



For Immediate Release

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East Chicago municipal water rate settlement approved

An approved settlement agreement between the Indiana Office of Utility Consumer Counselor (OUCC) and the City of East Chicago will allow the City to make critical investments in its water distribution system. In addition, it will allow for the replacement of customer-owned lead service lines on 500 residential properties.

The agreement in East Chicago's municipal water rate case received Indiana Utility Regulatory Commission (IURC) approval this afternoon, with the IURC's order granting the City its first water rate increase since 2006. A residential customer using 5,000 gallons per month will see his or her water charges rise from \$12.05 to \$18.66. Today's order will also allow the City to issue up to \$18 million in long-term debt. In its testimony, the utility outlined plans for a number of capital improvements over the next five years including service line replacements, new water storage tanks, new meters, and fire hydrant repairs and replacements.

In testimony filed in August 2016, the City proposed the use of water utility revenue to partially pay for the replacements of customer-owned service lines for up to 500 customers. The City's plan called for customers to pay up 50 percent of the lead line replacement costs with the water utility paying for the remainder.

After completing its review of the City's proposal, the OUCC expressed support for the City's efforts but raised concerns about the long-standing regulatory principle that utility rates should only be used to pay for infrastructure that a utility owns and uses to benefit all customers. The OUCC encouraged the City to seek alternative funding sources to pay for customer-owned lead line replacements. East Chicago then succeeded in obtaining an additional \$3.1 million from the Indiana Finance Authority (IFA) at no additional cost to ratepayers. The additional funding will allow the City to pay 100 percent of the costs for the replacement of up to 500 customer-owned service lines.

"We are pleased with today's Commission order and appreciate the efforts of both the City and the IFA in developing a creative solution to address the issue of lead service lines owned by customers of municipal utilities," said Indiana Utility Consumer Counselor Bill Fine.

(IURC Cause No. 44826)

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.

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