

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF)
THE TOWN OF CHANDLER, INDIANA,)
FOR APPROVAL OF A NEW SCHEDULE)
OF RATES AND CHARGES FOR WATER)
UTILITY SERVICE AND FOR AUTHORITY TO)
ISSUE REVENUE BONDS TO PROVIDE FUNDS FOR)
THE COSTS OF THE ACQUISITION AND)
INSTALLATION OF IMPROVEMENTS)
AND EXTENSIONS TO THE WATERWORKS OF)
THE TOWN)

CAUSE NO. 45062

TESTIMONY

OF

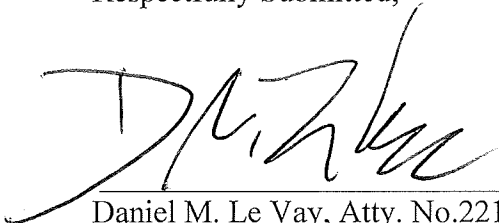
RICHARD J. COREY - PUBLIC'S EXHIBIT NO. 1

ON BEHALF OF THE

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

August 10, 2018

Respectfully Submitted,




Daniel M. Le Vay, Atty. No.22184-49
Deputy Consumer Counselor

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing *Office of Utility Consumer Counselor Testimony of Richard J. Corey* has been served upon the following counsel of record in the captioned proceeding by electronic service on August 10, 2018.

Joshua A. Claybourn
JACKSON KELLY PLLC
221 NW. Fifth Street
Evansville, IN 47708
Email: jclaybourn@jacksonkelly.com



Daniel M. Le Vay
Deputy Consumer Counselor

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR
115 West Washington Street
Suite 1500 South
Indianapolis, IN 46204
infomgt@oucc.in.gov
317/232-2494 – Phone
317/232-5923 – Facsimile

TESTIMONY OF OUCC WITNESS RICHARD J. COREY
CAUSE NO. 45062
TOWN OF CHANDLER

I. INTRODUCTION

1 **Q: Please state your name and business address.**

2 A: My name is Richard J. Corey, and my business address is 115 West Washington
3 Street, Suite 1500 South, Indianapolis, Indiana 46204.

4 **Q: By whom are you employed and in what capacity?**

5 A: I am employed by the Indiana Office of Utility Consumer Counselor (“OUCC”) as
6 a Utility Analyst in the Water/Wastewater Division. My qualifications and
7 experience are described in Appendix A.

8 **Q: What is the purpose of your testimony?**

9 A: I present the overall results of the OUCC’s analysis of the Town of Chandler’s
10 (“Chandler” or “Petitioner”) proposed rate increase of 49.9%. The OUCC’s
11 analysis yields a proposed overall rate increase of 29.3%. I discuss my
12 recommended revenue adjustments to reflect test year customer growth. I also
13 discuss my proposed adjustments to operating expenses, including periodic
14 maintenance expense, utility receipts taxes, and the removal of costs that are non-
15 recurring, non-allowed, or capital in nature. Finally, I discuss the OUCC’s proposed
16 system development charge of \$675.

1 **Q: What actions did you take to prepare your testimony?**

2 A: I reviewed Petitioner's testimony, schedules, and workpapers. I conducted the
3 OUCC's field audit in Chandler on May 3 through 4, 2018. I reviewed Chandler's
4 2015, 2016, and 2017 Annual Reports. I reviewed Chandler's last rate case order
5 from Cause No. 43658. I reviewed ratepayer comments submitted to the OUCC¹.
6 I also prepared discovery questions and reviewed Petitioner's responses.

7 **Q: Do you sponsor any schedules or attachments?**

8 A: Yes. I sponsor the following schedules and attachments:

9 Schedule 1 – Comparison of Petitioner's and OUCC's Revenue Requirements

10 Schedule 2 – Comparative Balance Sheet as of August 31, 2017 and December
11 31, 2016 and 2015

12 Schedule 3 – Comparative Income Statement for the Twelve Months Ended
13 August 31, 2017 and December 31, 2016, and 2015

14 Schedule 4 – *Pro Forma* Net Operating Income Statement

15 Schedule 5 – OUCC Revenue Adjustments

16 Schedule 6 – OUCC Expense Adjustments

17 Attachment RJC – 1 – Petitioner's Response to OUCC Data Request No. 2.6

18 Attachment RJC – 2 – Petitioner's Tank Maintenance Contracts

19 Attachment RJC – 3 – Comparison of Petitioner's Tank Maintenance Contracts

20 Attachment RJC – 4 - Petitioner's Response to OUCC Data Request No. 2.1

21 Attachment RJC – 5 – Petitioner's Response to OUCC Data Request No. 2.8

22 Attachment RJC – 6 – Petitioner's Response to OUCC Data Request No. 3.4

¹ See Attachment RJC 10.

1 Attachment RJC – 7 – OUCC's Calculation of Petitioner's System Development
2 Charge

3 Attachment RJC – 8 – Financing and Charges for Wastewater Systems, WEF
4 Manual of Practice No. 27, Chapter 10 – System
5 Development Charges

6 Attachment RJC – 9 – Capitalized or Non-recurring, Disallowed or Amortized
7 Items

8 Attachment RJC – 10 – Customer Comments

II. PROPOSED RATES

9 **Q: What level of rate increase is Petitioner requesting?**

10 A: Petitioner proposes to increase its rates by 49.9% to generate an additional
11 \$1,477,171 of revenues. Petitioner has proposed to implement the rate increase in
12 a single phase based on its cost of service study.

13 **Q: What rate increase does the OUCC recommend?**

14 A: The OUCC recommends an overall rate increase of 29.3% to produce an increase
15 in water revenues of \$909,132 per year. See Table RJC-1.

Table RJC-1: Comparison of Overall Revenue Requirement

	Per Petitioner	Per OUCC	OUCC More (Less)
Operating Expenses	\$ 1,941,970	\$ 1,787,475	\$ (154,495)
Taxes Other Than Income	88,078	87,243	(835)
Depreciation Expense	639,887	639,273	(614)
Debt Service	1,621,796	1,419,187	(202,609)
Debt Service Reserve	180,149	140,097	(40,052)
Total Revenue Requirements	4,471,880	4,073,275	(398,605)
Less: Interest Income	(4,640)	(4,640)	-
Other Income	-	(21,045)	(21,045)
Net Revenue Requirements	\$ 4,467,240	\$ 4,047,590	\$ (419,650)
Less: Revenue at Current Rates Subject to Inc.	(2,959,059)	(3,099,782)	(140,723)
Other Revenues at Current Rates	(51,404)	(51,404)	-
Net Revenue Increase Required	\$ 1,456,777	\$ 896,404	\$ (560,373)
Divide Additional Utility Receipts Tax	0.986	0.986	
Recommended Increase	\$ 1,477,171	\$ 909,132	\$ (568,039)

1 **Q: What are the primary differences between the overall revenue requirement**
2 **proposed by Chandler and that recommended by the OUCC?**

3 A: OUCC Schedule 1, page 2 of 2, lists all differences in the OUCC's and Chandler's
4 operating revenues and operating expenses. The primary differences between the
5 proposals are (1) a \$242,661 decrease in debt service costs due to the OUCC's
6 recommended reduction in the borrowing amount and the interest rate; (2) a
7 \$154,495 decrease in operating and maintenance expense primarily due to the
8 OUCC's recommended reduction to test year periodic maintenance expense as well
9 as the OUCC's removal of additional capital and non-recurring expenses; and (3) a
10 \$141,311 increase in operating revenues due to the OUCC's recommended test year
11 customer growth normalization adjustments.

III. REVENUE REQUIREMENT CALCULATION

12 **Q: Do you agree with Petitioner's methodology for calculating its required rate**
13 **increase?**

14 A: No.

15 **Q: How does Petitioner's calculation of its revenue requirement differ from your**
16 **calculation?**

17 A: During the test year, Petitioner generated \$21,045 in other non-operating revenue
18 which it did not include as an offset to its revenue requirement. These non-operating
19 revenues consist of "water refunds and reimbursements." From this description
20 these revenues do not sound like non-operating revenues, although the "non-
21 operating" appellation may refer to the fund to which these revenues were
22 deposited. All sources of revenues should be used to offset Petitioner's proposed
23 rate increase unless there is evidence these revenues are restricted or will not recur
24 in the future.

1 **Q: What is Petitioner's reason for not reducing its revenue requirement by its**
2 **other non-operating revenue?**

3 A: In response to OUCC Data Request No 2-6, Petitioner stated that its other non-
4 operating revenue is not fixed, known or measurable.²

5 **Q: Do you agree with Petitioner that non-operating revenue should not be used**
6 **to offset its revenue requirement?**

7 A: No. The concept of "fixed, known, and measurable" is applied to justify *deviating*
8 from expenses and revenues experienced during a test year. Non-operating
9 revenues were experienced in the test year. In the absence of fixed, known and
10 measurable changes, they should be used to offset Petitioner's *pro forma* revenue
11 requirements for ratemaking purposes. Petitioner presented no evidence it will no
12 longer earn a similar amount of non-operating revenue under its prospective rates.

IV. REVENUE ADJUSTMENTS

13 **Q: What operating revenue adjustments did Petitioner propose?**

14 A: Petitioner proposed three revenue normalization adjustments: (1) a \$59,102
15 increased to residential metered sales; (2) a \$2,127 decrease to commercial metered
16 sales; and (3) a \$20,276 increase to large commercial metered sales.

17 **Q: Do you accept any of Petitioner's proposed revenue adjustments?**

18 A: No. The customer counts and revenue amounts used in Petitioner's calculation of
19 its residential and small commercial normalization adjustments do not tie to the
20 billing determinants provided in Petitioner's workpapers. Further, Petitioner's
21 "large commercial" revenue category includes industrial customers. It is

² See Attachment RJC 1.

1 inappropriate to normalize industrial revenues in the manner proposed by
2 Petitioner. Industrial customers' consumption varies widely from customer to
3 customer and one cannot calculate growth based simply on total customer billings
4 and consumption. The appropriate method for adjusting industrial customer growth
5 is to identify specific customers that were gained or lost during and after the test
6 year and make specific adjustments related to that customer's actual or expected
7 usage.

8 **Q: What total revenue normalization adjustment does the OUCC recommend?**

9 A: The OUCC recommends a net increase of \$218,562 to test year operating revenues
10 of \$2,932,624 which yields *pro forma* operating revenues of \$3,151,186 (OUCC
11 Schedule 5, Adjustments No. 1 and 2). These adjustments reflect residential and
12 commercial customer growth during the test year and are calculated based on the
13 data provided in Petitioner's workpapers, pages 68 through 69.

A. Residential Customer Growth (Normalization)

14 **Q: What test year residential customer growth adjustment do you propose?**

15 A: I propose an increase to test year residential operating revenues of \$11,454 per year.

16 **Q: How did you derive that amount?**

17 A: I divided test year residential sales of \$1,900,132 by the total number of test year
18 billings (i.e., 75,517). That calculation results in an average customer bill of \$25.16
19 per month. To determine the net additional annual bills that would result due to
20 growth during the test year, I multiplied the increase or decrease in monthly test
21 year customers by the number of additional bills that would have been invoiced had
22 that customer been a customer for the entire year. The result is a net increase of

1 455 customer bills. I then multiplied the 455 additional customer bills by the
2 average test year bill of \$25.16 to calculate my residential customer growth
3 adjustment of \$11,454. (See OUCC Schedule 5, Adjustment 1.)

B. Commercial Customer Growth (Normalization)

4 **Q: What test year commercial customer growth adjustment do you propose?**

5 A: I propose an increase to commercial operating revenues of \$207,108 per year.
6 Using the data provided in Petitioner's workpapers, I divided test year commercial
7 sales of \$675,860 by the total number of test year billings (6,246), resulting in an
8 average customer bill of \$108.21 per month. To determine the net additional annual
9 bills that would result from test year customer growth, I multiplied the increase or
10 decrease in monthly test year commercial customers by the number of additional
11 bills that would have been invoiced had that customer been a customer for the entire
12 year. The result is a net increase of 1,914 customer bills. The 1,914 customer bills
13 were multiplied by the average test year bill of \$108.21 to calculate the commercial
14 customer growth adjustment increase of \$207,108 (1,914 bills multiplied by
15 \$108.21, the average commercial monthly bill during the test year). (See OUCC
16 Schedule 5, Adjustment 2.)

V. OPERATING EXPENSE ADJUSTMENTS

17 **Q: What operating expense adjustments did Petitioner propose?**

18 A: Petitioner proposed operating expense adjustments to salaries and wages, employee
19 pensions and benefits, purchased power, periodic maintenance, utility receipts tax,
20 and postage. Petitioner also removed test year expenses that were non-recurring or

1 capital in nature. Total operating expense adjustments proposed by Chandler
2 resulted in a decrease of \$460,536 to test year operating expenses and taxes other
3 than income of \$2,490,583 to yield *pro forma* operating expenses and taxes other
4 than income of \$2,030,047.

5 **Q: Do you accept any of Petitioner's proposed operating expense adjustments?**

6 A: Yes. I accept Petitioner's adjustments to salaries and wages, employee pensions
7 and benefits, purchased power, and postage. I also accept Petitioner's adjustment
8 to remove non-recurring and capital costs.

9 **Q: What operating expense adjustments do you propose?**

10 A: I propose adjustments to periodic maintenance expense and utility receipts tax
11 expense. I also propose an adjustment to remove additional test year transactions
12 that are non-recurring, non-allowed, or capital in nature. The total operating
13 expense adjustments I propose result in a decrease of \$612,000 to test year
14 operating expenses of \$2,395,475 to yield *pro forma* operating expenses of
15 \$1,787,425.

A. Periodic Maintenance Expense Adjustment

16 **Q: Please describe Petitioner's proposed periodic maintenance expense**
17 **adjustment.**

18 A: Petitioner proposed a *pro forma* periodic maintenance expense totaling \$275,608,
19 which consists of the following components: (1) tank maintenance of \$143,205, (2)

1 wells and pumps maintenance of \$24,000, (3) filter overhaul of \$2,857 and (4)
2 meter replacement of \$105,546.

3 **Q: Please describe your proposed periodic maintenance expense adjustment.**

4 A: I propose *pro forma* maintenance expense of \$164,786, which consists of the
5 following components: (1) tank maintenance of \$137,929; (2) wells and pumps
6 maintenance of \$24,000; and (3) filter overhaul of \$2,857, a reduction of \$118,534
7 to test year periodic maintenance expense of \$283,320.

8 This is a reduction of \$110,822 from Petitioner's proposal. This reduction
9 includes a decrease of \$5,277 to reflect what Petitioner must actually pay for *tank*
10 maintenance under its contract with Utility Service Company, Inc. as well as a
11 reduction of \$105,546 to reflect the removal of meter replacements which are a
12 capital cost, not a periodic maintenance expense. Meter replacement costs are more
13 properly included in extensions and replacements or, as in this case, funded through
14 depreciation expense.

1. Tank Maintenance

15 **Q: Please explain your adjustment to Petitioner's periodic tank maintenance**
16 **expense.**

17 A: I adjusted periodic tank maintenance expense due to a reduction in the annual fees
18 charged by Petitioner's vendor pursuant to tank maintenance contracts. Petitioner
19 procures tank maintenance services through contracts with Utility Service
20 Company, Inc. for the 750,000 gallon Plank Tank, the 300,000 gallon Paradise
21 Tank, the 750,000 Grim Tank, the 300,000 gallon Chandler Tank and the Frame
22 Hill Standpipe Tank. The contracts for the Plank Tank and the Frame Hill

1 Standpipe are dated February 23, 2012. Page two of each contract describes the
 2 annual fees for the maintenance contract services. These documents state that the
 3 annual fee for Contract Year 6 and each subsequent annual fee shall be \$10,714 for
 4 the Frame Hill Standpipe Tank and \$25,933 for the 750,000 Plank Tank.³ These
 5 contracts are both dated February 23, 2012. Accordingly, the sixth year of each
 6 contract begins on February 24, 2017. Therefore, I reduced *pro forma* maintenance
 7 expense for the Frame Hill Standpipe by \$2,356 (\$13,070 less \$10,714) and for the
 8 750,000 Plank Tank by \$2,921 (\$28,854 less \$25,933)⁴ for a total reduction of
 9 \$5,277. Table RJC-2 shows the differences between Petitioner’s proposed *pro*
 10 *forma* expense for tank maintenance, and what the actual costs will be under the
 11 contracts.

Table RJC-2: Tank Maintenance Expense

	Pro forma per Petitioner	Per Contract	Difference
Frame Hill Standpipe	\$ 13,070	\$ 10,714	\$ (2,356)
750,000 Plank Tank	28,854	25,933	(2,921)
300,000 Paradise Tank	16,862	16,862	0
750,000 Grim Tank	32,622	32,622	0
300,000 Chandler Tank	51,798	51,798	0
	<u>\$ 143,205</u>	<u>\$ 137,929</u>	<u>\$ (5,276)</u>

³ See Attachment RJC No. 2

⁴ See Attachment RJC No. 3

2. Meter Replacement

1 **Q: Why have you removed Petitioner's adjustment for meter replacement?**

2 A: Meter replacement represents a capital expenditure rather than a periodic
3 maintenance expense and falls in the category of an extension and replacement or
4 depreciation expense revenue requirement. Petitioner has incorrectly included the
5 cost of replacing its meters in periodic maintenance expense. At a cost of
6 \$1,055,460, this amount would be amortized over a ten year period for a total
7 annual adjustment of \$105,546. A municipal utility has the option of including in
8 its revenue requirement either extensions and replacements or depreciation
9 expense. Petitioner selected depreciation expense forgoing recovery of extensions
10 and replacements as a revenue requirement. Because meter replacement is a capital
11 improvement rather than a maintenance expense, I removed \$105,546 from
12 Petitioner's proposed periodic maintenance adjustment. See Schedule 6,
13 Adjustment 2. Chandler can and should meet this annual capital improvement
14 through its recovery of depreciation expense.

B. Non-Recurring, Non-Allowed, and Capital Costs

15 **Q: Please explain your additional adjustment to test year operating expenses for**
16 **non-recurring, capital, or disallowed items.**

17 A: Petitioner's response to discovery and my onsite review of Petitioner's books and
18 records revealed other items that should be removed from test year operating
19 expenses. In total, I propose an additional \$43,673 decrease to test year operating
20 expenses to remove transactions identified as non-recurring, capital in nature or

1 which should otherwise be disallowed⁵. (Some transactions were removed
2 altogether, but others were reduced and amortized to reflect an expense that is
3 incurred but does not recur every year.)

4 **Q: What is Petitioner's current capitalization policy?**

5 A: In response to OUCC Data Request No. 2.1⁶, Petitioner indicated it does not have
6 a formal capitalization policy and, because it maintains its books and records on the
7 cash basis of accounting, it places less emphasis on the accounting classification of
8 expenditures between capital items and expense items. It stated that major projects
9 or improvements are coded to accounts used for capital assets and during the annual
10 conversion of the cash basis records to the accrual basis for completion of the IURC
11 Annual Report, additional expenditures that were not originally coded as capital
12 items are reclassified as such, and that generally expenditures of \$1,000 or greater
13 are "analyzed for classification purposes".

14 **Q: What additional expenditures do you recommend be capitalized.**

15 A: Using Petitioner's capitalization threshold of \$1,000 or greater, I recommend an
16 additional \$23,039 in expenditures be capitalized and removed from operating
17 expense for the purpose of calculating rates. These expenditures exceed the \$1,000
18 capitalization threshold, procured long-lived assets and are more appropriately
19 recorded as utility plant instead of as an operating expense. I summarized the
20 expense items I recommend be capitalized on OUCC Schedule 6, Adjustment 4.

⁵ See Attachment RJC No. 9.

⁶ See Attachment RJC No. 4.

1 **Q: Please explain the OUCC's disallowed expense adjustment.**

2 A: Based on my review of Petitioner's books, I determined that Petitioner spent \$3,605
3 for celebrations, donations, and gifts for its employees during the test year. The
4 costs of such items provide no benefit to ratepayers and should not be included as
5 an operating expense for ratemaking purposes. Therefore, I removed these items
6 from test year operating expenses. See OUCC Schedule 6, Adjustment 4.

7 **Q: What expenditures should be amortized over a number of years?**

8 A: During the test year, Petitioner paid for the development of a manual for developer
9 installed water mains at a cost of more than \$21,000. Though paid during the test
10 year, this cost will not occur every year and will provide a benefit over several
11 years. Therefore, this cost should be amortized. Since Petitioner will benefit from
12 these expenditures for at least a period of five years, I recommend this cost be
13 amortized over that period of time. Based on a five year amortization, \$4,257
14 should be recognized during the test year and the remainder should be removed
15 from test year operating expenses. See OUCC Schedule 6, Adjustment 4.

C. Utility Receipts Tax Expense Adjustment

16 **Q: How did Petitioner calculate utility receipts tax?**

17 A: Petitioner took total revenues of \$3,183,625 and reduced them by (1) \$24,213 of
18 revenues that are not subject to utility receipts tax (exempt) and (2) the \$1,000
19 allowed exemption. This results in taxable receipts of \$3,158,412. Multiplying this
20 amount by the utility receipts tax rate of 1.4% resulted in *pro-forma* tax of \$44,218.
21 This amount was reduced by test year expense of \$50,272, which resulted in
22 Petitioner's proposed utility receipts tax decrease of \$6,054.

1 **Q: What are the components Petitioner used to calculate utility receipts tax?**

2 A: In response to discovery (Attachment JRC – 5), Petitioner indicated that the
3 revenues of \$3,183,625 consisted of the following components:

Table RJC-3: Components of Petitioner’s Taxable URT Revenue

	Metered Sales					\$	2,592,552	
	Interdepartmental Sales						24,006	
	Fire Protection						288,668	
	Refunds & Reimbrom Other Town Funds						12,199	
	Collections - Other						309	
	Services Charges for Returned Checks						2,954	
	Disconnection Service Charge						11,936	
	Interest						4,640	
	Tap Fees						108,886	
	System Development Fees						116,424	
	Other Non-operating Receipts						21,051	
						\$	<u>3,183,625</u>	

4 **Q: Are all of Petitioner’s revenues subject to utility receipts tax expense?**

5 A: No. Only revenues generated from the provision of utility services are subject to
6 utility receipts tax. Further, certain utility revenues are exempt from utility receipts
7 taxes, including wholesale revenues and interdepartmental sales. Accordingly, I
8 excluded interdepartmental sales of \$24,006, other town funds refunds and
9 reimbursements of \$12,199, collections – other of \$309, service charges for
10 returned checks of \$2,954, other non-operating revenues of \$21,045, interest of
11 \$4,640, and system development fees of \$116,424. Such revenues not subject to
12 utility receipts tax total \$181,577.

1 **Q: What adjustment do you propose to *pro forma* utility receipts taxes on present**
2 **rate revenues?**

3 A: I propose a decrease of \$6,889 to reflect the appropriate amount of utility receipts
4 tax on *pro forma* present rate revenues. I derived this adjustment by taking the total
5 amount of *pro forma* metered sales revenues during the test year of \$2,811,114 and
6 adding to it the test year *pro forma* fire protection of \$288,668 for total revenues of
7 \$3,099,782. From this, I deducted the \$1,000 exemption for taxable revenue of
8 \$3,098,782. Multiplying this amount by the current utility receipts tax rate of
9 1.40% results in *pro forma* utility receipts tax of \$43,383. I reduced this amount
10 by test year utility receipts tax of \$50,272 for an adjustment reducing test year
11 utility receipts tax by \$6,889. See OUCC Schedule 6, Adjustment No. 2.

VI. DEPRECIATION EXPENSE

12 **Q: Has Chandler requested a provision for extensions and replacements in its**
13 **proposed revenue requirements?**

14 A: No. Chandler has chosen to request depreciation expense instead of extensions and
15 replacements. Chandler proposed a provision of \$639,887 for based on composite
16 depreciation expense. The provision is based on Petitioner's *pro forma*
17 depreciation allowance and is calculated by reducing December 31, 2017 utility
18 plant in service of \$32,678,604 by land of \$684,251 to arrive at depreciable utility

1 plant of \$31,994,353. This amount is multiplied by the composite depreciation rate
2 of 2.0% to arrive at an annual depreciation allowance of \$639,887.

3 **Q: Do you accept Chandler’s proposed depreciation expense of \$639,887?**

4 A: I agree with Petitioner’s methodology. However, on April 13, 2018, Petitioner filed
5 Supplemental Direct Testimony that indicated that the following balances were in
6 effect as of August 31, 2017:

Table RJC 4: OUCC’s Calculation of Depreciation

	UPIS			\$ 32,647,920		
	Land			(684,251)		
	Depreciable Plant			31,963,669		
	Composite Rate			2.00%		
	Depreciation Allowance			\$ 639,273		

7 Since I feel it is appropriate that Petitioner use the balances at the end of the test year
8 instead of the balances as of December 31, 2017 in calculating its depreciation
9 allowance, I feel the proper provision for Petitioner’s extensions and replacements
10 should be \$639,273.

11 **VII. DEBT SERVICE**

12 **Q: Chandler proposed debt service of \$1,621,796 for its existing and proposed**
13 **bonds. Does the OUCC accept Chandler’s proposed debt service?**

14 A: No. The OUCC proposes debt service of \$1,419,187 for its existing and proposed
15 debt. See testimony of OUCC witness Edward Kaufman for a discussion of the
16 OUCC’s debt service proposal.

VIII. DEBT SERVICE RESERVE

1 **Q: What did Chandler propose for debt service reserve?**
2 A: Chandler proposed a debt service reserve revenue requirement of \$180,149 for its
3 proposed bonds.
4 **Q: Does the OUCC accept Chandler's proposed debt service reserve for its**
5 **existing and proposed bonds?**
6 A: No. The OUCC proposes debt service reserve of \$140,097, which Mr. Kaufman
7 supports in his testimony.

IX. SYSTEM DEVELOPMENT CHARGE

8 **Q: Does Chandler's current tariff include a system development charge ("SDC")?**
9 A: Yes. Chandler assesses the following charge per connection based on meter size:

Table RJC-5: Current System Development Charge

Meter Size	Charge per Connection
5/8 or 3/4	\$ 464
1	1,160
1 1/5	2,320
2	3,712
3	6,960
4	11,600
6	23,200
8	37,120

10 Mr. Miller testified that the current system development charge was implemented
11 as a result of the Commission's findings in Cause No. 42856, and noted that the
12 calculation was made using the equity buy-in method.

13 **Q: Has Chandler proposed an update to its current system development charge?**
14 A: Yes. Petitioner proposes to implement a new system development charge of \$1,470
15 for a 5/8 to 3/4 inch meter. The charge for larger meter sizes will be calculated based
16 on the corresponding equivalency factor.

1 **Q: How is a system development charge determined using the equity buy-in**
2 **method?**

3 A: The equity buy-in method seeks to achieve capital equity between new and existing
4 customers. This approach assesses new customers a fee designed to approximate
5 the equity investment position of current customers. The goal is to achieve a level
6 of equity from new customers by collecting a system development charge
7 representative of the average equity attributable to existing customers.

8 The net investment in utility plant is calculated by taking the original cost
9 of utility plant and subtracting accumulated depreciation, contributions-in-aid of
10 construction, and outstanding debt. This net investment is then divided by the
11 current capacity being used to determine the equity investment per unit. The
12 investment per unit is then multiplied by average consumption per customer to
13 determine the system development charge.

14 **Q: How did Chandler calculate its proposed system development charge?**

15 A: To calculate its system development charge for 5/8 inch and 3/4 inch meters,
16 Chandler added its utility plant in service ("UPIS") balance as of December 31,
17 2016 as indicated in its 2016 IURC Annual Report (\$32,564,167) and added utility
18 plant additions from January 1, 2017 through August 31, 2017 (\$114,436)
19 producing total UPIS as of August 31, 2017 of \$32,678,603. Chandler then added
20 \$554,399, reflecting expense items Petitioner determined are capital in nature for
21 total adjusted UPIS of \$33,233,002. (See Petitioner's adjustment 5 in its
22 Accounting Report.) From this amount Chandler deducted accumulated
23 depreciation of \$8,043,067 as of December 31, 2016 to arrive at net UPIS as of
24 August 31, 2017 of \$25,189,935. From this amount Chandler deducted outstanding

1 debt of \$7,609,000 and contributions in aid of construction (“CIAC”) of \$2,410,799
2 to arrive at the utility’s total net equity investment of \$15,170,136. Chandler then
3 divided the total net equity investment by the current average annual demand of
4 554.8 million gallons to calculate equity investment per million gallons currently
5 used of \$27,343. By dividing this amount by 1,000 gallons, Chandler determined
6 an equity investment per thousand gallons of \$27.34. Multiplying \$27.34 by the
7 number of gallons used by a typical residential user of 53.76 thousand gallons per
8 year, Chandler calculated a system development charge per equivalent dwelling
9 unit (“EDU”) of \$1,470.

10 **Q: Do you agree with Chandler’s calculation of its system development charge?**

11 A: No. I disagree with the amount of utility plant in service, accumulated depreciation,
12 and CIAC that is deducted from the net investment in plant.

13 **Q: Why do you disagree with the amount of accumulated depreciation used in**
14 **Petitioner’s calculation?**

15 A: Although Petitioner’s calculation purports to be based on original cost as of August
16 31, 2017, Petitioner used the accumulated depreciation balance as of December 31,
17 2016 of \$8,043,067. As discussed above, Petitioner filed supplemental testimony
18 on April 13, 2018 that indicated the balance of accumulated depreciation as of
19 August 31, 2017 is \$8,686,910. It is more appropriate to use the August 31, 2017
20 accumulated depreciation balance in the calculation, the date on which UPIS was
21 based.

22 **Q: Why do you disagree with the amount of contributions in aid of construction**
23 **used in Petitioner’s calculation?**

24 A: Petitioner reduced net investment in plant by contributions in aid of construction
25 (“CIAC”) of \$2,410,799. However, Petitioner’s 2016 Annual Report indicates that

1 it is carrying a CIAC balance as of December 31, 2016 of \$10,059,608. Also,
2 Petitioner indicated it excluded two sources of CIAC from its system development
3 charge calculation: (1) \$3,492,839 from the OCRA Disaster Recovery II and (2)
4 \$4,102,720 from State and County waterline relocation reimbursements, a total of
5 \$7,595,559. (Attachment RJC No. 6, Chandler's Response to OUCC Data Request
6 No. 3-4.) Petitioner acknowledged that it also should have deducted an additional
7 \$139,050 of accumulated SDC revenues collected in 2010, 2011, and 2012.

8 **Q: Why did Petitioner decide not to deduct the CIAC funds from OCRA Disaster**
9 **Recovery II and State and County waterline relocation reimbursements?**

10 A: Petitioner said it did not deduct the contributions because it did not believe it could
11 be expected to receive such contributions in the future:

12 The purpose of the SDC is to recover from new users, a portion of the cost
13 of the capacity they consume when they connect to the waterworks system.
14 These funds are accumulated over time and are then used to reduce the
15 amount of borrowing necessary to expand capacity-related facilities in the
16 future. Petitioner does not believe that it can expect to receive similar grant
17 funding or reimbursements for waterline relocations in the future.
18 Therefore, it would be inappropriate to deduct these amounts from the
19 proposed SDC calculation. Doing so understates the cost that Petitioner
20 will likely incur in the future resulting in additional borrowing⁷.

21 **Q: Do you agree these contributions should be excluded from the calculation?**

22 A: No. Petitioner's analysis is based on a flawed understanding of how the equity buy-
23 in method is supposed to work. Petitioner opted to calculate its system
24 development charge using the equity buy-in method. Under the equity buy-in
25 methodology, the system development charge is not designed to recover costs that
26 will occur in the future:

27 Under the equity buy-in approach, SDCs are designed based on the
28 philosophy that new customers will be assessed a charge at the same

⁷ See Attachment RJC 6.

1 equity position as existing customers. A key component in
2 developing equity method SDCs is determining system equity based
3 on a utility's capital structure. Equity represents the current value of
4 the utility's capital derived from previous and existing customers.

5 (Financing and Charges for Wastewater Systems, WEF Manual of Practice
6 No. 27, Chapter 10 – System Development Charges, page 188.)⁸

7 Whether similar contributions can be expected to occur in the future has no bearing.
8 *These contributions have occurred* and are a source of capital for funding current
9 utility plant. It is unfair for this benefit to be allocated solely to existing customers.
10 Therefore, I propose deducting Petitioner's entire CIAC balance as of December
11 31, 2016 of \$10,059,608 to calculate the system development charge.

12 **Q: What other changes are you making in your SDC Calculation?**

13 A: Because I disallowed \$23,039 of Petitioner's expenditures, I added this amount to
14 the utility's UPIS for the purpose of calculating the SDC⁹. The table below
15 compares Petitioner's and the OUCC's calculation of the SDC:

⁸ See Attachment RJC No. 8.

⁹ See Attachment RJC No. 7.

Table RJC – 6: Comparison of Petitioner's and OUCC System Development Charge Calculation

<u>System Development Charge</u>			
		Per Petitioner	Per OUCC
UPIS		\$ 33,233,002	\$ 33,233,002
additional cap per OUCC			23,039
		33,233,002	33,256,041
Deprec a/o 8/31/17		(8,043,067)	(8,686,909)
		25,189,935	24,569,132
O/S debt		(7,609,000)	(7,609,000)
CIAC		(2,410,799)	(10,059,608)
		15,170,136	6,900,524
Current avg demand (Million Gallons)		554.80	554.80
		27,343	12,438
		1,000	1,000
Equity investment per 1000 gallons		27.3434	12.4379
Typical gallons used per year residential		53.76	53.76
System development Charge		\$ 1,470	669
Rounded			\$ 675

1 Q: What System Development Charge do you recommend?

2 A: I recommend a System Development Charge of \$675 per equivalent dwelling unit.

OUCC RECOMMENDATIONS

1 **Q: Please summarize your recommendations to the Commission.**

2 A: I recommend the following:

- 3 1) Petitioner's operations and maintenance expense be reduced by \$612,000.
- 4 2) Petitioner's utility receipts tax be reduced by \$6,889.
- 5 3) Petitioner's residential operating revenues be increased by \$11,454.
- 6 4) Petitioner's commercial operating revenues be increased by \$207,108.
- 7 5) Petitioner be allowed an allowance for Depreciation of \$639,273.
- 8 6) Petitioner's debt service revenue requirement be set at \$1,149,187 for the
- 9 reasons discussed in the pre-filed testimony of OUCC witnesses Edward
- 10 Kaufman and Jim Parks.
- 11 7) Petitioner's debt service reserve revenue requirement be set at \$140,097 for
- 12 the reasons discussed in the pre-filed testimony of witness Edward Kaufman.
- 13 8) Petitioner's overall revenue requirement be increased by 29.3% to provide it
- 14 an opportunity to collect \$4,047,590 in net revenues. Petitioner's rates should
- 15 be designed pursuant to the OUCC's class cost of service study analysis
- 16 performed by Jerry Mierzwa of Exeter Associates, Inc.
- 17 9) Petitioner be allowed implement a system development charge per equivalent
- 18 dwelling unit of \$675.

19 **Q: Does this conclude your testimony?**

20 A: Yes.

APPENDIX A

1 **Q: Please describe your educational background and experience.**

2 A: I graduated from Indiana University with a Bachelor of Science degree majoring in
3 accounting. Upon graduation, I took a position as an accountant for Tousley-Bixler
4 Construction Company for whom I worked until 1984. At that time, I began
5 attending Indiana University School of Law. After graduating from law school in
6 1988, I was employed by the public accounting firm of Boyd, Stamper & Leeds
7 and participated in the preparation of compilations, audits, and corporate and
8 individual tax returns. From 1990 to 1993, I worked for the CPA firm of Myers &
9 Stauffer, which specializes in Medicaid accounting, consulting and rate setting.
10 After a short tenure with the OUCC as a Principal accountant in 1993, I became
11 Controller, Corporate Secretary, and a member of the Board of Directors of General
12 Acceptance Corporation. I returned to the OUCC in 1998 as an Assistant Utility
13 Consumer Counselor and represented the interests of the public before the Indiana
14 Utility Regulatory Commission ("Commission") in a variety of Gas, Water and
15 Telecommunications cases. I assumed my current position as a Utility Analyst with
16 the OUCC in April of 2005. Since joining the OUCC, I have attended the NARUC
17 Annual Regulatory Studies Program, the NARUC Utility Rate School, and other
18 continuing education programs. I became licensed as a Certified Public
19 Accountant in 1983. Having left the practice of public accounting in 1993, my

1 license is currently inactive. I am also an inactive member of the Indiana Bar in
2 good standing.

3 **Q: Have you previously testified before the Indiana Utility Regulatory**
4 **Commission?**

5 **A:** Yes. I have testified in many cases before the Commission including a number of
6 applications by municipal, not-for-profit and investor owned water utilities for
7 financing authority and changes to rates and charges.

Q-2-6: Why were the revenues collected during the test year for Petitioner's system development charge, tap fees and other income not deducted from the utility's total revenue requirement in calculating its proposed rate increase?

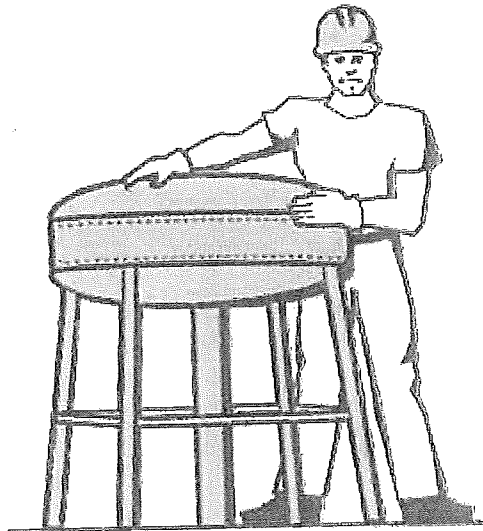
A-2-6: The amount of revenue generated on an annual basis from these charges is not fixed, known or measurable. In fact, as can be seen on Petitioner's financial statements, the amounts collected in any given year can vary dramatically. In addition, these revenue sources and their corresponding expenditures are not considered operating in nature. Instead they are accounted for "below the line" as capital items. Therefore, it would be imprudent to rely on revenues from these sources when setting Petitioner's recurring rates and charges.

COPY

Utility Service Co., Inc.

Water Tank Maintenance Contract

YR 1-S 20771 / YR
YR 6-S 10714



5 YR 12 MS FINISHED
12/23/17

Owner: Town of Chandler
Chandler, Indiana

6TH YR 12 MS FINISHED
12/23/18

Tank Size/Name: 240,000 Standpipe Frame Hill Tank

Location: 5000 South Frame Road

Date Prepared: February 23, 2012

E. A lock will be installed on the roof hatch of the tank.

F. The Company will provide emergency services, when needed, to perform all repairs covered under this Contract. Reasonable travel time must be allowed for the repair unit to reach the tank site.

G. The Company will furnish pressure relief valves, if requested by the Owner, so that the Owner can install the valves in its water system while the tank is being serviced.

H. The Company will furnish current certificates of insurance coverage to the Owner.

2. **Contract Price/Annual Fees.** The tank shall receive an **interior renovation and repairs** prior to the end of Contract Year 2. The tank shall receive an **exterior renovation** prior to the end of Contract Year 5. The first five (5) annual fees shall be \$20,771.00 per Contract Year. The annual fee for Contract Year 6 and each subsequent annual fee shall be \$10,714.00 per Contract Year; however, in Contract Year 9 and each third anniversary thereafter, the annual fee shall be adjusted to reflect the current cost of service. The adjustment of the annual fee shall be limited to a maximum of 5% per annum. All applicable taxes are the responsibility of the Owner and are in addition to the stated costs and fees in this Contract. A "Contract Year" shall be defined as each consecutive 12-month period following the first day of the month in which the Contract is executed by the Owner and each subsequent 12-month period thereafter during the time the Contract is in effect. For example, if a contract was signed by an Owner on April 17, 2007, Contract Year 1 for that contract would be April 1, 2007 to March 31, 2008, and Contract Year 2 for that contract would be April 1, 2008 to March 31, 2009 and so on.

3. **Payment Terms.** The annual fee for Contract Year 1, plus all applicable taxes, shall be due and payable on the first day of the Contract Year. Each subsequent annual fee, plus all applicable taxes, shall be due and payable on the first day of each Contract Year, thereafter; however, beginning in Contract Year 2, the annual fee can be paid either monthly, quarterly, semiannually, or annually. Owner shall circle the preferred billing frequency. If the Owner does not choose a preferred billing frequency, the Owner will be billed quarterly. Furthermore, if the Owner elects to terminate this Contract prior to remitting the first five (5) annual fees, then the balance for work completed shall be due and payable within thirty (30) days of the Company's receipt of the Owner's Notice to Terminate.

4. **Structure of Tank.** The Company is accepting this tank under program based upon its existing structure and components. *Any modifications to the tank, including antenna installations, shall be approved by Utility Service Co., Inc., prior to installation and may warrant an increase in the annual fee.*

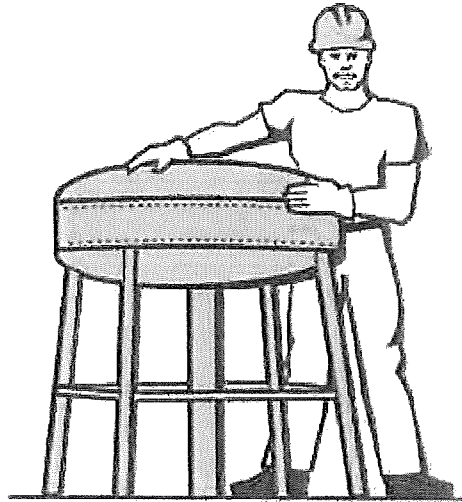
5. **Environmental, Health, Safety, or Labor Requirements.** The Owner hereby agrees that future mandated environmental, health, safety, or labor requirements as well as changes in site conditions at the tank site which cause an increase in the cost of tank maintenance will be just cause for modification of this Contract. Said modification of this Contract will reasonably reflect the increased cost of the service with a newly negotiated annual fee.

COPY

Utility Service Co., Inc.

Water Tank Maintenance Contract

~LR 1-S → 61209.00
~LR C-B → 25933.00
~LR 9 + oil → COST OF SPAN



Owner: Town of Chandler
Chandler, Indiana

Tank Size/Name: 750,000 Elevated - Plank Tank

Location: 611 Old Plank Road

Date Prepared: February 23, 2012

~LR 5 12 MOS ENDED
12/23/17

~LR 6 12 MOS ENDED
12/23/19

- E. A lock will be installed on the roof hatch of the tank.
- F. The Company will provide emergency services, when needed, to perform all repairs covered under this Contract. Reasonable travel time must be allowed for the repair unit to reach the tank site.
- G. The Company will furnish pressure relief valves, if requested by the Owner, so that the Owner can install the valves in its water system while the tank is being serviced.
- H. The Company will furnish current certificates of insurance coverage to the Owner.

2. **Contract Price/Annual Fees.** The tank shall receive an exterior renovation and repairs prior to the end of Contract Year 1. The tank shall receive an interior renovation prior to the end of Contract Year 3. The first five (5) annual fees shall be \$61,209.00 per Contract Year. The annual fee for Contract Year 6 and each subsequent annual fee shall be \$25,933.00 per Contract Year; however, in Contract Year 9 and each third anniversary thereafter, the annual fee shall be adjusted to reflect the current cost of service. The adjustment of the annual fee shall be limited to a maximum of 5% per annum. All applicable taxes are the responsibility of the Owner and are in addition to the stated costs and fees in this Contract. A "Contract Year" shall be defined as each consecutive 12-month period following the first day of the month in which the Contract is executed by the Owner and each subsequent 12-month period thereafter during the time the Contract is in effect. For example, if a contract was signed by an Owner on April 17, 2007, Contract Year 1 for that contract would be April 1, 2007 to March 31, 2008, and Contract Year 2 for that contract would be April 1, 2008 to March 31, 2009 and so on.

3. **Payment Terms.** The annual fee for Contract Year 1, plus all applicable taxes, shall be due and payable upon completion of the exterior renovation. Each subsequent annual fee, plus all applicable taxes, shall be due and payable on the first day of each Contract Year, thereafter; however, beginning in Contract Year 2, the annual fee can be paid either monthly, quarterly, semiannually, or annually. Owner shall circle the preferred billing frequency. If the Owner does not choose a preferred billing frequency, the Owner will be billed quarterly. (Note: Due to the length of time that it takes to perform the initial renovation project, it is possible that two (2) annual fees could fall within one budget year for the Owner). Furthermore, if the Owner elects to terminate this Contract prior to remitting the first five (5) annual fees, then the balance for work completed shall be due and payable within thirty (30) days of the Company's receipt of the Owner's Notice to Terminate.

4. **Structure of Tank.** The Company is accepting this tank under program based upon its existing structure and components. *Any modifications to the tank, including antenna installations, shall be approved by Utility Service Co., Inc., prior to installation and may warrant an increase in the annual fee.*

5. **Environmental, Health, Safety, or Labor Requirements.** The Owner hereby agrees that future mandated environmental, health, safety, or labor requirements as well as changes in site conditions at the tank site which cause an increase in the cost of tank maintenance will be just cause for modification of this Contract. Said modification of this Contract will reasonably reflect the increased cost of the service with a newly negotiated annual fee.

Chandler Municipal Water 45062
Comparison of Tank Maintenance Contracts

		Pro forma per Petitioner	Per Contract	Difference
Frame Hill Standpipe	3,257.15			
	3,257.14			
	3,277.62			
	3,277.62	13,070	10,714	(2,356)
750,000 Plank Tank	7,200.83			
	7,200.83			
	7,226.24			
	7,226.24	28,854	25,933	(2,921)
300,000 Paradise Tank	4,215.44			
	4,215.44			
	4,215.44			
	4,215.44	16,862	16,862	0
750,000 Grim Tank	8,155.50			
	8,155.50			
	8,155.50			
	8,155.50	32,622	32,622	0
300,000 Chandler Tank	51,798.00	<u>51,798</u>	<u>51,798</u>	<u>0</u>
		<u>143,205</u>	<u>137,929</u>	<u>(5,276)</u>

Q-2-1: Please provide a copy of Chandler's current capitalization policy.

A-2-1: Petitioner does not have a formal capitalization policy. Petitioner maintains its books and records on the cash basis of accounting. Because of this, it places lesser emphasis on the accounting classification of expenditures between capital items and expense items. Major projects or improvements are coded to accounts used for capital assets. During the annual conversion of the cash basis records to the accrual basis for completion of the IURC Annual Report, additional expenditures that were not originally coded as capital items are reclassified as such. While there is no formal policy governing this activity, generally expenditures of \$1,000 or greater are analyzed for classification purposes.

Q-2-8: Adjustment 6 located on page 12 of Petitioner's Accounting Report states the utility had test year gross receipts of \$3,183,625. However, the income statement provided in the supplemental direct testimony of Mr. Miller states that Petitioner had total water and fire protection sales of \$2,881,220. Please reconcile these two amounts.

A-2-8: Adjustment 6 relates to the Indiana Utility Receipts Tax based on gross income of Petitioner for calendar year 2017 as follows:

• Metered sales	\$2,592,552
• Fire protection	<u>288,668</u>
○ Sub-total	2,881,220
• Other operating receipts	51,404
• Interest	4,640
• Tap fees	108,886
• System development fees	116,424
• Other non-operating receipts	<u>21,051</u>
○ Total	\$3,183,625

Q-3-4: In the calculation of its proposed system development charge, Petitioner reduces net investment in plant by contributions in aid of construction of \$2,410,799. Why was the net investment in plant not reduced by the \$10,145,407.64 of "Contribution on lines" contained on line 44, column W of the Schedule of Annual Transactions and Adjustments to Reconcile IURC Report 8/31/17 provided to the OUCC via email on May 21, 2018?

A-3-4: The amount of \$2,410,799 Petitioner deducted from its proposed SDC calculation is comprised of \$2,046,831 representing the Contributions in Aid of Construction (CIAC) balance used in IURC Cause No. 42856 in the initial approval of the Petitioner's SDC plus accumulated SDC revenues from 1/1/2013 through 8/31/2017 totaling \$363,968. Petitioner should have also deducted an additional \$139,050 of accumulated SDC revenues from January 1, 2010 through December 31, 2012. This would have resulted in a total reduction in the proposed SDC calculation of \$2,549,849.

In the calculation of the revised System Development Charge ("SDC"), Petitioner did not deduct from plant the grant funds it received from OCRA Disaster Recovery II totaling \$3,492,839 or from State and County waterline relocation reimbursements totaling \$4,102,720.

The purpose of the SDC is to recover from new users, a portion of the cost of the capacity they consume when they connect to the waterworks system. These funds are accumulated over time and are then used to reduce the amount of borrowing necessary to expand capacity-related facilities in the future. Petitioner does not believe that it can expect to receive similar grant funding or reimbursements for waterline relocations in the future. Therefore, it would be inappropriate to deduct these amounts from the proposed SDC calculation. Doing so understates the cost that Petitioner will likely incur in the future resulting in additional borrowing.

Please see Attachment A-3-4.

System Development Charge

	Per Petitioner	Per OUCC
UPIS	\$ 33,233,002	\$ 33,233,002
additional cap per oucc	<u> </u>	<u>23,039</u>
Deprec a/o 8/31/17	33,233,002 <u>(8,043,067)</u>	33,256,041 <u>(8,686,909)</u>
	25,189,935	24,569,132
O/S debt	(7,609,000)	(7,609,000)
CIAC	<u>(2,410,799)</u>	<u>(10,059,608)</u>
	15,170,136	6,900,524
Current avg demand (Million Gallons)	<u>554.80</u>	<u>554.80</u>
	<u>27,343</u>	<u>12,438</u>
	1,000	1,000
Equity investment per r1000, gall	27.3434	12.4379
Typical gallons used per year residential	<u>53.76</u>	<u>53.76</u>
System development Charge	<u>\$ 1,470</u>	<u>669</u>
Rounded		<u><u>\$ 675</u></u>

FINANCING AND CHARGES FOR WASTEWATER SYSTEMS

WEF Manual of Practice No. 27

*Prepared by
Financing and Charges for Wastewater Systems Task Force
of the Water Environment Federation*

McGraw-Hill

New York Chicago San Francisco Lisbon London Madrid
Mexico City Milan New Delhi San Juan Seoul
Singapore Sydney Toronto

Prepared by Financing and Charges for Wastewater Systems Task Force of the Water Environment Federation

Eric P. Rothstein, *Chair*
Rex Ausburn
Linda Blankenship, P.E.
Paul H. Causey
C. (Kees) W. Corssmit, Ph.D.
Robert Decker
Robert C. Dolecki, P.E., D.E.E.
John Farnkopf
Craig Fenton
Deborah Galardi
Richard D. Giardina
David S. Hasson, Ph.D.
Alan B. Ispass
Daniel D. Lanning
Ben Leach

J. Rowe McKinley
Mike Mussman
Daniel D. O'Brien
Denise Olson
Myron Olstein
John P. O'Neil
Sudhir D. Pardiwala
George A. Raftelis
Steven M. Ravel
Donald F. Roecker
Bill Stannard
Mark Thompson
Christopher P.N. Woodcock

Under the Direction of the Municipal Subcommittee of the Technical Practice Committee

2004

Water Environment Federation
601 Wythe Street
Alexandria, VA 22314-1994 USA
www.wef.org

Chapter 10

System Development Charges

Introduction	181	<i>Buy-In Approach</i>	187
Planning and Legal Requirements	183	System Valuation	189
Planning	183	Capacity Determination	190
Legal Guidelines	184	<i>Marginal or Incremental Approach</i>	191
<i>Right of Local Governments to Regulate Development</i>	185	<i>Combined Fee Approach</i>	192
<i>Regulation versus Taxation</i>	185	Fee Schedule	193
<i>Banberry Factors (Standards of Reasonableness)</i>	185	<i>Scaling Measures</i>	193
<i>Rational Nexus</i>	186	<i>Geographic Area</i>	195
<i>Good Faith Intent</i>	186	Local On-Site Facilities	195
System Development Charge Calculation	187	Charges Approaches	
Fee Structure	187	Program Evaluation	196
		References	197
		Suggested Reading	198

INTRODUCTION

A well-conceived financial plan is critical to ensuring that a wastewater utility is adequately prepared for ongoing system operation and replacement requirements, and for future capacity expansion needs. Such a plan should consider the full array of capital funding alternatives available to the utility, as discussed in Chapter 4. One

possible funding source for capital projects is system development charges (SDCs) (also referred to as development fees, impact fees, or capital recovery fees). System development charge proceeds are typically used to pay for capital projects related to growth. Application of these fees assists the utility in implementing a "growth pays for growth" policy.

System development charges have been used since the 1920s, as evidenced by the U.S. Department of Commerce's Standard Planning Enabling Act, enacted in 1922. Capital projects required to meet the demands of growth are often a burden on existing wastewater ratepayers. Through the use of SDCs, costs associated with growth may largely be shifted to the new customers and away from the existing wastewater customers over time. Typically, SDCs are used to pay for backbone wastewater facilities, including treatment plants, collector mains, interceptor mains, outfall sewers, and lift stations. These fees are one-time charges to customers when they connect to the system or by developers as part of the permitting or planning process. Other growth-related charges, including service connection and hook-up fees, acreage fees, and main extension charges, are associated with service to a particular customer, development, or service area.

A great deal of planning needs to take place before the implementation of legally defensible fees. Planning begins with a Capital Planning Process, as noted in Chapter 4, Table 4.1, that determines existing and future system capacity needs and the specific capital projects required to meet those needs. It takes knowledge, time, and effort to create legally sound and politically stable fee programs. Typical actions required by a utility to implement system development charges include the following:

- Determine that the local government has authority to establish such fees by statute or otherwise.
- Adopt a Facility Plan, Master Plan, or other Capital Improvement Plan that projects growth in the service area, identifies the projects or portion of projects required for serving growth, and identifies the anticipated funding source for each project.
- Develop a fee structure or method that is consistent with legal guidelines.
- Monitor programs to ensure that revenues benefit the intended growth area.

This chapter will detail the steps involved in developing and implementing SDCs. It will also discuss the legal guidelines that contributed to the development of

standard
cepts, an

PLAN

Local go
one extr
seek to l
be used
adequat

PLAN

to the w
riencing
opment
improv
that inc

-
-
-
-
-
-

Ca
such p
water
nated s
to dev
from th
Pr
area n

standards in formulating and implementing SDCs, various methodologies and concepts, and implementation issues, including the application of revenues.

PLANNING AND LEGAL REQUIREMENTS

Local governments across the country have varying policies in relation to growth. At one extreme are communities actively pursuing economic development, while others seek to limit or control further growth and development. Although SDCs should not be used as a disincentive for growth, this type of fee is an important tool in ensuring adequate infrastructure to serve growth.

PLANNING. Utilities facing minimal growth may require only minor modifications to the wastewater system for each additional customer. However, other utilities experiencing rapid growth may require significant capital projects to serve planned development. In the latter case, it is particularly important that the utility adopt a capital improvement plan (often part of a master plan or other system infrastructure plan) that includes the following:

- Projected development throughout the planning period;
- Distribution of growth throughout the service area;
- Capacity requirements of growth, in terms of flows and loadings;
- Existing system loadings and facility capacities;
- List of planned capital improvements to address various needs (replacement, rehabilitation, expansion, etc.); and
- Estimated time frame for completion of capital improvements.

Capital planning may be explicitly addressed in master plans or be separate from such plans. Capital improvement plans may address the need for creating new wastewater facility capacity and needed improvements to existing facilities to meet designated service demands or regulatory requirements. The capital improvement plan used to develop the SDCs should identify the costs of the growth-related facilities separate from the improvement and regulatory-related facilities costs for existing customers.

Projected capacity requirements are based on growth assumptions applied to area maps and land-use assumptions such as residential, multifamily, commercial, or

industrial uses. New capacity requirements can also be based on existing development in the area to be served. Once land-use requirements are categorized and the needs of existing development have been estimated, the utility can assess additional capacity requirements. Further, the capital improvement plan should forecast timing of development, enabling sizing and timing of wastewater facilities. Table 10.1 provides examples of improvements required to serve growth.

The use of engineers who specialize in utility master planning is important in the development of detailed capital projects, schedules, cost estimates, and project prioritization. Once a plan has been developed by the utility, it may be advantageous to create a public forum such as citizen committees to provide comments on capital improvement program priorities and alternatives. Because growth-related projects can place a financial burden on existing customers (if fully funded through user rates), utilities often look for other means of funding these projects through direct charges to the benefiting users.

LEGAL GUIDELINES. Before implementing SDCs, the utility should develop its philosophy and capital improvement plan for further development and maintenance of its infrastructure. It should also review pertinent legislation, state statutes, local municipal codes, and judicial rulings related to SDCs. Utilities need to be aware of the legislative authority within the state in which they operate in developing such fees. Authority for charging SDCs generally comes from the following: (1) specific enabling legislation; (2) general home-rule powers, which provide local governments the authority to establish fees and charges for local government facilities; (3) broad police power to protect general health, safety, and welfare of the community through provision of services; and (4) utility rate-setting authority. Laws regarding SDCs can often be vague, and misapplication of concepts and approaches can lead to legal chal-

TABLE 10.1 Examples of growth facilities.

Sewer mains in growth area
Additional lift stations, pumping stations, and force mains
Additional treatment plants or increase in capacity at existing plant
Additional reclamation plants or increases in capacity at existing plant
Residuals processing and outfall sewers
Oversizing of a facility or sewer main

lenges. Utilities being considered

Legal guidance from government to municipalities derived from addressed SDC standards for established become an accepted SDC statutes in jurisdictions can be found in other jurisdictions in courts over a sample of national

Right of Local Government. Local governments have the authority to develop that authority to (1997). Opponents of a state statute. To justify the use while others have

Regulation v. Police Power. The basis that the state is not totally, acceptable rationale that a facility. Systemic changes from utilities and are pr

Banberry Factors. Court cases in *v. South Jordan* establishing direct costs to be borne by existing projects must consider

enges. Utilities should seek competent legal advice, especially when new SDCs are being considered for implementation.

Legal guidelines, dating back to the early 1900s, established the rights of local government to regulate growth. The phenomenon of SDCs as applied in local communities derived from these rights. Over the past 20 years, various courts have addressed SDCs and, in that process, have established various guidelines and standards for establishing such charges. System development charges have increasingly become an accepted revenue source in supporting growth in urban areas. Although SDC statutes and judicial findings are state-specific, leading case law from other jurisdictions can also provide relevant guidelines, as many courts draw on rulings in other jurisdictions, leading to consistency nationwide. General guidelines developed in courts over the last century are described below, and Appendix B provides a sample of nationwide case law covering SDCs.

Right of Local Governments to Regulate Development. State and local governments have the right through the Tenth Amendment of the Constitution to regulate land development. The power of regulation rests with states that generally elect to delegate that authority to local governments for purposes of guiding land developments (Porter, 1997). Opponents of SDCs often have argued that these fees were not authorized by state statute. To address this issue, many states have adopted legislation officially authorizing the use of SDCs. Some of these statutes authorize very specific uses of SDCs, while others have adopted more general authorizing statutes (Nicholas et al., 1991).

Regulation versus Taxation. In the past, SDCs have repeatedly been challenged on the basis that they constitute taxes rather than fees for service. It is now generally, but not totally, accepted that SDCs are user charges rather than taxes. This is based on the rationale that the fee is voluntary and benefits the paying entity based on use of the facility. System development charges for new wastewater users are thus fees distinguishable from taxes as they are related to cost of construction and use of the facilities and are proportionately charged to users who benefit from facilities.

Banberry Factors (Standards of Reasonableness). One of the most influential court cases in the history of development fees was *Banberry Development Corporation v. South Jordan City* (Utah, 1981). In this case, the Utah Supreme Court held that in establishing development fees, local governments must consider the share of capital costs to be borne by newly developed properties relative to the costs already borne by existing properties. Specifically, the court identified seven factors that an entity must consider

Financing and Charges for Wastewater Systems

- (1) Cost of existing capital facilities;
- (2) The manner of financing existing capital facilities;
- (3) The relative extent to which the newly developed properties and other properties in the municipality have already contributed to the cost of existing capital facilities;
- (4) The relative extent to which newly developed properties and other properties in the municipality will contribute to cost of existing capital facilities in the future;
- (5) The extent to which newly developed properties are entitled to a credit because the municipality is requiring their developers or owners to provide common facilities that have been provided by the municipality and financed through general taxation or other means in other parts of the municipality;
- (6) Extraordinary costs, if any, in servicing the newly developed properties; and
- (7) The time-price differential inherent in fair comparisons of amounts paid at different times (Utah, 1981).

Banberry established procedural and substantive guidelines for cases where SDCs are challenged as well as providing guidance for policy makers in establishing an equitable program.

Rational Nexus. *Rational nexus* is the concept that there needs to be a reasonable connection between the following:

- The new development that will pay the fees and the need for facilities,
- Growth needs and levels of cost to meet that need compared to the cost to serve others,
- Identified costs and the fee level,
- Identified costs and the amount of revenue generated by the fee, and
- The cost to the utility of new development and the amount of the fee collected.

This test is referenced in many court cases and provides the guidelines found in state statutes for SDCs.

Good Faith Intent. In 1997, Arizona courts found that a municipality needs only to develop a plan that shows a "good faith" intent to use SDCs to provide growth-related services within a reasonable time. This case suggests the SDC programs are not required to be precise, but do have to be formulated based on sensible planning.

SYST

In calcul
schemul
evaluate
ability, a
needs to

- F
- F
- (v
- F
- C
- F

Spe
below.

**FEE ST
opment**

- (1)
- (2)
- (3)

Eac
underly
able sta

Buy-In
existing
existing
approac
facilitie
forecast
schemul

SYSTEM DEVELOPMENT CHARGE CALCULATION

In calculating SDCs, a utility needs to select a fee structure and develop a fee schedule based on selected units of service. Methodological approaches should be evaluated and selected with careful consideration of state regulations, data availability, and local growth policies. Ultimately, there are several principles the utility needs to satisfy in developing the methodology, which are listed below

- Fee is proportionate to proposed impact,
- Fee proceeds are used to provide infrastructure serving the growth area (which may be the entire service area),
- Fee methodology is uniform and consistent,
- Other sources of funding are considered for capital improvements, and
- Fee includes only eligible growth-related costs.

Specific approaches to developing the fee structure and schedule are discussed below.

FEE STRUCTURE. There are three broadly recognized structures of system development charges (Galardi et al., 2004)

- (1) System buy-in approach. Based on existing facilities.
- (2) Marginal or incremental approach. Based on the projection of capacity-enhancing system improvements.
- (3) Combined approach. Considers both existing and planned future facilities.

Each option is discussed in more detail below. It is important to determine the underlying philosophy before adopting a specific methodology and to check applicable state statutes and case laws for permissible methodologies.

Buy-In Approach. Under this approach, new customers are required to "buy-in" to existing system facilities, generally at a rate that reflects the prior investment of existing customers per unit of total capacity (capacity buy-in). A buy-in type approach is fairly easy to administer and is most appropriate where current system facilities have adequate capacity to serve both existing and future customers, the forecast of future system investment is minimal, and where existing facilities are not scheduled for replacement in the near future (AWWA, 2000).

The rationale behind the capacity buy-in approach is that new customers should be charged for existing available capacity at a rate consistent with the average value of available capacity of the existing system (see following subsection System Valuation for considerations related to establishing appropriate system value—the numerator of the buy-in fee equation). To the extent that there is sufficient available capacity in the existing system to serve growth, the capacity buy-in approach is generally a reasonable basis for determining growth-related costs. However, if the existing system has little available capacity, and the cost of providing new capacity (on a per-unit basis) is higher than the existing facilities (because of higher standards and fewer grants, for example), then a capacity buy-in approach may not generate sufficient revenues to fully fund the total capacity needs of growth.

A less common approach to a buy-in structure is the “equity” buy-in approach. The equity buy-in approach differs from the capacity buy-in approach in terms of the denominator of the unit cost calculation. The denominator in the equity buy-in approach is the existing used capacity in the system. In contrast, the denominator of the capacity buy-in approach is the total existing system capacity. To the extent that there is capacity available in the existing system (meaning total capacity is greater than the existing used capacity), the capacity buy-in approach will yield a smaller unit cost and SDC (all other things being equal) than the equity buy-in approach.

Under the equity buy-in approach, SDCs are designed based on the philosophy that new customers will be assessed a charge at the same equity position as existing customers. A key component in developing equity method SDCs is determining system equity based on a utility’s capital structure. Equity represents the current value of the utility’s capital derived from previous and existing customers and taxpayers who paid user charges, fees, and tax payments to build up wastewater system capacity available to serve growth customers.

The equity buy-in approach will often generate more revenue than the capacity buy-in approach, and may be viewed as more equitable by existing customers who have provided the resources for the utility to invest in capacity. However, this approach may not be consistent with legal requirements in all states. This is particularly true where the methodology must demonstrate consideration of growth-specific capacity requirements and associated costs. The equity buy-in approach may overstate the cost of capacity, particularly when there is substantial excess capacity in the system.

SYSTEM VALUATION methodology is the following:

- Original
- Net book
- Replacement cost in current
- Replacement cost

The valuation objective of the accumulated depreciation on constructed assets and economies of scale include the following:

- Outstanding
- Contributions
- Grants,
- Ad valorem
- Interest

Again, in determining value consistent with the development of wastewater systems to avoid double-funded facilities. The credit is given toward

SYSTEM VALUATION. A key methodological decision under a buy-in fee methodology is how to value the utility's system assets. Valuation approaches include the following:

- Original cost. The nominal dollar value paid at the time of construction.
- Net book value. Original cost less accumulated depreciation.
- Replacement cost less depreciation. Original cost less accumulated depreciation further adjusted to reflect the cost of reproducing or replacing the system in current dollars.
- Replacement costs. Original cost adjusted to reflect replacing the system in current dollars.

The valuation method selected depends on the individual system and the objective of the utility managers. For example, it may be appropriate not to subtract accumulated depreciation from the original costs in instances when a utility has constructed a larger facility to accommodate future growth to benefit from economies of scale. Other factors that need to be considered in system valuation include the following:

- Outstanding long-term debt,
- Contributions in aid of construction,
- Grants,
- Ad valorem tax payments, and
- Interest.

Again, knowledge of relevant enabling legislation and case law is helpful in determining which of the above factors may be legally required versus simply consistent with equity objectives. Outstanding debt principal is generally excluded from the development of the buy-in fee valuation to avoid double-charging new customers—first, through SDCs, and again, through general rates and charges for wastewater service, that are used to retire the debt. However, another approach to avoid double-charging new development for debt principal costs is to include debt-funded facilities in the valuation, but to then provide a credit or offset to the SDC. The credit is generally equal to the estimated present value of future rate contributions toward the debt principal. This latter approach is significantly more complex,

as it requires a multiyear cash flow analysis to estimate the future contributions of new customers through rates or other charges, and ongoing administration of the credit system. However, a credit approach may address potential equity issues among new development as a whole, as the level of credit is often tied to when a development connects to the system.

There are instances when a developer will contribute capital for wastewater facilities. This allows the developer to plan the development area without the financial and construction constraints of the utility. Therefore, if a growth-related project is funded with contributions from developers or other sources of funding, like grants, the corresponding amounts are generally excluded from the fee calculation to avoid double recovery of costs. For debt-funded facilities, existing customers have borne interest costs, in addition to repaying a portion of principal costs. Therefore, interest expense may also be considered when valuing the system for purposes of calculating buy-in fees.

Table 10.2 illustrates determination of system value under a buy-in approach. In the example provided, assets are valued based on the net book value (original cost less depreciation) approach, and deductions include outstanding debt principal, federal funding, and developer contributions.

CAPACITY DETERMINATION. The next component in calculating system development charges under a buy-in approach is the determination of system capacity. The appropriate capacity measure under the capacity buy-in method is *total system capacity (as opposed to used capacity for the equity buy-in approach)*. In either case, capacity may be stated in terms of hydraulic or loading capacity, or in terms of equivalent units served. Equivalent units are the number of units in the system of varying size expressed in terms of a common unit (typically a residential dwelling). In this case, multifamily, commercial, and industrial facilities are assigned multiple equivalent units in proportion to their total contribution to capacity, relative to that of a single-family-dwelling unit.

Total system capacity is generally determined based on facility sizing criteria and wastewater permit requirements. Existing used capacity can be determined from wastewater plant records and billing data. The systemwide unit cost is calculated by dividing the system valuation by the selected capacity measure. Table 10.3 shows these sample calculations under the capacity buy-in approach.

TABLE 10.2 Exa

Treatment plant
Pumps & lift stat
Collection system
Residual process
Existing system v
Less (offsets)
Debt service (c
Federal fundin
Contributions
System valuation

TABLE 10.3 Exa

Existing system v
Total capacity in
Average cost per

Marginal or Inc
 on the principle
 or next increme
 growth's share o
 ital improvemen
 capacity resultir
 Selecting the app
 plant capacity o
 (Corssmit, 2002).
 growth area prog
 Utilities need
 water user charg

TABLE 10.2 Example of system valuation.

	Net book value
Treatment plant	\$93,533,000
Pumps & lift stations	\$4,092,000
Collection system	\$79,723,000
Residual processing	\$3,986,000
Existing system value	\$181,334,000
Less (offsets)	
Debt service (outstanding principal)	(\$40,000,000)
Federal funding (grants)	(\$1,000,000)
Contributions	(42,630,000)
System valuation for buy-in fee	\$97,704,000

TABLE 10.3 Example of capacity buy-in method.

Existing system valuation	\$97,704,000
Total capacity in equivalent units	170,000
Average cost per unit	\$575

Marginal or Incremental Approach. The marginal or incremental approach is based on the principle that new system users should be responsible for the cost of the latest or next increments of capacity that they cause to be constructed. This fee recovers growth's share of planned additions to the system. A utility generally relies on its capital improvement plan to estimate cost and capacities of growth-related projects. The capacity resulting from the additional facilities will be used in the fee calculation. Selecting the appropriate capacity can be determined by (1) using total new treatment plant capacity or (2) capacity of new projects weighted by individual project costs (Corssmit, 2002). System development charges may be phased in as development in a growth area progresses and capacity use increases by using marginal pricing.

Utilities need to avoid including overlapping cost in both the SDCs and in wastewater user charges used in the area of capital financing. As in the buy-in approach,

capital contributions and grants for additional facilities should not be included in the calculation of the fee. The objective of the marginal method is that system expansion needed to serve new development can be accomplished with limited impact to existing wastewater user rates. This method is appropriate when all or a very significant portion of the wastewater capital improvement program serves growth and available facilities cannot accommodate growth.

Table 10.4 provides an illustration of a marginal or incremental approach. In this case, individual projects are analyzed to determine the portion of costs associated with system expansion and capacity, versus rehabilitation or replacement.

Combined Fee Approach. Increasingly, in response to the stated goal to charge new customers for the full cost of growth, and thereby avoid the subsidization of new customers by existing customers, many state laws allow utilities to implement a combined fee approach. This approach is rapidly gaining favor in many jurisdictions. It generally applies when the current system facilities could serve future customers and a portion of the wastewater capital improvement program is also related to growth. The combined fee approach includes two separate elements

- (1) System reimbursement component. Includes a portion for new customer to pay for an equitable share of existing facilities.
- (2) Incremental new capacity component (also referred to as growth-related improvement component). Includes future facilities that will be constructed to accommodate growth.

This approach is generally the most technically rigorous of the system development charge calculation approaches. It involves explicit determination of *available*

TABLE 10.4 Example of marginal or incremental approach.

Capital improvement plan	Growth costs
Treatment plant improvements (60% capacity)	\$4,000,000
Pipe replacement (0% capacity)	\$0
New pump station (100% capacity)	\$1,000,000
Cost-of-growth related projects	\$5,000,000
Total new system equivalent units	10,000
Unit cost per unit	\$500

capacity va
between exi
determined
estimated g
nent is dete
estimated g
previously,
bined appr

Some s
ology. Othe
Colorado St
bursement c
and defensi
prate laws,
allocation n
states, and i

FEE SCHI
be recovere
ments and t
ferent type
developme
one of the r
et al., 2004)

Scaling M
more scali
sizes of dev
is designec
more inten
are several

- Was
para
- Nev
- Dwi

capacity value in the existing system, and apportionment of future capital costs between existing users and new development. The reimbursement fee component is determined by dividing the value of available capacity in the existing system by the estimated growth units during the planning period. The improvement fee component is determined by dividing the value of future capacity-increasing costs by the estimated growth units. So, unlike the marginal or incremental approach described previously, that only recovers the future capacity costs related to growth, the combined approach also recovers the costs of available capacity of the existing system.

Some states, such as Oregon, explicitly allow for use of a combined fee methodology. Other states have case law that supports this approach. For example, a 2001 Colorado Supreme Court decision found that a SDC methodology including a reimbursement component and a growth-related improvement component was justifiable and defensible. A defensible method requires rational policy, application of appropriate laws, collection and analysis of relevant data, sound asset valuation, and cost-allocation methodology. The Colorado ruling has since been adopted by several other states, and its implications may be useful to utilities elsewhere (Corssmit, 2002).

FEE SCHEDULE. The fee structure is the mechanism for determining the costs to be recovered from new development as a whole. Of equal concern to local governments and the development community alike is how the fees are then assessed to different types, sizes, and location of development. The applicable SDC for a specific development is determined by multiplying the system-wide unit cost (as defined by one of the methods described above) by the estimated capacity requirements (Galardi et al., 2004).

Scaling Measures. At the very least, the fee schedule generally provides one or more scaling measures for assessment of development fees to different types and sizes of developments. The use of scaling measures in calculating development fees is designed to ensure that customers who are larger, or use infrastructure systems more intensively, pay the associated costs of capacity required to serve them. There are several measures used in the wastewater industry to represent use of capacity.

- Wastewater demand measured or estimated by appropriate flow and strength parameters,
- New plumbing fixtures,
- Dwelling unit count,

- Square footage, and
- Meter size.

In developing or choosing a scaling measure for wastewater SDCs, the choice of an indicator must be easy to explain to the public, defensible in courts, and must have data supporting how the measure was derived. Estimated wastewater demand measured by appropriate flow and strength parameters is, in theory, the most equitable indicator; however, it can be difficult to develop and administer. The most common indicators used in wastewater to represent capacity use are new plumbing fixtures and meter size because of simplicity, ease of understanding, and ease in fee administration. An example of a SDC schedule based on meter size and the unit cost of capacity from Table 10.4 is illustrated in Table 10.5.

The utility should assess which indicator best apportions capacity cost to customers based on land use and characteristics of the service area. For example, one multifamily unit typically requires less wastewater treatment capacity, measured on either average annual or peak use, than one single family residential unit because it serves, on average, fewer people per unit and, therefore, is generally assigned a lower cost per unit. However, multifamily units could be assigned a higher value based on the class service characteristics of the community. In one instance, a utility, located in a ski resort community, found that the peak season number of occupants in multifamily rental units were typically higher than the single-family residential unit (Corssmit, 2002). When peak demands are significant in the determination of infrastructure costs, peaking demands at wastewater collection systems and treatment plants should be considered in the development of fee schedules for various types of developments.

A utility may choose to determine specific capacity requirements to reflect a customer with more extreme uses or potential demands. For example, if a large industrial facility is to locate in the service area, the facility size, capacity requirements or number of fixtures could be used to establish the fee specifically for that facility. For example, a large airport in a cold climate requiring deicing facilities may impose significant biochemical oxygen demand (BOD) loads on the system's treatment capacity. Consequently, the utility may choose to compute the total BOD capacity cost for the new user because the BOD capacity cost is substantially higher than the average system strength. Such exception-type users are recognized in various wastewater

TABLE 10.5

Meter size, mm (in.)
15.9 (5/8)
25.4 (1.0)
38.1 (1.5)
50.8 (2.0)
76.2 (3.0)
101.6 (4.0)
152.4 (6.0)
203.2 (8.0)

utilities. Util
option to de
Geographic
in computin
geographic
important th
on the indiv
fee schedule
revitalizatio

LOCAL

In addition
charges tha
reversed thrc
ment; specil
taps, and en

TABLE 10.5 Example of system development charge schedule.

Meter size, mm (in.)	Meter capacity, m ³ /d (gal/min)	Capacity ratio	System development charge
15.9 (5/8)	109 (20)	1.0	\$500
25.4 (1.0)	273 (50)	2.5	\$1,250
38.1 (1.5)	545 (100)	5.0	\$2,500
50.8 (2.0)	872 (160)	8.0	\$4,000
76.2 (3.0)	1744 (320)	16.0	\$8,000
101.6 (4.0)	2726 (500)	25.0	\$12,500
152.4 (6.0)	5451 (1000)	50.0	\$25,000
203.2 (8.0)	8722 (1600)	80.0	\$40,000

utilities. Utilities, in accordance with state laws and regulations, should reserve the option to deal with extreme customers appropriately.

Geographic Area. Fee schedules may also consider the location of the development in computing fees. Location factors may be technically based—in cases where certain geographic areas exhibit unique costs or service characteristics. In this case, it is important that the fee structure calculate separate unit costs for the fee areas, based on the individual area costs and growth requirements. Geographically differentiated fee schedules may also reflect policy objectives, for example, in the case of downtown revitalization incentives.

LOCAL ON-SITE FACILITIES CHARGES APPROACHES

In addition and separate from SDCs, there are a variety of local on-site facility charges that utilities implement to recover the cost of capital improvements not recovered through SDCs or user charges. These on-site charges are related to development; specifically, to the actual cost for connection to the systems including mains, taps, and engineering cost. The following describe several fees:

- Front foot benefit charges. Impact fees based on the lineal footage of property bordering on a facility such as a street or sewer line. Front footage fees may be valid for reimbursement of previous construction but are not appropriate for SDCs. The most defensible use is to recover the cost of the main serving the premises.
- Service connection and hook-up fees. Cost of the service installation including labor, equipment, and materials. These fees are paid by contractors for the installation of a new service line, main tap, and, if applicable, meters.
- Acreage fees. Fee for connection to the wastewater system calculated on a per-gross-acre basis for property serviced by the connection.
- Main extension charges. Designed to recover costs associated with installing sewer main extension, including engineering and applicable overhead expenses.
- Engineering plans and review fees. Administrative fees that include cost to review and develop plans for sewer connections.

PROGRAM EVALUATION

The last step in implementing SDCs is to monitor and manage the fee program. A utility may either use SDCs to fund capital expenditures or reimburse itself for any growth-related expenditure where working capital or debt is the funding source used, so long as the utility's intentions to do so are established before initiating such expenditures. Revenues from the SDCs are typically collected when permits are issued, which happens as the growth takes place. To meet such growth-capacity requirements, however, capital facilities are generally in place and funds already spent by the time such charges are collected. The timing of collection involves potentially conflicting issues, because the utility needs to collect the SDC early enough to make funds available for system improvements. However, the utility can accurately assess the SDCs only later in the development process when the actual meter size, usage, or number of fixture units is known. To address timing issues, utilities typically use bond proceeds to fund large capital projects. The debt service payments on these bonds are typically recovered through the wastewater rates and, in some cases, SDCs. The level of and repayment means for outstanding debt needs to be consid-

ered in the calculation of charging new customers.

Another recommendation is to meet legal requirements. To ensure SDCs should be properly levied and collected as intended project improvements for related projects. SDCs and interest

The fee established to determine improvement plan related projects. change in the utility

The utility should continuously work with customers. charges can be growth, if they established legal standards

REFERENCES

- American Water Works Association, *Water Rates and Charges*, 1990.
- Corssmit, C. *Water Imposition: Water Rates in Illinois*, September 1990.
- Galardi, D.; *Tucson Conference* [Conference on Water Rates]: Al

ered in the calculation and development of the SDCs to avoid potentially double charging new customers.

Another requirement in monitoring revenues is to ensure that practices are meeting legal requirements. Segregated funds are generally required by many jurisdictions. To ensure that revenues are applied to intended projects, revenue from the SDCs should be placed in a segregated fund earning interest. Fees are to be assessed and collected and draws on the fund can be made to pay debt service for the intended projects. Interest earnings on a specific fund, such as growth-related improvements fee in the combined approach, need to also be applied to growth related projects. Reliable tracking procedures are essential to ensure revenues from SDCs and interest earnings are used to pay for designated capital projects.

The fee established for specific capital improvements should be reviewed periodically to determine whether an adjustment is required. Similarly, the capital improvement plan and budget should be reviewed periodically to identify growth-related projects. Reviews and updates to SDCs ultimately depend on the degree of change in the utility's capital improvement program.

The utility should also monitor legal activities as they relate to SDCs and continuously work with the public on program administration. System development charges can be an effective tool in ensuring adequate facilities to accommodate growth, if they are based on local growth policy, thorough capital planning, established legal standards, equitable fee calculations, and are continuously monitored.

REFERENCES

- American Water Works Association (2000) *Principles of Water Rates, Fees, and Charges, Manual No. 1*; American Water Works Association: Denver, Colorado.
- Corssmit, C. (Kees) W.; Malesky, C. F.; Mumm, J. G.; Kron, N. F. (2002) *Wastewater Impact Fees: A Significant Legal Ruling. Proceedings of the 75th Annual Water Environment Federation Technical Exhibition and Conference*; Chicago, Illinois, Sept 28–Oct 2; Water Environment Federation: Alexandria, Virginia.
- Galardi, D.; Buus, B.; Cormier, D.; Smith, T. (2004) *Development Fee Trends and Tucson Case Study. Proceedings of the 2004 AWWA/WEF Joint Management Conference [CD-ROM]*; Phoenix, Arizona, March 14–17; Water Environment Federation: Alexandria, Virginia.

Nicholas, J. C.; Nelson, A. C.; Juergensmeyer, J. C. (1991) *A Practitioners' Guide to Development Impact Fees*; APA Planners Press: Chicago.

Porter, D. R. (1997) *Managing Growth in America's Communities*; Island Press: Washington, D.C.

Utah (1981) *Banberry Development Corporation v. South Jordan City*, 361 p.2d 899, 903-03.

SUGGESTED READING

Ross, D. H.; Thorpe, S. I. (1992) *Impact Fees: Practical Guide for Calculation and Implementation*. *J. Urban Plan. Develop.*, 118 (3), 106-118.

Chapter

Implement

Introduction:
Planning for
Implement
Requirements
Stakeholders
Influencing
Implement
Phased Approach
Initial Review
Implementation
Evaluation
Rate
Impact
Construction
Implementation
Determination
Implementation
Stages
Legal
Work
Bridging
Off
Pursuing

Town of Chandler

Cause No. 45062

Capitalized or Non-recurring Items



6200 Vogel Road • Evansville, IN 47715 • 812.479.6200

Town of Chandler
417 E. Jefferson Street
Chandler IN 47610

Invoice #: 903830
Project: 11200570GS
Project Name: Chandler General Services
Invoice Group: 22
Invoice Date: 7/25/2016

Handwritten signature

For Professional Services Rendered through: 7/2/2016

Work Order#20- Victoria Development in Chandler

Salaries

Rate Schedule Labor	3,090.00	
	Total Salaries	3,090.00
	Current Invoice	3,090.00
Project Fee :	1,200.00	
Prior Billings:	0.00	
Total Available :	1,200.00	
	Total this Invoice	1,200.00
	Amount Due This Invoice **	1,200.00

Preliminary review / hydraulic analysis for the Victoria Development for the Chandler water utility.

CAP

601001312

CAP ~~_____~~ ~~_____~~
~~_____~~ ~~_____~~



6200 Vogel Road • Evansville, IN 47715 • 812.479.6200

Town of Chandler
417 E. Jefferson Street
Chandler IN 47610

Invoice # : 904064
Project : 11200570GS
Project Name : Chandler General Services
Invoice Group : 24
Invoice Date : 9/28/2016

Handwritten signature

For Professional Services Rendered through: 8/31/2016

WORK ORDER NO. 24-PHASE II WELLHEAD PROTECTION PLAN
5-YEAR UPDATE

Salaries

Rate Schedule Labor	2,778.75	
	Total Salaries	2,778.75

Expenses

Regular Expenses	26.00	
Unit Pricing - Rate	184.38	
	Total Expenses	210.38
	Current Invoice	2,989.13

Project Fee : 7,000.00
Prior Billings: 2,580.00
Total Available : 4,420.00

Total this Invoice	2,989.13
Amount Due This Invoice **	<u>2,989.13</u>

*LAPOR
CAP*

EXP - S/B LAP

601001312

Nov RECUR

Page 1 of 1

CED/EVANSVILLE SUPPLY
801 John Street
Evansville, IN 47713

**** CERTIFIED ****
**** ORIGINAL INVOICE COPY ****
**** UNPAID ****

Invoice No.	Invoice Date
2285-533866	08/05/16

Please show Invoice No. and Remit to:
P.O. Box 221229
Louisville, KY 40252-1229

SOLD TO: CHANDLER UTILITIES
101 CONSTITUTION CT

SHIP TO: CHANDLER UTILITIES
101 CONSTITUTION COURT

CHANDLER, IN 47610-0000

CHANDLER, IN 47610-0000

Account No: N924850

Salesperson: HOUSE

Job Name: VFD SUPPORT CHANDLER WTP

Customer Order No: 103581

Shipping Information: PREPAID

Ship Via:

Ship Date: 08/03/16

Handwritten: 08/03/16

ORDER QTY	PRODUCT	CODE	DESCRIPTION	CODE	SHIP QTY	PRICE PER	DISC	EXTENSION	C/D	TAX	TY
1	EATON EESS VFD SUPPORT CHANDLER WTP VFD SUPPORT FOR CHANDLER WATER TREATMENT PLANT WORK TO BEGIN WEDNESDAY, JULY 6, 2016 AT 8:00AM SITE ADDRESS: 101 CONSTITUTION COURT, CHANDLER IN, 47610 SITE CONTACT: BRIAN HARRIS - (812)483-4594				1	7223.45	E N	7,223.45	0.0 %	N	0
<p><i>Handwritten:</i> VFD SUPPORT SERVICE</p> <p><i>Handwritten:</i> VARI ABLE FUSE DRIVE</p> <p><i>Handwritten:</i> 601001312</p>											
<p>TITLE TO MERCHANDISE PASSES AT POINT OF SHIPMENT. CLAIMS FOR SHORT OR DAMAGED MERCHANDISE SHOULD BE MADE TO CARRIER.</p> <p>MERCHANDISE RETURNED WITHOUT OUR CONSENT WILL NOT BE ACCEPTED. A RESTOCKING CHARGE WILL BE MADE ON RETURNED GOODS UNLESS DEFECTIVE OR THRU ERROR ON OUR PART.</p> <p>A SERVICE CHARGE OF 1-1/2% PER MONTH, BUT NOT TO EXCEED THE HIGHEST AMOUNT LAWFULLY ALLOWED BY CONTRACT IN THIS STATE, WILL BE MADE ON ALL PAST DUE ACCOUNTS.</p> <p>OUR STANDARD TERMS AND CONDITIONS APPLY TO THIS SALE.</p>						<p>CODE: TO ADVISE YOU PROPERLY CONCERNING YOUR ORDER, THIS CODE IS USED ON OUR INVOICES.</p> <p>B - BACK ORDERED. WILL SHIP AS SOON AS RECEIVED UNLESS INSTRUCTED TO CANCEL.</p> <p>C - CANCELLED. NOT IN STOCK UNABLE TO PURCHASE LOCALLY.</p>			<p>MERCHANDISE: 7,223.45</p> <p>TAX: 0.00 %</p> <p>SHIPPING CHARGE: 0.00</p>		
<p>Net payment is Due by the 15th of the month following purchase</p>						<p>TOTAL DUE \$ 7,223.45</p>					

NOV. 29. 2016 3:40PM CED EVANSVILLE SUPPLY

NO. 6918 P. 1/1

Attn: Rob Coghill

Chandler Utility Order Number: 103581

Eaton Engineering Services Support

Work completed in July of 2016

Price Breakdown:

Item (1): Engineering Services Labor – 16 hours = \$4,373.33

Item (2): Contactor – Qty. 1 = \$2,465.30

Item (3): Lug Kit – Qty. 2 = \$311.36

Item (4): Shroud – Qty. 2 = \$73.46

Grand Total: \$7,223.45

CED Contact: Nolan Ballard, (812) 893-1276, nballard@cedevansville.com

Please pay this invoice ASAP. If there is any questions call me on my cell phone listed above. Thanks.



Beam, Longest and Neff
Consulting Engineers & Land Surveyors

INVOICE

8126 Castleton Road | Indianapolis, IN 46250
p: 317.849.5832 | f: 317.841.4280 | B-L-N.com

Chandler, Town of
Mr. Robert D. Coghill
101 Constitution Court
Chandler, IN 47610

Invoice number 56178
Date 07/10/2017

Project **170045 TOWN OF CHANDLER - AS
NEEDED ENGINEERING SERVICES**

*W
Engineering*

Professional Services from May 29, 2017 through June 25, 2017

Description	Contract Amount	Percent Complete	Total Billed	Prior Billed	Current Billed
BELL ROAD PER	39,100.00	2.00	782.00	0.00	782.00
DOWNTOWN PER	37,600.00	0.00	0.00	0.00	0.00
Total	76,700.00	1.02	782.00	0.00	782.00

LABOR

Oak Grove UC

	Units	Rate	Billed Amount
Project Engineer Peter Wamsley	1.50	155.00	232.50

SR 66 and SR 261 UC

	Units	Rate	Billed Amount
Office Intern Nils Hay	4.50	60.00	270.00
Project Engineer Peter Wamsley	9.50	155.00	1,472.50

Labor subtotal 15.50 1,975.00

Invoice total **2,757.00**

1312

217

CAP

AE
INVOICE



8126 Castleton Road | Indianapolis, IN 46250
p: 317.849.5832 | f: 317.841.4280 | B-L-N.com

Chandler, Town of
Mr. Robert D. Coghill
101 Constitution Court
Chandler, IN 47610

Invoice number 56177
Date 07/10/2017

W
DWG/REV/M

Project **170036 TOWN OF CHANDLER - STATE
REVOLVING FUND PRELIMINARY
ENGINEERING REPORT**

Professional Services from May 29, 2017 through June 25, 2017

Drinking Water Preliminary Engineering Report
20 inch Water Main

Description	Contract Amount	Percent Complete	Total Billed	Prior Billed	Current Billed
PER	30,000.00	10.00	3,000.00	0.00	3,000.00
Total	30,000.00	10.00	3,000.00	0.00	3,000.00

Invoice total 3,000.00

1311

CAP



INVOICE

8126 Castleton Road | Indianapolis, IN 46250
p: 317.849.5832 | f: 317.841.4280 | B-L-N.com

Chandler, Town of
Mr. Robert D. Coghill
101 Constitution Court
Chandler, IN 47610

Invoice number 56356
Date 08/10/2017

Project 170045 TOWN OF CHANDLER - AS
NEEDED ENGINEERING SERVICES

WJ
Design

Professional Services from June 26, 2017 through July 30, 2017

Description	Contract Amount	Percent Complete	Total Billed	Prior Billed	Current Billed
BELL ROAD PER	39,100.00	5.00	1,955.00	782.00	1,173.00
DOWNTOWN PER	37,600.00	12.00	4,512.00	0.00	4,512.00
Total	76,700.00	8.43	6,467.00	782.00	5,685.00

LABOR

Downtown Meetings

	Units	Rate	Billed Amount
CAD Technician Jeff Hampton	1.00	120.00	120.00

Oak Grove UC

	Units	Rate	Billed Amount
Office Intern Nils Hay	1.00	60.00	60.00

Labor subtotal 2.00 180.00

REIMBURSABLES

SR 66 and SR 261 UC

Reproduction Expense

Billed Amount
4.20

60,001 312.000

✓

Invoice total 5,869.20

S/B CAP

Town of Chandler

Cause No. 45062

Disallowed Items

Robin's Nest, Inc
714 East Main Street
Boonville, IN 47601

ROBINS NEST INC
714 E MAIN ST
BOONVILLE, IN 47601
(812) 897-4591

Sales Receipt

Date	Sale No.
10/18/2016	20424

SALE

MID: 000012577848
TID: 005 REF#: 00000915
Bank ID: 6001
Batch #: 292001 RRN: 135688469
10/18/16 10:42:43
APPR CODE: 104803
VISA Swiped
*****5010 **/**

Sold To
TOWN OF CHANDLER 417 EAST JEFFERSON CHANDLER IN 47610

AMOUNT \$80.00

APPROVED

CUSTOMER COPY

Check #	Payment Method
	Visa

Item	Description	Qty	Rate	Amount
WINDCHIMES	WINDCHIMES FOR TERRY FISHER SERVICES	1	80.00	80.00

Thank you for your business.

Subtotal \$80.00

Sales Tax (7.0%) \$0.00

Total \$80.00

MD

Things Remembered

866-902-4438

MY ACCOUNT

Shopping Bag (0)



THINGS REMEMBERED

Personalized Gifts That Inspire

FREE SHIPPING ON ALL ORDERS OF \$100 OR MORE OR PICK UP IN STORE FOR FREE

Personalization | Look Books | Rewards Club | Special Offers | TR Blog

[CHRISTMAS](#)
[OCCASIONS](#)
[HIM](#)
[HER](#)
[BABY + KIDS](#)
[HOME + BAR](#)
[WEDDING](#)
[BUSINESS](#)
[PICK UP IN-STORE](#)
[CLEARANCE](#)

[Billing Address](#) >
 [Shipping Address](#) >
 [Shipping Method & Gift Wrap](#) >
 [Order Review & Payment](#) >
 [Order Completed](#)

Thank You

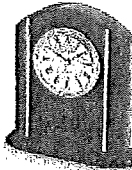
Thank You for placing your Order with Things Remembered. You should receive a confirmation email from us shortly. Your order number will be included in the email confirmation. Things Remembered registered members may track orders in My Account or anyone may go to Order Status to track orders.

Order placed on 11/23/2016

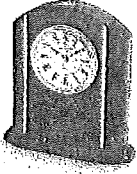
Order Summary		Billing Information	
Merchandise:	\$182.00	Misty Denk	
Shipping:	\$25.00	Town of Chandler	
Sales Tax:	\$14.49	5970 Lake Shore Dr.	
Order Total:	\$221.49	Boonville, IN 47601	
		812-573-8751	
		misty@townofchandler.org	
		Payment Method:	
		Visa: *****5010	

Misty, 417 E. Jefferson St., Chandler

Shipping Address: Misty Denk Town of Chandler 417 E. Jefferson St. Chandler, IN 47610	Shipping Method: Express Plus Delivery (\$25.00) Estimated Arrival Date: Tuesday, 11/29/2016	Gift Message to appear on packing slip: No Gift Message
--	--	---

QUANTITY	ITEM DESCRIPTION	PERSONALIZATION	GIFT WRAP & CARD	TOTAL PRICE
1	 High Gloss Mahogany Clock Item No. 627263 Discount: One for \$26.00 In stock \$52.00 \$26.00	Thank you for your 13 years of service with the Town of Chandler Donnie Andrew Font: Futura TOTAL PERSONALIZATION PRICE: \$52.00	No Message on Package \$0.00	\$78.00
1		Thank you for your 27 years of service with the Town of Chandler Dave Housman Font: Futura TOTAL PERSONALIZATION PRICE: \$52.00	No Message on Package \$0.00	\$104.00

Things Remembered



High Gloss Mahogany Clock
 Item No. 627263
 In stock
 \$52.00

Misty, 417 E. Jefferson St., Chandler

Merchandise: \$182.00
 Shipping: \$25.00
 Sales Tax: \$14.49
 Shipment Total: \$221.49

Billing To:

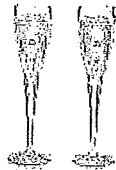
Misty Denk
 Town of Chandler
 5970 Lake Shore Dr.
 Boonville, IN 47601
 812-573-8751

ORDER SUMMARY ▶

Merchandise: \$182.00
 Shipping: \$25.00
 Sales Tax: \$14.49
 Order Total: \$221.49



Newton Apple Award
 Online Exclusive



Sophia Crystal Toasting
 Flute Set
 Pick Up in Store Today



Waffle Weave Cosmetic
 Bags

Includes FREE Gift!



Girls Heart Locket
 Pick Up in Store Today



Teacher Snow Globe
 Pick Up in Store Today

CUSTOMER SERVICE

866.902.4438
 Contact Us
 FAQ
 Delivery Options & Costs
 Order Status
 Satisfaction Guaranteed
 International Shipping
 Shipping to Military APO/FPO

GIFT RESOURCES

Gift Personalization
 Message Ideas
 Order Online Pickup in Store
 Request a Wedding Catalog
 Gift Wrap
 Business Services

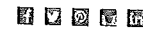
BUSINESS SERVICES

866.428.0475
 Business Account Specialists
 Large Order Discount
 Fast Turnaround
 Request a Business Catalog
 Request a Contact
 Your Company Logo, Our Gifts

COMPANY INFORMATION

About Us
 Read More on our Blog
 Store Locator
 Privacy & Security
 Employment Opportunities
 Press Room
 Things Remembered Canada
 California Supply Chains Act
 Product Recalls

GET TO KNOW US



Holidays: Father's Day | Graduation | Mother's Day | Easter | Valentine's Day | Christmas
 Other Ways to Shop: Occasions | Categories | Recipients



Invoice

1530 North Green River Road
(812)213-0200

SOLD TO:
Tonya Wester
405 Community Drive
Chandler IN 47610

INVOICE NUMBER | 121420165
INVOICE DATE | December 13, 2016
EVENT DATE | December 14, 2016

QUANTITY	DESCRIPTION	UNIT PRICE	AMOUNT
150.00	Per Person Delivered Meals Includes Pulled Pork, Pulled Chicken, Brisket Maggies Mac and Cheese, Green Beans, Cheesy Potato Casserole Corn Bread, Slider Rolls, Homemade BBQ Sauce Plates, Cutlery, Serving Utensils, and tablecloth	11.99	\$1,798.50
Food, Beverage and Supplies Subtotal			\$1,798.50
	Delivery Charge per mile	0.00	\$0.00
	Labor		
Make ALL Checks Payable to "Mission BBQ"		SUBTOTAL	\$1,798.50
		8% TAX ON FOOD	
		TOTAL	\$1,798.50
		Gratuity (Optional) Total:	

DIRECT ALL INQUIRIES TO:
Bridget Eaton
(573) 230-4962
beaton@mission-bbq.com

Signature: _____

THANK YOU FOR YOUR BUSINESS!



Gordon

FOOD SERVICE STORE

Evansville
1500 N Burkhardt
Evansville, IN 47715
(812) 473-0096
www.sfastore.com

Town of Chandler
2739330

2 @ 4.99		
Foam Satinware Pla	9.98	
2405321		
2 @ 2.99		
Fork Plas Med Clr	5.98	
7908411		
Napkin Lunch 1Ply	3.99	
4988831		
Poly Gloves Lrg 1-	3.79	
5292731		
2 @ 9.99		
Tblcr Plstc Red 40	19.98	
5208961		
TAX	0.00	
**** BALANCE	43.72	
*****5010		
Approved 09rC04371202147 140956 \$5		
VISA	43.72	
CHANGE	0.00	
TOTAL NUMBER OF ITEMS SOLD =	8	
12/12/16 02:09pm 437 2 75 50946		
Qual flying GO! Points earned: 229		

SAVE TIME - ORDER ONLINE

Party supplies
MD

SHOWPLACE EAT 18 & IMAX
Evansville 47716
812-426-0133

12/12/2016 2:40:57pm
Transaction #9869749

Card Type: Visa
Acct: 5010
Exp. Date: xxxx
Entry: Swiped
Amount: \$75.00

Ref No.:
Auth. Code: 144052
Response: Approved
Station: 4

Customer Copy

Showplace - East
121220161440-4-9869749
Debit Card #5616 \$25.00
Remaining = \$25.00
No Debit Remaining Points = 253
Debit Card #0017 \$25.00
Remaining = \$25.00
Debit Card #9218 \$25.00
Remaining = \$25.00
Subtotal \$75.00
Tender Amount \$75.00
Change \$0.00

*Party
Supplier
MJD*

Without purchase and for official rules, visit
www.walmart.com

See back of receipt for your chance
to win \$1000

ID #: 7KOL00200R43

BWW 25 25.00
CARD # 6374632044794498

GIFT CARD 25.00
CARD # 6374638806325132

CRACKERBAR25 25.00
CARD # 6374639597507342



(812) 842 - 2361
MANAGER MATTHEW TRACY
8599 HIGH POINTE DR
NEWBURGH IN. 47630

ST# 06728 OP# 003093 TE# 12 TR# 00532	
CANDYCN KISS 003400013069 F	2.00 0
M H CANE 004000048280 F	2.00 0
SPREE CANE 007920024837 F	1.00 0
ROLO CANE 003400038832 F	2.00 0
MINI CANES 003400044117 F	2.00 0
SPREE CANE 007920024837 F	1.00 0
BWW 25 079936656672	25.00 0
GIFT CARD 079936679399	25.00 0
CRACKERBAR25 079936653457	25.00 0
GIFT CARD 087458604557	25.00 0
CANDYCN KISS 003400013069 F	2.00 0
SIXLETS CANE 080009309002 F	1.00 0
SPREE CANE 007920024837 F	1.00 0
RUNTS CANE 007920053518 F	1.00 0
SPREE CANE 007920024837 F	1.00 0
MINI CANES 003400044117 F	2.00 0
RUNTS CANE 007920053518 F	1.00 0
RUNTS CANE 007920053518 F	1.00 0
MIKE IKE 002363755484 F	1.00 0
MIKE IKE 002363755484 F	1.00 0
M H CANE 004000048280 F	2.00 0
M H CANE 004000048280 F	2.00 0
MINI CANES 003400044117 F	2.00 0
M H CANE 004000048280 F	2.00 0
MINI CANES 003400044117 F	2.00 0
MINI CANES 003400044117 F	2.00 0
ROLO CANE 003400038832 F	2.00 0

SUBTOTAL 136.00
TOTAL 136.00

VISA TEND 136.00
**** * 5010 S

ACCOUNT #
APPROVAL # 132410
REF # 1042000314
TRANS ID - 386347698492627
VALIDATION - KHR4
PAYMENT SERVICE - E
TERMINAL # SC010602

12/12/16 13:24:17
CHANGE DUE 0.00

SHOP CARD ACTIVATION 25.00
ACCOUNT 6129961724844706
APPR. CODE = 864498
REF #0077889

*Party supplies
ms*

See back of receipt for your chance
to win \$1000

ID #: /KOL6964908



(812) 897 - 5964
MANAGER CATHERINE WALLS
1115 AMERICAN WAY
BOONVILLE TN 37601

STW 00566	OPH 003155	TEH 07 TRN 09319	
GIFT CARD	007450604565		25.00 0
GIFT CARD	007450604565		25.00 0
IN 20PK .5L	008304699174	F	3.98 0
IN 20PK .5L	008304699174	F	3.98 0
SPRITE	004900002892	F	3.33 0
SPRITE	004900002892	F	3.33 0
HT DEW	001200080996	F	3.33 0
HT DEW	001200080996	F	3.33 0
HT DEW	001200080996	F	3.33 0
HT DEW	001200080996	F	3.33 0
HT DEW	001200080997	F	3.33 0
PEPSI	001200080994	F	3.33 0
HTW HAID	002500005830	F	3.33 0
COKE	004900002890	F	3.33 0
COKE	004900002890	F	3.33 0
COKE	004900002890	F	3.33 0
PEPSI	001200080994	F	3.33 0
COKE	004900002891	F	3.33 0
COKE	004900002891	F	3.33 0
FOODDABS	007874207956		2.24 0
VALUE FOIL	001090000346		0.98 0
HV ST QT 60	007874203694		4.30 0
HV PARTY CUP	007874204800		2.50 0
FOAM CUPS	007874201456		0.98 0
COFFEEMATE	005000030162	F	2.78 0
RUNYS CANE	007920053518	F	1.00 0
RUNYS CANE	007920053518	F	1.00 0
REESE PIECES	003400011515	F	1.00 0
REESE PIECES	003400011515	F	1.00 0
SUBTOTAL			125.85
TOTAL			125.85
VISA TEND			125.85

ACCOUNT # ***** 5010 S
APPROVAL # 101723
REF # 634900794071
TRANS ID - 306349586426342
VALIDATION - 3F7L
PAYMENT SERVICE - E
TERMINAL # SC010093

12/14/16 10:17:28
CHANGE DUE 0.00

SHOP.CARD ACTIVATION 25.00
ACCOUNT 6130106903323002
APPR. CODE = 508147
REF 00862019

See back of receipt for your chance
to win \$1000

ID #: 7KOL346456J

GIFT CARD 25.00
CARD # 6374636457450266

LONGHORN25 25.00
CARD # 6374632926451027

OCHARLEYAC25 25.00
CARD # 6337662395792045

250ARDEN UNV 25.00
CARD # 6374639549350171



(812) 897 - 5964
MANAGER CATHERINE WALLS
1115 AMERICAN WAY
BOONVILLE TN 37601

STW 00566	OPH 004260	TEH 09 TRN 02545	
CANDY CANES	004142006102	F	1.00 0
CANDY CANES	004142006102	F	1.00 0
GIFT CARD	079936670399		25.00 0
LONGHORN25	079936649900		25.00 0
OCHARLEYAC25	079936649947		25.00 0
250ARDEN UNV	079936660260		25.00 0
GIFT CARD	007450604565		25.00 0
GIFT CARD	007450604565		25.00 0
BUBBLE CANE	017994341021		0.97 0
BUBBLE SHUN	017994341021		0.97 0
BUBBLE CANE	017994341021		0.97 0
BUBBLE SHUN	017994341021		0.97 0
BUBBLE PENNY	017994341021		0.97 0
10 STAMPERS	006650650117		1.92 0
SUBTOTAL			150.93
TOTAL			150.93
VISA TEND			150.93

ACCOUNT # ***** 5010 S
APPROVAL # 103254
REF # 634800540539
TRANS ID - 306340595730257
VALIDATION - ZEPB
PAYMENT SERVICE - E
TERMINAL # SC011332

12/13/16 10:32:56
CHANGE DUE 0.00

SHOP.CARD ACTIVATION 25.00
ACCOUNT 6129037022487830
APPR. CODE = 901922
REF 00998604
Beg Bal 1100.00 End Bal 1100.00
0.00 25.00
12/13/16 10:32:09

SHOP.CARD ACTIVATION 25.00
ACCOUNT 6129002239469913
APPR. CODE = 063101

Party Supplies
MO

GEHLHAUSEN FLORAL
735 S. GREEN RIVER RD
EVANSVILLE, IN 47715
812-428-5445
812-428-2320

01/11/17 Invoice Invoice # 472316
0

Sales Person: ANNETTE

=====		
30IN CHIME-ANTQ BRONZE		
1 @ 33.00 each		33.00*
=====		
Sub-Total:		33.00
:		
Tax[7]:		2.31*
Shipping:		0.00

Total:		35.31
VISA MASTERCARD:		35.31
=====		
THANK YOU	Total Paid:	35.31
	Change:	0.00
	Amount Due:	0.00

*A. Card
T. Harrison
gift*

GEHLHAUSEN FLORAL
735 S. GREEN RIVER RD
EVANSVILLE, IN. 47715-4103
812-428-2320

Sale

XXXXXXXXXXXX5010
VISA

Entry Method: Swiped

Total: \$ 35.31

01/11/17

17:23:36

Inv #: 000000012
Apprvd: Online

Appr Code: 172336

Customer Copy
THANK YOU!

***** RETURN POLICY *****
UNUSED/UNWORN ITEMS MAY BE EXCHANGED
FOR STORE CREDIT WITHIN [15] DAYS OF
PURCHASE WITH ORIGINAL RECIEPT
AND TAGS ATTACHED.
NO REFUNDS ON WHOLESALE.

*** ALL SALES FINAL ON SEASONAL, SALE
AND CLEARANCE MERCHANDISE ***

WWW.GEHLHAUSENFLORAL.COM
*** VISIT US ON FACEBOOK ***
STORE HOURS
MON-FRI 9-6 & SAT 10-5

Reg:2 Time: 5:23 pm

26-1909AA 162 Schnucks Design

Center
9220 SHORTLINE DR
OLIVETTE, MO 63132

\$ _____
AMOUNT REMITTED

INVOICE

SOLD TO:
MISTY DENK
417 E JEFFERSON AVE
CHANDLER, IN 47610-9763

DELIVERED TO:
SHERREL JOHNSON C/O ANDREA JOHNSON
ALEXANDER FUNERAL HOME
4200 STRINGTOWN RD
EVANSVILLE, IN 47711-2277

P:812-573-8751

ACCT. NO:

PAYMENT: Credit

CLERK: Carroll N. Riley

COPY NO: 2

PRINTED: 2/10/2017 10:36AM

ORDER NO: 863177/1

ORDER DATE: 2/10/2017 10:35AM

ORDERED BY:

DELIVERY DATE: Fri, 02/10/2017

DELIVERY TIME: BY 3PM

CREDIT CARD INFORMATION
MISTY DENK
XXXXXXXXXXXX5010
AP

CARD/OCCASION
Other

PRODUCT	QUANTITY	PRICE/WT	DISCOUNT	EXTENDED
Delivery Charge	1	12.00		12.00
S25-4493 - The FTD Living Spirit Dishgarden (Standard)	1	56.99		56.99
SUB-TOTAL				68.99
Sales Tax				-4.32
TOTAL				73.31

removed

68.99

ORDER NO:
863177/1 of 1

SHERREL JOHNSON C/O ANDREA JOHNSON
ALEXANDER FUNERAL HOME
4200 STRINGTOWN RD
EVANSVILLE, IN 47711-2277

DELIVERY DATE: Fri, 02/10/2017
BY 3PM.704 2/10/17

DELIVERY ZONE:
T--TRANSF
ERS

Fri, 02/10/2017

RECEIVED BY _____

26-1909AA 162 Schnucks Design Center
The FTD Living Spirit Dishgarden (Standard)

COPY NO: 2

Remove

WITH SYMPATHY

THE TOWN OF CHANDLER

SHERREL JOHNSON C/O
ANDREA JOHNSON
ALEXANDER FUNERAL HOME
4200 STRINGTOWN RD
EVANSVILLE, IN 47711-2277

ON OVER
ADD

CARE INSTRUCTIONS

Town
credit
card
MD

Schnucks
Store Manager Tommy Ayers
Green River 812-473-4510.

6 SPATHPHYLLUM	X	15.00
SMALL LITE ANGEL	X	25.00
\$1.99 FLORAL	X	1.99
FLORAL DELIVERY FEE		12.00
***** Sale Subtotal***		53.99
Account No.:*****5010		
Appr No.:110802		
*** CREDIT CARD		63.99

ITEMS PURCHASED: 4

Your Cashier:GINA

Purchase \$ 53.99
VISA #SXXXXXXXXXX5010
Auth # 110802 Exp Date **/**
Lane # 22 Cashier # 245
03/01/17 11:08 Ref/Seq # 229216
EPS Sequence # 229216

Thank You TOWN OF CHANDLER

Thank You for shopping with us!

436650 03-01-17 11:08A 245/22/0728

C. P. Flowers for S. Johnson

Town of Chandler

Cause No. 45062

Amortized Items



6200 Vogel Road • Evansville, IN 47715 • 812.479.6200

Town of Chandler
417 E. Jefferson Street
Chandler IN 47610

Invoice #: 903970
Project: 11200570GS
Project Name: Chandler General Services
Invoice Group: 20
Invoice Date: 8/26/2016

W
Digi receiving

For Professional Services Rendered through: 7/31/2016
Work Order #16- Manual for Developer-Installed Water Mains.

Salaries

Rate Schedule Labor	800.00	
	Total Salaries	800.00

Expenses

Regular Expenses	150.00	
Unit Pricing - Rate	194.46	
	Total Expenses	344.46
	Current Invoice	1,144.46

Project Fee : 36,500.00
Prior Billings: 14,655.81
Total Available : 21,844.19

Total this Invoice	1,144.46
Amount Due This Invoice **	<u>1,144.46</u>

LABOR?

*Cap 3
SPR TUN*

1312.00



6200 Vogel Road • Evansville, IN 47715 • 812.479.6200

Town of Chandler
417 E. Jefferson Street
Chandler IN 47610

Invoice # : 904062
Project : 11200570GS
Project Name : Chandler General Services
Invoice Group : 20
Invoice Date : 9/28/2016

WJ
DAVID WILSON

For Professional Services Rendered through: 8/31/2016

Work Order #16- Manual for Developer-Installed Water Mains.

S a l a r i e s

Rate Schedule Labor	5,668.75	
	Total Salaries	5,668.75

E x p e n s e s

Regular Expenses	14.05	
Unit Pricing - Rate	171.36	
	Total Expenses	185.41
	Current Invoice	5,854.16

Project Fee : 36,500.00
Prior Billings: 15,800.27
Total Available : 20,699.73

Total this Invoice	5,854.16
Amount Due This Invoice **	<u>5,854.16</u>

601001312
WAT/ENGINEERING



6200 Vogel Road • Evansville, IN 47715 • 812.479.6200

Town of Chandler
417 E. Jefferson Street
Chandler IN 47610

Invoice #: 904330
Project: 11200570GS
Project Name: Chandler General Services
Invoice Group: 20
Invoice Date: 12/21/2016

W
Developer
11/13/17

For Professional Services Rendered through: 11/30/2016

Work Order #16- Manual for Developer-Installed Water Mains.

Salaries

Rate Schedule Labor	2,352.50	
Total Salaries		2,352.50
Current Invoice		2,352.50

Project Fee :	36,500.00
Prior Billings:	21,654.43
Total Available :	14,845.57

Total this Invoice	2,352.50
Amount Due This Invoice **	<u>2,352.50</u>

1331.171
P6 1/13/17



6200 Vogel Road • Evansville, IN 47715 • 812.479.6200

Town of Chandler
417 E. Jefferson Street
Chandler IN 47610

Invoice # : 904430
Project : 11200570GS
Project Name : Chandler General Services
Invoice Group : 20
Invoice Date : 1/18/2017

125
Developer
Manualize

For Professional Services Rendered through: 12/31/2016

Work Order #16- Manual for Developer-Installed Water Mains.

Salaries

Rate Schedule Labor	6,055.25	
	Total Salaries	6,055.25
	Current Invoice	6,055.25
Project Fee :	36,500.00	
Prior Billings:	24,006.93	
Total Available :	12,493.07	
	Total this Invoice	6,055.25
	Amount Due This Invoice **	6,055.25

1331.171

Wk



6200 Vogel Road • Evansville, IN 47715 • 812.479.6200

Town of Chandler
417 E. Jefferson Street
Chandler IN 47610

Invoice # : 904613
Project : 11200570GS
Project Name : Chandler General Services
Invoice Group : 20
Invoice Date : 3/28/2017

*W
Developer Manual*

For Professional Services Rendered through: 2/28/2017

Work Order #16- Manual for Developer-Installed Water Mains.

Salaries

Rate Schedule Labor	1,157.00	
Total Salaries		1,157.00
Current Invoice		1,157.00

Project Fee : 36,500.00
Prior Billings: 30,062.18
Total Available : 6,437.82

Total this Invoice	1,157.00
Amount Due This Invoice **	1,157.00

1331.171



6200 Vogel Road • Evansville, IN 47715 • 812.479.6200

Town of Chandler
417 E. Jefferson Street
Chandler IN 47610

Invoice # : 904731
Project : 11200570GS
Project Name : Chandler General Services
Invoice Group : 20
Invoice Date : 4/24/2017

W

For Professional Services Rendered through: 3/31/2017
Work Order #16- Manual for Developer-Installed Water Mains.
Salaries

Rate Schedule Labor	3,655.00	
Total Salaries		3,655.00
Current Invoice		----- 3,655.00

Project Fee :	36,500.00
Prior Billings:	31,219.18
Total Available ;	5,280.82

Total this Invoice	3,655.00
Amount Due This Invoice **	=====
	3,655.00

1331.071



6200 Vogel Road • Evansville, IN 47715 • 812.479.6200

W
Developers
Warrant

Town of Chandler
417 E. Jefferson Street
Chandler IN 47610

Invoice # : 904840
Project : 11200570GS
Project Name : Chandler General Services
Invoice Group : 20
Invoice Date : 5/23/2017

For Professional Services Rendered through: 4/30/2017

Work Order #16- Manual for Developer-Installed Water Mains.

Salaries

Rate Schedule Labor	1,068.00		
	Total Salaries		1,068.00
	Current Invoice	-----	1,068.00
Project Fee :	36,500.00		
Prior Billings:	34,874.18		
Total Available :	1,625.82		
	Total this Invoice		1,068.00
	Amount Due This Invoice **	=====	1,068.00

601001331-171

EXP → 5/3 CAP?

Lane, Lyndsey

From: cmookster@sbcglobal.net
Sent: Tuesday, June 26, 2018 7:27 PM
To: UCC Consumer Info
Subject: Chandler water hike in rates

Categories: To Lane

**** This is an EXTERNAL email. Exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email. ****

I was wondering what this rate increase is for" we already pay around \$100 a month for two people in our household. If improves the quialty of our water that would be understandable, our water has a lot of stuff that builds up in water heaters and is very hard
Thanks

Sent from my LG G Pad™ X 8.0, an AT&T 4G LTE tablet

AFFIRMATION

I affirm the representations I made in the foregoing testimony are true to the best of my knowledge, information, and belief.

Richard J. Corey

By: Richard J. Corey
Cause No. 45062
Indiana Office of
Utility Consumer Counselor

8-10-18

Date: