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South Haven Sewer rate case: OUCC files testimony

The Indiana Office of Utility Consumer Counselor (OUCC) is recommending that the rate request of South Haven Sewer Works, doing business as Aqua Indiana, Inc., be limited. The OUCC detailed its position in testimony filed with the Indiana Utility Regulatory Commission (IURC) this week.

Aqua Indiana's proposal in this case would increase the flat monthly residential sewer rate for South Haven customers from \$66.89 to \$79.90. Under the OUCC's recommendations, the increase would be limited to no more than \$75.54.

In its testimony, the OUCC acknowledges that Aqua Indiana has completed a large number of infrastructure projects that will reduce discharges of raw sewage into area waterways and are necessary for compliance with a 2003 consent decree between South Haven Sewer Works and the U.S. Environmental Protection Agency (EPA). These projects – examples of which include a new screener building costing more than \$800,000, the rebuilding of two master station lift pumps costing nearly \$45,000, and a new chlorination system to replace a system that did not comply with environmental permits – are listed in more detail in the OUCC's testimony and are the primary cause of South Haven's increased revenue requirement.

However, the OUCC does not agree with the utility's requests to recover a variety of additional costs through rates including a requested acquisition adjustment, chemical and lab testing costs, and other expenses. The OUCC is also recommending that the IURC order Aqua Indiana to perform a study of the costs and benefits of converting from South Haven's current flat rate structure to a metered rate structure based on customer usage. Such a study would be submitted as part of the utility's next base rate proceeding.

The OUCC's testimony is available online at www.in.gov/oucc/2647.htm. Aqua Indiana has until June 3, 2011 to file rebuttal testimony in this case, with a technical evidentiary hearing currently scheduled to start on June 28, 2011 in Indianapolis. While evidentiary hearings are open to the public, participation is typically limited to attorney and Commission questioning of technical witnesses who have filed testimony on behalf of the case's formal parties.

This case will only affect rates in the South Haven service territory in Porter County. Rates in Aqua Indiana's other service territories are not at issue in this proceeding.

(IURC Cause No. 43974)

The Indiana Office of Utility Consumer Counselor (OUCC) represents Indiana consumer interests before state and federal bodies that regulate utilities. As a state agency, the OUCC's mission is to represent all Indiana consumers to ensure quality, reliable utility services at the most reasonable prices possible through dedicated advocacy, consumer education, and creative problem solving. To learn more, visit www.IN.gov/OUCC.