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June 22, 2012

Director of Water and Wastewater Division
Indiana Utility Regulatory Commission
PNC Center
101 W. Washington Street, Suite 1500 E
Indianapolis, IN 46204

RECEIVED
JUN 25 2012
INDIANA UTILITY
REGULATORY COMMISSION

RE: **City of Salem, Indiana**
Sewer Rate Petition
IC, 8-1.5-3-8.3

Dear Director:

Enclosed you will find an original and six copies of a Petition filed on behalf of the City of Salem, Indiana pursuant to the provisions of IC, 8-1.5-3-8.3(c).

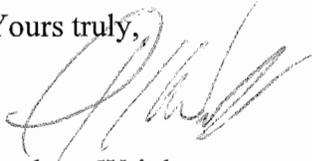
Please advise is any other filing is required in order to have the City of Salem sewer rates charges to its customers located outside of the city limits approved.

Under the provisions of General Administrative Order 2012-2, this Petition is to be referred to the Director of the Water and Wastewater Division.

I have provided one extra copy so that a file-stamped copy of the petition with an assigned cause number can be mailed back to me in the return envelope provided.

Thank you for your assistance in this matter.

Yours truly,



Andrew Wright
Attorney at Law

AW/sw
Enclosures

pc: David L. Bower, Mayor of the City of Salem, Indiana

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION FOR APPROVAL OF RATE)
AND CHARGE DIFFERENCE BETWEEN)
PROPERTY WITHIN AND PROPERTY) CAUSE NO.
OUTSIDE THE CORPORATE BOUNDARIES)
OF THE CITY OF SALEM, INDIANA)

Pursuant to Indiana Code § 8-1.5-3-8.3(c), Petitioner, CITY OF SALEM, INDIANA, by counsel, respectfully petitions the Indiana Utility Regulatory Commission (“Commission”) for approval of the rate and charge difference between property within and property outside the corporate boundaries of the City of Salem, Indiana. In support of its Petition, Petitioner states:

1. The ordinance setting rates and charges for property within and property outside the municipality’s corporate boundaries took effect on October 1, 2000.
2. Attached as Attachment “A” is a copy of the Ordinance.
3. The works that is the subject of the Ordinance is a wastewater utility works.
4. The percentage difference between the rates and charges imposed on users of the works for service to property located outside the corporate boundaries of the municipality and to property located within the corporate boundaries is fifty percent (50%).
5. The Petitioner charges its wastewater utility customers a flat rate based on metered water consumption. The minimum monthly sewer bill is dependent upon the size of the water meter connection. Attachment “B” shows the minimum monthly sewer bills as established in Salem City Ordinance No. 1135.
6. Petitioner considers Ind. Code § 8-1.5-3-8.3(c), among other statutes, to be applicable to the relief requested by this Petition.
7. Andrew Wright is counsel of record for Petitioner in this matter and is duly authorized to accept service of papers in this cause on behalf of Petitioner.

WHEREFORE the City of Salem, Indiana requests that the Commission issue an Order approving the percentage rate and charge difference between property within and property outside the corporate boundaries of Salem, Indiana and for other just and reasonable relief.

Respectfully submitted,



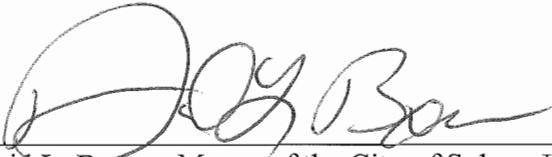
Andrew Wright

Atty. #1380-88

Verification

I, David L. Bower, Mayor of the City of Salem, Indiana, affirm under penalties for perjury that the foregoing representations are true to the best of my knowledge, information, and belief.

Signed



David L. Bower, Mayor of the City of Salem, Indiana

Date

06/13/2012

Attorney Contact Information:

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ANDREW WRIGHT, P.C.
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ATTACHMENT "A"

ORDINANCE NO. 1015

AN ORDINANCE ESTABLISHING SEWER RATES AND CHARGES FOR CUSTOMERS OF SALEM SEWAGE UTILITY LOCATED OUTSIDE THE CORPORATE LIMITS OF THE CITY OF SALEM, INDIANA.

- I. **PURPOSE.** TO ESTABLISH RATES AND CHARGES FOR THE SALEM SEWAGE UTILITY FOR CUSTOMERS LOCATED OUTSIDE THE CORPORATE LIMITS OF THE CITY OF SALEM, INDIANA.
- II. **STATUTORY AUTHORITY.** I.C., 36-9-23-25; and
I.C., 36-9-23-25(d)(10) and (e)
- III. **CITY CODE CITATION AFFECTED.** Section 50.116(B) Added
Section 50.129
Section 50.130
- IV. **LEGISLATIVE FINDINGS.**
- A. That it has been the policy of the City of Salem, Indiana not to extend sanitary sewage service to properties located outside its corporate limits.
- B. That the capacity of the Waste Water Treatment Plant of the City of Salem, Indiana has recently been increased from 900,000 gallons per day to 2,000,000 gallons per day.
- C. That various property owners and developers have expressed an interest in receiving sanitary sewage services from the City of Salem, Indiana for properties located outside the Salem City Limits but whose location makes annexation improbable.
- D. That it is inequitable for properties not located within the Salem taxing district to receive sanitary sewer services at the same rate as those property owners located within the Salem taxing district.
- E. That the carrying charges for the maintenance of sanitary sewer lines located outside the City Limits will be more per mile than for those sanitary sewer mains serving customers located within the City of Salem, Indiana because of population density.
- F. That customers of the Salem Sewage Works located outside the Corporate Limits should pay sewer rates equal to one and one-half times the standard sewer rate established in Salem City Code Section 50.116.
- G. That the present connection fees to the Salem Sanitary Sewer System have two components consisting of a tap-on fee of \$50 and a foot frontage fee of \$5 per lineal foot of lot frontage up to a maximum of \$500.
- H. That the connection fees do not presently cover the cost of equipment, material and labor in making a connection to the Salem Sanitary Sewer System.
- I. That the connection fees should be combined into a single fee of \$2,000 per connection.

V. **ORDINANCE.**

IT IS NOW THEREFORE ORDAINED AS FOLLOWS:

Section 1. That Section 50.116 of the Salem City Code is hereby redesignated as Section 50.116(A).

Section 2. That Section 50.116(B) is hereby added to the Salem City Code to read as follows:

§ 50.116 WATER-BASED CONSUMPTION CHARGE.

(B) (1) Residents and property owners located outside the Corporate Limits of Salem, Indiana may be permitted to have sanitary sewer services extended to them by contract negotiated with and approved by the Salem Board of Public Works and Safety.

(2) Property owners located outside the Corporate Limits of the City of Salem, Indiana to which sanitary sewer services are extended under contract approved by the Salem Board of Public Works and Safety shall be charged a sewage service charge equal to 1.5 times the current rate established for the customers of the Salem Sanitary Sewage Works under the provisions of Salem City Code Section 50.116(A).

Section 3. That Section 50.129 of the Salem City Code is hereby amended to read as follows:

§ 50.129 CONNECTION FEES, PAYMENT PROCEDURES, ALLOCATION OF REVENUE.

(A) The fees for a connection to any sanitary sewer previously constructed and presently in service shall be \$2,000 per connection.

(B) (1) The connection fee established in this section shall be due and payable in one lump sum. Any person who believes that the payment of sewer connection fees in one lump sum will be a personal financial hardship upon them may apply to the Board of Public Works and Safety for approval of installment payments with the balance payable by semi-annual installments to bear interest at the rate of 8% per annum and with the installments not to extend beyond the period of 5 years. Any connection fee to be paid in installments shall be documented by a promissory note and shall be secured by a lien on the real estate to be served by the connection. Any such lien shall be junior to any purchase money security interest attaching to the real estate. The loan granted herein shall be enforced pursuant to the provisions of division (C) of this section. This application must be made by the property owner at the time that the connection permit is applied for as set out in § 50.018. The City Clerk/Treasurer shall establish an application form wherein the property owner seeking installment payments of the connection fees must disclose relevant financial information to document a personal financial hardship.

(2) If a property owner receives an order from the Board of Public Works and Safety to connect the sewer pursuant to the provisions of § 50.015(A) and believes that the payment of sewer connection fee in one lump sum will be a personal hardship, this property owner must apply to the Board of Public Works and Safety within 60 days after the receipt of any such notice in order to be considered for the installment payment of the connection fee. This person shall also file an application and form disclosing financial information in support of the personal financial hardship. Any property owner securing approval for the payment of their connection fee on an installment basis shall execute a note secured by a lien on the real estate involved. The note shall provide for the payment of the fees on semi-annual installments and interest rate as set out in division (B)(1) of this section. The lien given by the property owner in order to secure this note shall be junior to any purchase money security interest attached to the real estate. The lien granted herein shall be

enforced pursuant to the provisions of division (C) of this section.

(C) The collection of connection fees shall be processed by the city pursuant to the provisions of I.C., 36-9-23-31 through 36-6-23-34. Any connection fee, or installment payment of a connection fee authorized under division (E) of this section, which is unpaid for more than 60 days after being billed shall be declared delinquent fees and shall be subject to a penalty of 10% of the amount of the fee pursuant to I.C., 36-9-23-31. Any delinquent sewer connection fee shall become a lien on the real estate of the delinquent property owner pursuant to I.C., 36-9-23-33. Liens so recorded and unpaid may be subject to a lien foreclosure suit which will result in the recovery of the amount of the fees and penalties plus a reasonable attorney's fee. Any foreclosure sale, as provided by I.C., 36-9-23-34, will be made without relief from valuation or appraisal laws.

(D) The revenue received from the collection of connection fees to any part of the sanitary sewage system of the sewage works previously constructed and operating shall be considered part of the net revenues of the sewage works.

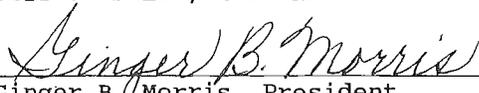
(E) The fees for connection to a sanitary sewer which has not been previously constructed and placed in service shall be determined either on a pro rata cost of constructing the local or lateral sewer under the provisions of I.C., 36-9-23-29 or under the provisions of I.C., 36-9-22 or under the special assessment proceedings as set out in I.C., 36-9-39. In no case, however, shall the fee for connection to a sanitary sewer which has been financed by the issuance of Sewage Works Revenue Bonds be less than the fee schedule set out in division (A) of this section. The Board of Public Works and Safety of the city shall elect which method of assessing and determining sewer connection fees shall be appropriate for each particular extension or improvement of the sanitary sewer system of the Salem Sewage Works. The revenues from the connection fees to sanitary sewers not previously constructed shall be collected and paid by the City Clerk/Treasurer and applied to the cost of construction of the sanitary sewer main and all appurtenances thereto. If any construction of new sanitary sewerage works is funded in part by a grant from either the state or federal government, then revenue from connection fees to any such new construction shall be first applied toward the required local share of any such sewage works construction project, with the balance of the connection fees to be paid to the net revenues of the sewage works.

Section 4. Section 3 of this Ordinance shall be in full force and effect on September 13, 2000.

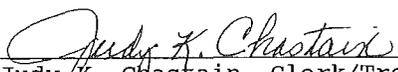
Section 5. Section 1 of this Ordinance shall be in full force and effect for sanitary sewer services beginning October 1, 2000.

Passed and adopted this 12th day of September, 2000 by the Common Council of the City of Salem, Indiana.

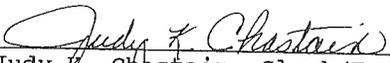
COMMON COUNCIL
CITY OF SALEM, INDIANA


Ginger B. Morris, President

ATTEST:

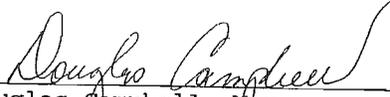

Judy K. Gastain, Clerk/Treasurer

Presented by me to the Mayor of the City of Salem, Indiana
this 12th day of September, 2000.



Judy K. Chastain, Clerk/Treasurer
City of Salem, Indiana

Signed and approved by me as the Mayor of the City of Salem,
Indiana this 12th day of September, 2000.



Douglas Campbell, Mayor
City of Salem, Indiana

City#12[ordinance\sewer\rates\ord]sw

CERTIFICATE OF CLERK-TREASURER

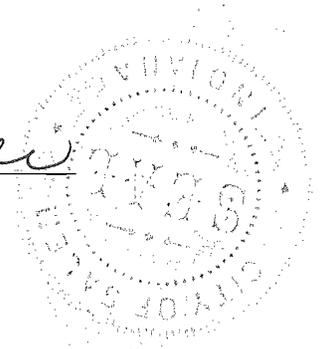
I, Patricia E. Persinger, hereby certify that I am the duly elected and acting Clerk-Treasurer of the City of Salem, Indiana.

I further certify that the foregoing Salem City Council Ordinance No. 1015 was duly adopted by the Common Council of the City of Salem, Indiana on September 12, 2000 and that the foregoing is a true and correct copy of said ordinance as adopted.

Dated: 06/13/2012



Patricia E. Persinger, Clerk-Treasurer



ATTACHMENT "B"

Section 2. Phase II Rates and Charges.

That based upon the actual water metered and billed, the minimum monthly sewage bill for each customer, depending on the size of the water meter served at their location of usage, shall be as follows:

	<u>Inside City</u>	<u>Outside City</u>
Charge per 100 cubic feet:	\$ 5.30	\$ 7.96
Minimum Usage Charge: 250 cubic feet per month		
Minimum Sewage Charge Per Water Meter Size:		
5/8 inch	\$ 13.25	\$ 19.90
3/4 inch	20.66	31.02
1 inch	41.31	62.05
1-1/2 inch	94.77	142.34
2 inch	170.10	255.47
3 inch	260.03	390.53
4 inch	376.67	565.71
6 inch	668.29	1003.70

Salem ~~San~~
6/29/12

ORDINANCE NO. 1079

- I. PURPOSE. AN ORDINANCE AMENDING THE CONNECTION FEES TO THE SALEM SANITARY SEWER SYSTEM.
- II. STATUTORY AUTHORITY. I.C., 36-9-23-29 and
I.C., 36-9-23-25(a)(1)
- III. CITY CODE CITATION AFFECTED. Chapter 50.129
- IV. LEGISLATIVE FINDINGS.
- A. The City of Salem, Indiana presently charges a connection fee of \$2,000 for each connection of a property to the Salem Sanitary Sewer System.
- B. There are many multiple-family residential developments in the City of Salem, Indiana, including duplexes, apartment buildings and mobile home parks, which are only charged a single connection fee to the Salem Sanitary Sewage System.
- C. The connection of a multiple-family residential building or development uses more of the capacity of the Salem Wastewater Treatment Plant than does a single-family residence.
- D. The amount of connection fees to the Salem Sanitary Sewage System should be based, in part, upon the treatment capacity of the Salem Wastewater Treatment Plant used by the residential premises or development.
- E. A connection fee for multiple-family residential premises and developments should be more than the basic connection fee for a single-family residence.
- V. ORDINANCE.

IT IS NOW THEREFORE ORDAINED AS FOLLOWS:

Section 1. That Section 50.129(A) of the Salem City Code is hereby amended to read as follows:

§ 50.129 CONNECTION FEES; PAYMENT PROCEDURE; ALLOCATION OF REVENUE.

(A)(1) The fees for a connection by any single-family residence, business or industry to any sanitary sewer previously constructed and presently in service shall be \$2,000 per connection.

(2) The fees for a connection by any multiple-family residential premises, whether duplex, condominium, apartment or mobile home park, shall be charged on a per-unit basis. The per-unit connection fee shall be the base connection fee set out in Section 50.129(A)(1) plus \$500 for each additional unit.

Section 2. That Section 50.129(D) of the Salem City Code is hereby amended to read as follows:

§ 50.129 CONNECTION FEES; PAYMENT PROCEDURE; ALLOCATION OF REVENUE.

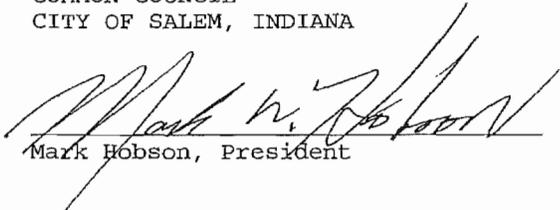
(D) The revenue received from the collection of connection fees to any part of the sanitary sewage system of the sewage works previously constructed and operating shall be allocated as follows:

- (1) 50% shall be deposited with the net revenues of the sewage works
(2) 50% shall be deposited in the sewage works Depreciation Fund.

Section 3. This ordinance shall be effective for sanitary sewer services beginning September 1, 2002.

Passed and adopted this 13th day of August, 2002 by the Common Council of the City of Salem, Indiana.

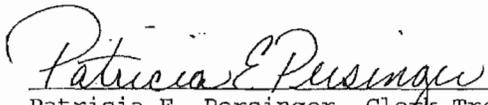
COMMON COUNCIL
CITY OF SALEM, INDIANA


Mark Hobson, President

ATTEST:


Patricia E. Persinger, Clerk-Treasurer

Presented by me to the Mayor of the City of Salem, Indiana this 13th day of August, 2002.


Patricia E. Persinger, Clerk-Treasurer
City of Salem, Indiana

Signed and approved by me as the Mayor of the City of Salem, Indiana this 13th day of August, 2002.


Judy K. Chastain, Mayor
City of Salem, Indiana