

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) CAUSE NO. 45062
BONDS TO PROVIDE FUNDS FOR THE)
COSTS OF THE ACQUISITION AND)
INSTALLATION OF IMPROVEMENTS)
AND EXTENSIONS TO THE)
WATERWORKS OF THE TOWN)

**VERIFIED PETITION FOR GENERAL RATE INCREASE AND
ASSOCIATED RELIEF UNDER IND. CODE § 8-1-2-42.7**

Petitioner, the Town of Chandler, Indiana (“Town” or “Petitioner”), respectfully petitions the Indiana Utility Regulatory Commission (“Commission”) to issue an order authorizing Petitioner to increase its rates and charges for water utility service; and for approval of (1) a new schedule of rates and charges applicable thereto, and (2) authority to issue notes, bonds, or other obligations. This filing is made pursuant to Ind. Code § 8-1-2-42.7. In accordance with the Commission’s General Administrative Order (“GAO”) 2013-5 (Rate Case Standard Procedural Schedule and Recommended Best Practices for Rate Cases Submitted under Ind. Code §8-1-2-42.7), Petitioner provides notice that its filing is made in accordance with the Commission’s Minimum Standard Filing Requirements (“MSFRs”) (170 IAC 1-5-1 *et seq.*), which were established by the Commission to assist it in thoroughly and expeditiously reviewing a petition for a general rate change, to provide support for the rate petition, and to reduce or avoid disputes. In support of its Petition, the Town states:

Petitioner's Status and Utility System

1. The Town owns and operates a water utility which provides approximately 7,200 service connections serving approximately 19,512 people both within the boundaries of the Town and outside of Town limits in portions of Boone, Campbell, and Ohio Townships in western and southwestern Warrick County. The Town collects rates and charges for the use of the services rendered by its water system pursuant to Ind. Code § 8-1.5-3-8. The Town desires to establish a new schedule of rates and charges for water utility service.

2. Petitioner is subject to the jurisdiction of this Commission in the manner and to the extent provided in Ind. Code § 8-1.5-1-1 et seq., as amended, and other laws of the State of Indiana.

3. Petitioner, by its Department of Utilities, operates, manages, and controls plants, property, pipelines, equipment, and facilities which are used and useful in the production, treatment, distribution, and sale of water and provision of water service to residential, commercial, industrial, and other consumers. Petitioner's water utility properties are used and useful in its public service and operated and maintained so as to provide adequate, dependable, and efficient water sales and service to its customers.

Petitioner's Existing Rates and Rate Structure

4. Petitioner's existing rates and charges for water utility service were approved by the Commission in Cause No. 43658 on 6 January 2010 ("Rate Order") and adjusted pursuant to the true-up required by the Rate Order on 7 July 2010. In Cause No. 43658, the Town sought approval for Phase II of its capital improvements program, with Phase I of the program originally approved in Cause No. 42856. The Rate Order approved a settlement between the Town and the Office of Utility Consumer Counselor ("OUCC") that resulted in an increase to

rates and charges for the Town's water utility across the board by 5.54% in step one and by 12.48% in step two. Following the Town's unopposed motion filed as part of the true-up required by the Rate Order, the Commission retained the step one 5.54% and decreased the step two increase from 12.48% to 3.16%. The Rate Order also approved bonding authority in an amount not to exceed \$5.38 million.

5. The rates and charges approved in Cause No. 43658 no longer produce sufficient revenue to (a) pay all the legal and other necessary expenses incident to the operation of the utility, including maintenance costs, operating charges, upkeep, repairs, depreciation and interest charges on bonds or other obligations; (b) provide a sinking fund for the liquidation of bonds or other obligations; (c) provide a debt service reserve for bonds and other obligations; (d) provide adequate money for working capital; (e) provide adequate money for making extensions and replacements to the extent not provided for through depreciation; (f) provide money for the payment of any taxes that may be assessed against the utility; and (g) compensate the Town for taxes that would be due the Town on the utility property if it were privately owned. The existing rates are, therefore, insufficient and unlawful.

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

Relief Requested

7. Petitioner seeks approval of an increase of its basic rates and charges for water utility service and associated accounting relief as proposed in its evidence to be presented in this proceeding that will provide Petitioner with the opportunity to earn a fair rate of return on the fair value of its property. Petitioner also requests Commission approval of an increase to its

System Development Charge. Petitioner's proposal appropriately balances customer and utility interests and is detailed in its case-in-chief filed contemporaneous herewith.

8. Petitioner proposes to obtain the necessary funds for these additions, extensions, replacements, and improvements from revenues and from the issuance of new waterworks revenue bonds through the Drinking Water State Revolving Fund ("SRF"). Petitioner will apply to issue approximately \$29,294,000 in bonds through the SRF (the "Bonds"), which is a reasonable method for financing the planned improvements. The principal and interest of the Bonds will be payable solely from future revenues of the Petitioner's waterworks.

9. It is necessary to increase the present rates and charges in order to provide sufficient funds to meet the financial requirements of Petitioner's waterworks and maintain the utility property in a sound physical and financial condition, and to meet all environmental and other water services requirements to enable petitioner to continue rendering adequate and efficient utility service.

10. The extensions, replacements, and improvements for which authority is sought to issue the Bonds are reasonably necessary for Petitioner to provide adequate and efficient utility service. The Bonds are a reasonable method of financing such extensions, replacements, and improvements. The new schedule of rates and charges will represent rates and charges which are lawful, nondiscriminatory, necessary, reasonable, and just. Therefore, the issuance of the proposed Bonds and the establishment of the new schedule of rates and charges should be approved by the Commission.

Test Year and Rate Base Cutoff Date

11. Petitioner plans to utilize a test year for purposes of determining Petitioner's actual and pro-forma operating revenues, expenses, and revenue requirement under present

and proposed rates based on the twelve (12) months ended August 31, 2017, and believes the financial and accounting data, when properly adjusted pursuant to Petitioner's evidence, including, but not limited to, the substantial additional capital requirements Petitioner must meet and finance over the next few calendar years, fairly reflect the Petitioner's annual operations. Therefore, such a test year, as adjusted, is a proper basis for fixing the requested new rates for Petitioner and testing the effect of those rates.

Statutory Authority for Requested Relief

12. This Petition is filed pursuant to Ind. Code § 8-1-42.7. Other provisions of the Indiana Code that may be applicable to the subject matter of this proceeding include, but are not limited to: Ind. Code §§ 8-1.5-2-19 and 8-1.5-3-8.

13. Petitioner's Town Council acts as the Town's legislative body pursuant to Ind. Code §§ 8-1.5-3-4 and 8-1.5-3-8. At its meeting on March 5, 2018, the Town Council approved the filing of this Petition with the Commission seeking authority for an overall increase of approximately 49.9%.

14. At its meeting on December 18, 2017, the Town Council also approved, pursuant to Ind. Code § 8--1.5-4-15, the acquisition, construction, installation and equipping of certain improvements and extensions to the waterworks of the Town, including a Bell Road relocation project, infrastructure replacement/upgrades in and around the Town, line replacement, a new transmission line project, and related waterworks improvements.

15. The Town Council further adopted a resolution authorizing the issuance of bonds to finance the construction of the improvements and extensions and addressing certain other matters. The Bonds will be issued on parity with previously issued and outstanding waterworks revenue bonds and will not affect those bonds or the rights of the holders thereof.

Attorneys For Petitioner

16. The names and addresses of Petitioner’s duly authorized representative, to whom all correspondence and communications concerning this Petition should be sent, are as follows:

Joshua A. Claybourn (Atty. No. 26305-49)
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221 NW Fifth Street
Evansville, Indiana 47708
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Request for Prehearing Conference and Preliminary Hearing

17. Pursuant to 170 IAC 1-1.1-15, Petitioner requests that a date for a prehearing conference and preliminary hearing be promptly set by the Commission to address procedural matters including setting a procedural schedule that will allow completion of the case in accordance with GAO-2013-5 and Ind. Code §8-1-2-42.7.

Customer Notification

18. In accordance with Ind. Code § 8-1-2-61 (a), Petitioner will publish notice of the filing of this Petition in a newspaper of general circulation published in the county in which Petitioner renders service.

WHEREFORE, Petitioner respectfully prays the Commission promptly conduct a prehearing conference, determine a procedural schedule, conduct an evidentiary hearing, and take such further action as it deems appropriate, and thereafter issue a final order in this Cause:

- (a) Finding Petitioner’s existing recurring monthly rates and charges for sewage disposal utility service are unjust, unreasonable, insufficient, confiscatory and inadequate to provide a fair return on the fair value of

Petitioner's utility plant, property, equipment, and facilities in service and used and useful for the convenience of the public in rendering sewage disposal utility service approving Petitioner's proposed projects as reasonable and necessary;

- (b) Authorizing an increase in Petitioner's rates and charges for water service as requested by Petitioner;
- (c) Approving the establishment of new schedules of water rates and charges applicable thereto, with such schedules properly to reflect and establish the proposed rate increase;
- (d) Authorizing and approving an increase to Petitioner's System Development Charges and related tariff changes;
- (e) Approving the issuance of bonds, notes, or other obligations; and
- (f) Granting to Petitioner such other and further relief as may be appropriate and proper.

Respectfully submitted,

Town of Chandler, Indiana

By: Joshua A. Claybourn

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CERTIFICATE OF SERVICE

The undersigned certifies that two (2) copies of the foregoing Petition were served, by U.S. mail and electronic mail delivery, this 13th day of March, 2018, to:

The Office of the Utility Consumer Counselor
National City Center
115 West Washington Street
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Indianapolis, Indiana 46204
infomgt@oucc.in.gov

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