be corrected for the six (6) months previous to such tests in accordance with the percentage of inaccuracy found by such tests. If a meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless the Corporation and Town shall agree upon a difference amount. The metering equipment shall be read monthly. The Town at all reasonable times shall have access to the meter for the purpose of verifying its readings.

7. BILLING PROCEDURE AND RATE. The Corporation shall furnish monthly to the Clerk-Treasurer of the Town at its offices at Hope, Indiana, an itemized statement of the amount of water furnished to the Town during the preceding month. The Town shall pay the Corporation for the water furnished during each monthly period as follows:

A. Each month during the initial ten (10) year period at the beginning of the term of this Agreement, the Town shall pay to the Corporation the sum of Two Thousand Five Hundred Ninety-five Dollars (\$2,595.00). Such sum shall be paid without regard to the amount of water furnished to the Town during



# U.S. Department of Labor Bureau of Labor Statistics

Bureau of Labor Statistics Data

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## Consumer Price Index - All Urban Consumers

Series Id: CUUR0000A00 Not Seasonally Adjusted Area: U.S. city average Item: All items - old base Base Period: 1967=100															
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
1979	204.7	207.1	209.1	211.5	214.1	216.6	218.9	221.1	223.4	225.4	227.5	229.9	217.4		
1980	233.2	236.4	239.8	242.5	244.9	247.6	247.8	249.4	251.7	253.9	256.2	258.4	246.8		
1981	260.5	263.2	265.1	266.8	269.0	271.3	274.4	276.5	279.3	279.9	280.7	281.5	272.4		
1982	282.5	283.4	283.1	284.3	287.1	290.6	292.2	292.8	293.3	294.1	293.6	292.4	289.1		
1983	293.1	293.2	293.4	295.5	297.1	298.1	299.3	300.3	301.8	302.6	303.1	303.5	298.4		
1984	305.2	306.6	307.3	308.8	309.7	310.7	311.7	313.0	314.5	315.3	315.3	315.5	311.1	308.1	314.2
1985	316.1	317.4	318.8	320.1	321.3	322.3	322.8	323.5	324.5	325.5	326.6	327.4	322.2	319.3	325.1
1986	328.4	327.5	326.0	325.3	326.3	327.9	328.0	328.6	330.2	330.5	330.8	331.1	328.4	326.9	329.9
1987	333.1	334.4	335.9	337.7	338.7	340.1	340.8	342.7	344.4	345.3	345.8	345.7	340.4	336.7	344.1
1988	346.7	347.4	349.0	350.8	352.0	353.5	354.9	356.6	358.9	360.1	360.5	360.9	354.3	349.9	358.7
1989	362.7	364.1	366.2	368.8	370.8	371.7	372.7	373.1	374.6	376.2	377.0	377.6	371.3	367.4	375.2
1990	381.5	383.3	385.5	386.2	386.9	389.1	390.7	394.1	397.5	400.0	400.7	400.9	391.4	385.4	397.3
1991	403.1	403.8	404.3	405.1	406.3	407.3	408.0	409.2	411.1	411.5	412.7	413.0	408.0	405.0	410.9
1992	413.8	415.2	417.2	417.9	418.6	419.9	420.8	422.0	423.2	424.7	425.3	425.2	420.3	417.1	423.5
1993	427.0	428.7	430.1	431.2	432.0	432.4	432.6	433.9	434.7	436.4	436.9	436.8	432.7	430.2	435.2
1994	437.8	439.3	441.1	441.4	441.9	443.3	444.4	446.4	447.5	448.0	448.6	448.4	444.0	440.8	447.2
1995	450.3	452.0	453.5	455.0	455.8	456.7	457.0	458.0	459.0	460.3	460.1	459.9	456.5	453.9	459.1
1996	462.5	464.2	466.5	468.2	469.0	469.5	470.4	471.1	472.7	474.1	475.0	475.0	469.9	466.7	473.1
1997	476.7	478.2	479.3	479.7	479.6	480.2	480.7	481.6	483.0	484.1	483.9	483.2	480.8	479.0	482.8
1998	484.2	484.9	485.8	486.8	487.7	488.2	488.8	489.6	490.1	491.3	491.3	491.0	488.3	486.3	490.4
1999	492.3	492.9	494.4	497.8	497.7	497.9	499.2	500.7	502.9	503.9	504.1	504.1	499.0	495.5	502.5
2000	505.8	508.7	512.8	513.2	513.6	516.5	517.5	517.6	520.3	521.2	521.5	521.1	515.8	511.8	519.9
2001	524.5	526.7	528.0	529.9	532.2	533.3	531.6	531.8	534.0	532.2	531.3	529.2	530.4	529.1	531.7
2002	530.6	532.7	535.5	538.6	538.5	538.9	539.5	541.2	542.1	543.2	543.1	541.9	538.8	535.8	541.8

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01/22/2003

each such month. Such amount shall be prorated over any partial month at the beginning or the end of the period specified above.

B. Each month during the final thirty (30) year period of this Agreement and following the initial ten (10) year period described in Sub-paragraph A above, the Town shall pay to the Corporation the sum of One Thousand Nine Hundred Sixty Dollars (\$1,960.00). Such sum shall be paid without regard to the amount of water furnished to the Town during each month. Such amount shall be prorated over any partial month at the beginning or the end of the period specified above.

C. Each month during the term of this Agreement, the Town shall pay to the Corporation the sum of thirty-one cents (\$.31) for each one thousand (1,000) gallons of water furnished by the Corporation to the Town during such month.

The amounts set forth in Sub-paragraphs A and B above shall not be changed or modified during the term of this agreement. The amount set forth in Sub-paragraph C as the monthly charge for each one thousand (1,000) gallons of water furnished by the Corporation to the Town shall be increased or decreased during the term of this Agreement as follows: On each yearly anniversary of the execution of this Agreement, the Corporation shall compute the increase or decrease, if any, in the cost of living for the preceding one (1) year period based upon the U. S. Cities Consumer Price Index for All-Items (1967=100) published by the Bureau of Labor Statistics of the United States Department of Labor. The amount then being the monthly charge for each one thousand (1000) gallons of water furnished shall be increased or decreased by the same percentage as the percentage increase or decrease in the cost of living for the preceding one (1) year period as determined above. The new monthly charge shall apply for all water furnished by the Corporation to the Town during the first full billing period following such yearly anniversary date. If the publication of the Consumer Price Index shall be discontinued, the parties shall thereafter accept comparable statistics on the cost of living as they shall be computed and published by

an agency of the United States or by a responsible financial periodical of recognized authority then to be selected by the parties. It is understood that the monthly charge for each one thousand (1,000) gallons of water furnished is based on the variable costs to the Corporation of producing water. The above method of adjusting such monthly charge notwithstanding, on or before the 5th, 10th, 15th, 20th, 25th, 30th and 35th anniversaries of the execution of this Agreement, the Corporation shall compute the actual variable costs to the Corporation of producing water and the amount then being the monthly charge for each one thousand (1,000) gallons of water furnished shall be increased or decreased to reflect the then actual costs to the Corporation of producing water. The new monthly charge shall apply for all water furnished by the Corporation to the Town during the first full billing period following the applicable anniversary date. To the extent possible, the computation of the then actual costs of producing water shall be determined in a method and manner similar to that used by H. J. Umbaugh & Associates of Plymouth, Indiana, in a study of such costs performed for the Corporation and dated April 9, 1980.

8. TAXES. The rates and charges provided herein include no allowances for Indiana sales tax which is in effect at the effective date of this Agreement. In the event the sale of water to the Town is taxable under Indiana sales tax, the Corporation shall increase the charges resulting from the application of the rates and charges specified herein in an amount equal to such taxes in effect at the effective date of this Agreement and the Town shall be obligated to pay such additional amount as part of the rates and charges provided herein.

The rate provided herein includes no allowance for any new or additional federal or state tax which may be imposed subsequent to the effective date of this Agreement on the sale of water or on revenues derived from furnishing service to the Town. In the event of the imposition subsequent to said date of any new or additional federal or state tax as specified above, the Corporation

shall increase the charge resulting from the application of the rates and charges as specified in Paragraph 7 in an amount equal to such additional taxes as are attributable to the service hereunder or revenues derived during the billing period and the Town shall be obligated to pay such additional amount as a part of the rates and charges stated in Paragraph 7 above. In the event of the reduction of taxes so levied after the effective date of this Agreement, the Corporation shall decrease the charges resulting from the application of the rates and charges as specified in Paragraph 7 above in an amount equal to such reduction in taxes as is attributable to service rendered or revenues derived during the billing period.

9. PAYMENT. The amount determined in accord with Paragraphs 7 and 8 above to be owing from the Town to the Corporation shall be payable to the Corporation at its office, not later than thirty (30) days after the date of billing for water furnished under this Agreement. If a bill is not paid within thirty (30) days from the date of billing as stated in the bill, the Town shall be considered delinquent and the Corporation may invoke such penalties and take such other necessary actions as are in accordance with the applicable rules and regulations of the Corporation and the laws of the State of Indiana as are applicable to all members and customers of the Corporation.

10. SALE OF WATER BY TOWN AND AREA OF SERVICE. The Town agrees that all water purchased and furnished under this Agreement shall be used by the Town solely for its own use or retail sale to ultimate customers of the Town. It is understood and agreed by and between the parties that the Town shall provide all water service to persons, businesses, firms and corporations located within the Town's corporate limits. If the Town shall extend its corporate limits to include areas which may now or hereafter be served by the Corporation, however, the Corporation may continue to serve such areas until the Town has provided and made water service available in such areas. When providing



water service to an area which may now or hereafter be served by the Corporation, the Town shall be required to purchase from the Corporation all improvements owned by the Corporation and located within such area at a price to be agreed upon between the Town and the Corporation.

11. FAILURE TO DELIVER. The Corporation agrees at all times to operate and maintain its water distribution system in an efficient manner. Temporary or partial failures to deliver water shall be remedied as quickly as is reasonably possible. In the event of an extended shortage of water, or in the event the supply of water available to the Corporation is otherwise diminished over an extended period of time, the supply of water to the Town shall be reduced or diminished in the same ratio or proportion as the supply to other corporation members and customers is reduced or diminished.

12. OBLIGATIONS CONCERNING EQUIPMENT AND WATER DISTRIBUTION SYSTEMS. The parties agree to construct and install as a part of the improvements specified in this Agreement positive backflow protection systems to prevent water from flowing in reverse from the Town's water distribution system into the Corporation's water distribution system, and vice versa. The Corporation and Town agree to abide by all rules and regulations of the Indiana State Board of Health in the operation and maintenance of their respective water distribution systems. The Corporation and Town agree to take all possible precautions to prevent cross-connections between their water distribution systems and other auxiliary water systems. Each party agrees to notify the other of any problems in the areas of concern set out above.

13. REGULATORY AGENCIES. It is agreed by the parties that this Agreement is subject to such rules, regulations or laws as may be applicable to similar agreements in the State of Indiana. The Corporation and Town agree to collaborate in obtaining such permits, certificates or the like as may be required to comply therewith and to carry out the terms and conditions of this Agreement.

14. TERM OF AGREEMENT. This Agreement shall extend for a term of forty (40) years from the date hereof and may be renewed upon such terms and conditions and for such period of time as may be mutually agreed upon by the Corporation and Town.

15. AMENDMENT OF AGREEMENT. It is understood by and between the parties that the terms and conditions of this Agreement, including the amount of water available to the Town under Paragraph 4 above, may be changed, altered or amended by mutual agreement of the parties. No such change, alteration or amendment shall be valid unless it shall be in writing and duly executed by both of the parties. If either party wishes to change, alter or amend any provisions of this Agreement, the proposed change, alteration or amendment shall be submitted in writing to the other party along with a statement outlining the reasons for such proposed change, alteration or amendment. Thereafter, the parties shall meet as soon as it is mutually convenient to negotiate and review such proposal. It is understood, however, that there is no requirement that this Agreement be changed, altered or amended merely because of such proposals. As set forth above, no change, alteration or amendment shall be valid unless it shall be in writing and duly executed by both of the parties. Until such time, the provisions of this Agreement shall remain in full force and effect.

16. MISCELLANEOUS. It is understood by the parties that the original construction of the water distribution system by the Corporation was financed by a loan guaranteed by the United States of America, acting through the Farmer's Home Administration of the United States Department of Agriculture and that such loan is still outstanding. It is agreed that the provisions of this Agreement pertaining to the undertakings of the Corporation are conditioned upon the approval, in writing, of the State Director of Indiana of the Farmer's Home Administration, so long as such loan is guaranteed by the Farmer's Home Administration. Similarly, any modification of the provisions of this Agreement except any increase in the schedule of rates and charges to be paid by the

Town for the delivery of water, shall be conditioned upon the prior approval, in writing, of the State Director of Indiana of the Farmer's Home Administration, so long as such loan is guaranteed by the Farmer's Home Administration.

17. SUCCESSOR TO THE PARTIES. This Agreement shall be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto, acting under the authority of their respective governing bodies have caused this Agreement to be duly executed in four (4) counterparts, each of which shall constitute an original.

CORPORATION:  
EASTERN BARTHOLOMEW  
WATER CORPORATION

TOWN:  
HOPE, INDIANA TOWN BOARD

By: [Signature]  
President

[Signature]  
Chairman

ATTEST:

[Signature]  
Member

[Signature]  
Secretary

[Signature]  
Member

[Signature]  
Abstain Member

Member

ATTEST:

[Signature]  
Clerk-Treasurer

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