

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**

**JOINT PETITION OF THE BOARD OF DIRECTORS )  
FOR UTILITIES OF THE DEPARTMENT OF PUBLIC )  
UTILITIES OF THE CITY OF INDIANAPOLIS, D/B/A )  
CITIZENS ENERGY GROUP, CWA AUTHORITY, )  
INC., THE CITY OF INDIANAPOLIS AND ITS )  
DEPARTMENT OF WATERWORKS AND ITS )  
SANITARY DISTRICT FOR APPROVALS IN )  
CONNECTION WITH THE PROPOSED TRANSFER )  
OF CERTAIN WATER UTILITY ASSETS TO THE )  
BOARD AND THE PROPOSED TRANSFER OF )  
CERTAIN WASTEWATER UTILITY ASSETS TO THE )  
AUTHORITY, INCLUDING: (A) APPROVAL OF )  
INITIAL RATES AND RULE FOR WATER AND )  
WASTEWATER SERVICE, AS WELL AS THE TERMS )  
OF CERTAIN AGREEMENTS FOR WASTEWATER )  
TREATMENT AND DISPOSAL SERVICE; (B) )  
APPROVAL OF AN ENVIRONMENTAL )  
COMPLIANCE PLAN UNDER IND. CODE 8-1-28 AND )  
AN ADJUSTMENT MECHANISM FOR )  
WASTEWATER RATES TO PROVIDE TIMELY )  
RECOVERY OF COSTS NECESSARY TO COMPLY IN )  
WHOLE OR IN PART WITH THE SAFE DRINKING )  
WATER ACT AND/OR CLEAN WATER ACT; (C) )  
APPROVAL OF PROPOSED ALLOCATIONS OF )  
CORPORATE SUPPORT SERVICES COSTS AMONG )  
AFFECTED UTILITIES; (D) APPROVAL OF AN )  
OPERATING AGREEMENT BETWEEN CITIZENS )  
ENERGY GROUP AND CWA AUTHORITY, INC.; (E) )  
APPROVAL OF DEPRECIATION RATES AND )  
OTHER ACCOUNTING MATTERS RELATED TO )  
THE WATER AND WASTEWATER ASSETS; AND (F) )  
ANY OTHER APPROVALS NEEDED IN )  
CONNECTION THEREWITH )**

**CAUSE NO. 43936**

**OUCC’S NOTICE OF CORRECTIONS TO ITS TESTIMONY**

On January 14, 2011 the Indiana Office of Utility Consumer Counselor (“OUCC”) filed its case in chief in this Cause. Subsequently, the OUCC identified the need for corrections to its

pre-filed testimony. The corrections include the following:

1. In Public's Exhibit No. 1, the Testimony of Scott A. Bell (Volume I), SAB Attachments 4 and 5 were incorrectly designated as MAS Attachment 4 and MAS Attachment 5. The proper designations should be SAB Attachment 4 and SAB Attachment 5. A corrected copy of SAB Attachment 4 and SAB Attachment 5 are attached to this Notice. The OUCC intends to replace these attachments in the Court Reporter's copy before offering Mr. Bell's testimony.

2. In Public's Exhibit No. 2, the Testimony of Edward R. Kaufman (Volume I), pages 2 and 3 of ERK Attachment 2 were incomplete. Complete copies of these two pages are attached to this Notice. The OUCC intends to replace these pages in the Court Reporter's copy before offering Mr. Kaufman's testimony.

3. In Public's Exhibit No. 4, the Testimony of Charles E. Patrick (Volume III), pages 3 and 4 of CEP Attachment 5 were incomplete. Complete copies of these two pages are attached to this Notice. The OUCC intends to replace these pages in the Court Reporter's copy before offering Mr. Patrick's testimony.

4. In Public's Exhibit No. 4, the Testimony of Charles E. Patrick (Volume III), the OUCC intends to correct pages 25 and 44 of Mr. Patrick's testimony. Copies of these pages showing the additions and deletions are attached to this Notice. The OUCC intends to insert corrected pages in the Court Reporter's copy before offering Mr. Patrick's testimony.

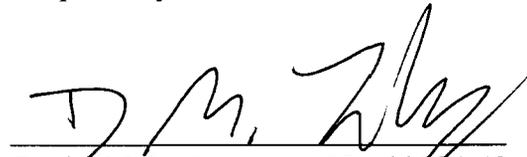
5. Also, the Testimony of Charles E. Patrick was included twice in the OUCC's filing. The OUCC intends to remove the extra copy from the Court Reporter's copy before offering Mr. Patrick's testimony.

6. In Public's Exhibit No. 5, the Testimony of Margaret A. Stull (Volume III), pages 17 and 18 of MAS Attachment 9 were omitted and MAS Attachment 10 was omitted altogether.

The Omitted pages of MAS Attachment 9 and MAS Attachment 10 are attached to this Notice. The OUCC intends to insert these omitted pages in the Court Reporter's copy before offering Ms. Stull's testimony.

WHEREFORE, the OUCC notifies the other party to this proceeding of the corrections it intends to make to its testimony.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "D. M. Le Vay", written over a horizontal line.

Daniel M. Le Vay, Atty. No. 22484-49  
Randall C. Helmen  
Leja D. Courter  
Lorraine Hitz-Bradley  
Scott C. Franson  
Deputy Consumer Counselor s

## CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing has been served upon the following counsel of record in the captioned proceeding by electronic service on January 27, 2011.

Michael B. Cracraft  
Philip B. McKiernan  
Steven W. Krohne  
HACKMAN HULETT & CRACRAFT, LLP  
111 Monument Circle, Suite 3500  
Indianapolis, IN 46204-2030  
mcracraft@hhclaw.com  
pmckiernan@hhclaw.com  
skrohne@hhclaw.com

Fred E. Schlegel  
Regina M. Sharrow  
Peter L. Hatton  
James R. Pope  
BAKER & DANIELS  
300 North Meridian Street, Suite 2700  
Indianapolis, Indiana 46204-1782  
fred.schlegel@bakerd.com  
regina.sharrow@bakerd.com  
peter.hatton@bakerd.com  
james.pope@bakerd.com

Michael E. Allen  
CITIZENS ENERGY GROUP  
2020 N. Meridian Street  
Indianapolis, IN 46202  
mallen@citizensenergygroup.com

Bette J. Dodd  
Timothy L. Stewart  
LEWIS & KAPPES  
One American Square, Suite 2500  
Indianapolis, IN 46282  
bdodd@lewis-kappes.com  
tstewart@lewis-kappes.com

John R. Price  
PRICE-OWEN LAW  
9000 Keystone Crossing, Suite 150  
Indianapolis, Indiana 46240  
john@johnpricelaw.com

Jerome E. Polk  
POLK & ASSOCIATES, LLC  
101 W. Ohio St., Ste. 2000  
Indianapolis, Indiana 46204  
jpolk@polk-law.com

Teresa E. Morton  
BARNES & THORNBURG LLP  
11 S. Meridian Street  
Indianapolis, IN 46204  
tmorton@btlaw.com

John M. Davis  
Samuel R. Robinson  
CHURCH, CHURCH, IDTTLE & ANTRIM  
938 Conner Street  
P.O. Box 10  
Noblesville, IN 46060

Teresa E. Morton  
BARNES & THORNBURG LLP  
11 S. Meridian Street  
Indianapolis, IN 46204  
tmorton@btlaw.com

Larry J. Wallace (1110-49)  
James A.L. Buddenbaum (14511-49)  
Timothy L. Karns (27190-06)  
PARR RICHEY OBREMSKEY FRANSEN  
& PATTERSON LLP  
201 N. Illinois Street, Suite 300  
Indianapolis, IN 46204

John M. Davis  
Samuel R. Robinson  
CHURCH, CHURCH, IDTTLE & ANTRIM  
938 Conner Street  
P.O. Box 10  
Noblesville, IN 46060

Michael C. Terrell  
Donald C. Biggs  
**TAFT STETTINIUS & HOLLISTER LLP**  
One Indiana Square, Suite 3500  
Indianapolis, Indiana 46204



---

Daniel M. Le Vay, Atty. No. 22184-49  
Randall C. Helmen  
Leja D. Courter  
Lorraine Hitz-Bradley  
Scott C. Franson  
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

# PRESS RELEASE

## DEPARTMENT OF PUBLIC WORKS

---

FOR IMMEDIATE RELEASE  
JANUARY 8, 2010

**Media Contact:**

Kit Werbe  
Public Information Officer  
Indianapolis Department of Public Works  
Office: (317) 327-4669



### **CITY BRINGS SEWER SERVICE TO MORE THAN 1,100 HOMES IN 2009**

*Septic Tank Elimination Program to bring sewer service to an additional 1,200 homes in 2010*

INDIANAPOLIS – Five Indianapolis neighborhoods and more than 1,100 residents are enjoying sanitary sewers thanks to the city's Septic Tank Elimination Program (STEP). In 2009, the Department of Public Works (DPW), through its STEP program, worked to construct sanitary sewers and eliminate septic systems on the city's south and eastside.

"This is one of the most aggressive schedules the city has ever had to eliminate the use of septic systems," said Mayor Greg Ballard. "Failing systems are a health hazard and this is really more of a quality of life issue than anything else."

In 2009, under the direction of Mayor Ballard, DPW re-prioritized planned sewer projects and pushed the schedule forward to eliminate more septic systems than any other time in the city's history. Through STEP, the city anticipates bringing sewers to more than 7,000 homes from 2009 through 2013.

Areas receiving sewers in 2009 included neighborhoods near:

- Eustis Drive and Michigan Street
- Post Road and Rawles Avenue
- Franklin Road and Southeastern Avenue
- Northern Estates
- 10<sup>th</sup> Street and Mitthoeffer Road

Project costs totaled approximately \$30 million. STEP projects are funded through sanitary sewer user fees. In addition, homeowners pay a one-time connection fee for the construction of city sewers and monthly sewer charges. Project areas received new sanitary sewers, manholes, street resurfacing and incidental drainage improvements.

"We are making progress toward eliminating septic systems, but there are still about 26,000 homes in the city that are serviced by private septic systems," said DPW Director David Sherman. "What people don't always realize is that septic systems eventually fail and when they do, human waste can leach into groundwater, backyards, neighborhood ditches and streams."

*(more)*

*City Highlights 2009 STEP Success/Add 1*

Septic systems are linked to high *E. coli* bacteria counts in many neighborhood streams and ditches during dry weather, when children are most likely to play in them. Some septic tank owners get their drinking water from private wells, which can be vulnerable to contamination by *E. coli* bacteria.

In 2010, the city plans to complete six projects and convert close to 1,200 homes from septic systems to the city's sanitary sewer system. In addition, six projects will be in construction in 2010, which will result in the elimination of an additional 1,800 septic systems in 2011.

The STEP program is part of the city's Clean Streams-Healthy Neighborhoods program, which is designed to curb raw sewage overflows into rivers and streams, address chronic flooding, eliminate failing septic tanks and improve quality of life in Indianapolis neighborhoods.

For information on when a STEP project is planned for a particular area, please visit [www.indy.gov/STEP](http://www.indy.gov/STEP) or call (317) 327-8314.

Mayor Ballard launched SustainIndy and created the Office of Sustainability in October of 2008. Both represent an innovative enterprise aimed at delivering long-term cost savings to the city, building the local economy, improving our quality of life and enhancing our environmental and public health. Its efforts are designed to aggressively move Indianapolis forward in making it one of the most sustainable cities in the Midwest. For more information, visit [www.sustainindy.org](http://www.sustainindy.org).



Eustis/Michigan STEP Project

###

Cause No. 43936  
Responses of Citizens Energy Group and CWA Authority, Inc. to  
Office of Utility Consumer Counselor's  
Fifteenth Set of Data Requests

**GENERAL OBJECTIONS**

1. The responses below are made solely for the purpose of this proceeding, and are not to be used in any manner in connection with any other proceeding or otherwise.

2. Any response to a Data Request set forth below is subject to all objections as to competence, relevance, materiality and admissibility, and any and all other objections on any applicable grounds, all of which objections and grounds are expressly reserved and may be interposed at the time of the evidentiary hearing in this matter.

3. Inadvertent identification or production of privileged writings or information is not a waiver of any applicable privilege. Production of writings or information does not waive any objection, including, but not limited to, relevancy to the admission of such writings in evidence.

4. Citizens Energy Group ("Citizens") and CWA Authority, Inc. ("Authority") object to the extent any Data Request seeks disclosure of documents constituting, evidencing or reflecting confidential communications between Citizens and/or the Authority and their attorneys or documents that are otherwise protected from disclosure by the attorney-client privilege or any other applicable privilege. Citizens and the Authority may produce responsive documents without waiving the foregoing objection.

5. Citizens and the Authority object to the extent the Data Requests seek information or documents which are neither relevant nor material to, or are outside the

Cause No. 43936  
Responses of Citizens Energy Group and CWA Authority, Inc. to.  
Office of Utility Consumer Counselor's  
Fifteenth Set of Data Requests

scope of, the subject-matter involved in this proceeding, and which are not reasonably calculated to lead to the discovery of admissible evidence.

6. Citizens and the Authority object to the Data Requests to the extent they purport to impose any obligation, including but not limited to an obligation to supplement responses, that is different from or additional to the obligations imposed under the Commission's rules and the Indiana Rules of Trial Procedure.

7. Citizens and the Authority object to the Data Requests to the extent they do not adequately describe the information requested or are otherwise overly broad and unduly burdensome. Citizens and the Authority will conduct a reasonable search of their records where responsive information may be found without undue burden and will produce such documents that are not subject to privilege or other objection.

8. Citizens and the Authority object to the Data Requests to the extent they are not limited to any stated period of time or specify a period of time that is longer than is relevant to this proceeding or is otherwise overly broad and unduly burdensome.

9. Citizens and the Authority object to the Data Requests to the extent they request Citizens or the Authority to perform a study, conduct an analysis or otherwise prepare information that does not currently exist.

Cause No. 43936  
Responses of Citizens Energy Group and CWA Authority, Inc. to  
Office of Utility Consumer Counselor's  
Fifteenth Set of Data Requests

**DATA REQUESTS**

**DATA REQUEST NO. 1:** On page 21 of the Petitioner's Exhibit CBL-7, Asset Purchase Agreement (wastewater utility), Section 2.04(d) it states the following:

"Purchaser shall finance, construct, implement and complete the Septic Tank Elimination Projects ("STEP") set forth in Schedule 2.04(d) upon the terms and in the timeframe established therein. At Closing, Sellers shall deliver by wire transfer from the Sanitary District's Sanitation General Fund (also known as the Sanitation Liquid Waste Fund) Four Million Seven Hundred Thousand Dollars (\$4,700,000) to compensate Purchaser for STEP Obligations under this subparagraph (d)."

Please answer the following questions regarding the STEP Projects:

- a) Please provide an estimated cost to complete each STEP Project listed in Schedule 2.04(d).
- b) Please provide the total estimated cost to complete all of the STEP Projects listed in Schedule 2.04(d).
- c) Please provide an estimated completion date for each STEP Project listed in Schedule 2.04(d).
- d) Please estimate the number of failing septic tanks that will be eliminated after the completion of all the STEP Projects listed in Schedule 2.04(d).
- e) Please estimate the number of failing septic tanks will not be eliminated by the completion of all the STEP Projects listed in Schedule 2.04(d).
- f) Please state the estimated cost of eliminating the remaining failing septic systems.
- g) For all failing septic systems not eliminated by the completion of the STEP Projects listed in Schedule 2.04(d), please state what entity (i.e. the City of Indianapolis, CWA Authority, CEG) will be responsible for the cost of eliminating the failing septic systems after the STEP Projects listed in Schedule 2.04(d) are complete. Please state the specific authority with reference to the specific provision establishing the responsible entity. If not already included in Petitioner's case, please provide a copy of the authority establishing the responsibility of the entity.

Cause No. 43936  
Responses of Citizens Energy Group and CWA Authority, Inc. to  
Office of Utility Consumer Counselor's  
Fifteenth Set of Data Requests

- h) For the preceding response, please explain why the entity identified as being responsible for the cost of eliminating the failing septic systems after the STEP Projects listed in Schedule 2.04(d) are complete
- i) Excluding the \$4.7 million from the Sanitary District's Sanitation General Fund, how does CWA Authority plan to fund the completion of the STEP Projects identified in Schedule 2.04(d)?

**RESPONSE:**

- (a) Please see the City's response Data Request No. 14-1(a).
- (b) Please see the City's response Data Request No. 14-1 (b).
- (c) Please see the City's response Data Request No. 14-1(c).
- (d) Please see the City's response Data Request No. 14-1 (d).
- (e) Please see the City's response Data Request No. 14-1(e).
- (f) Please see the City's response Data Request No. 14-1 (f).
- (g) The Asset Purchase Agreement for the wastewater system establishes that CWA Authority will be responsible for the completion of the control measures required pursuant to the terms of the Consent Decree, and incorporated Long Term Control Plan. See Section 2.04(b) of the Asset Purchase Agreement, which provides that "[n]otwithstanding the terms of the Consent Decree indicating that a transfer or sale of the System will not relieve the City from its obligations under the Consent Decree, Purchase shall assume the City's obligations under the Consent Decree. . . ." To the extent septic systems are not eliminated by the completion of the STEP Projects listed in Schedule 2.04(d), if additional STEP projects are deemed necessary considered within the context of the system's many clean water infrastructure needs to meet the requirements of the Consent Decree and the Long Term Control Plan and these septic systems are included in any such determination, CWA Authority will be responsible for completing those projects per the Asset Purchase Agreement.
- (h) If the request is asking why any entity would be responsible for eliminating failing septic systems after the STEP Projects listed in Schedule 2.04(d) are complete, see the response to subpart (g) above. In general, if the completion of additional STEP projects beyond those set forth in Schedule 2.04(d) are deemed necessary to meet the requirements of the Consent Decree and the Long Term Control Plan, the Authority would be responsible for completing those projects.

Cause No. 43936  
Responses of Citizens Energy Group and CWA Authority, Inc. to  
Office of Utility Consumer Counselor's  
Fifteenth Set of Data Requests

(i) CWA will fund completion of the STEP Projects identified in Schedule 2.04 (d) through a combination of unexpended State Revolving Fund and Open Market bond proceeds obtained from the City at closing and new debt issuances. See Petitioner's Exhibit JRB-1, lines 13 and 14. Note that lines 13 and 14 encompass capital projects mandated by the Consent Decree, STEP projects and capital projects not mandated by the Consent Decree.

WITNESS: James O. Dillard, John Brehm

Cause No. 43936  
Responses of Citizens Energy Group and CWA Authority, Inc. to  
Office of Utility Consumer Counselor's  
Fifteenth Set of Data Requests

**DATA REQUEST NO. 2:** In Exhibit AWM-1, the City of Indianapolis, Long Term Control Plan Report – September 2006, page 6-2, Table 6-1, identifies the Capital Improvement Project (CIP) Capital Costs by Program (i.e. Long Term Control Plan, Wastewater Improvements CIP, and Septic Tank Elimination Program). Please answer the following questions regarding Table 6-1:

- a) If the wastewater utility Asset Purchase Agreement is approved by the IURC, what entity (i.e. the City of Indianapolis, CWA Authority, CEG) will be responsible for paying for the CIP Capital Costs identified in Table 6-1 of the Long Term Control Plan?
- b) If the wastewater utility Asset Purchase Agreement is approved by the IURC, what entity will be responsible for paying for the Wastewater Improvements costs identified in Table 6-1 of the Long Term Control Plan?
- c) If the wastewater utility Asset Purchase Agreement is approved by the IURC, what entity will be responsible for paying for the Septic Tank Elimination Program costs identified in Table 6-1 of the Long Term Control Plan?

**RESPONSE:**

- a) If the wastewater utility Asset Purchase Agreement is approved by the IURC, CWA Authority will be responsible for paying all costs for Projects associated with the Long Term Control Plan.
- b) If the wastewater utility Asset Purchase Agreement is approved by the IURC, CWA Authority will be responsible for making or overseeing all capital improvements deemed necessary to the wastewater system and funding those improvements.
- c) If the wastewater utility Asset Purchase Agreement is approved by the IURC, CWA Authority will be responsible for paying for any costs associated with the Septic Tank Elimination Program.

**WITNESS:**

Ann W. McIver

**From:** Steve Krohne [skrohne@hhclaw.com]  
**Sent:** Thursday, October 28, 2010 4:39 PM  
**To:** Levay, Daniel; Helmen, Randy; bdodd@lewis-kappes.com; tstewart@lewis-kappes.com; jpolk@polk-law.com; Morton, Terry; Daniels, Sandy; Hitz-Bradley, Lorraine  
**Cc:** Fred.Schlegel@bakerd.com; jim.pope@bakerd.com; Cracraft, Michael; Krohne, S.; Phil McKiernan; Prentice, LaTona; Allen, Michael E.  
**Subject:** Responses to OUCC's 15th Set of Data Requests  
**Attachments:** Responses OUCC DR 15.pdf

Attached are Citizens Energy Group and CWA Authority, Inc.'s responses to the OUCC's 15<sup>th</sup> Set of Data Requests. Please let me know if you have any difficulties with the file. Also, thank you again Dan for the brief extension.

Thank you,

Steve

Steven W. Krohne  
Hackman Hulett & Cracraft, LLP  
111 Monument Circle, Suite 3500  
Indianapolis, IN 46204-2030  
E-Mail: [SKrohne@hhclaw.com](mailto:SKrohne@hhclaw.com)  
Telephone: (317) 636-5401  
Facsimile: (317) 686-3288

\*\*\*\*\*  
CONFIDENTIALITY NOTICE: This E-mail and any attachments are confidential and may be protected by the attorney-client privilege or work product doctrine. If you are not the intended recipient, you are on notice that disclosure, copying, distribution, and use of this E-mail or any attachment are prohibited. If you have received this E-mail in error, please notify us immediately by returning it to the sender and deleting it from your system. Thank you.

\*\*\*\*\*  
TAX ADVICE NOTICE: To ensure compliance with U.S. Treasury Department Regulations (IRS Circular 230), we are now required to advise you that, unless otherwise expressly indicated, any federal tax advice contained in this communication, including any attachments, is not intended or written by us to be used, and cannot be used, by anyone for the purpose of avoiding federal tax penalties that may be imposed by the federal government or for promoting, marketing or recommending to another party any tax-related matters addressed herein.

HACKMAN HULETT & CRACRAFT, LLP

DEC 28 PM 1:11



## Citizens Advisory Committee

12/26/2010

Carey Lykins  
President & Chief Executive Officer  
Citizens Energy Group  
2020 North Meridian Street  
Indianapolis IN 46202-1306

Re: Eagle Creek Watershed

Dear Mr. Lykins:

The Eagle Creek Park Citizens Advisory Committee, a standing committee of the Eagle Creek Park Foundation, is a volunteer organization established over 35 years ago to provide citizen comment, input and advice to the Park's management, and act as an independent watchdog, regarding Eagle Creek Park and Reservoir.

We have followed the proposed transfer of Indianapolis Water Company to Citizens Energy Group with interest. We are aware that Citizens' mission as a public charitable trust is to serve the interests of the communities it serves. Citizens has a well deserved reputation as an efficient and well run utility company for gas, chilled water and steam service. In the process of adding water utility operations to your business, we strongly request that Citizens maintain, and enhance, the current commitments by the City and its contractor, Veolia Water, to improve the health of the Eagle Creek watershed. Failure to support these efforts would in our opinion be a serious retrograde step.

After the City and Veolia Water assumed responsibility for Indianapolis's drinking water supply, there was a significant improvement in the way reservoir and watershed environmental concerns were approached. The Committee has been especially appreciative of Veolia's constructive, cooperative and proactive efforts to try to deal with the watershed pollution problems and blue-green algae blooms in the reservoir. Although problems remain, much progress has been made, and Veolia's support in terms of expertise, money, and in-kind services has, from our perspective, been invaluable.

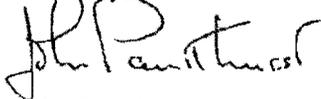
Problems with algal blooms in the reservoir have not only caused serious drinking water taste and odor problems, but have also triggered health advisories regarding recreational use of the reservoir. This year a health advisory necessitated premature closure of the Eagle Creek Park swimming beach for the season on July 24<sup>th</sup>. The Committee believes that efforts directed toward

ensuring a healthy watershed benefit not only the citizens of Central Indiana, but also the water company, since clean water requires less processing to ensure it is potable.

Citizens enjoys an excellent reputation as a responsible corporate citizen in Central Indiana, and we appreciate that one of Citizen's publicly stated missions is to be "good stewards of the environment." Nevertheless, we would like assurances that the environmentally responsible and constructive attitude displayed by the City and especially Veolia Water will continue after Citizens assumes responsibility for the City's water supply, and that ongoing efforts and research in the watershed will be adequately supported. A clean and healthy watershed benefits all stakeholders.

We look forward to hearing from you.

Sincerely,



John Pankhurst

Chair  
Eagle Creek Park Foundation Citizens Advisory Committee

CC: James D. Atterholt, Chairman, Indiana Utility Regulatory Commission  
: A. David Stuppler, Indiana Utility Consumer Counselor ✓

Stormwater System  
 Debt Service Projection

	GDDS	First Lien		Second Lien		Second Lien		First Lien		Second Lien		First Lien	
		Existing Revenue Bonds DS	SRF DS	Debt Service-Capital 2010	Debt Service-Purchase 2011	DBRF/Working Capital 2011	Debt Service-Capital 2011	Debt Service-Purchase 2012	Debt Service-Capital 2012	Debt Service-Capital 2013			
2011	8,484,220	3,899,109	30,060,404	3,045,183	11,375,348	8,084,250	8,000,005						
2012	8,493,010	3,892,908	30,061,601	3,045,183	11,376,348	8,084,250	8,000,005						
2013	8,495,700	3,894,103	30,063,207	3,045,183	11,376,348	8,084,250	8,000,005	8,168,745	8,441,948				
2014	8,487,825	3,892,998	30,064,388	4,057,030	14,212,074	8,323,803	7,772,141	7,821,941	10,748,780				7,317,033
2015	7,855,910	3,894,486	30,063,719	4,057,030	14,212,074	8,323,803	7,772,141	7,821,941	10,748,780				8,182,272
2016	7,957,800	3,896,412	30,065,187	4,057,030	14,212,074	8,323,803	7,772,141	7,821,941	10,748,780				9,182,272
2017	7,990,133	3,897,377	30,062,319	4,057,030	14,212,074	8,323,803	7,772,141	7,821,941	10,748,780				9,182,272
2018		3,892,861	30,064,047	4,057,030	14,212,074	8,323,803	7,772,141	7,821,941	10,748,780				9,182,272
2019		3,896,781	30,063,854	4,057,030	14,212,074	8,323,803	7,772,141	7,821,941	10,748,780				9,182,272
2020		3,895,473	30,064,729	4,057,030	14,212,074	8,323,803	7,772,141	7,821,941	10,748,780				9,182,272
2021		3,892,901	30,060,577	4,057,030	14,212,074	8,323,803	7,772,141	7,821,941	10,748,780				9,182,272
2022		3,056,468	30,984,784	4,057,030	14,212,074	8,323,803	7,772,141	7,821,941	10,748,780				9,182,272
2023		3,059,131	30,985,092	4,057,030	14,212,074	8,323,803	7,772,141	7,821,941	10,748,780				9,182,272
2024		3,059,383	30,984,804	4,057,030	14,212,074	8,323,803	7,772,141	7,821,941	10,748,780				9,182,272
2025		3,056,948	30,981,944	4,057,030	14,212,074	8,323,803	7,772,141	7,821,941	10,748,780				9,182,272
2026		3,062,951	30,984,534	4,057,030	14,212,074	8,323,803	7,772,141	7,821,941	10,748,780				9,182,272
2027			30,985,032	4,057,030	14,212,074	8,323,803	7,772,141	7,821,941	10,748,780				9,182,272
2028			30,981,177	4,057,030	14,212,074	8,323,803	7,772,141	7,821,941	10,748,780				9,182,272
2029			30,980,769	4,057,030	14,212,074	8,323,803	7,772,141	7,821,941	10,748,780				9,182,272
2030			30,980,804	4,057,030	14,212,074	8,323,803	7,772,141	7,821,941	10,748,780				9,182,272
2031			30,983,838	4,057,030	14,212,074	8,323,803	7,772,141	7,821,941	10,748,780				9,182,272
2032			30,981,090	4,057,030	14,212,074	8,323,803	7,772,141	7,821,941	10,748,780				9,182,272
2033			30,980,388	4,057,030	14,212,074	8,323,803	7,772,141	7,821,941	10,748,780				9,182,272
2034			30,983,049	4,057,030	14,212,074	8,323,803	7,772,141	7,821,941	10,748,780				9,182,272
2035			30,980,474	4,057,030	14,212,074	8,323,803	7,772,141	7,821,941	10,748,780				9,182,272
2036			30,984,231	4,057,030	14,212,074	8,323,803	7,772,141	7,821,941	10,748,780				9,182,272
2037			30,985,144	4,057,030	14,212,074	8,323,803	7,772,141	7,821,941	10,748,780				9,182,272
2038			30,984,196	4,057,030	14,212,074	8,323,803	7,772,141	7,821,941	10,748,780				9,182,272
2039			30,984,288	4,057,030	14,212,074	8,323,803	7,772,141	7,821,941	10,748,780				9,182,272
2040					14,212,074	8,323,803	7,772,141	7,821,941	10,748,780				9,182,272
2041													
2042													
2043													
2044													
2045													
2046													
2047													
2048													
2049													
2050													
2051													
2052													
2053													
2054													
Acquisition Cost			\$		188,880,000	\$	99,449,005	\$		82,888,800	\$		
Capital Requirements			\$	58,888,888			\$	97,529,804	\$		\$	137,171,184	118,024,177
Bond Funded Amount			\$	50,000,000			\$	97,528,804	\$		\$	137,171,184	118,024,177
Debt Service Reserve Fund			\$	4,057,030	\$	14,212,074	\$	8,323,803	\$	7,772,141	\$	7,821,941	8,182,272
Costs of Issuance			\$	548,050	\$	1,840,850	\$	907,750	\$	1,063,700	\$	1,008,300	1,295,050
Total Par Amount of Bonds			\$	54,805,000	\$	184,865,000	\$	99,775,000	\$	108,370,000	\$	109,830,000	149,415,000

ASSUMPTIONS	
Interest Rate	8.85%
Term (years)	38
Second Lien Penalty	0.50%
Taxable Interest Rate (Working Capital)	7.00%



1 Exhibit JRB, p. 8. Thus, the Authority's debt will be secured only by "net  
2 revenues" of the Authority, and none of CEG's other operations.

3 **Q: The Authority plans to borrow approximately \$439,895,000 for Capex**  
4 **during the first four years of operation. Does the Authority need to borrow**  
5 **Capex funds for the years projected years of 2010, 2011, 2012, and 2013?**

6 A: ~~No~~Maybe. The DPW Sanitary District Pro Forma Revenue Requirements clearly  
7 shows, under the Debt Service section, that the 10.75% rate increases developed  
8 by the Sanitary District and approved by the City County Council, for the years  
9 2010, 2011, 2012, and 2013 include annual debt service amounts on projected  
10 borrowings of \$479,000,000. See, Att. CEP - 7.

11 **Q: What does the OUCC recommend with regard to borrowing long-term debt**  
12 **for Capex projects?**

13 A: If the Commission approves the acquisition of the Sanitary District wastewater  
14 assets by CEG, through the Authority, the OUCC recommends that the  
15 Commission deny pre-approval of CEG's projected annual debt service payments  
16 of Capex borrowings of \$439,895,000 (\$54,605,000, \$106,370,000, \$149,415,000  
17 and \$129,505,000), as shown on CEG's Stormwater System Debt Service  
18 Projection and the associated annual debt service payments of \$3,085,183,  
19 \$6,006,905, \$8,441,948 and \$7,317,033, respectively, as proposed by Mr. Brehm  
20 for projected annual Capex borrowings of \$106,370,000, \$149,415,000 and  
21 \$129,505,000, as shown on CEG's Stormwater Debt Service Projection. See, Att.  
22 CEP - 5.

23 **Q: What amount does the Authority plan to borrow for "working capital"?**

24 A: CEG did not propose an amount for "working capital" in its case in chief. Rather,  
25 it presented a debt service recovery amount on line 17 of Joint Petitioners' Exhibit

1 Exhibit JRB, p. 8. Thus, the Authority's debt will be secured only by "net  
2 revenues" of the Authority, and none of CEG's other operations.

3 **Q: The Authority plans to borrow approximately \$439,895,000 for Capex**  
4 **during the first four years of operation. Does the Authority need to borrow**  
5 **Capex funds for the years projected years of 2010, 2011, 2012, and 2013?**

6 A: Maybe. The DPW Sanitary District Pro Forma Revenue Requirements clearly  
7 shows, under the Debt Service section, that the 10.75% rate increases developed  
8 by the Sanitary District and approved by the City County Council, for the years  
9 2010, 2011, 2012, and 2013 include annual debt service amounts on projected  
10 borrowings of \$479,000,000. *See*, Att. CEP - 7.

11 **Q: What does the OUCC recommend with regard to borrowing long-term debt**  
12 **for Capex projects?**

13 A: If the Commission approves the acquisition of the Sanitary District wastewater  
14 assets by CEG, through the Authority, the OUCC recommends that the  
15 Commission deny pre-approval of CEG's projected annual debt service payments  
16 of \$6,006,905, \$8,441,948 and \$7,317,033, respectively, as proposed by Mr.  
17 Brehm for projected annual Capex borrowings of \$106,370,000, \$149,415,000  
18 and \$129,505,000, as shown on CEG's Stormwater Debt Service Projection. *See*,  
19 Att. CEP – 5.

20 **Q: What amount does the Authority plan to borrow for "working capital"?**

21 A: CEG did not propose an amount for "working capital" in its case in chief. Rather,  
22 it presented a debt service recovery amount on line 17 of Joint Petitioners' Exhibit  
23 JRB-1 that it requests the Commission approve. The \$18.4 million amount  
24 includes debt service on the acquisition price and working capital. CEG did not  
25 disclose in its case-in-chief that it intends to borrow a particular amount of money

- 1           • The Commission decline the use of a balancing account in conjunction with  
2           the Rate Adjustment Mechanism;
- 3           • The Commission approval of a 2.0% depreciation rate for DOW acquired  
4           Utility Plant in Service ("UPIS") by CEG;
- 5           • The Commission approval of a 2.5% depreciation rate for Sanitary District  
6           acquired UPIS by the Authority;
- 7           • If, in the final order in Cause No. 43645, the Commission grants recovery of  
8           the debt DOW owed to the City for working capital, which DOW requested  
9           be included in its working capital requirement, the Commission require  
10          CEG to repay the City for whatever amount is included in rates.

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

12    **A: Yes.**

Stormwater System  
 Debt Service Projection

	First Lien			Second Lien		Second Lien		First Lien		Second Lien		First Lien		First Lien	
	GOS	Existing Revenue Bonds DS	SRF DS	Debt Service-Capital 2010	Debt Service-Purchase 2011	DSRF/Working Capital 2011	Debt Service-Capital 2011	Debt Service-Purchase 2012	Debt Service-Capital 2012						
2011		8,484,220	3,891,108	30,980,404	3,085,183	11,375,348	8,084,250	8,009,905							
2012		8,493,010	3,892,808	30,981,602	3,085,183	11,375,348	8,084,250	8,009,905	8,188,745				8,441,948		
2013		8,495,700	3,894,103	30,983,307	3,085,183	11,375,348	8,084,250	8,009,905	8,188,745				8,441,948	7,317,033	
2014		8,487,825	3,892,908	30,984,368	4,057,039	14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2015		7,955,910	3,894,486	30,983,719	4,057,039	14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2016		7,957,800	3,898,412	30,985,187	4,057,039	14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2017		7,960,133	3,887,277	30,982,319	4,057,039	14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2018			3,892,891	30,984,047	4,057,039	14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2019			3,898,791	30,983,834	4,057,039	14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2020			3,895,473	30,984,729	4,057,039	14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2021			3,892,901	30,980,577	4,057,039	14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2022			3,898,488	30,984,784	4,057,039	14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2023			3,898,131	30,985,082	4,057,039	14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2024			3,899,393	30,984,804	4,057,039	14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2025			3,898,948	30,981,944	4,057,039	14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2026			3,897,851	30,984,534	4,057,039	14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2027				30,985,032	4,057,039	14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2028				30,981,177	4,057,039	14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2029				30,986,709	4,057,039	14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2030				30,980,804	4,057,039	14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2031				30,983,830	4,057,039	14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2032				30,981,099	4,057,039	14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2033				30,980,366	4,057,039	14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2034				30,983,049	4,057,039	14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2035				30,980,474	4,057,039	14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2036				30,984,251	4,057,039	14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2037				30,985,144	4,057,039	14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2038				30,984,196	4,057,039	14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2039				30,984,288	4,057,039	14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2040						14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2041						14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2042						14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2043						14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2044						14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2045						14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2046						14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2047						14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2048						14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2049						14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2050						14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2051						14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2052						14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2053						14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	
2054						14,212,074	8,323,803	7,772,141	7,772,141				10,748,760	9,182,272	

Acquisition Cost			\$		\$	108,990,000	\$	90,448,895	\$		\$	82,880,860	\$		\$
Capex Requirements			\$	50,000,000						87,529,804				137,171,184	118,924,177
Bond Funded Capex			\$	50,000,000						87,529,804				137,171,184	118,924,177
Debt Service Reserve Fund			\$	4,057,039		14,212,074		8,323,803		7,772,141		7,821,941		10,748,760	9,182,272
Costs of Issuance			\$	548,050				967,750		1,063,700		1,008,300		1,404,150	1,294,050
Total Par Amount of Bonds			\$	54,905,000		184,965,000		99,775,000		108,370,000		100,830,000		149,415,000	129,505,000

ASSUMPTIONS	
Interest Rate	5.65%
Term (years)	30
Second Lien Penalty	0.50%
Taxable Interest Rate (Working Capital)	7.00%



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.

1  
r  
e  
n  
e  
y  
y  
r  
o  
y  
a,  
i-  
n  
s,  
i-

Financing and Charges for Wastewater Systems

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 1903-03.

**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.

Cause No. 43936  
Responses of Citizens Energy Group and CWA Authority, Inc. to  
Office of Utility Consumer Counselor's  
Thirty-Fourth Set of Data Requests

**DATA REQUEST NO. 3:** After the closing of the transactions contemplated in this Cause, what bad check fee(s) will be charged to a combined Water/Wastewater customer who pays their bill with a dishonored check? Will the customer be charged one fee or two? If only one fee will be charged, which tariff will the fee be based on - water or wastewater?

**RESPONSE:**

As currently proposed, the Terms and Conditions set forth in Petitioner's Exhibits LSP-2 and LSP-4 allow for separate returned check charges for each service. As Ms. Prentice stated during her cross-examination, combined water/wastewater bills would receive one bad check charge, as they do today. If a customer is only a wastewater customer, the CWA bad check charge would apply.

**WITNESS:**

Michael D. Strohl