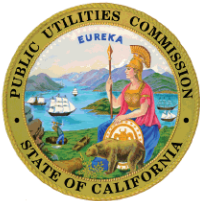


Docket	: A.22-11-010
Exhibit Number	: Cal Advocates _____
Commissioner	: Genevieve Shiroma
Administrative Law Judge	: Jeffrey Lee
Cal PA Project Mgr.	: Suliman Ibrahim
Cal PA Witness	: Katherine Nguyen



**REPORT AND RECOMMENDATIONS
ON THE PROPOSED JOINT APPLICATION OF CORIX
INFRASTRUCTURE INC., ET. AL., FOR APPROVAL OF A
BUSINESS COMBINATION TRANSACTION**

(PUBLIC)

Application 22-11-010

San Francisco, California

APRIL 21, 2023

TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	SUMMARY OF RECOMMENDATIONS	1
III.	DISCUSSION	3
A.	The Applicants Do Not Show that the Proposed Merger Will Not Adversely Impact Suburban’s Ratepayers.	3
i.	Suburban Does Not Demonstrate that Ratepayers Will Not Be Adversely Affected by Corix’s Losses.....	3
ii.	Suburban Has Failed to Demonstrate that the Debt Incurred Will Not Be Transferred to Ratepayers.	4
iii.	The Applicants Have Failed to Guarantee that Transaction Costs Are Fair and Reasonable for Suburban Ratepayers.	5
B.	Corix and its Subsidiaries Have Faced a Number of Customer Service and Legal Issues in Other Jurisdictions.	7
i.	A Corix Subsidiary was Condemned by the State of South Carolina.	7
ii.	Public Comments Demonstrate Corix Subsidiaries’ Rate Hikes and Water Quality Issues.....	9
iii.	Performance Incentive Mechanism for Service Quality	11
IV.	CONCLUSION.....	12

I. INTRODUCTION

The Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submits this testimony in response to the Joint Application filed by Corix Infrastructure Inc. (Corix Infrastructure), Corix Infrastructure Inc. US (Corix), IIF Subway Investment LP, SW Merger Acquisition Corp. (SWMAC), SouthWest Water Company (SouthWest), and Suburban Water Systems (Suburban) on November 9, 2022. The Applicants propose that the Commission authorize a merger of SWMAC, of which Suburban is a subsidiary, and Corix.¹

The proposed merger should be denied because the Application lacks sufficient detail regarding rate and service impacts to ratepayers. The Applicants fail to guarantee debt and losses from Corix that will be inherited by Suburban will not negatively impact ratepayers. The Applicants also fail to support with evidence the variety of purported benefits of the merger. Finally, the Applicants only provide vague and overbroad information regarding associated transaction costs without demonstrable or quantifiable benefits to Suburban ratepayers.

The Application raises numerous unresolved issues and indicators that the merger could harm ratepayers. The merging company, Corix, has a history of poor customer service and water service quality. The scant evidence Applicants provide shows that the merger may result in Suburban's ratepayers acquiring debt unrelated to water service in California, paying higher rates with little or no corresponding benefits, and increase potential for poor customer service and water service quality.

II. SUMMARY OF RECOMMENDATIONS

The Commission should:

¹ Organization Structure: SWMAC owns 100% of SouthWest, SouthWest owns 100% of Suburban per A.22-11-010 at 6.

- 1 • Deny the proposed merger as the Applicants do not demonstrate ratepayers
2 will not be harmed by the costs of Corix's losses.
- 3 • Deny the proposed merger as the Applicants have failed to demonstrate that
4 the debt from Corix will not be transferred to Suburban ratepayers.
- 5 • Deny the proposed merger because without quantified benefits it is unclear
6 whether the transaction costs of the merger are fair and reasonable to
7 ratepayers.
- 8 • Deny the proposed merger to prevent Suburban from becoming a subsidiary
9 of a company that has a history of poor service quality.
- 10 • Deny the proposed merger because it could impair Suburban's performance
11 in providing quality water service.

12 If the Commission elects to approve the merger, the Commission should:

- 13 • Examine the quantified costs, benefits, and potential harms of the proposed
14 merger and require specific measurable and enforceable measures from the
15 Applicants to fully mitigate the potential harms to ratepayers in future
16 proceedings.
- 17 • Examine a detailed list of utility and non-utility related debt from Corix and
18 require a specific and enforceable guarantee from the Applicants that the
19 debt incurred will not be transferred to Suburban ratepayers in future rate
20 proceedings.
- 21 • Ensure ratepayers are protected from any transaction costs associated with
22 the merger from being placed in rates.
- 23 • Develop a performance incentive mechanism (PIM) that results in financial
24 repercussions to the Applicants in the event there is a degradation of
25 customer and water service quality.

1 **III. DISCUSSION**

2 Cal Advocates’ review is based on the scope of the proceeding set forth during the
3 prehearing conference, which in turn is based on Public Utilities Code § 854, which sets
4 forth specific rules for acquisitions and mergers.²

5 **A. The Applicants Do Not Show that the Proposed Merger Will Not**
6 **Adversely Impact Suburban’s Ratepayers.**

7 **i. Suburban Does Not Demonstrate that Ratepayers Will Not Be**
8 **Adversely Affected by Corix’s Losses.**

9 The proposed merger should be denied because the Applicants fail to demonstrate
10 that Suburban ratepayers will not be adversely impacted by the costs of Corix’s losses.³
11 During discovery, Applicants were asked to provide information on the costs and benefits
12 of the proposed merger that would allow an analysis of the merger’s ratepayer impacts.⁴
13 The Applicants were not able to provide specific or quantifiable information on the costs
14 and benefits of the proposed merger.

15 However, Applicants did provide two due diligence reports performed by Willis
16 Towers Watson (WTW) and PricewaterhouseCooper (PwC).⁵ These due diligence
17 reports are compilations of investigations that WTW and PwC assisted in conducting on
18 behalf of SouthWest before entering into an agreement with Corix. The report prepared
19 by WTW showed << **BEGIN CONFIDENTIAL** >> [REDACTED]

20 [REDACTED]

21 [REDACTED]

² California Public Utilities Code Sec. 854,
https://california.public.law/codes/ca_pub_util_code_section_854

³ A. 22-11-010 Workpapers Attachment C – 2021 Corix Infrastructure Inc. FS Final at 2 to 9.

⁴ Attachment K – 22-11-010 Response to Data Request KN3-01, Q.7.

⁵ Attachment L - 22-11-010 Response to Data Request KN3-02, Q.2.a

⁶ Attachment P - 22-11-010 Response to Data Request KN3-02, Q.2.a, Confidential SWMAC Only - Willis Towers Watson (WTW) Corix Infrastructure Property & Casualty Insurance Due Diligence Report at 9 to 14.

1 [REDACTED] << END CONFIDENTIAL >> When asked whether
2 Suburban ratepayers will inherit the costs from these liabilities, Applicants did not
3 guarantee the losses will not be inherited by ratepayers in future rate proceedings.⁷

4 Because the Applicants have not provided assurance that Suburban's ratepayers
5 will not inherit the costs from these liabilities, the ratepayer impact from the merger is
6 unknown. Because of this uncertainty, ratepayers potentially will be adversely impacted
7 by the merger. If the Commission is nevertheless inclined to approve the merger, it
8 should not do so without a thorough examination that quantifies the costs, benefits, and
9 potential harms of the proposed merger and require from the Applicants specific
10 measurable and enforceable measure to fully mitigate the potential harms.

11 **ii. Suburban Has Failed to Demonstrate that the Debt Incurred Will**
12 **Not Be Transferred to Ratepayers.**

13 The Applicants have failed to demonstrate that the debt from Corix would not be
14 transferred to Suburban ratepayers.⁸ In addition to Corix's aforementioned summary of
15 losses, PricewaterhouseCooper performed a due diligence investigation << BEGIN

16 CONFIDENTIAL >> [REDACTED]
17 [REDACTED]
18 [REDACTED] << END

19 CONFIDENTIAL >> The Applicants could not guarantee the costs from Corix's debt
20 and debt like items will not be transferred to ratepayers in future rates.¹¹

⁷ Attachment M - A. 22-11-010 Response to Data Request KN3-03, Q.2.ii

⁸ A. 22-11-010 Workpapers Attachment C – 2021 Corix Infrastructure Inc. FS Final at 4, 16 to 19.

⁹ Attachment M - A. 22-11-010 Response to Data Request KN3-03, Q.1.ii

¹⁰ Attachment O - A. 22-11-010. Response to Data Request KN3-02, Q.2.a. Confidential SWMAC Only – PricewaterhouseCoopers (PwC) Project Victor Due Diligence Report, including HR Addendum at 20 to 25.

¹¹ Attachment M - A. 22-11-010 Response to Data Request KN3-03, Q.1.i.

1 If the Commission is nevertheless inclined to approve the merger, it should not do
2 so without examining a detailed list of utility and non-utility related debt from Corix and
3 it should not do so without obtaining a specific and enforceable guarantee from the
4 Applicants that the debt incurred will not be transferred to Suburban ratepayers in future
5 rate proceedings.

6 **iii. The Applicants Have Failed to Guarantee that Transaction Costs**
7 **Are Fair and Reasonable for Suburban Ratepayers.**

8 Applicants do not guarantee that costs associated with certain functions and
9 activities related to the merger will not be transferred to Suburban's ratepayers.¹² The
10 Applicants fail to supply a detailed list of transaction costs, claiming they do not seek to
11 recover transaction costs from ratepayers.¹³ However, the Applicants also state that
12 "there will be cost associated with integrating certain functions and activities."¹⁴ Cal
13 Advocates asked Applicants to describe the integrating costs for certain functions and
14 activities related to the proposed merger.¹⁵ The Applicants did not provide details of
15 their integration planning.^{16,17} Shareholders should bear any and all transaction and
16 integration costs related to the proposed merger – not Suburban's ratepayers.

17 In addition to missing details regarding merger-related transaction and integration
18 costs, the Applicants also fail to provide quantified merger benefits that would be
19 associated with integrating certain functions and activities. One stated goal of the
20 proposed merger is to achieve advantages due to the economy of scale.¹⁸ This would be

¹² Attachment M – A. 22-11-010 Response to Data Request KN3-03, Q.1.a.i and Q.1.b.i.

¹³ A.22-11-010 at 18. "The Applicants, including Suburban, will not seek to recover transaction costs from customers."

¹⁴ A. 22-11-010 at 17.

¹⁵ Attachment K - A. 22-11-010 Response to Data Request KN3-01, Q.2.a. to Q.2.e.

¹⁶ Attachment K - A. 22-11-010 Response to Data Request KN3-01, Q.2.a.

¹⁷ Attachment N - A. 22-11-010 Response to Data Request KN3-04, Q.1.

¹⁸ A. 22-11-010 at 15. "...the combined company's financial resources, increased scale, and enhanced financial foundation will benefit customers in California..."

1 apparent with a cost and benefit analysis; however, the Applicants did not provide such
2 an analysis.¹⁹ At the same time, the Applicants assert that the proposed merger will not
3 have any immediate impact on Suburban's rates and the merger will lead to various
4 benefits such as the sharing of practices and resources for operational improvements -
5 yet, the applicants provided only a single example of quantifiable savings in dollars.²⁰
6 That example is a result of the combination of SouthWest and Corix executives roles.²¹
7 This is problematic because the proposed merger may saddle transaction and integration
8 costs on Suburban's ratepayers without corresponding, quantifiable benefits to
9 ratepayers.

10 Due to the scarcity of quantifiable benefits, Cal Advocates attempted to perform a
11 cost and benefit analysis through the discovery process. The Applicants were asked to
12 provide additional information on potential parent company allocation percentage
13 changes as well as overall changes to allocated expenses and rate base as a result of the
14 proposed merger. The Applicants responded that "while it can be reasonably anticipated
15 that the percentage and dollar amount of parent company costs to Suburban will change
16 following the close of the Proposed Transaction, it is unknown at this time precisely what
17 those changes will be."²²

18 The proposed merger should be denied because the Applicants do not know
19 whether the merger will adversely impact ratepayers, including whether the transaction
20 and integration costs are fair and reasonable and whether such costs will be borne by
21 shareholders of Suburban's ratepayers.

¹⁹ Attachment K - A. 22-11-010 Response to Data Request KN3-01. Q.2.a and Q.7.

²⁰ A. 22-11-010 at 16

²¹ Attachment K - A. 22-11-010 Response to Data Request KN3-01, Q.4.b.

²² Attachment N - A. 22-11-010 Response to Data Request KN3-04, Q.2.a to Q.2.f

1 If the Commission nevertheless is inclined to approve the merger, it should adopt
2 specific, concrete, measurable, and enforceable measures that will ensure that ratepayers
3 will not bear any merger-related transaction and integration costs.

4 **B. Corix and its Subsidiaries Have Faced a Number of Customer Service**
5 **and Legal Issues in Other Jurisdictions.**

6 Corix Infrastructure has a large number of negative customer reviews available
7 from common search engines and customer review sites such as Google Reviews and the
8 Better Business Bureau (BBB), as well as online dockets from Public Utilities
9 Commission websites in other states. The Commission should be concerned with Corix's
10 history of poor customer service and poor water service and quality.

11 **i. A Corix Subsidiary was Condemned by the State of South**
12 **Carolina.**

13 A South Carolina Corix subsidy was condemned and taken over by the municipal
14 government because of poor water service. Blue Granite Water Company formerly
15 served the South Carolina counties of Lexington and York.²³ The Blue Granite Water
16 Company was formerly part of Carolina Water Services (CWS – as of the date of this
17 testimony is a Corix subsidiary) separated from CWS and named itself the Blue Granite
18 Water Company in 2019.²⁴ This change was reportedly due to CWS's unpopularity with
19 ratepayers dating back to two decades in South Carolina.²⁵ CWS violated multiple of the

²³ Attachment D - Swikar Patel, "This Southern Town Was Growing So Fast, It Pass a Ban on Grown; Residents, most of whom came from out of state, are fed up with crowded roads and schools and boil-water advisories", The Wall Street Journal (Online), February 3, 2020
<https://www.coastal.edu/grantcenter/newsandevents/newsreleasearchive/thissoutherntownwasgrowingsofastitpassedabanongrowth/> at 11 to 15.

²⁴ Attachment E - Public Service Commission of South Carolina Name Change Request of Carolina Water Service Inc. to Blue Granite Water Company. Docket # 2018-365-WS

²⁵ Attachment D - John Marks, "York County Takes on Troubled Lake Wylie Water System.", The Herald, January 18, 2023, <https://www.heraldonline.com/news/business/article271319077.html> at 16 to 18.

1 South Carolina Safe Drinking Water Act and Pollution Control Act between the years
2 2016 to 2018.^{26,27}

3 After its separation from CWS, Blue Granite Water Company continued to face
4 issues with public service, water quality, and high rates. A letter from the 5th
5 Congressional district member in South Carolina states that “no utility provider has
6 spawned more calls and letters from angry constituents than Blue Granite.”²⁸ The local
7 news also carried negative coverage on the service quality of Blue Granite. Local news
8 stations such as, South Carolina Public Radio, WSOC-TV 9, and Herald Online
9 published articles reporting hundreds of customers turned out with complaints about high
10 water cost, poor customer service, and poor water quality that led to boil water
11 advisories.^{29, 30, 31}

12 As a result of high rates and poor water quality, the State of South Carolina filed a
13 *Condemnation Notice and Tender of Payment* action in Superior Court. The Towns of

²⁶ Attachment F - State of South Carolina, Violation of Pollution Control Act. Docket # ND-2016-61-WS at 3.

²⁷ Attachment G - State of South Carolina, Violation of State Primary Drinking Water Regulation. Docket # ND-2016-61-WS at 3.

²⁸ Attachment H - State of South Carolina, 5th Congressional District Member states, “no utility provider has spawned more calls and letters from angry constituents than Blue Granite.” Docket # 2022-303-WS.

²⁹ Attachment D - Scott Morgan, “Soon-to-be-acquired York County Water Utility Looking to Start New Project...in York County”, South Carolina Public Radio, September 22, 2022. <https://www.southcarolinapublicradio.org/sc-news/2022-09-22/soon-to-be-acquired-york-county-water-utility-looking-to-start-new-project-in-york-county> at 8 to 10.

³⁰ Attachment D - John Marks, “York County Takes on Troubled Lake Wylie Water System.”, The Herald, January 18, 2023, <https://www.heraldonline.com/news/business/article271319077.html> at 16 to 18.

³¹ Attachment D - WSOCTV.com News Staff, “After Customer Complaints, York County to Buy Private Utility in \$36M Acquisition”, WSOC-TV9, September 2, 2022 <https://www.wsoc.tv.com/news/local/after-customer-complaints-york-county-buy-private-utility-36m-acquisition/O5FEADT5LJHLFC4TWKEKMG6VSE/> at 1 to 5.

1 Lexington, S.C. and York County, SC were set as the condemners to acquire the Blue
2 Granite Water Company's utility system via eminent domain.^{32, 33}

3 Corix's inability to provide safe reliable water service for customers in York and
4 Lexington County is troubling. Corix's water quality issues are not limited to the case of
5 Blue Granite Water Company as discussed in the section below. Based on Corix's track
6 record, the proposed merger should be denied.

7 **ii. Public Comments Demonstrate Corix Subsidies' Rate Hikes and**
8 **Water Quality Issues**

9 The proposed merger places Suburban's ratepayers at risk. The large
10 number of customer complaints related to rate hikes and poor water quality demonstrate
11 Corix's troubling history of providing inadequate water service to its customers. This is
12 made more troubling as Applicants claim that the sharing of practices between
13 companies, including methods of addressing customer service complaints and operational
14 techniques would be benefit for Suburban's customers.³⁴

15 Below is an abbreviated collection from the Better Business Bureau (BBB),
16 Google Reviews, and Public Comments found through utility regulators websites across
17 the nation. The comments that customers shared include poor customer service, water
18 infrastructure quality, and rate hikes.

19 • South Carolina - Blue Granite Water Company:

20 "... Filthy nasty water and outrageously high water bills. Zero customer
21 service. How they are allowed to provide water to residential customers is

³² Attachment C - State of South Carolina, County of Lexington Condemnation, Civil Action No. 20-CP-3204005.

³³ Attachment B - State of South Carolina, County of York Condemnation, Civil Action No. 22-CP-4603836.

³⁴ A.22-11-010, Direct Testimony of Craig Gott at 8: 168 to 173.

beyond me. Always an extra fee added to the payment even though payment made directly from bank account...”³⁵

- North Carolina - Carolina Water Service of North Carolina:

“The worst utility I have ever dealt with. They overcharge, pipe leaks from poor infrastructure, repairs are slow and usually have to be redone, many boil water many boil[s] water request followed by poor communication with customers.”³⁶

“... My bill before the increases was outrageous. I was paying a total bill for water and sewer averaging around \$65 a month. Now it looks as though it will be around \$74 a month...Most of the bill is a standard charge not based on usage. I could drop my usage in half and sa[v]e \$3.50...”³⁷

- Indiana - Community Utilities of Indiana (CUII):

Per the Indiana Commission findings: “Based on the evidence of record, CUII did not offer options to the customer impacted, which we note as poor customer service.”³⁸

- Texas – Corix:

Letter of Protest of Texas PUC, “1. Too expensive. 2. Water contaminated and looks like urin[e].”³⁹

³⁵ Attachment I - Better Business Bureau. Blue Granite Water Company. Tim A. 1/26/2023 at 1.

³⁶ Attachment I - Google Reviews of Carolina Water Services Inc of NC. Lloyd Wruble. November 2022 at 7.

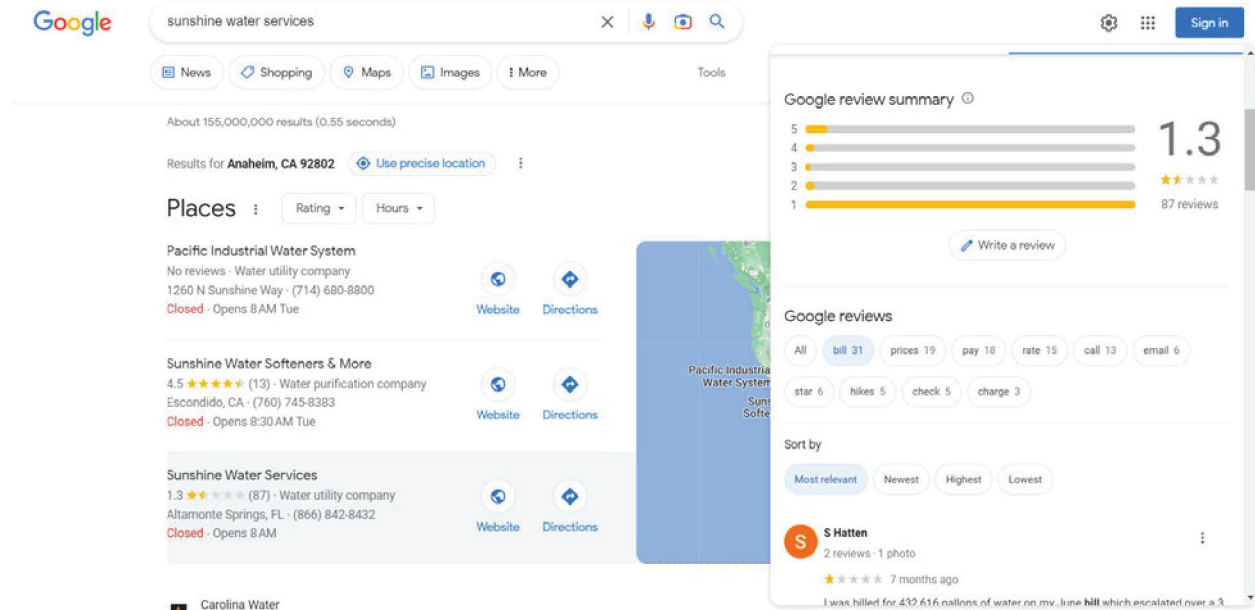
³⁷ Attachment I - North Carolina Utilities Commission, W-354 Sub 360, “Consumer Statement of Position”, Jeffrey S Parkin, May 15, 2019 at 8. For additional public comments regarding water quality and rate increase see Attachment I at 6 to 34.

³⁸ Attachment J - Indiana Utility Regulatory Commission, Cause No. 45651, February 1, 2023 at 79.

³⁹ Attachment I - Texas Public Utilities Commission, Docket # 53815-42. Dora Nichols. August 9, 2022 at 72. For additional public comments regarding water quality and rate increase see Attachment I at 35 to 73.

TWTX Lometa, TX local news report, “Our water, for three years, has either smelled like sewage. Or over-chlorinated, stronger than bleach.”⁴⁰

The image below shows one example of many similar Google Review search, the image is for Sunshine Water Services, a Corix subsidiary in the State of Florida.⁴¹



Based on this troubling track record, Corix sharing its methods of addressing customer complaints and operation techniques could be a detriment to Suburban ratepayers.

iii. Performance Incentive Mechanism for Service Quality

If the Commission is nevertheless inclined to approve the proposed merger, it should establish a specific, concrete, measurable, and enforceable performance incentive mechanism (PIM) that results in significant financial penalties to the Applicants in the event there is a degradation of customer and water service quality. As explained, Corix

⁴⁰ Attachment D - Michael A. Cantu. KWTX.com, “Community is fed up: Lometa residents still uneasy about state of water system” July 21, 2022 [https:// www.kwtx.com/2022/07/22/community-is-fed-up-lometa-residents-still-uneasy-about-state-water-system/](https://www.kwtx.com/2022/07/22/community-is-fed-up-lometa-residents-still-uneasy-about-state-water-system/) at 6 to 7.

⁴¹ Attachment I. Sunshine Water Services Google Review Screenshot Image, Sunshine Sater Services Florida - Google Search, April 7, 2023 at 9.

1 and its subsidiaries have a history of poor customer and water service quality.
2 Meanwhile, Suburban has historically complied, and is on track in 2023 to comply with
3 the EPA’s America’s Water Infrastructure Act (AWIA) of 2018.⁴² Meaning, Suburban is
4 meeting the AWIA’s standards on ensuring the preservation of reliable and safe water
5 supply. Additionally, Suburban has demonstrated that its performance satisfies the Class
6 A water utility standards in GO 103-A, Appendix E for customer and regulatory
7 complaints.⁴³

8 A PIM would measure and monitor Suburban’s customer service and water
9 service quality annually following the proposed merger for 15 years. A PIM would
10 enable the Commission to review Suburban’s performance based on the scale of customer
11 complaints sent directly to Suburban for pipe leak, bill inquiry, water pressure, and water
12 quality, among other measures for customer service and water quality. In the event
13 Suburban’s service water quality is degraded or does not meet metrics for customer and
14 water service quality, the Commission should impose significant financial penalties on
15 Suburban. The Commission also should hold Suburban and its parent company
16 accountable for customer and water service quality by imposing the financial
17 repercussions on Suburban and parent company executives’ compensation. Finally, the
18 Commission should prohibit Suburban from recovering any financial burden resulting
19 from failure to comply with the PIM requirements in rates.

20 IV. CONCLUSION

21 The Commission should deny the proposed merger because of the
22 Applicant’s inability to provide sufficient cost or benefit information, Corix’s substantial
23 losses and debt that could be transferred to Suburban ratepayers, the potential financial

⁴² American’s Water Infrastructure Act of 2018 (AWIA), United States Environmental Protection Agency, January 3, 2018. <https://www.congress.gov/115/bills/s3021/BILLS-115s3021enr.pdf>

⁴³ General Order 103-A, Public Utilities Commission of the State of California, September 10, 2009. <https://docs.cpuc.ca.gov/PublishedDocs/PUBLISHED/GRAPHICS/107118.PDF>

1 harm resulting from transaction costs, and Corix's documented record of poor water
2 service.

3 If the Commission nevertheless is inclined to approve the merger, it should not do
4 so without examining quantified costs, benefits, and potential harms of the proposed
5 merger and require specific measures from the Applicants to fully mitigate the potential
6 harms to ratepayers. The Commission should also not approve the merger without
7 examining a detailed list of utility and non-utility related debt from Corix and obtain a
8 specific enforceable guarantee from the Applicants that the debt incurred will not be
9 transferred to Suburban ratepayers in future rate proceedings. Additionally, the
10 Commission should ensure Suburban's ratepayers are protected from any transaction
11 costs associated with the merger from being placed in rates. Finally, the Commission
12 should implement a performance incentive mechanism that would enforce financial
13 repercussions on the company in the event there is a degradation in service quality for
14 Suburban's ratepayers.

ATTACHMENT A

Statement of Qualification

1 **STATEMENT OF QUALIFICATIONS AND EXPERIENCE**
2 **OF**
3 **KATHERINE NGUYEN**
4

5 My name is Katherine Nguyen. My business address is 505 Van Ness Avenue,
6 San Francisco, California, 94102. I am a Utilities Engineer with the California Public
7 Utilities Commission (Cal Advocates) in the Water Branch.

8 I received a Bachelor of Science degree in Civil Engineering from the California
9 State University of Fullerton as well as a Master of Science degree in Civil Engineering –
10 Water Resources. I have been with the Cal Advocates – Water Branch since November
11 2022. Prior to joining the Cal Advocates I worked as an engineer in flood control
12 management and water wastewater design for over six years.

ATTACHMENT B

York County Condemnation

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	SIXTEENTH JUDICIAL CIRCUIT
COUNTY OF YORK)	
)	
York County,	)	Civil Action No. 2022-CP-46-03838
)	
Condemnor,)	
)	
vs.)	
)	
Blue Granite Water Company, f/k/a	)	CONSENT ORDER FOR SETTLEMENT
Carolina Water Service,	)	AND DISMISSAL OF CASE AND
	)	PAYMENT OF FUNDS
)	
Landowner.)	
_____)	

York County, a political subdivision of the State of South Carolina, as condemnor (“Condemnor” or the “County”), commenced this condemnation action pursuant to South Carolina Code §§28-2-10 *et seq.* (1976, as amended), in the Court of Common Pleas for York County against Blue Granite Water Company, as landowner and wholly-owned subsidiary of Corix Regulated Utilities, (“Landowner” or “Blue Granite”), seeking to acquire the rights and interests in property and assets comprising and related to Landowner’s water and sewer system, as described in the Condemnation Notice and Tender of Payment, as well as **Exhibit 3** attached hereto and incorporated herein by reference (the “System”). Condemnor previously deposited the sum of \$36,350,000.00 with the York County Clerk of Court, representing the amount tendered by Condemnor as just compensation in this proceeding.

Blue Granite uses the System to provide water and wastewater to customers within the Clover/River Hills/Lake Wylie area of York County, which area is generally known as the “CWS Franchise Area,” (hereinafter, the “Franchise Territory”). Blue Granite owns or holds right, title, and/or interest to, upon, across, beneath, or above a variety of parcels necessary for the operation of the System throughout the Franchise Territory. A map of the Franchise Territory is attached

hereto and incorporated herein by reference as if repeated verbatim as **Exhibit 1**. The Franchise Territory was most recently confirmed and re-established pursuant to a Franchise Agreement dated February 5, 2018, by and between Blue Granite, operating under its former name, Carolina Water Service, Inc., and the County (hereinafter, the “Franchise Agreement”), which authorized Blue Granite to operate as an authorized water and wastewater provider throughout the Franchise Territory. The property, rights, title, and interests recited and described in Exhibit 3, as attached hereto and incorporated herein by reference, which are the same property, rights, title and interests sought by the County and recited in the Notice of Condemnation and Tender of Payment filed on December 29, 2022, in the Court of Common Pleas for York County, South Carolina, encompass all property, rights, title, and/or interests held by Blue Granite, wherever located, within the geographical boundaries of the Franchise Territory.¹

In contemplation of the complexities involved in transitioning the System, and in a cooperative effort to cause the least disruption to customers of the System, the parties have engaged in substantive dialogue to coordinate a timely and less disruptive transition process than would otherwise occur. The parties have memorialized such discussions into two separate written agreements dated December 21, 2022, one of which details the process by which transition of the System will occur (the “Asset Turnover Agreement”) and, the other detailing the method, process and collection procedures for Blue Granite’s final billing for the System (the “Billing Agreement”). The parties further agree that this Consent Order establishes a full and final settlement of all claims related to this action and agree to the following settlement terms, which are in addition to and consistent with those already agreed upon in the Asset Transfer Agreement and Billing Agreement.

¹ The action filed by the County expressly excluded any rights, title, and/or interests Blue Granite owns and/or holds in, upon, across, or to additional parcels located outside the Franchise Territory.

1. Accordingly, the parties agree that Blue Granite owns or holds property, rights, title, and/or interest to, in, upon, across, beneath, and/or above certain parcels of property necessary for the operation of the System throughout the Franchise Territory. Based upon such operations, Blue Granite is a public utility that constitutes and functions as the owner and operator of the System, resulting in its appropriate status as the sole landowner listed in this action.
2. The parties agree that \$36,350,000.00 constitutes just compensation in this case.
3. The parties agree that Condemnor will pay, within thirty (30) days of court approval of this Consent Order, the sum of \$36,350,000.00 to Landowner, through its attorneys, as agreed upon via the Asset Turnover Agreement.
4. The parties agree that this condemnation action has been settled; that the terms of the settlement agreement established herein, together with the terms included in the Asset Turnover Agreement and Billing Agreement, constitute the entire agreement and understanding between the parties; and that this settlement is a full, final, and complete release of all claims, counter-claims, causes of action, demands, damages, suits at law or equity, attorneys' fees, costs, and litigation expenses of every nature and kind whatsoever, whether known or unknown, suspected or unsuspected, in any way related to or resulting from the Condemnor's condemnation of the System..

NOW, THEREFORE, on motion of Michael Kendree and Laura Dover, attorneys for Condemnor, by and with the consent of Blue Granite Water Company, through its attorney, Nicholas C. Steinhaus, IT IS ORDERED that:

1. Blue Granite is the owner and operator of the System within the Franchise Territory.

2. Condemnor, pursuant to a successful referendum held on November 2, 1982 under the provisions of 16 of Art. VIII of the South Carolina Constitution (1895, as amended), is duly authorized to own and operate public water and sewer systems. A copy of the referendum results is attached hereto and incorporated herein by reference as **Exhibit 2**.
3. Condemnor is further vested with the power of eminent domain pursuant to S.C. Code Ann. § 4-9-30 and S.C. Code Ann. § 28-2-60 (1976), as amended.
4. In consideration of the County's constitutional authority to operate public water and sewer systems, and its authority to condemn property by eminent domain, the County, as Condemnor, is expressly authorized to condemn and acquire the System.
5. The property, rights, title and interests to be acquired in this action, all as more particularly recited and described in the legal description, survey maps, schedule of lift stations, schedule of developments and schedule of personalty attached hereto and incorporated herein by reference as if repeated verbatim as **Exhibit 3**, are vested in the County, in its capacity as Condemnor.
6. The terms of the settlement agreement as described above, together with the Asset Turnover Agreement and Billing Agreement, is approved and operates to conclude this matter, subject to the considerations addressed in paragraph 11 below.
7. Condemnor is hereby granted any and all rights, interests, and title to the System, and all appurtenant rights and interests, therein, as may be more particularly shown and described on **Exhibit 3** attached hereto and incorporated herewith as if repeated verbatim, to have and to hold unto Condemnor, its successors and assigns, forever, the System, with all such easements and rights sufficient and necessary for access to and

for operation, maintenance, repair, and replacement of all components of the System now installed and in place and in the process of installation and placement in the Franchise Territory, wherever located.

8. The amount of \$36,350,000.00 constitutes just compensation in this matter.
9. Condemnor shall pay \$36,350,000.00 to Landowner, less any amounts as may have been drawn down by Landowner in advance of the execution of this Order.
10. The Clerk of Court shall annotate and record this Order, including all Exhibits attached hereto, and shall index the same in the Book of Deeds to Real Property, treating Blue Granite (whether captioned in its current name or a former name) as Grantor and the County as Grantee for indexing purposes.
11. The Court shall retain continuing jurisdiction to update this Order, if necessary, to address by Motion of the Condemnor or Joint Motion of the Parties any modification of this Order to account for and specify any omitted or unintended included properties or any other corrective measure as may be necessary and determined through Condemnor's operation of the System and review of the property interests therein, subsequent to the Turnover Date as contemplated in the Asset Turnover Agreement. The Court shall retain jurisdiction for a period of one year from the date of recording of this Order and shall enter any corrective, amended, or otherwise curative order to address necessary corrections as may be brought before the Court during this one-year period.
12. By execution and filing of this consent order, this action shall be dismissed, subject to the Court's retention of jurisdiction expressed hereinabove.

[Remainder of Page Intentionally Left Blank]

AND IT IS SO ORDERED.

The Honorable William A. McKinnon
Chief Administrative Judge
Sixteenth Judicial Circuit

_____, 2023
York, South Carolina

WE MOVE:

s/ Michael K. Kendree
S.C. Bar # 65308
County Attorney
York County Attorney's Office
26 West Liberty Street
P.O. Box 299
York, SC 29745
(803) 684 – 4851
Attorney for Condemnor

I CONSENT:

s/ Nicholas C. Steinhaus (*with permission*)
Nicholas C. Steinhaus
S.C. Bar #73773
Baker, Donelson, Bearman, Caldwell &
Berkowitz, PC
1501 Main Street, Suite 310
Columbia, SC 29201
(803) 251 – 8828
Attorney for Landowner

s/ Laura Dover
S.C. Bar # 101521
Deputy County Attorney
York County Attorney's Office
26 West Liberty Street
P.O. Box 299
York, SC 29745
(803) 684 – 4851
Attorney for Condemnor



York Common Pleas

Case Caption: County Of York VS Blue Granite Water Company

Case Number: 2022CP4603838

Type: Order/Consent Order

So Ordered

/s William A. McKinnon, #2761, Resident Circuit
Judge and Chief Admin. Judge for CP, 16th Cir.

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	SIXTEENTH JUDICIAL CIRCUIT
COUNTY OF YORK)	
)	
York County,	)	Civil Action No. 2022-CP-46-_____
)	
Condemnor,)	
)	
vs.)	
)	
Blue Granite Water Company, f/k/a	)	CONDEMNATION NOTICE AND
Carolina Water Service,	)	TENDER OF PAYMENT
)	
)	
Landowner,)	
and)	
)	
Corix Regulated Utilities (US), Inc.,)	
)	
Other Condemnee.)	
_____)	

TO THE LANDOWNER AND OTHER CONDEMNEE NAMED ABOVE:

Pursuant to the South Carolina Eminent Domain Procedure Act, S.C. Code Ann. §§ 28-2-10, *et seq.*, 1976, as amended (the “Act”), you are hereby notified as follows:

1. Condemnor York County (“Condemnor” or the “County”), a body politic and political subdivision of the State of South Carolina, seeks to acquire the rights and interests in property and assets comprising and related to a water and sewer system, described in paragraph 6 herein, for public purposes.

2. Landowner, Blue Granite Water Company, f/k/a Carolina Water Service, Inc.¹, and as ultimate successor by merger to Commodore Utility Corporation² (“Landowner” or “Blue

¹ Carolina Water Service, Inc., changed its name to Blue Granite Water Company on or about January 5, 2019. The records of the South Carolina Secretary of State have been updated to reflect the name change. Some of the property described in Paragraph 6 herein still reflects Carolina Water Service, Inc., as holding a recorded interest.

² As of December 29, 2022, by filing with the York County Register of Deeds in Record Book 20561, Pages 285-342, Commodore Utility Corporation was formally merged into Blue Granite. For purposes of this action, Condemnor is acquiring any and all rights, title, and/or interest in any property within the Franchise Territory, as

Granite”), a Delaware corporation, is the owner and operator of a public utility (as defined in S.C. Code Ann. § 58-5-10(4)), and named as Landowner under the Act and in this action by virtue of its recorded ownership and/or interest of and/or in the property described in paragraph 6 herein.

3. The above-captioned Other Condemnee, Corix Regulated Utilities (US), Inc., an Illinois corporation, is included by virtue of its role as the parent company of Blue Granite Water Company.

4. Background. Blue Granite owns or holds sufficient right, title, and/or interest to, upon, across, beneath, or above a multitude of parcels throughout the Clover/River Hills/Lake Wylie area of York County, which area is generally known as the “CWS Franchise Area,” (hereinafter, the “Franchise Territory”). A map of the Franchise Territory is attached hereto and incorporated herein by reference as if repeated verbatim as **Exhibit A**. The Franchise Territory was established pursuant to a Franchise Agreement entered into on February 5, 2018, by and between Blue Granite, operating under its former name, Carolina Water Service, Inc., and York County (hereinafter, the “Franchise Agreement”), which authorized Blue Granite to operate as the sole water and wastewater provider throughout the Franchise Territory. A copy of the Franchise Agreement is attached hereto and incorporated herein by reference as if repeated verbatim as **Exhibit B**. The property, rights, title, and interests that the County seeks to acquire herein encompasses all such right, title, and/or interests held by Blue Granite, wherever located, within the geographical boundaries of the Franchise Territory.³

hereinafter depicted in Exhibit A and defined in paragraph 6, held in the purported name of Commodore but that is now, by merger, held by Blue Granite, whether expressly named in the recorded document of merger or omitted therefrom.

³ The County does not seek to acquire the rights, title, and/or interests Blue Granite owns and/or holds in, upon, across, or to additional parcels located outside the Franchise Territory.

5. The property rights, title, and interest in the realty and personalty subject to this action that Condemnor seeks to acquire are the same property rights, title, and interest currently held by Landowner, as more particularly described herein and below, the acquisition of which is intended to fall within the definition of and encompass interests in “Property” as such term is defined and used in the Act.

6. The following is a description of the real and personal property, and property interests, wherever located within the Franchise Territory, that are subject to this action and which Condemnor seeks to acquire, with such real and personal property and property interests hereinafter to be collectively referred to as the “System”:

The property, rights, title, and/or interest comprising the entirety of the water system and wastewater system owned, operated, and/or controlled and/or managed by Blue Granite that serves customers in the Clover/River Hills/Lake Wylie area of York County as lies within the Franchise Territory pursuant to the Franchise Agreement between the County and Blue Granite as herein detailed.

All rights, title, or other interest in any realty held by Landowner within the Franchise Territory, including, inter alia, the following:

All right, title, and interest to any and all water and sanitary sewer assets of Blue Granite associated with or used for purposes of operating and/or maintaining the System throughout the Franchise Territory and include without limitation, real property for which the Landowner holds fee simple title, real property easements, including utility easements, access easements, prescriptive easements, implied easements, including any and all implied rights as referenced in plats of record filed with the York County Clerk of Court-Register of Deeds, rights as may have been acquired through adverse possession, rights of way, and all improvements and fixtures affixed to the land therewith including, buildings, meters, electronic gauges, fire-hydrants, gravity sewer piping, sanitary sewer force main piping, effluent force main piping, sanitary sewer manholes, sanitary sewer lift stations, and all appurtenances related thereto. The list of recorded rights, title, and interests in and to the aforementioned real property, whether recorded in express grants of easement or deed, or solely by recorded plats, is attached as **Exhibit C** and incorporated herein by reference as if repeated verbatim herein.

The Franchise Territory includes existing, planned, pending, and new service connections within the Franchise Territory and all development for which Blue Granite has issued approved water/sewer capacity letters, willingness to serve

letters, or received requests for water/sewer capacity letters, which may not yet be depicted in the attachments to this filing as a result of the timing of such grants of title, rights, or easements.

All components, infrastructure, and appurtenant equipment of the System, including, inter alia, the following:

The water system within the Franchise Territory, which includes approximately +/- 5,089 water meters, 5,078 meter boxes, 11 meter valves, 1,299 water valves, 736 connections, 429,496 feet of water main piping, 445 fire hydrants, and one elevated storage tank with a capacity of 200,000 gallons;

The wastewater system within the Franchise Territory, which includes approximately +/- 1,714 manholes, 28 valves, 322,601 feet of gravity sewer piping, 128,872 feet of force main piping, and 74 wastewater lift stations;

The existing water and wastewater lines and existing lift stations, designated as “existing sanitary sewer line,” “existing force main,” and “existing water line” and “existing lift stations” encompassed within the Franchise Territory Boundary Line are generally shown and depicted on the attached Lake Wylie Water and Sewer Evaluation by American Engineering Consultants, dated December 2022, attached hereto and incorporated herein by reference as **Exhibit D**; for additional clarification, a listing of all known and/or identified lift stations is attached hereto and incorporated herein as **Exhibit D-1**;

All components, infrastructure, and appurtenant equipment associated with any existing, planned, pending, and/or new service connections for any and all developments, individuals, businesses, and/or entities within the Franchise Territory to be collectively used and/or integrated into the System. A listing of the developments for which Landowner has been granted certain easement or utility rights is attached hereto and incorporated herein as if repeated verbatim as **Exhibit E**;

The termed abandoned wastewater treatment plant contained within the subject System and the 200,000 gallon water storage utilized in the operation of the System are referenced and described more particularly on Tax Map Numbers 577-00-00-019 and 575-00-00-051, respectively;

All personalty used for purposes of operating and/or maintaining the System, or otherwise related thereto including, inter alia, the following:

Any and all records, customer data, vehicles and associated titles, equipment, manuals, chemical and treatment supplies related to the System, and other personalty as may be omitted here but are indicated or designated in the Asset Transfer Agreement, described in paragraph 8 below. The non-exhaustive list

representing the described personalty is attached as **Exhibit F** and incorporated herein by reference as if repeated verbatim herein.

The foregoing recital of the System is expressly included together with all and singular the lands, including any and all improvements and fixtures thereto, lands under water, easements and hereditaments, corporeal or incorporeal, every estate, interest and right, legal or equitable, in lands or water and all rights, interests, privileges, easements, encumbrances and franchises related thereto, including terms for years and liens by way of judgment, mortgage or otherwise. The property, rights, interests, privileges, easements, encumbrances and franchises acquired herein shall exist in perpetuity and shall inure to the benefit of Condemnor, its successors, and assigns.

7. Condemnor York County is vested with the power of eminent domain pursuant to S.C. Code Ann. § 4-9-30 and S.C. Code Ann. § 28-2-60 (1976), as amended.

8. Condemnor York County is authorized to engage in the acquisition and operation of public water and sewer utility systems pursuant to § 16 of Art. VIII, S.C. Const., as a result of the majority of electors of York County, by way of special referendums held on November 2, 1982, voting favorably on the question of whether the York County Council should be authorized to undertake the acquisition and operation of a water system and a sewer system. A copy of the results of the November 2, 1982 referendum is attached hereto and incorporate herein as **Exhibit G**.

9. Condemnor seeks to acquire the System herein for public purposes, more particularly for the construction, improvement, operation, and maintenance of a public utility or other public uses as are permitted within and in conjunction with a public water and sewer utility system.

10. In contemplation of the complexities involved in transitioning the System, and in a cooperative effort to cause the least disruption to impacted customers, the parties have engaged in substantive dialogue to coordinate a timely and less disruptive transition process than would otherwise occur, and have reduced such dialogue to two separate written agreements, executed and

delivered by both Condemnor and Landowner, detailing the process by which transition of the System will occur (the “Asset Turnover Agreement”) and the method, process and collection procedures for the System’s final billing cycle by Blue Granite (the “Billing Agreement”). A copy of the executed Asset Turnover Agreement is attached hereto and incorporated herein as if repeated verbatim as **Exhibit H**. A copy of the executed Billing Agreement is attached hereto and incorporated herein as if repeated verbatim as **Exhibit I**.

11. This action is brought pursuant to. § 28-2-240 of the Act.

12. Condemnor has complied with the requirements of § 28-2-70(a) of the Act by having the subject property appraised and certifies to the court that a negotiated resolution has been attempted prior to the commencement of this action. The valuations recited into the appraisal have been incorporated into the terms of the Asset Turnover Agreement, and, such amount together with certain regulatory values provided by Landowner establishes “Just Compensation” as defined in the Act and tendered for payment under Paragraph 14 below.

13. Attached to this Condemnation Notice as Exhibits A, C, and D, are sketches, maps, diagrams, or other references reflective of the Franchise Territory and/or System being acquired by the County. These acquisition sketches, maps, diagrams, or other references may be inspected in-person by making an appointment with the York County Engineering Department, York County Government Center, 6 South Congress Street, York, South Carolina, 29745 [telephone number (803) 684-8571] between the hours of 9:00 a.m. and 5:00 p.m. Monday through Friday except holidays.

14. CONDEMNOR HAS DETERMINED JUST COMPENSATION FOR THE PROPERTY AND RIGHTS TO BE ACQUIRED HEREUNDER TO BE THE SUM OF THIRTY SIX MILLION THREE HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS

(\$36,350,000.00) FOR THE SYSTEM, CONSTITUTING PROPERTY UNDER THE ACT, AND CONDEMNOR HEREBY TENDERS TOTAL PAYMENT OF THE SUM OF THIRTY SIX MILLION THREE HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS (\$36,350,000.00) TO LANDOWNER AS JUST COMPENSATION FOR THE SYSTEM AND ALL OTHER PROPERTY INTERESTS TO BE ACQUIRED HEREUNDER.

15. Payment of this amount will be paid to Landowner as his interests appear if, within 30 days of service of the condemnation notice, Landowner, in writing, requests payment and agrees to execute any instruments necessary to convey to Condemnor the property, property rights, rights-of-way, and easements described above. The request and agreement must normally be sent by first class certified mail with return receipt requested or delivered in person to the Office of County Attorney, PO Box 299, 26 West Liberty Street, York, South Carolina, 29745. However, the parties have agreed that general counsel for Blue Granite may make a formal request for the Just Compensation by way of email to the attorneys for Condemnor, and the parties have communicated a desire to transfer the Just Compensation, or some portion thereof, within the first thirty (30) days of filing. A copy of the Request for Payment and Agreement is attached hereto and incorporated herein by reference as **Exhibit J**. If no request and agreement is received by Condemnor within the 30-day period, the tender is considered rejected. However, it is noted to the Court that the Landowner has confirmed the amount of Just Compensation under the terms of the Asset Turnover Agreement, and included payment instructions therewith. As a result, Condemnor has no initial expectation of the tender being rejected.

16. If the tender is rejected, Condemnor has the right to file this condemnation notice with the Clerk of the York County, as the clerk where the System and Property are situated and deposit the tender amount with the Clerk. Condemnor shall give Landowner, and any mortgage or

lienholder, notice that it has done so and may then proceed to take possession of the System and the Property described herein and exercise the rights described in this condemnation notice. Should Condemnor elect to exercise its right to take possession, it shall notify Landowner by separate notice prior to taking possession.

17. AN ACTION CHALLENGING CONDEMNOR'S RIGHT TO ACQUIRE THE SYSTEM AND PROPERTY RIGHTS DESCRIBED HEREIN MUST BE COMMENCED IN A SEPARATE PROCEEDING IN THE COURT OF COMMON PLEAS WITHIN 30 DAYS OF THIS CONDEMNATION NOTICE, OR LANDOWNER AND/OR UNKNOWN CLAIMANT(S) WILL BE CONSIDERED TO HAVE WAIVED THE CHALLENGE.

18. CONDEMNOR HAS ELECTED NOT TO UTILIZE THE APPRAISAL PANEL PROCEDURE. Therefore, if the tender herein is rejected, Condemnor shall notify the Clerk of Court and shall demand a trial to determine the amount of Just Compensation to be paid. A copy of that notice must be served on Landowner. That notice shall state whether Condemnor demands a trial by jury or by the Court without a jury. The Landowner and any unknown claimant(s) have the right to demand a trial by jury. This case may not be called for trial before 60 days after service of that notice, but it may thereafter be given priority for trial over other civil cases. The Clerk of Court shall give Landowner written notice by mail of the call of the case for trial.

19. THEREFORE, IF THE TENDER HEREIN IS REJECTED, LANDOWNER IS ADVISED TO OBTAIN LEGAL COUNSEL AT ONCE, IF NOT ALREADY OBTAINED.

20. In the event Landowner accepts the amount tendered in this notice, the attached request for payment and agreement form shall be signed and returned to Condemnor within 30 days after receipt of this notice.

[Signatures on Following Page]

Respectfully submitted,

s/ Michael K. Kendree

S.C. Bar # 65308

s/ Laura Dover

S.C. Bar # 101521

York County Attorney's Office

26 West Liberty Street

P.O. Box 299

York, South Carolina 29745

(803) 684 – 4851

Michael.Kendree@yorkcountygov.com

Laura.Dover@yorkcountygov.com

Attorneys for Condemnor

York, South Carolina
December 29, 2022

ATTACHMENT C

Lexington County Condemnation

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
)	
COUNTY OF LEXINGTON	)	ELEVENTH JUDICIAL CIRCUIT
)	
TOWN OF LEXINGTON, SOUTH	)	Case No.: 2020-CP-32-04005
CAROLINA,)	
)	
Condemnor,	)	CONSENT ORDER OF DISMISSAL
	)	AND SETTLEMENT
v.)	
)	
BLUE GRANITE WATER CO., f/k/a)	
CAROLINA WATER SERVICE, INC.,)	
)	
Landowner.)	
_____)	

THIS MATTER comes before this Court upon consent and stipulation of Condemnor Town of Lexington, South Carolina (“Condemnor” or “Town”) and Landowner Blue Granite Water Co. f/k/a Carolina Water Service, Inc. (“Owner”) for an Order to end this condemnation action because this action has been settled by stipulation and agreement of the Condemnor and Landowner.

FINDINGS OF FACT

1. Condemnor has the power of eminent domain and seeks to acquire certain sewer assets of Owner associated with the Watergate Sewer System in Lexington County, South Carolina for proper public purposes (the “Property”) as is more fully described in the Condemnation Notice and Tender of Payment filed in this Court by Condemnor (the “Condemnation Notice”). The Condemnation Notice is incorporated herein and made a part hereof by this reference.

2. Owner is the owner of the Property as described in the Condemnation Notice.

3. Owner is the “Landowner” as that term is defined in the *South Carolina Eminent Domain Procedure Act*, S.C. Code Ann. § 28-2-10, *et seq.* (the “Act”).

4. Owner has not and does not challenge Condemnor's right to acquire the Property.
5. Condemnor has properly complied with the procedures set forth under the Act.
6. Owner represents and affirms that it has title to or an interest in the Property.
7. Owner represents and affirms that it is solely entitled to the entire sum of just compensation for the taking in this Condemnation Action.

AGREEMENT BETWEEN OWNER AND CONDEMNOR

8. Condemnor and Owner have agreed that THREE MILLION SEVEN HUNDRED THOUSAND AND NO/100 DOLLARS (\$3,700,000.00) is just compensation for Condemnor's acquisition of the Property.

9. The undersigned counsel for Owner hereby represents and affirms that (s)he has the authority to execute this document on behalf of Owner.

10. The undersigned counsel for Condemnor hereby represents and affirms that he has the authority to execute this document on behalf of Condemnor.

NOW THEREFORE, based on the Findings of Fact herein and with the stipulation, consent and agreement of Condemnor and Owner.

IT IS ORDERED, ADJUDGED, AND DECREED that this Condemnation Action be ended and stricken from the calendar; that the Findings of Fact and the Agreement between Condemnor and Owner are incorporated herein as part of this Order; and that just compensation for the taking of the Property is the amount of THREE MILLION SEVEN HUNDRED THOUSAND AND NO/100 DOLLARS (\$3,700,000.00) MILLION DOLLARS (\$3,700,000.00);

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Clerk of Court shall issue a check in the amount of THREE MILLION SEVEN HUNDRED THOUSAND AND

NO/100 DOLLARS (\$3,700,000.00) to the order of “Blue Granite Water Co.” and shall deliver said check to counsel for Owner;

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Clerk of Court for Lexington County shall annotate a copy of the Condemnation Notice with the date of the judgment hereof and shall file the Annotated Condemnation Notice with the Register of Deeds for Lexington County, South Carolina as provided by law for the recording and indexing of deeds;

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Condemnor is exempt from payment of recording fees pursuant to S.C. Code Ann. § 12-24-40;

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Clerk of Court for Lexington County shall mail the recorded Annotated Condemnation Notice to Cliff Koon, Attorney for the Town of Lexington, Post Office Box 397, Lexington, SC 29071;

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Condemnation Action be dismissed, with prejudice; that all claims, counter-claims, demands, actions, or causes of action arising out of or in any way related to this condemnation action are forever ended and terminated; and that Condemnor and Owner shall each be responsible for its own attorneys’ fees, costs, or other litigation expenses incurred by it in this Condemnation Action.

AND IT IS SO ORDERED.

[Consent Signatures to Follow]

WE SO MOVE, AGREE, AND CONSENT:

s/ Rita Bolt Barker

Rita Bolt Barker (S.C. Bar No. 77600)
Gregory J. English (S.C. Bar No. 65470)
WYCHE, P.A.
Post Office Box 728
Greenville, SC 29602
(864) 242-2800

Attorneys for Blue Granite Water Co.

This 2nd day of December, 2020.
Greenville, South Carolina

s/ Clifford O. Koon, Jr.

Bradford T. Cunningham (S.C. Bar No. 16968)
Clifford O. Koon, Jr. (S.C. Bar No. 3599)
Post Office Box 397
Lexington, SC 29072
(803) 358-1572

Attorneys for Town of Lexington, South Carolina

This 2nd day of December, 2020.
Lexington, South Carolina



Lexington Common Pleas

Case Caption: Town Of Lexington VS Blue Granite Water Company , defendant, et al
Case Number: 2020CP3204005
Type: Order/Dismissal

It Is So Ordered

s/ Walton J. McLeod

ATTACHMENT D

Corix Subsidiaries in Local News



65°

WATCH

NEWS WEATHER VIDEO 9 INVESTIGATES ACTION 9 SPORTS YOUR704 COMMUNITY

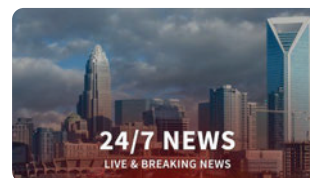
THE POLITICAL BEAT STEALS AND DEALS

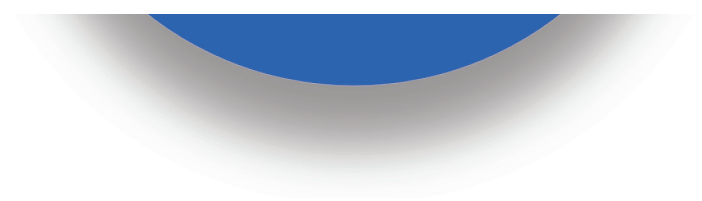


After customer complaints, York County to buy private utility in...

Resize:

Live Streams





nts, York County to buy private utility in \$36M

Drag to Resize Video
After customer complaints, York County to buy private utility
in \$36M acquisition

acquisiti on



By **WSOCTV.com**
News Staff

September 02, 2022 at
6:04 pm EDT

LAKE WYLIE, S.C. — York County announced it will acquire the Blue Granite Water Company’s utility system in Lake Wylie. The move comes after Channel 9 has reported on several customer complaints about Blue Granite’s water quality and customer service.

On Friday, York County said it will condemn the private utility in order to acquire its Water and Waste Water Utility System. Blue Granite serves more than 4,000 customers in the Lake Wylie area, which amounts to roughly 10,000 people, the county said.

“York County has been in negotiations with Blue Granite for more than a year, while assessing the current system, and initiating cost, engineering, and environmental studies,” the county said in a news release.

READ MORE: Some York County customers complain about Blue Granite Water Company →

The York County Council will have its first reading Tuesday to allocate funding for the transaction. It’s expected to cost \$36 million.

The customers in the Lake Wylie service area will see a surcharge on their monthly bills to cover the cost of the acquisition, York County said. However, those customers should see a decrease in their sewer and water bills, officials said.

“We expect this purchase to provide additional long-term cost savings to water/sewer customers by providing a more stable rate environment,” officials said.

Current York County water and sewer customers and residents with private well and septic systems won't see any changes from the purchase.

The process is expected to take several months, York County said.

In April 2021, Jason Habbal told Channel 9 the Blue Granite Water Company's water "smells bad. It taste bad."

He won't drink it. "We buy jugs of water," he told Action 9's Jason Stoogenke. "We probably buy 30 to 40 gallons a month of that that we use for drinking so we don't have to use their water."

ALSO READ: District urging community vigilance after three guns found in Rock Hill schools this week →

But, he said, his bills are still high. "The rates just keep going up and up and up," he said. "When does it stop? Are you going to pay \$500 a month for water? Are we going to pay \$300 before somebody sets something in motion to fix it?"

As for the water taste and appearance, Blue Granite told Stoogenke, "Blue Granite has always maintained strict adherence to all state and federal standards with regard to water quality, and the fact that water aesthetics are not regulated by those standards supports the notion that water aesthetics are not tied to safety and quality. Also, there are simply too many factors that can impact taste, color or smell that Blue Granite cannot control once water passes to the customer."

As for customer service, the utility said, "In this most recent rate case, customers testified publicly under oath before the Public Service Commission that many, if not a majority of their service complaints stemmed from years past, not recent experiences, and were resolved long before the Company's rate application. When more recent issues were raised, Blue Granite held open meetings with customers around the state to hear concerns and state our commitment to addressing issues our customers were facing. We also encourage any customer with an issue to contact the Company so it can be resolved."

As for the rates, the company said, "As a privately-owned utility, Blue Granite's rates are higher than public utilities due to a myriad of factors, most notably the taxes that the Company pays that municipalities and counties do not."

The company also said, "Blue Granite Water Company purchases water from York County. Therefore, the water that everyone in our footprint consumes is the same as everyone else

in the entire county. The water aesthetics are the same for everyone and not a condition of Blue Granite Water Company. It is a pass-through water purchase, which means if York County raises our price, the rates for the customer are also raised.”

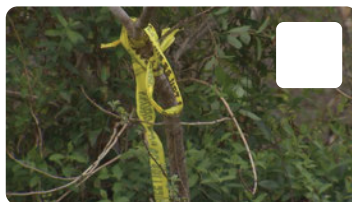
(WATCH BELOW: Watch out for scammers pretending to be from your utility this summer)



Watch out for scammers pretending to be from your utility this summer

©2022 Cox Media Group

Read Next



Body found in Catawba County c

ADVERTISEMENT

'Community is fed up': Lometa residents still uneasy about state of water system



By [Michael A. Cantu](#)

Published: Jul. 21, 2022 at 7:22 PM PDT



LOMETA, Texas (KWTX) - Frustrated and concerned is how a lot of residents in one Central Texas community continue to feel about their water.

People around Lometa have been dealing with discolored water since the beginning of the month. It is something residents say they have dealt with on-and-off for years, but this time it seems worse.

The water company [Corix](#), has spent the last few weeks trying to mend the issue. The hope is the situation will be fixed soon.

But, even then, many of Lometa's residents say they do not trust that the water they are provided is drinkable.

ADVERTISEMENT

"We need three things to live: we need oxygen, water and food, in that order," said Bret Cali, an area resident. "If we can't have clean drinking water in



"After a certain amount of time, especially when you have these very high temperature periods that we've seen in the recent six weeks or so, that water will start reacting in the pipe and create a little bit of color," said Barker.

On top of that, when Corix issued a precautionary boil-water notice a few weeks ago, it did not go out to everybody, [which something the company admitted in a letter to its customers.](#)

ADVERTISEMENT

Now, the company has nearly completed its multi-week process to try and mend the situation as best as it can.

"We are asking for patience," said Barker. "We do understand that this has been an inconvenience for our customers."

But for residents like Cali, owner of the [Bend General Store](#), patience is a lot to ask.

"I own a business and I'm having to use bottled water for everything and I have a restaurant," said Cali.

ADVERTISEMENT

Even though Corix has told customers the water is safe to drink and a lot of the discoloration has gone away, people, like Joyce and Jerry Nelson, still choose to go with bottled water.

"I have to keep bottled water in my bathroom to brush my teeth, because I'm not putting that dirty sewer-smelling water in my mouth," said Joyce Nelson.

Her husband echoed the same sentiment, while also airing out his frustration. On top of that, the couple is not sure what options they have since they feel the company is not addressing their complaints appropriately.

"We don't know what to do," said Jerry Nelson. "We know the whole community is fed up"

And they are fed up, because they say they have been dealing with water issues for years.

"Our water, for three years, has either smelled like sewage. Or over-chlorinated, stronger than bleach," said Joyce Nelson.

Corix official said the company has been trying to adjust its system. But because it has 300 miles of pipe serving a rural area, that is hard to do.

On top of that, its water has been in-and-out of compliance with environmental standards set by the Texas Commission on Environmental Quality for years.

Barker said that is because of the age of the water treatment facility.

"The plant is having a difficult time meeting that level. We're actually in the process of building a new water treatment plant," said Barker. "So we have an agreement with (the TCEQ) that says we're building the plant to implement the new treatment process."

Right now, the plan is to have the new treatment plan online by spring of next year. As for the current situation, Corix has another week of testing before things can go back to normal.

But that will still take time, and time takes patience, which is something these folks do not have a lot of anymore.

Soon-to-be-acquired York County water utility looking to start new project ... in York County

South Carolina Public Radio | By [Scott Morgan](#)

Published September 22, 2022 at 4:11 PM EDT



LISTEN • 0:49



Gus Diaz / Flickr

FILE - Lake Wylie

Blue Granite Water is looking to start a new water and sewer project in Lake Wylie. That's notable for two reasons.

One reason is that York County is about to acquire Blue Granite through condemnation, after many months of negotiations and a history of complaints about high water bills from many of the utility's 4,000 customers in the northern end of York County.

The second reason is that Blue Granite [is asking the state Public Services Commission](#)

South Carolina Public Radio News a...

On Point

U.S. Rep. Ralph Norman (R-5th), whose office has fielded calls about Blue Granite for at least three years. [Norman Thursday filed a formal letter with the PSC](#) questioning why Blue Granite wants to build without public input.

“I am not asking [PSC] to deny Blue Granite’s request for approval without proper cause,” Norman wrote. “However, given that the taxpayers will be paying \$36 million to acquire



[Donate](#)

In an email response to South Carolina Public Radio, Blue Granite said: “We are seeking a waiver because it is new construction, there are no current customers, and as a result, no one to specifically ‘notice.’”

The utility will continue operating the water system that the county will acquire until the deal is finalized – which is expected to happen upon third reading of the ordinance at the next York County Council meeting in October, according to Greg Suskin, spokesperson for York County. The County Council has unanimously approved the acquisition on both the first and second readings.

York County officials have previously stated that the approximately 4,000 Blue Granite customers it will acquire should expect a roughly \$50-per-month surcharge to help pay for the deal, but that customers should also expect their monthly bills to drop enough for that surcharge to be at least partially offset.

Blue Granite said in its statement that it is “disappointed in York County’s decision to acquire our Lake Wylie system via the exercise of eminent domain,” but will “remain committed to providing excellent service to our South Carolina customers and continuing to invest in the systems that provide them with safe, reliable water and wastewater services. It is our intent to follow all of the processes required to make this transition seamless to our current Lake Wylie customers.”

The next York County Council meeting is scheduled for Oct. 3.

Tags

[SC News](#)

[South Carolina Public Radio](#)

[SCETV App](#)

[SC News](#)

[York County](#)

[utility bills](#)

[water](#)



Scott Morgan

Scott Morgan is the Upstate multimedia reporter for South Carolina Public Radio, based in Rock Hill. He cut his teeth as a newspaper reporter and editor in New Jersey before finding a home in public radio in Texas. Scott joined South Carolina Public Radio in March of 2019. His work has appeared in numerous national and regional publications as well as on NPR and MSNBC. He's won numerous state, regional, and national awards for his work including a national Edward R. Murrow.

[See stories by Scott Morgan](#)



Actor Leonardo DiCaprio testifies in Fugees' Pras Michel conspiracy trial



Trump is traveling to New York for his arraignment. What's next?



A week after the Nashville school shooting, a pastor speaks of grieving with hope

News and Events

This Southern Town Was Growing So Fast, It Passed a Ban on Growth; Residents, most of whom came from out of state, are fed up with crowded roads and schools and boil-water advisories

Swikar Patel for The Wall Street Journal. **Wall Street Journal (Online); New York, N.Y.** [New York, N.Y] 03 Feb 2020.

February 3, 2020

LAKE WYLIE, S.C.—This lakefront suburb of Charlotte, N.C., is among the Sunbelt's strongest magnets for young families.

Since 2000, Lake Wylie has tripled in population to 12,000 on the strength of its good schools, low taxes and proximity to Charlotte's jobs in the financial and technology sectors. But those schools are filling up, the water system frequently fails under increased demand and 20-mile commutes are stretching to 90 minutes.

Now, the town that grew too fast wants to stop growth.

In December, the York County Council, which is led by Republicans, put a 16-month moratorium on commercial and residential rezoning requests and consideration of any new apartment complexes or subdivisions. It is the most comprehensive ban so far in a state where fast-growing cities are temporarily blocking everything from dollar stores to student housing, the Municipal Association of South Carolina said.

"People say, 'You're a business owner. Why do you want to stop growth?'" said York County Councilmember Allison Love, a Republican who owns a jewelry store. "But we've passed the point of diminishing returns."

Ms. Love collected thousands of signatures in support of a slowdown, some at community meetings she hosted during rush hour, thinking constituents would attend rather than be stuck in traffic.

She said Lake Wylie has been filling up with gas stations and look-alike subdivisions ("I call them 'Whovilles'") with no plan for what type of development is needed. There are seven car washes and six self-storage facilities along the town's main artery, but few restaurants and doctors' offices.

"It's like getting in the cafeteria line and you said, 'OK, you got baked fish, spaghetti,' so you take some, then you get down the line and say, 'Oh, that fried chicken looks good,' and then you get to the end and you don't have room for the banana pudding," Ms. Love said. "We don't have room for the banana pudding."

Booming towns across the Sunbelt are struggling to unwind the unintended consequences of growth. After years of taking a hands-off approach, they now find themselves without the tax structures or long-term infrastructure plans needed to deal with the present and help shape their future.

More than 80% of Lake Wylie's population was born in another state and 40% of its households have school-age children, according to the U.S. Census.

The local school district is seeking to pay for at least three new schools with a \$15,000 impact fee applied to the cost of a newly built house. The Clover School District, which includes Lake Wylie, modeled its proposal on the neighboring Fort Mill School District, which saw a slowdown in construction after raising its fee two years ago to \$18,000 from \$2,500.

The Home Builders Association of South Carolina and a coalition of other builders are challenging the Fort Mill school fee in a lawsuit, saying it is so "excessive it shocks the conscience" and four times the national average of \$4,700. The median list price for a home in Lake Wylie is \$344,000, according to Realtor.com.

The Lake Wylie Chamber of Commerce supports the measures as a "pause" for local government to catch up.

"It's all happened so quickly," Chamber President Susan Bromfield said. "You want growth, but you want planned growth."

Sara McCauley fears it is too little, too late. She said her family fled "a life on pavement" in a small rental house in San Jose, Calif., in 2011 for a five-bedroom house a stone's throw from the lake. Since then, her husband's commute time doubled, her child's class size has

grown to 26 from 20 and the water system has failed so frequently that she stockpiles gallons of store-bought water.

"We are sick of the traffic and constant construction and water main breaks," said Ms. McCauley, a 42-year-old mother of three. "Everything is just behind."

For decades, Lake Wylie was a sleepy home to a summer camp and family fishing cabins in forested coves linked by gravel roads.

Over the years, the city of Charlotte gradually sprawled into South Carolina, with houses sprouting up on both sides of Lake Wylie, which straddles the state line. The banking-based Charlotte economy stalled after the downturn but has since boomed, adding 50,000 jobs in the past five years.

At the same time, the towns on the South Carolina side also boomed, as the administration of former Gov. Nikki Haley used tax breaks to attract businesses from Charlotte and elsewhere to York County. They brought thousands of employees with them to communities like Lake Wylie, where the median household income is \$87,750, about 70% higher than the state average of \$51,015.

In the mid-2000s, legislators cut South Carolina's residential property tax roughly in half, making the comparatively low cost-of-living even more appealing to millennial workers seeking first homes.

Kimber Weaver, 38, said her family moved from the North Carolina side of the lake in 2014, drawn by schools and property taxes that were half the rate she paid on the other side of the lake.

Her husband, an attorney in uptown Charlotte, traded a 30-minute commute for one that takes 35-minutes, at least at first. They bought a 3,600 square-foot house in a neighborhood with a pool and many young families.

Ms. Weaver said she first noticed Lake Wylie's growing pains a few years ago when neighbors warned her to get on the wait list for day care a year before her toddler needed it. She adjusted her schedule as a local hairdresser until she could secure a spot, then adjusted it again as her husband's commute to uptown Charlotte on Interstate 77 stretched to more than an hour.

Ms. Weaver recently dropped her longtime pharmacy to avoid bumper-to-bumper traffic on one of Lake Wylie's few arterial roads. She pulled her daughter out of gymnastics because it took 40 minutes to travel 3 miles home.

"I was just like, 'I can't do this anymore,' " she said. "The growth affects what we do every day."

Many residents say they haven't saved as much money as they expected by moving to Lake Wylie because a monthly water-and-sewer bill runs \$115. The state median is \$57 a month, according to an analysis by the Environmental Finance Center at the University of North Carolina at Chapel Hill. The rate would rise to \$177 a month if state regulators approve a rate increase sought by Blue Granite Water Co., a private company that has a long-term contract to operate the water system.

The overtaxed system is a vestige of York County's rural history, with a patchwork of providers buying from the central water system in the city of Rock Hill. Lake Wylie residents have also been under boil-water advisories a dozen times in the past two years. They were blocked for five months last summer from watering lawns, washing cars and filling pools, with patrols out at night looking for scofflaws.

Blue Granite had a 40% increase in demand for water from 2014 to 2019, according to Catherine Heigel, who runs Blue Granite Water Co. as an executive with the Corix Group of Companies.

Ms. Heigel said the rate hike would cover increased costs from municipal suppliers and help pay for infrastructure investment, including a new pipeline carrying water from Charlotte.

"It's extremely rapid growth and it is growth that the county has not kept up with," she said. "We've become the unfortunate scapegoat for some of this stuff."

York County Planning Manager Diane Dil said one goal during the moratorium on growth is to figure out what goes where in the remaining undeveloped areas. Another goal is coming up with a roads plan to connect neighborhoods and towns to one another, rather than relying on state highways and Interstate 77. In the spring, the Lake Wylie Recreation Park will open, with soccer fields, walking trails and a community hall that the county sees as a de facto town center.

It isn't clear whether a moratorium will have the intended effect. There are more than 3,000 homes and apartments approved for Lake Wylie that are in various stages of construction.

, a pro-growth economist at Coastal Carolina University in Conway, S.C., said moratoria interfere with markets and are no substitute for planning.

"Growth is happening in the Sunbelt," he said. "It's more a question of, 'Are you going to admit that it's coming and work to try to make it the best we can?'"

Ms. Dil said it is important that local leaders move quickly to relieve congestion, corral growth and recapture Lake Wylie's small-town feel.

Ms. McCauley, who moved here from San Jose, is leaving later this month. Her husband took a job in Boston and will telecommute from the far suburbs of rural New Hampshire.

"New Hampshire has that quiet feel that Lake Wylie used to have," she said.

Write to Valerie Bauerlein at valerie.bauerlein@wsj.com

Credit: By Valerie Bauerlein | Photographs by Swikar Patel for The Wall Street Journal

York County takes on troubled Lake Wylie water system. Bill relief questions remain

Business

By John Marks

Updated January 18, 2023 1:11 PM

-
-
-
- -
 -
 -
 -

[ORDER REPRINT →](#)

Lake Wylie, Rock Hill, Fort Mill and Clover SC residents oppose Carolina Water Service rate increases. By John Marks

York County

Allison Love fought back tears Tuesday night to read a letter in front of her fellow [York County Council](#) members.

It was a utility notice.

“Sometimes — sometimes — great things happen to those of us who sit up here,” Love said. “And to the people we represent.”

York County now owns the water utility system based in Lake Wylie, formerly run by [Blue Granite Water Company](#). Blue Granite previously was Carolina Water Service. Lake Wylie residents, business owners and community leaders have called for change to the utility dating back close to two decades.

“It’s very important, and a lot of time and effort has gone into being able to send this letter out,” Love said.

The letter going out this week to impacted customers in Lake Wylie explains details of a transition. It informs customers how to sign up for payment options and what to expect as they join the county water and sewer system. It doesn’t outline a new rate structure. Initial bills will be for the final service they’ve already used, under the Blue Granite system and rate structure.

Tuesday’s acquisition of the system completes one of Love’s earliest goals when she joined the council in 2017.

“This is a huge check mark for me,” Love said, “and the 4,500 residences that are on Blue Granite water.”

High water bills, quality concern

Carolina Water or Blue Granite often asked for rate increases every other year. Each adjustment case prompted review by the state Public Service Commission. Those reviews involved public hearings, where hundreds of Lake Wylie residents and business owners turned out with complaints about high cost, poor water quality and customer service.

Making changes became a [focal point](#) for multiple county managers, District 2 council representatives, state reps and U.S. Rep. Ralph Norman, a Republican whose district includes the Lake Wylie area.

Norman and other officials increased the call for change in early 2016, ahead of the expiration of Carolina Water’s [franchise agreement with the county](#) the following year. County leadership at the time said it would be costly to upgrade the system customers complained was failing already and provide water on the county system.

Ultimately, the county extended a franchise agreement with increased performance standards for the utility.

Work continued, but last fall the county announced it planned to condemn the Blue Granite system. That decision would impact about 4,000 customers, or about 10,000 people. The estimated cost for the county to take over the system was \$36 million.

Cost for water

Longtime Lake Wylie Chamber of Commerce President Susan Bromfield hears water complaints from residents and businesses. In the COVID-19 age, complaints largely shifted from massive public hearings in front of state regulators to Facebook posts and virtual complaints. Yet, the issues are largely the same.

“I don’t think people ever get used to the water bills out here,” Bromfield said.

Blue Granite provided water it got from York County, which first came from Rock Hill. Each new step affected price. Bromfield said there are two people and a cat in her home, and they don’t water the lawn. Water is \$120 to \$140 a month. It was closer to \$180 during the holidays.

Lake Wylie Business Center has a bill at more than \$2,000 a month. There’s no outdoor irrigation. The biggest water use there are small bathrooms.

“I see people post frustration on Facebook when they get a \$200, \$300 or even \$400 water bill at their homes,” Bromfield said. “Watering outside is just not reasonable.”

Chamber of Commerce businesses, Bromfield said, report their water bills at times are higher than power bills. While Bromfield welcomes the latest change, many of the same concerns exist. The cost to improve the system, plus county costs to acquire it, will be passed on to the same customers.

Work in recent months has been contractual, meaning the county hasn’t released full details on long-term costs changes for customers.

“Some people think it is fabulous, and may think they will see bills reduced right away,” Bromfield said. “Some are skeptics and wonder about the unknowns.”

What Lake Wylie customers will get is a provider with plenty of experience. The county water and sewer system buys water from Rock Hill and serves more than 10,000 retail customers. The county also provided wholesale service to Blue Granite, a similar setup to what’s in place with the City of York.

This story was originally published January 18, 2023, 1:02 PM.

ATTACHMENT E

Request for Name Change



ROBINSON
GRAY

Litigation + Business

FRANK R. ELLERBE, III

DIRECT 803 227.1112 DIRECT FAX 803 744.1556

fellerbe@robinsongray.com

January 31, 2019

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk / Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, SC 29210

RE: Request for Name Change of Carolina Water Service, Inc. to Blue Granite
Water Company – Docket No. 2018-365-WS

Dear Ms. Boyd:

I am writing to provide an update on the compliance of Carolina Water Service, Inc. (the “Company”) with Commission Order No. 2018-791 issued on December 5, 2018 in the above-referenced docket.

In that order, the Commission required that the Company include in its notice to customers the following: (1) a concise statement identifying the reason for name change; (2) the effective date of any changes to the Company’s contact information; (3) the effective date and detail of any changes to how Company employees and/or Contractors will be identified; (4) the effective date of changes to bill forms and an overview of the changes to the bill form; (5) and any changes to bill payment methods. On December 10, 2018, the Company filed with the Commission a revised customer notice that included the information required by Order No. 791. In compliance with that order, the Company’s revised customer notice included the following additions:

We are changing our name to highlight our commitment to serving the communities of South Carolina and to further distinguish our company from Carolina Water Service of North Carolina, which is a separate business entity.

...

Effective January 15, 2019, our domain name and email addresses will change to @bluegranitewaterco.com and our new website will be www.bluegranitewaterco.com; truck decals and facility signs will be changed; and employees will wear new uniforms with the Blue Granite Water Company logo prominently stitched on



ROBINSON
GRAY

Litigation + Business

January 31, 2019
Page: 2

the shirts. Additionally, our new corporate office address will be 130 South Main Street, Suite 800, Greenville, SC 29601.

The company's name change will not impact our customer service phone number ((800)367-4314) or any of our emergency contact numbers. Beginning January 15, 2019, customer bills will be issued with the new name and logo, and payments should be remitted to Blue Granite Water Company at that time; the general bill form, payment methods, and address for bill payments will remain the same.

For the Commission's information, a sample updated bill is included with this filing.

The Commission also required in Order No. 2018-791 that the Company file all permits issued by the South Carolina Department of Health and Environmental Control ("DHEC") authorizing operations under the new name. On December 31, 2018, the Company filed its updated NPDES permits issued by DHEC. DHEC is in the process of updating the Company's numerous drinking water and satellite sewer system permits, and the Company will file these updated permits as soon as they have been issued.

Yours truly,

Frank R. Ellerbe, III

FRE:tch

Enclosure

cc w/enc: Jeffrey M. Nelson, Chief Legal Officer (via email)
Becky Dover, Counsel, SC Dept of Consumer Affairs (via email)
Carri Grube-Lybarker, Counsel, SC Dept of Consumer Affairs (via email)
Catherine Heigel, President (via email)
Michael Cartin, Director, External Affairs and Strategy (via email)



Blue Granite Water Company
Customer Service: (800) 367-4314
Collections: (800) 367-4314
Emergency Phone: (800) 367-4314
www.bluegranitewaterco.com

Bill Date	Account Number	Due Date	Please Pay
01/22/2019		02/18/2019	\$50.39

Name [REDACTED] Primary Phone # [REDACTED]
Service Address [REDACTED]

Activity Since Last Bill

Previous Balance \$53.47
Payments received as of 01/22/2019 -\$53.47
Balance as of 01/22/2019 \$0.00

Residential Water Service

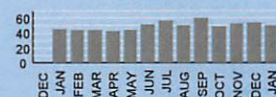
Water Base Charge \$28.59
2,020 gallons at \$10.27 per 1,000 gallons \$20.75
Safe Drinking Water Act Fee \$1.05
Total Residential Water Service \$50.39
Total Amount Due \$50.39

Summary of Service

Meter Reading Meter # [REDACTED]
Current 1091730 01/17/2019
Previous 1089710 12/17/2018
Usage 2,020 Gallons
Number of Days: 31
Average Daily Use: 65.16 Gallons
Average Daily Cost: \$1.63
Register Constant: 1

Billing History

in dollars



Consumption History for Water

in GAL



A fee of 1.5% per month will be added if unpaid by the due date. Make check payable to: Blue Granite Water Company.
Rate Schedules are available upon request. Visit www.bluegranitewaterco.com for important account offerings.

Messages

The Company is under the jurisdiction of the PSC. You may contact the ORS at 800-922-1531 with any complaints that remain unresolved after 7 days.



PO Box 160609
Altamonte Springs, FL 32716-0609

Account Number: [REDACTED]
Due Date: 02/18/2019
Please Pay: \$50.39

Amount Paid

Blue Granite Water Company
PO BOX 11025
LEWISTON ME 04243-9476

☐ Address correction requested on back

ATTACHMENT F

**South Carolina Violation of Pollution
Control Act**

ELLIOTT & ELLIOTT, P.A.

ATTORNEYS AT LAW

1508 Lady Street

COLUMBIA, SOUTH CAROLINA 29201

selliott@elliottlaw.us

SCOTT ELLIOTT

TELEPHONE (803) 771-0555

FACSIMILE (803) 771-8010

August 10, 2018

VIA ELECTRONIC FILING

Jocelyn D. Boyd, Esquire
Chief Clerk & Administrator
SC Public Service Commission
P. O. Box 11649
Columbia, SC 29211

RE: ND 2016-61-WS. Carolina Water Service, Inc. Notification of Violations of S.C.
Code Regulation 103-714C

Dear Ms. Boyd:

Pursuant to S.C. Code Reg. 103-513(C) I have attached the following for filing in the above referenced matter:

DHEC Consent Order No. 18-026-W-Briarcreek Subdivision WWTF #2

The terms of the above referenced Order detail the steps to be taken to correct the violation. By copy of this letter, I am serving the Office of Regulatory Staff.

If you have any questions or if I may provide you with any additional information, please do not hesitate to contact me.

Sincerely,

Elliott & Elliott, P.A.



Scott Elliott

SE/mlw

Enclosure

cc: Jeffrey M. Nelson, Esquire (w/enc.)
Charles L.A. Terreni (via email)
Catherine E. Heigel (via email)
Michael R. Cartin (via email)



RECEIVED

JUL 27 2018

CAROLINA WATER SERVICE

July 25, 2018

Certified Mail – 9214 8969 0099 9790 1412 3688 39

Mr. Michael Cartin
Carolina Water Service, Inc.
150 Foster Brothers Drive
West Columbia, SC 29172

Re: Carolina Water Service, Inc.
Briarcreek Subdivision WWTF # 2
NPDES Permit SC0026409
Cherokee County

Dear Mr. Cartin:

Enclosed, please find a copy of the fully executed Consent Order 18-026-W affecting the above referenced facility. **The Order is considered executed on July 25, 2018.**

Please be aware of the scheduled completion dates outlined on pages three (3) and four (4) of the Order. Please call me at 803-898-4181 if you have questions or need additional information.

Sincerely,

Paul F. Wise
Water Pollution Enforcement Section
Bureau of Water

W/Enclosure

cc: Kris Tucker - WP Enforcement/Compliance Section
Ben Whitmire - EA BEHS Upstate Spartanburg

**THE STATE OF SOUTH CAROLINA
BEFORE THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL**

**IN RE: CAROLINA WATER SERVICE INC
BRIARCREEK SD WWTF #2
CHEROKEE COUNTY**

**CONSENT ORDER
18 - 026 - W**

Carolina Water Service, Inc. (CWS) owns and is responsible for the proper operation and maintenance of the wastewater treatment facility (WWTF) located at 521 Killion Drive, Gaffney, South Carolina, serving the residences in the Briarcreek Subdivision in Cherokee County, South Carolina.

CWS failed to comply with the permitted effluent limits for chronic whole effluent toxicity (CTOX) in its National Pollutant Discharge Elimination System (NPDES) Permit.

Based upon discussions with an agent for CWS on June 6, 2018, the parties have agreed to the issuance of this Order to include the following Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

1. CWS owns and is responsible for the proper operation and maintenance of the WWTF located at 521 Killion Drive in Cherokee County, South Carolina.
2. The South Carolina Department of Health and Environmental Control (Department) reissued NPDES Permit SC0026409, effective April 1, 2013, authorizing CWS to discharge treated wastewater to Spencer's Branch to Gilkey Creek to Thicketty Creek to the Broad River in accordance with the effluent limitations, monitoring requirements and other conditions set forth therein.

3. CWS reported a violation of the effluent limitations for CTOX in the NPDES permit on discharge monitoring reports (DMRs) submitted to the Department for the 2016 annual monitoring period. The following comments were provided on the DMR for the 2016 annual monitoring period: Toxicity was most likely associated with sodium hypochlorite and sodium thiosulfate levels. A hole in the diaphragm of the sodium hypochlorite pump was causing variable output from the pump. A new pump was installed but, the operator did not have the correct cable to connect the pump to the flow meter. As a result, the operator had to use the pump in the manual mode instead of the flow proportional mode. Comments further indicated that equipment was now working normally and the operator was performing tests to balance the de-chlorination process with total residual chlorine (TRC) levels.
4. On May 17, 2016, Department staff issued a Notice of Violation (NOV) to CWS via certified mail for the CTOX violation reported for the 2016 annual monitoring period. A response was not required since an explanation for the violation was provided on the DMR. The NOV was delivered on May 19, 2016.
5. CWS reported violations of the effluent limitations for CTOX in the NPDES permit on DMRs submitted to the Department for the 2017 annual monitoring period. The following comments were provided on the DMR for the 2017 annual monitoring period: Toxicity was most likely associated with sodium hypochlorite and sodium thiosulfate levels. A hole in the diaphragm of the sodium hypochlorite pump was causing variable output from the pump. A new pump was installed but, the operator did not have the correct cable to connect the pump to the flow meter. As a result, the operator had to use the pump in the manual mode instead of the flow proportional mode. Comments further indicated that

equipment was now working normally and the operator was performing test to balance the de-chlorination process with TRC levels.

6. On June 6, 2018, Department staff discussed the above findings with Mr. Michael Cartin, acting as an agent for CWS. This issuance of a Consent Order possibly containing a civil penalty was discussed.

CONCLUSIONS OF LAW

Based upon the above Findings of Fact, the Department reaches the following Conclusions of Law:

1. CWS violated the Pollution Control Act, S.C. Code Ann. § 48-1-110 (d) (Supp. 2016) and Water Pollution Control Permits, 61-9.122.41 (a)(2016), in that it failed to comply with the effluent limits for CTOX in NPDES Permit SC0026409.
2. The Pollution Control Act, S.C. Code Ann. § 48-1-330 (2008), provides for a civil penalty not to exceed ten thousand dollars (\$10,000.00) per day of violation for any person violating the Act, regulation, permit, permit condition, final determination, or Order of the Department.

NOW, THEREFORE, IT IS ORDERED, CONSENTED TO AND AGREED, pursuant to the Pollution Control Act, S.C. Code Ann. § 48-1-50 (2008) and § 48-1-100 (2008), that CWS shall:

1. Within thirty (30) days of the execution date of this Order, submit to the Department a Corrective Action Plan (CAP) and a schedule of implementation, reporting the corrective actions that have been taken and any additional corrective actions planned to adequately address the potential source(s) contributing to the CTOX violations. The schedule of implementation for additional corrective actions shall include specific dates or timeframes for the completion of each action and details as to how each action effectuates compliance

with effluent discharge limits of NPDES Permit SC0026409. The schedule of implementation of specific corrective actions steps proposed under the CAP shall be evaluated and upon Department approval, the schedule(s) and corrective actions shall be incorporated into and become an enforceable part of this Order.

2. Beginning the first full month after the execution date of this Order, initiate an accelerated series of toxicity tests. Two (2) tests shall be conducted per year, for a period not to exceed one (1) year, using *Ceriodaphnia dubia*. Tests shall be conducted in accordance with Part III, Section B, of the Permit. The results of each test shall be submitted to the address below within thirty (30) days of test completion.
3. If, at any time during the accelerated testing period specified above, the effluent from the WWTF is in violation of the NPDES Permit limits, CWS shall conduct a Toxicity Identification Evaluation/Toxicity Reduction Evaluation (TIE/TRE) in accordance with EPA guidance. (*Toxicity Reduction Evaluation Guidance for Municipal Wastewater Treatment Plants, USEPA-833-B-99-002: 1999a*).
4. Within thirty (30) days of such a failure, CWS shall submit a TIE/TRE plan. The TIE/TRE plan shall include a schedule of activities to attain compliance with Toxicity limits. The TIE/TRE shall be completed no later than twelve (12) months from the date the TIE/TRE is required.
5. Ninety (90) days after submittal of the TIE/TRE plan and schedule required above, and each ninety (90) days thereafter, CWS shall submit a report on the progress made toward attainment of compliance with CTOX limits.
6. Within thirty (30) days of the execution date of the Order, pay the Department a civil penalty in the amount of three thousand four hundred dollars (\$3,400.00).

PURSUANT TO THIS ORDER, all communication regarding this Order and its requirements, shall include the Order number and shall be addressed as follows:

Paul F Wise, Enforcement Project Manager
Water Pollution Control Division
South Carolina DHEC
2600 Bull Street
Columbia, South Carolina 29201

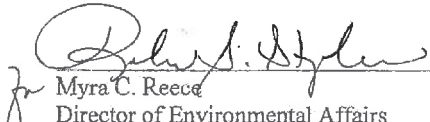
Please include the Order number listed above on all submittals required under this Order, including all checks remitted as payment of the civil penalty.

IT IS FURTHER ORDERED AND AGREED that failure to comply with any provision of this Order shall be grounds for further enforcement action pursuant to the Pollution Control Act, S.C. Code Ann. § 48-1-330 (2008), to include the assessment of additional civil penalties.


IT IS FURTHER ORDERED AND AGREED that this Consent Order governs only the civil liability to the Department for civil sanctions arising from the matters set forth herein and constitutes the entire agreement between the Department and Carolina Water Service, Inc. with respect to the resolution and settlement of these civil matters. The parties are not relying upon any representations, promises, understandings or agreements except as expressly set forth within this Order.

[Signature Page Follows]

FOR THE SOUTH CAROLINA DEPARTMENT
OF HEALTH AND ENVIRONMENTAL CONTROL



Myra C. Reece
Director of Environmental Affairs

Date: 7/25/2018


James M. Marcus, PhD, Chief
Bureau of Water

Date: 7-24-18

Reviewed By:


Attorney
Office of General Counsel

Date: 7/24/2018

WE CONSENT:

CAROLINA WATER SERVICE, INC.


Michael R. Cartin
Director of External Regulatory Affairs and Strategy

Date: 7/20/18

CERTIFICATE OF SERVICE

The undersigned employee of Elliott & Elliott, P.A. does hereby certify that she has served below listed parties with a copy of the pleading(s) indicated below by mailing a copy of same to them in the United States mail, by regular mail, with sufficient postage affixed thereto and return address clearly marked on the date indicated below:

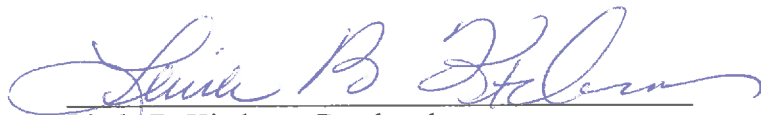
RE: Carolina Water Service, Inc. Notification of Violations of S.C.
Code Regulation 103-714C

DOCKET NO. ND 2016-61-WS

PARTIES SERVED: Jeffrey M. Nelson, Esquire
Office of Regulatory Staff
1401 Main Street, Suite 900
Columbia, SC 29211

PLEADING: DHEC Consent Order No. 18-026-W

August 10, 2018



Linda B. Kitchens, Paralegal
Elliott & Elliott, P.A.
1508 Lady Street
Columbia, SC 29201
(803)771-0555
linda@elliottlaw.us

ATTACHMENT G

South Carolina Violation of Primary Drinking Water Regulations

TERRENI

LAW FIRM, LLC

Charles L.A. Terreni
Attorney at Law

October 12, 2016

1508 Lady Street
Columbia, South Carolina 29201
Telephone (803) 771-7228
Fax (803) 771-8778
charles.terreni@terrenilaw.com
www.terrenilaw.com

VIA ELECTRONIC FILING

The Honorable Jocelyn Boyd, Esquire
Chief Clerk and Administrator
South Carolina Public Service Commission
101 Executive Center Drive
Columbia, SC 29210

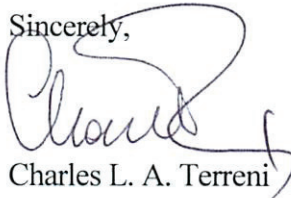
RE: Report of violations, S.C. Code Reg. 103-714C.

Dear Ms. Boyd:

On behalf of Carolina Water Service, Inc. ("CWS") I am reporting the three attached Consent Orders between the Company and the Department of Health and Environmental Control, in accordance with S.C. Code Reg. 103-714C. CWS will take steps to correct the violations including the submittal of Corrective Action Plans to the agency.

Please let me know if the Commission desires additional information regarding these matters.

Sincerely,



Charles L. A. Terreni

/dc
Enclosures

cc: Jeffrey M. Nelson, Esquire (via email)
Mr. Richard J. Durham (via email)
Scott Elliott, Esquire (via email)

Enclosures: (as stated)

**THE STATE OF SOUTH CAROLINA
BEFORE THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL**

**IN RE: CAROLINA WATER SERVICE, INC.
CWS I-20
PUBLIC WATER SYSTEM NO. 3250012
LEXINGTON COUNTY**

CONSENT ORDER

Carolina Water Service, Inc. (Owner) owns and is responsible for the proper operation and maintenance of the public water system No. 3250012 (PWS) that serves the customers of CWS I-20 located in Lexington County, South Carolina.

South Carolina Department of Health and Environmental Control (Department) records reveal that the PWS exceeded the maximum contaminant level (MCL) for haloacetic acids five (HAA5).

Based on discussions with the Owner's representatives on August 17, 2016, the parties have agreed to the following Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

1. Carolina Water Service, Inc. (Owner) owns and is responsible for the proper operation and maintenance of the public water system No. 3250012 (PWS) that serves the customers of CWS I-20 located in Lexington County, South Carolina.
2. The PWS consists of one (1) source of purchased surface water (City of West Columbia), two thousand three hundred seventy-seven (2,377) taps, serves a population of approximately five thousand seven hundred (5,700), and is classified by the Department as a community water system.

3. The PWS is required to be monitored at specific monitoring locations on a quarterly basis for HAA5. After three (3) quarters of sampling, Operational Evaluation Levels (OEL) are calculated at each monitoring location to address the potential for an MCL violation the next quarter. The OEL limit for HAA5 is 0.060 milligrams per liter (mg/L). Compliance for the MCL for HAA5 is based upon the locational running annual average (LRAA) result for four (4) consecutive quarterly samples. The MCL for HAA5 is 0.060 mg/L.
4. On May 25, 2016, sampling was conducted at the PWS, and Department records reveal that the result caused the PWS to exceed the OEL for HAA5 at the DBP-21 129 Mossborough Drive monitoring location during the October 2015 – June 2016 compliance period. The OEL for HAA5 was 0.063 mg/L. The May 25, 2016 sample result also caused the PWS to exceed the MCL for HAA5 at the DBP-21 129 Mossborough Drive monitoring location during the July 2015 – June 2016 compliance period as indicated below:

<u>Monitoring Period</u>	<u>Results (mg/L)</u>	<u>LRAA (mg/L)</u>
July – September 2015	0.05271	–
October – December 2015	0.06958	–
January – March 2016	0.05878	–
April – June 2016	0.06258	0.061 mg/L

5. On June 29, 2016, the Department issued an NOV to the Owner informing it that the PWS had exceeded the OEL for HAA5 during the October 2015 – June 2016 compliance period and had exceeded the MCL for HAA5 during the July 2015 – June 2016 compliance period at the DBP-21 129 Mossborough Drive monitoring location. The NOV also notified the Owner that it must submit an operational evaluation report to the Department within ninety (90) days of its receipt of the NOV; and, as a result of the MCL violation, the Owner must provide public notice to the customers of the PWS within

thirty (30) days of the receipt of the NOV, and submit to the Department a copy of the public notice provided within ten (10) days of issuance.

6. On August 15, 2016, the Department received a copy of the public notice provided for the MCL violation for HAA5 during the July 2015 – June 2016 compliance period.
7. On August 17, 2016, Department staff held an enforcement conference with the Owner's representatives, Rick Durham (President – Carolina Water Service, Inc.), Bob Gilroy (Vice President of Operations – Carolina Water Service, Inc.), and Mac Mitchell (Carolina Water Service, Inc.), to discuss the violation. The possibility of a Consent Order was also discussed.

CONCLUSIONS OF LAW

Based upon the above Findings of Fact, the Department, pursuant to the State Safe Drinking Water Act, S.C. Code Ann. §§ 44-55-10 to 44-55-120 (Rev. 2002 & Supp. 2015), reaches the following Conclusions of Law:

1. The Owner violated the State Primary Drinking Water Regulations, 4 S.C. Code Ann. Regs. 61-58.5.P(2)(b) (2011 & Supp. 2015), in that the PWS exceeded the MCL for HAA5.
2. The State Safe Drinking Water Act, S.C. Code Ann. § 44-55-90(B)(1) (Rev. 2002), provides for a civil penalty not to exceed five thousand dollars (\$5,000.00) a day per violation for any person violating the Act.

NOW, THEREFORE, IT IS ORDERED, CONSENTED TO AND AGREED, pursuant to the State Safe Drinking Water Act, S.C. Code Ann. §§ 44-55-10 to 44-55-120 (Rev. 2002 & Supp. 2015), that the Owner shall:

1. Within thirty (30) days of the execution date of this Order, submit to the Department for approval, a corrective action plan (CAP) to address the HAA5 MCL violation at the PWS. The CAP must include a description and cost analysis of corrective action options

available to the Owner. The CAP shall also clearly state which corrective action the Owner has selected with a detailed schedule of implementation and completion. The Department will review the CAP and schedule and send written notice of its decision. Once approved by the Department, the corrective action and schedule shall be incorporated into and become an enforceable part of this Order. If the CAP and/or schedule are not approved by the Department, a revised CAP and/or schedule shall be submitted to the Department for approval within thirty (30) days of the date of notification by the Department.

2. The Owner understands and agrees that this Order will be closed when a selected corrective action that has been approved by the Department is implemented and completed, and compliance is achieved and maintained for a period of at least twelve (12) months following completion of the approved corrective action. If the approved corrective action does not resolve the HAA5 MCL violation, an alternative CAP and schedule of implementation and completion shall be submitted to the Department for approval within thirty (30) days of the date of notification by the Department.

THE PARTIES FURTHER STIPULATE that the Owner shall pay a civil penalty of four thousand dollars (\$4,000.00) should it fail to comply with any requirement pursuant to this Consent Order, including any implementation schedule approved by the Department. All penalties due under this paragraph shall be made payable to the South Carolina Department of Health and Environmental Control within thirty (30) days of notification by the Department. The stipulated penalties set forth above shall be in addition to any other remedies or sanctions which may be available to the Department by reason of the Owner's failure to comply with the requirements of this Order.

PURSUANT TO THIS ORDER, communications regarding this Order and its requirements are to include the Order number and shall be addressed as follows:

Emma H. Windham
S.C. Department of Health and Environmental Control
Bureau of Water - Drinking Water Protection Division
Drinking Water Enforcement Section
2600 Bull Street
Columbia, S.C. 29201

IT IS FURTHER ORDERED AND AGREED that this Consent Order governs only the civil liability to the Department for civil sanctions arising from the matters set forth herein and constitutes the entire agreement between the Department and Carolina Water Service, Inc. with respect to the resolution and settlement of these civil matters. The parties are not relying upon any representations, promises, understandings or agreements except as expressly set forth within this Order.

IT IS FURTHER ORDERED AND AGREED that failure to comply with any provisions of this Order shall be grounds for further enforcement action pursuant to the State Safe Drinking Water Act, S.C. Code Ann. § 44-55-80(A) (Rev. 2002), to include the assessment of additional civil penalties.

THE PARTIES UNDERSTAND that the execution date of the Order is the date the Order is signed by the Director of Environmental Affairs.

[signature page follows]

**FOR THE SOUTH CAROLINA DEPARTMENT
OF HEALTH AND ENVIRONMENTAL CONTROL**

Myra C. Reece
Director of Environmental Affairs

Date: _____

David Baize, Chief
Bureau of Water

Date: _____

Douglas B. Kinard, P.E., Director
Drinking Water Protection Division
Bureau of Water

Date: _____

Reviewed by:

Attorney
Office of General Counsel

Date: _____

FOR CAROLINA WATER SERVICE, INC.



Signature

Date: 9/16/2016

Robert H. Gilroy

Print or type name and title

**THE STATE OF SOUTH CAROLINA
BEFORE THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL**

**IN RE: CAROLINA WATER SERVICE, INC.
CHARLESWOOD SUBDIVISION
PUBLIC WATER SYSTEM NO. 4050008
RICHLAND COUNTY**

CONSENT ORDER

Carolina Water Service, Inc. (Owner) owns and is responsible for the proper operation and maintenance of the public water system No. 4050008 (PWS) that serves the residents of Charleswood Subdivision located in Richland County, South Carolina.

South Carolina Department of Health and Environmental Control (Department) records reveal that the PWS exceeded the maximum contaminant level (MCL) for combined radium 226/228.

Based on discussions with the Owner's representatives on August 15, 2016, the parties have agreed to the following Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

1. Carolina Water Service, Inc. (Owner) owns and is responsible for the proper operation and maintenance of the public water system No. 4050008 (PWS) that serves the residents of Charleswood Subdivision located in Richland County, South Carolina.
2. The PWS consists of three (3) wells (G40126 - Well 1, G40390 - Well 6, and G40719 - Well 7), one (1) source of purchased surface water (City of Columbia), one hundred ninety-six (196) taps, serves a population of approximately five hundred (500), and is classified by the Department as a community water system. In 2008, a radium removal

treatment system was installed at Plant 3 (B40017 – Well 7) to remove combined radium 226/228.

3. The PWS is required to be monitored on a quarterly basis for combined radium 226/228. The MCL for combined radium 226/228 is 5 picocuries per Liter (pCi/L). Compliance for combined radium 226/228 is based upon the running annual average (RAA) result of four (4) consecutive quarterly samples.
4. On April 13, 2016, sampling was conducted at the PWS, and Department records reveal that the result caused the PWS to exceed the MCL for combined radium 226/228 at Plant 3 (B40017 – Well 7) for the compliance period of July 2015 – June 2016 as indicated below:

<u>Monitoring Period</u>	<u>Result - Plant 3 (B40017 – Well 7)</u>	<u>RAA</u>
July – September 2015	7.9 pCi/L	–
October – December 2015	Sample Not Collected	–
January – March 2016	8.7 pCi/L	–
April – June 2016	11.8 pCi/L	7 pCi/L

5. On July 27, 2016, the Department issued a Notice of Violation (NOV) to the Owner informing it that the PWS had exceeded the MCL for combined radium 226/228 during the July 2015 – June 2016 compliance period. The NOV also informed the Owner that it must provide public notice to the residents of the PWS as a result of the violation within thirty (30) days of receipt of the NOV, and submit to the Department a copy of the public notice provided within ten (10) days of issuance.
6. On August 15, 2016, Department staff held an enforcement conference with the Owner's representatives, Richard Durham (President – Carolina Water Service, Inc.), Bob Gilroy (Vice President of Operations – Carolina Water Service, Inc.), and Mac Mitchell (Regional Manager – Carolina Water Service, Inc.) to discuss the violation. During the

conference, the Owner's representatives stated that Well 7 was taken off-line on August 1, 2016, and the connection to the City of Columbia is currently being used to supplement water to Charleswood Subdivision. It was also stated that an assessment of the treatment system at Plant 3 (B40017 – Well 7) was completed by Palmetto Culligan. The possibility of a Consent Order was also discussed.

7. On August 22, 2016, the Department received a copy of the public notice provided for the July 2015 – June 2016 MCL violation for combined radium 226/228.

CONCLUSIONS OF LAW

Based upon the above Findings of Fact, the Department, pursuant to the State Safe Drinking Water Act, S.C. Code Ann. §§ 44-55-10 to 44-55-120 (Rev. 2002 & Supp. 2015), reaches the following Conclusions of Law:

1. The Owner violated the State Primary Drinking Water Regulations, 4 S.C. Code Ann. Regs. 61-58.5.H(2) (2011 & Supp. 2015), in that the PWS exceeded the MCL for combined radium 226/228.
2. The State Safe Drinking Water Act, S.C. Code Ann. § 44-55-90(B) (Rev. 2002), provides for a civil penalty not to exceed five thousand dollars (\$5,000.00) a day per violation for any person violating the Act.

NOW, THEREFORE, IT IS ORDERED, CONSENTED TO AND AGREED, pursuant to the State Safe Drinking Water Act, S.C. Code Ann. §§ 44-55-10 to 44-55-120 (Rev. 2002 & Supp. 2015), that the Owner shall:

1. Within thirty (30) days of the execution date of this Order, submit to the Department for approval, a corrective action plan (CAP) to resolve the combined radium 226/228 MCL violation at the PWS. The CAP must include a description and cost analysis of corrective action options available to the Owner. The CAP shall also clearly state which corrective action the Owner has selected with a detailed schedule of implementation and

completion. The Department will review the CAP and schedule and send written notice of its decision. Once approved by the Department, the corrective action and schedule shall be incorporated into and become an enforceable part of this Order. If the selected corrective action and/or schedule is not approved by the Department, a revised CAP and/or schedule shall be submitted to the Department for approval within fifteen (15) days of the date of notification by the Department.

2. The Owner understands and agrees that this Order will be closed when a corrective action that has been approved by the Department is implemented and completed, and the system returns to compliance in accordance with the running annual average (RAA) result of four (4) consecutive quarterly samples. If the approved corrective action does not produce two (2) consecutive sampling results below the MCL for combined radium 226/228 following the implementation and completion date, a revised corrective action plan and schedule of implementation and completion shall be submitted to the Department for approval within fifteen (15) days of the date of notification by the Department.

THE PARTIES FURTHER STIPULATE that the Owner shall pay a civil penalty of four thousand dollars (\$4,000.00) should it fail to comply with any requirement pursuant to this Consent Order, including any implementation schedule approved by the Department. All penalties due under this paragraph shall be made payable to the South Carolina Department of Health and Environmental Control within thirty (30) days of notification by the Department. The stipulated penalties set forth above shall be in addition to any other remedies or sanctions which may be available to the Department by reason of the Owner's failure to comply with the requirements of this Order.

PURSUANT TO THIS ORDER, communications regarding this Order and its requirements are to include the Order number and shall be addressed as follows:

Tessa Sullivan
S.C. Department of Health and Environmental Control
Bureau of Water- Drinking Water Protection Division
Drinking Water Enforcement Section
2600 Bull Street
Columbia, S.C. 29201

IT IS FURTHER ORDERED AND AGREED that this Consent Order governs only the civil liability to the Department for civil sanctions arising from the matters set forth herein and constitutes the entire agreement between the Department and Carolina Water Service, Inc. with respect to the resolution and settlement of these civil matters. The parties are not relying upon any representations, promises, understandings or agreements except as expressly set forth within this Order.

IT IS FURTHER ORDERED AND AGREED that failure to comply with any provisions of this Order shall be grounds for further enforcement action pursuant to the State Safe Drinking Water Act, S.C. Code Ann. § 44-55-80(A) (Rev. 2002), to include the assessment of additional civil penalties.

THE PARTIES UNDERSTAND that the execution date of the Order is the date the Order is signed by the Director of Environmental Affairs.

[signature page follows]

**FOR THE SOUTH CAROLINA DEPARTMENT
OF HEALTH AND ENVIRONMENTAL CONTROL**

Myra C. Reece
Director of Environmental Affairs

Date: _____

David Baize, Chief
Bureau of Water

Date: _____

Douglas B. Kinard, P.E., Director
Drinking Water Protection Division
Bureau of Water

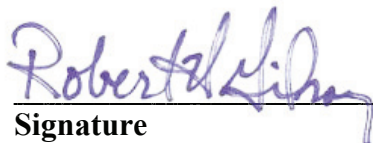
Date: _____

Reviewed by:

Attorney
Office of General Counsel

Date: _____

FOR CAROLINA WATER SERVICE, INC.



Signature

Date: 9/16/2016

Robert H. Gilroy
Print or type name and title

**THE STATE OF SOUTH CAROLINA
BEFORE THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL**

**IN RE: CAROLINA WATER SERVICE, INC.
CWS ROLLINGWOOD
PUBLIC WATER SYSTEM NO. 3250052
LEXINGTON COUNTY**

CONSENT ORDER

Carolina Water Service, Inc. (Owner) owns and is responsible for the proper operation and maintenance of the public water system No. 3250052 (PWS) that serves the customers of CWS Rollingwood located in Lexington County, South Carolina.

South Carolina Department of Health and Environmental Control (Department) records reveal that the PWS exceeded the maximum contaminant level (MCL) for haloacetic acids five (HAA5).

Based on discussions with the Owner's representatives on August 17, 2016, the parties have agreed to the following Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

1. Carolina Water Service, Inc. (Owner) owns and is responsible for the proper operation and maintenance of the public water system No. 3250052 (PWS) that serves the customers of CWS Rollingwood located in Lexington County, South Carolina.
2. The PWS consists of one (1) source of purchased surface water (Joint Municipal Water and Sewer Commission), one hundred ninety-one (191) taps, serves a population of approximately five hundred (500), and is classified by the Department as a community water system.

3. The PWS is required to be monitored at specific monitoring locations on a quarterly basis for HAA5. After three (3) quarters of sampling, Operational Evaluation Levels (OEL) are calculated at each monitoring location to address the potential for an MCL violation the next quarter. The OEL limit for HAA5 is 0.060 milligrams per liter (mg/L). Compliance for the MCL for HAA5 is based upon the locational running annual average (LRAA) result for four (4) consecutive quarterly samples. The MCL for HAA5 is 0.060 mg/L.
4. On May 25, 2016, sampling was conducted at the PWS, and Department records reveal that the result caused the PWS to exceed the OEL for HAA5 at the DBP-20 213 Wood Dale Drive monitoring location during the October 2015 – June 2016 compliance period. The OEL for HAA5 was 0.063 mg/L. The May 25, 2016 sample result also caused the PWS to exceed the MCL for HAA5 at the DBP-20 213 Wood Dale Drive monitoring location during the July 2015 – June 2016 compliance period as indicated below:

<u>Monitoring Period</u>	<u>Results (mg/L)</u>	<u>LRAA (mg/L)</u>
July – September 2015	0.05991	–
October – December 2015	0.06100	–
January – March 2016	0.05403	–
April – June 2016	0.06885	0.061 mg/L

5. On June 29, 2016, the Department issued a Notice of Violation (NOV) to the Owner informing it that the PWS had exceeded the OEL for HAA5 during the October 2015 – June 2016 compliance period and had exceeded the MCL for HAA5 during the July 2015 – June 2016 compliance period at the DBP-20 213 Wood Dale Drive monitoring location. The NOV also notified the Owner that it must submit an operational evaluation report to the Department within ninety (90) days of its receipt of the NOV; and, as a result of the MCL violation, the Owner must provide public notice to the customers of the PWS within thirty (30) days of the receipt of the NOV, and submit to the Department a copy of

the public notice provided within ten (10) days of issuance.

6. On August 15, 2016, the Department received a copy of the public notice provided for the MCL violation for HAA5 during the July 2015 – June 2016 compliance period.
7. On August 17, 2016, Department staff held an enforcement conference with the Owner's representatives, Rick Durham (President – Carolina Water Service, Inc.), Bob Gilroy (Vice President of Operations – Carolina Water Service, Inc.), and Mac Mitchell (Carolina Water Service, Inc.), to discuss the violation. The possibility of a Consent Order was also discussed.

CONCLUSIONS OF LAW

Based upon the above Findings of Fact, the Department, pursuant to the State Safe Drinking Water Act, S.C. Code Ann. §§ 44-55-10 to 44-55-120 (Rev. 2002 & Supp. 2015), reaches the following Conclusions of Law:

1. The Owner violated the State Primary Drinking Water Regulations, 4 S.C. Code Ann. Regs. 61-58.5.P(2)(b) (2011 & Supp. 2015), in that the PWS exceeded the MCL for HAA5.
2. The State Safe Drinking Water Act, S.C. Code Ann. § 44-55-90(B)(1) (Rev. 2002), provides for a civil penalty not to exceed five thousand dollars (\$5,000.00) a day per violation for any person violating the Act.

NOW, THEREFORE, IT IS ORDERED, CONSENTED TO AND AGREED, pursuant to the State Safe Drinking Water Act, S.C. Code Ann. §§ 44-55-10 to 44-55-120 (Rev. 2002 & Supp. 2015), that the Owner shall:

1. Within thirty (30) days of the execution date of this Order, submit to the Department for approval, a corrective action plan (CAP) to address the HAA5 MCL violation at the PWS. The CAP must include a description and cost analysis of corrective action options available to the Owner. The CAP shall also clearly state which corrective action the

Owner has selected with a detailed schedule of implementation and completion. The Department will review the CAP and schedule and send written notice of its decision. Once approved by the Department, the corrective action and schedule shall be incorporated into and become an enforceable part of this Order. If the CAP and/or schedule are not approved by the Department, a revised CAP and/or schedule shall be submitted to the Department for approval within thirty (30) days of the date of notification by the Department.

2. The Owner understands and agrees that this Order will be closed when a selected corrective action that has been approved by the Department is implemented and completed, and compliance is achieved and maintained for a period of at least twelve (12) months following completion of the approved corrective action. If the approved corrective action does not resolve the HAA5 MCL violation, an alternative CAP and schedule of implementation and completion shall be submitted to the Department for approval within thirty (30) days of the date of notification by the Department.

THE PARTIES FURTHER STIPULATE that the Owner shall pay a civil penalty of four thousand dollars (\$4,000.00) should it fail to comply with any requirement pursuant to this Consent Order, including any implementation schedule approved by the Department. All penalties due under this paragraph shall be made payable to the South Carolina Department of Health and Environmental Control within thirty (30) days of notification by the Department. The stipulated penalties set forth above shall be in addition to any other remedies or sanctions which may be available to the Department by reason of the Owner's failure to comply with the requirements of this Order.

PURSUANT TO THIS ORDER, communications regarding this Order and its requirements are to include the Order number and shall be addressed as follows:

Emma H. Windham
S.C. Department of Health and Environmental Control
Bureau of Water - Drinking Water Protection Division
Drinking Water Enforcement Section
2600 Bull Street
Columbia, S.C. 29201

IT IS FURTHER ORDERED AND AGREED that this Consent Order governs only the civil liability to the Department for civil sanctions arising from the matters set forth herein and constitutes the entire agreement between the Department and Carolina Water Service, Inc. with respect to the resolution and settlement of these civil matters. The parties are not relying upon any representations, promises, understandings or agreements except as expressly set forth within this Order.

IT IS FURTHER ORDERED AND AGREED that failure to comply with any provisions of this Order shall be grounds for further enforcement action pursuant to the State Safe Drinking Water Act, S.C. Code Ann. § 44-55-80(A) (Rev. 2002), to include the assessment of additional civil penalties.

THE PARTIES UNDERSTAND that the execution date of the Order is the date the Order is signed by the Director of Environmental Affairs.

[signature page follows]

**FOR THE SOUTH CAROLINA DEPARTMENT
OF HEALTH AND ENVIRONMENTAL CONTROL**

Myra C. Reece
Director of Environmental Affairs

Date: _____

David Baize, Chief
Bureau of Water

Date: _____

Douglas B. Kinard, P.E., Director
Drinking Water Protection Division
Bureau of Water

Date: _____

Reviewed by:

Attorney
Office of General Counsel

Date: _____

FOR CAROLINA WATER SERVICE, INC.



Signature

Date: 9/16/2016

Robert H. Gilroy

Print or type name and title

ATTACHMENT H

Letter from the 5th Congressional District Member

RALPH NORMAN
5TH DISTRICT, SOUTH CAROLINA

569 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-4005
(202) 225-5501

454 S. ANDERSON ROAD
SUITE 302B
ROCK HILL, SC 29730

Congress of the United States
House of Representatives
Washington, DC 20515-4005

COMMITTEES
COMMITTEE ON
OVERSIGHT AND REFORM
RANKING MEMBER, SUBCOMMITTEE
ON ENVIRONMENT
COMMITTEE ON
HOMELAND SECURITY

September 22, 2022

The Honorable Jocelyn G. Boyd
Chief Clerk / Executive Director
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Re: Blue Granite Water Company's Request to Waive Notice and Hearing for Approval of Water and Sewer Agreement at Clover Village, Lake Wylie, SC, Docket No. 2022-303-WS

Dear Ms. Boyd:

As the Member of Congress serving South Carolina's 5th congressional district in the U.S. House of Representatives, which includes Lake Wylie and York County, I am writing to encourage the Public Service Commission (PSC) of South Carolina to apply careful scrutiny to Blue Granite Water Company's request to forego public notice and a public hearing concerning its application to provide water and sewer service for Clover Village in Lake Wylie.

As you are likely aware, York County recently announced plans to condemn the Blue Granite Water system in Lake Wylie and transition more than 4,000 customers from that system to York County for water and sewer service. This comes after years of public outcry over problematic service and high rates from Blue Granite, formerly known as Carolina Water Service.

While utilities are clearly a matter for state and local jurisdictions, I can tell you that in my Congressional office, no utility provider has spawned more calls and letters from angry constituents than Blue Granite.

I want to be clear that I am not asking the SC Public Service Commission to deny Blue Granite's Request for Approval without proper cause, nor am I asking the Commission to treat Blue Granite differently than it would any other provider. However, given that taxpayers will be paying \$36 million to acquire Blue Granite's soon-to-be condemned system in Lake Wylie, I find it curious that this company now seeks to forego public notice and hearing on a new endeavor in that same area.

The company's attorneys are correct that S.C. Code Ann. § 58-5-240 and § 58-5-260 provide the PSC with latitude to waive notices and hearings in cases where there are no material changes to rates, tolls, classifications, or regulations. However, S.C. Code Ann. § 58-5-210 clearly indicates

RALPH NORMAN
5TH DISTRICT, SOUTH CAROLINA

569 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-4005
(202) 225-5501

454 S. ANDERSON ROAD
SUITE 302B
ROCK HILL, SC 29730

Congress of the United States
House of Representatives
Washington, DC 20515-4005

COMMITTEES
COMMITTEE ON
OVERSIGHT AND REFORM
RANKING MEMBER, SUBCOMMITTEE
ON ENVIRONMENT
COMMITTEE ON
HOMELAND SECURITY

the PSC has jurisdiction over the services 'to be furnished' by public utility providers, and to utilize public hearings where necessary in pursuit of the Commission's responsibilities.

Therefore, and in light of Blue Granite's history in the Lake Wylie area, I strongly urge the PSC to carefully scrutinize Blue Granite's request to forego notice and a hearing on this matter, and ask the Commission to prioritize transparency and public trust in its decision.

Thank you for your time and consideration. If I can ever be of any service to you or the SC Public Service Commission in any way, please do not hesitate to let me know.

Sincerely,



Ralph Norman
Member of Congress

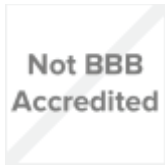
ATTACHMENT I

Ratepayers Review and Comments

Better Business Bureau Reviews of Blue Granite



Customer Reviews



Blue Granite Water Company

Water Service

[View Business profile](#)

31 Customer Reviews

debbie p



02/09/2023

Bad company charge people to much and don't work with customers charged 600 for water for month was told the bill would be adjusted with plumbers note it was not I feel I've been robbed in the worst way by this company when they took the meter out it went back to normal price my mother has lived in this house 50 yes and never had a bill like that they really don't care for their customers

Tim A



01/26/2023

Simply the worst water we've ever had in a residence. Filthy nasty water and outrageously high water bills. Zero customer service. How they are allowed to provide water to residential customers is beyond me. Always an extra fee added to the payment even though payment made directly from bank account. Not one good thing to say about this company.

Danielle L



01/03/2023

Absolutely the worst experience I've ever had with a water company. The rates are astronomical and you pay almost \$90 a month for waste water alone. This is the second time I've asked for an itemized description of my charges and what they are for and never received

it. We have had this water company for 3 months and already have been billed for over \$500. This company buys out local water companies and then triples the cost of water services. Should not be legal. None of them explained to me when setting up water that we would never have a normal bill, never have an explanation for the charges and that we had to pay a flat rate of \$87 a month for waste water, charged separately from your water usage. Absolutely diabolical.

Gary B



11/07/2022

Received a Utility Bill ***** Reminder on November 5, 2022. I sent check number to them on October 22, 2022. This is not the first time I've had to contact them. They better contact ***** and find out what they did with my check. I'm not going to pay a convenience fee or late fee. FIND MY CHECK.

Corey B



09/15/2022

Rates are out of this world. 2 bedroom apartment, yet being charged 234\$ then 197\$ for waterbill. They need be question. There no reason for a water bill to be higher than the electric bill.

Dustin B



08/19/2022

The definition of a GREEDY US led company. There is NO EXCUSE for a single male living in a 1 bedroom apartment to pay any of the following:1st year-\$87 2nd year-\$94 3rd year-\$118 3 months later \$160 !!!Anyone including in this monopoly should be ashamed of themselves and know that one day they will have a judgement day. You have millions already but the greed runs so deep you make others broke and dont mind at all.

Susan L



08/17/2022

They don't even deserve 1 star. They're thieves and drive around in 60K Silverado's. Water quality is terrible and I've had icky stuff leak out of the faucet 2 times. Constantly having boil water advisories. I don't know of anyone that drinks it. I met a woman last year that said she was in the ** from drinking it. The property manager at ***** Bay Condominiums has jumped on their scam and raised the water **** to \$128.13 a month last year and now has raised it to

\$203.00 a month for a 2 bedroom. If you have more than 1 person in your apartment it's almost \$300 a month for water/sewer. All this price gouging needs to be dealt with. We need to find someone to file a class action lawsuit!

Ernest F



08/08/2022

I wish I could give this company a negative 5-star rating. Since owning our home, (13 years) we have gone from \$27.50 a month to \$86.47 a month for sewage service alone! that's 3 times what it was originally. (I wish my pay would increase at that same rate!) They must spend a lot of money on bribing officials and the court system, I have tried to get a permit for a septic system to no avail. I am forced to use the existing service. This company is bad news for anyone who is unfortunate enough to buy property where they service. I cannot say enough bad about this company!!!!!!!!!!

Walter R



08/06/2022

We're tired of being overcharged. It's just 2 of us in the home. We wash clothes once a week, use the dishwasher and take daily showers. The **** shouldn't be \$130 a month. Now we're having problems with the website. Can't pay online because it won't recognize our account info. Trash company that robs it's customers.. and we can't just switch to another water company. Definitely calling our local and state representatives.

Joshua W



07/01/2022


Highway robbery. They charge you around \$100 a month in fees before you even use a drop of water.

Customer Review Rating




Average of 31 Customer Reviews

Contact Information

 2335 Sanders Rd
Northbrook, IL 60062

 [Visit Website](#)

 [\(800\) 367-4314](#)

BBB Rating & Accreditation

F

THIS BUSINESS IS NOT BBB ACCREDITED

[Search for Accredited
Businesses in this category.](#)

Customer Reviews are not used in the calculation of BBB Rating

[Reasons for BBB Rating](#)

BBB Business Profiles may not be reproduced for sales or promotional purposes.

BBB Business Profiles are provided solely to assist you in exercising your own best judgment. BBB asks third parties who publish complaints, reviews and/or responses on this website to affirm that the information provided is accurate. However, BBB does not verify the accuracy of information provided by third parties, and does not guarantee the accuracy of any information in Business Profiles.

When considering complaint information, please take into account the company's size and volume of transactions, and understand that the nature of complaints and a firm's responses to them are often more important than the number of complaints.

BBB Business Profiles generally cover a three-year reporting period. BBB Business Profiles are subject to change at any time. If you choose to do business with this business, please let the business know that you contacted BBB for a BBB Business Profile.

As a matter of policy, BBB does not endorse any product, service or business.

© 2023, International Association of Better Business Bureaus, Inc., separately incorporated Better Business Bureau organizations in the US, Canada and Mexico and BBB Institute for Marketplace Trust, Inc. All rights reserved. *In Canada, trademark(s) of the International Association of Better Business Bureaus, used under License.

Carolina Water Services Inc. of NC

Carolina Water Services Inc of NC

4944 Parkway Plaza Blvd, #375, Charlotte, NC

 Write a review

1.1      83 reviews ⓘ

We've been out of water for over a month and they refuse to fix it, all they're doing is hauling in water, and it runs out every day. We have maybe 30 minutes of running water a day. We can't do dishes wash clothes, or anything involving water. And we're still having to pay for a full water bill.

 Like


 **Iloyd wruble**
6 reviews



     5 months ago

The worst utility I have ever dealt with. They overcharge, pipe leaks from poor infrastructure, repairs are slow and usually have to be redone, many boil water request followed by poor communication with customers. They should lose their license to operate a water company! If I could only give zero stars!

 2

 **Victoria D.**
7 reviews



     7 months ago

I just received my monthly bill and it was ~\$198 for a one person in an 1150 sq ft home with no irrigation

Fulmore, Janice

From: smtprelay
Sent: Wednesday, May 15, 2019 11:01 AM
To: Statements
Subject: Statement of Position Submitted by Jeffrey S Parkin

Statement of Position Submitted

Name

Jeffrey S Parkin

Email

[REDACTED]

Docket

W-354 sub 360

Message

Hello, I live in New Bern in the Fairfield Harbour subdivision. We are serviced by CWS and last month we got our first pro-rated bills for the new rates and this month came the first complete bills. My bill before the increases was outrageous. I was paying a total bill for water and sewer averaging around \$65 a month. Now it looks as though it will be around \$74 a month. Quite frankly this is ridiculous. Most of the bill is a standard charge not based on usage. I could drop my usage in half and save \$3.50. How you allowed this rate increase to happen is beyond me. We rely on you to reign in the utilities and keep them at a reasonable profit margin. If they claim they are making 8% after raping and pillaging, they are lying and you know it. Jeff Parkin

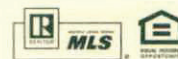
E-mail correspondence to and from this address may be subject to the North Carolina Public Records Law and may be disclosed to third parties by an authorized state official.



W-354, Sub 564

CAROLINA TRACE

GATED PROPERTIES, LLC



3 Lakeview Drive
Sanford, NC 27332
Toll Free: 800.227.2699
Office: 919.499.5103
Fax: 919.499.2328

October 8, 2019

Life Begins at the Trace...

Mr. David Drooz, Chief Counsel,

Public Staff-NCUC

4326 Mail Service Center,

Raleigh, NC 27699-4326

OFFICIAL COPY

FILED

OCT 15 2019

Clerk's Office
N.C. Utilities Commission

Dear Attorney Drooz,

The purpose of this letter is to register a complaint with the North Carolina Utilities Commission (NCUC) concerning the charges levied by the Carolina Water Service North Carolina (CWSNC) on the residents of Carolina Trace (CT) from a real estate business perspective.

I am the owner of Carolina Trace Gated Property (CTGP), a full-service real estate company with offices on-site (inside the security gate). When potential buyers visit our offices for a tour of the community and homes on the market our standard procedures call for brokers to provide a thorough briefing on the community for the clients. This presentation includes a briefing incorporating a site map showing all private roads, recreational facilities, Property Owner Association covenants and the private water and sewer services provided by CWSNC, which includes their current monthly rates.

Clients most always have comments on these CWSNC rates such as, "I never heard of rates so high," "my current monthly water and sewer bills are one-third of that," "is that quarterly?" and "we are on a budget that does not support that much for water and sewer. If they don't comment on the CWSNC rates, the *deer-in-the-headlights look* is most always there.

Because of CWSNC ever-increasing rates our clients are becoming less interested in moving to Carolina Trace, which of course, effects homes sales, and puts a great burden on our residents trying to sell their property.



CAROLINA TRACE
GATED PROPERTIES, LLC



3 Lakeview Drive
Sanford, NC 27332
Toll Free: 800.227.2699
Office: 919.499.5103
Fax: 919.499.2328

Life Begins at the Trace...

As an aside, we at CTGP are becoming leery of the **warning signs** at the CT front entrance gate reading "boil water until further notice," and road caution signs around digs in the roads constantly appearing to repair some CWSNC problem or breakdown. Obviously if we can see them, then so can our clients who certainly are not impressed with such conditions. Again, a big negative from a real estate point of view.

I am looking forward to speaking to your committee at 7 PM, on October 14, 2019.

Respectfully,

Alfred S. Rushatz

Broker, REALTOR

Owner, CTGP

Campbell, Kimberley

From: Casselberry, Gina <gina.casselberry@psncuc.nc.gov>
Sent: Monday, October 14, 2019 10:05 AM
To: Statements
Subject: FW: [External] Carolina Trace water rates

From: Marc Freiser [REDACTED]
Sent: Sunday, October 13, 2019 4:45 PM
To: Casselberry, Gina <gina.casselberry@psncuc.nc.gov>
Subject: [External] Carolina Trace water rates

CAUTION: External email. Do not click links or open attachments unless you verify. Send all suspicious email as an attachment to report.spam@nc.gov

Sir and Madam,

Please accept this letter as regards to my opposition to rate increase and current rate of the water company who supplies to Carolina Trace.

I am concerned that we already have the highest water and sewer rates I have ever experienced in any state.

My base rate is \$75 per month and that is for a single person with no lawn to water and better than average water conservation habits.

My last residence was \$25 a month and that was in spring lake North Carolina.

If the utility company that manages this area already charges three times the average for the state I don't believe they are fit to manage this service.

Perhaps we can turn the service back to the town of Sanford which they buy our water from and apparently reap great rewards.

Please do not grant another rate increase to the already outrageous rates.

Please consider some sort of an investigation to how this company handles their finances.

thank you,

Marc Freiser
[REDACTED]r
sanford, nc
[REDACTED]

Email correspondence to and from this address may be subject to the North Carolina Public Records Law and may be disclosed to third parties by an authorized state official.

Campbell, Kimberley

From: Casselberry, Gina <gina.casselberry@psncuc.nc.gov>
Sent: Monday, October 14, 2019 10:12 AM
To: Statements
Subject: FW: [External] Carolina Trace Homeowner Perspective on CWSNC's Proposed 2020 Rate Increase

From: Ron Moeller [REDACTED]
Sent: Friday, October 11, 2019 10:15 AM
To: Casselberry, Gina <gina.casselberry@psncuc.nc.gov>
Subject: [External] Carolina Trace Homeowner Perspective on CWSNC's Proposed 2020 Rate Increase

CAUTION: External email. Do not click links or open attachments unless you verify. Send all suspicious email as an attachment to report.spam@nc.gov

Ms. Casselberry,

My wife and I have lived in Carolina Trace for the past 15 years and we believe CWSNC is one of the most expensive water companies we've ever had to deal with yet its service is one of the worst (for example, we've have two water boiling advisories in the past two weeks). So where is all of our money going as it appears the CWSNC infrastructure is falling apart? We suspect their executive salaries and shareholder dividend distributions are misaligned with the rest of their industry.

If one compares CWSNC's proposed 2020 rate increase with other common homeowner expenses, we've found them completely out of line based on the following data:

CWSNC Rate Increase Comparison with Other Household Expenses													
Categories / Expenses	2009 Actual Expenses	2010 Actual Expenses	2011 Actual Expenses	2012 Actual Expenses	2013 Actual Expenses	2014 Actual Expenses	2015 Actual Expenses	2016 Actual Expenses	2017 Actual Expenses	2018 Actual Expenses	2019 Actual Expenses (based on 8 months of 2019 data)	Percentage Increase Since 2009	2020 Estimated Expenses (based on CWSNC proposed new rates)
Water & Sewer	\$56.83	\$55.08	\$63.00	\$65.15	\$62.58	\$62.08	\$60.17	\$69.67	\$61.92	\$74.86	74.73	31.49%	\$91.64
Electricity	\$75.67	\$92.33	\$98.58	\$86.20	\$70.17	\$90.33	\$77.92	\$81.17	\$72.67	\$95.22	95.69	26.47%	
Internet	\$44.99	\$44.99	\$47.99	\$47.99	\$47.99	\$47.99	\$44.74	\$38.32	\$43.21	\$58.49	65.99	46.68%	
Home & Cell Phone	\$23.66	\$26.09	\$28.77	\$0.00	\$0.00	\$8.41	\$13.72	\$10.12	\$7.75	\$13.55	0.00	-49.25%	
Property Taxes	\$218.33	\$217.50	\$217.50	\$220.00	\$212.17	\$213.42	\$234.25	\$235.83	\$236.42	\$236.86	228.20	4.52%	
Hazard Insurance	\$49.50	\$45.33	\$55.00	\$65.08	\$80.50	\$81.33	\$82.50	\$59.92	\$64.42	\$70.83	70.83	43.10%	

NOTES:
 (1) Home & Cell Phone expense was initially VOIP service through Vonage, then we added TRAC phone for cell and finally replaced Vonage with MagicJack; to determine increase, I summed all years and then took the average from the 2009 expenses and then divided by the 2009 expenses for about a 50% decrease in monthly cost

After reviewing this data, we believe you will come to the same conclusion that we did in that their 2020 proposal should be rejected outright and if the company doesn't bring its executive salaries in line with the rest of their industry, the Utilities Commission will unilaterally reduce rates at their next opportunity.

Thank you for your time,

Ron & Debbie Moeller

[REDACTED]

Sanford, NC 27332

[REDACTED]



Virus-free. www.avg.com

Email correspondence to and from this address may be subject to the North Carolina Public Records Law and may be disclosed to third parties by an authorized state official.

Campbell, Kimberley

From: Casselberry, Gina <gina.casselberry@psncuc.nc.gov>
Sent: Monday, October 14, 2019 10:15 AM
To: Statements
Subject: FW: [External] Fwd: Carolina Water Service Rate Increase 2019

From: Fern Jeremiah [REDACTED]
Sent: Thursday, October 10, 2019 9:45 AM
To: Casselberry, Gina <gina.casselberry@psncuc.nc.gov>
Subject: [External] Fwd: Carolina Water Service Rate Increase 2019

CAUTION: External email. Do not click links or open attachments unless you verify. Send all suspicious email as an attachment to report.spam@nc.gov

Sent from my iPad

Begin forwarded message:

From: Fern Jeremiah [REDACTED]
Date: October 10, 2019 at 9:05:00 AM EDT
To: gina.casselberry@psncuc.nc
Subject: Carolina Water Service Rate Increase 2019

Dear Ms. Casselberry and Mr. Drooz,

We are writing to you with the strongest possible objections to the fourth rate increase request in 2 1/2 years by CWSNC. We would attend in person, however, we will unfortunately be out of town on October 14.

We live in Carolina Trace in Sanford, NC and receive our water from Carolina Water Service. The water quality is poor at best. First and foremost, we DO NOT drink the water that comes from our tap. It has a foul taste and we don't trust the quality of the water. We purchase bottled drinking water. We are often under a boil water advisory, so much that it is hard to keep up with "boil water" and "rescinded boil water" alerts, of which bear the energy costs to do so. There is a lot of solids that accumulate in the hot water heaters, so much so, that I had to have my hot water heater replaced this year. There was approximately 30 pounds of red clay in the bottom of the water heater, even though I routinely flush it.

Carolina Water Service, does not routinely flush the main lines, especially after a water main break, even though I have contacted them about this problem.

Our showers and sinks in the home have a reddish/pink residue from the water that we constantly have to scrub.

Our daughter, who receives her water from the city of Sanford, and is married with children, pays half the water bill that we do. Mind you, we are two senior citizens, who only flush the toilet after 3 uses, use our bath towels twice, replaced all our faucets and shower heads with certified water sense faucets and toilets and our bill is approximately \$85.00 per month or more. This increase will raise our bill to over \$100 per month, and guarantee the CWSNC their 9.75% profit.

A 21% increase after the other 3 increases, is outrageous. I wish our cost of living increases went up as much as CWSNC is requesting, for their excessive profits and executive compensation. We strongly recommend that CWSNC reduce their executive compensation and benefits by 50% to be more in line with other such operations, and improve the quality of service and product that they are supplying to its customers.

Perhaps their conduct and services need to be investigated as they are a monopoly in Carolina Trace.

Sincerely,

Eugene and Fern Jeremiah

[REDACTED]
Sanford, NC 27332

Sent from my iPad

Email correspondence to and from this address may be subject to the North Carolina Public Records Law and may be disclosed to third parties by an authorized state official.

Campbell, Kimberley

From: Casselberry, Gina <gina.casselberry@psncuc.nc.gov>
Sent: Monday, October 14, 2019 10:18 AM
To: Statements
Subject: FW: [External] Carolina Water Rate increase comments
Attachments: Utilities Commission Comments-.docx

From: Jim Hemphill [REDACTED]
Sent: Wednesday, October 09, 2019 7:48 PM
To: Casselberry, Gina <gina.casselberry@psncuc.nc.gov>
Subject: [External] Carolina Water Rate increase comments

CAUTION: External email. Do not click links or open attachments unless you verify. Send all suspicious email as an attachment to report.spam@nc.gov

Ms. Casselberry,
Attached are comments from the Woodhaven Property Owners Association. Sorry we could not deliver them in person.

James Hemphill
[REDACTED]

Email correspondence to and from this address may be subject to the North Carolina Public Records Law and may be disclosed to third parties by an authorized state official.

Mr. David Drooz, Chief Counsel
Public Staff- NC Utilities Commissions
4326 Mail Service Center
Raleigh, NC 27699-4326

Mr. Chairman, members of the Commission, thank you for your attention to this rate request.

I am the current President of the Woodhaven Property Owners Association located in Henderson County, NC.

I understand you have an underlying legal requirement to provide a “profit” to these utilities. However, Carolina Water’s request for a 8.3% increase in Base Facility Charges and a 25.6% increase in treated water has no basis in reality. Neither could those rates be considered “fair and reasonable.” Please tell me what commodity has increase their costs by those amounts?

If a competitor in the marketplace existed there would be a significant lower rate, based on the competitive American economic model. Unfortunately we are held captive to this quasi-government monopoly.

Based on the Commissions history, I expect that you will grant a rate increase of some kind to Carolina Water. Our only concern is the amount.

As you know Utilities inc/ Carolina Water is owned by Coryx. In turn, Coryx is wholly owned by the British Columbia Investment Management Corporation or BCI.

The Information I will be referencing comes directly from the 2018-2019 Annual Report. BCI is a \$153 Billion dollar operation with 29% of their assets in US operations. BCI’s CEO cites a one year return of 6.1% against their market benchmark of 4.5% resulting in a \$2 Billion dollar profit. They had a 5 year return of 8.2% against a 7.1% market Benchmark, and a 10 year return of 9.8% against an 8.6% benchmark. Their increased value (profit) for that 10 year period was \$10.9 Billion.

BCI breaks down their reporting by segments. The INFRASTRUCTURE grouping represents \$12.8 Billion of assets that contains revenues from water, wastewater, electricity, energy transmission, roads, et cetera. The performance measure for the last year were 9.7% exceeding the benchmark of 7%. The 5 year returns are 10.1% exceeding the benchmark of 7.4% and 10 year returns were 10.6% exceeding the benchmark of 7.7%. As you can see these performance numbers exceed the corporate parent’s (BCI) performance and benchmarks.

I draw several conclusions from these numbers.

- 1) The infrastructure group is contributing more profits to BCI than other segments;
- 2) The rate increases granted by the Commission, over the last 10 years to Carolina Water, might have been too big;
- 3) BCI is making a lot of money.

Reading further in the report you see that BCI has managed to cover all of their various pension obligations at 100% to 129%. By way of comparison, the NC State Employees Retirement fund has sufficient funds to meet 95% of the States obligation. For your information, the NC Retirement system is ranked in the top 5 in the US and is considered to be very well run.

My recommendation is that the Commission reduce the approved rate increase to 6.0% This will still give BCI an additional 1.5% return in excess of their 4.5% corporate benchmark.

Thank you for your time.

James A. Hemphill

[REDACTED]

Woodhaven Subdivision, Henderson County, NC

[REDACTED]

From: smtprelay
Sent: Saturday, October 5, 2019 2:38 PM
To: Statements
Subject: Statement of Position Submitted by Mark Mikita

Statement of Position Submitted

Name

Mark Mikita

Email

[REDACTED]

Docket

W-354, SUB 364

Message

To Whom It May Concern Regarding Docket No. W-354, SUB 364, I call upon the North Carolina Utilities Commission (NCUC) to fully deny Carolina Water Service of North Carolina (CWSNC) request to implement a Conservation Rate Pilot Program and Revenue Adjustment Mechanism for the Point Service Area (PSA). The average increase presented in this application for the PSA tiered rate proposal is stated at 17.82%. However, based on a 2-person household with landscape irrigation, the annual increase is projected at approximately 30% for a six-tenth (.6) acre property. There are close to 850 properties in The Point Service Area (PSA), including many that use lake water for landscape irrigation that must be taken in consideration when stating an average increase per household. All the homes are on septic tanks to accommodate sewage. Installation of residential wells are not allowed to use for landscape irrigation per the declaration of covenants, conditions and rules that have been established for the community. We request that the NCUC make use of its jurisdiction and powers of the office to protect the customers of the PSA, and the public generally from unjust and unreasonable extractions and practices and to obtain for them fair and reasonable rates. Furthermore, I call upon the NCUC to hold a public hearing in Mooresville, specifically for The Point Service Area Pilot Program, to allow all ratepayers the opportunity to voice their input. Sincerely, Mark Mikita [REDACTED] Mooresville, NC 28117

From: smtprelay
Sent: Saturday, October 5, 2019 10:30 PM
To: Statements
Subject: Statement of Position Submitted by James Voss

Statement of Position Submitted

Name

James Voss

Email

[REDACTED]

Docket

W-354- SUB 364

Message

Good Afternoon, As for someone who works in the utilities industry, I'm saddened to see this proposal. Firstly, a rate increase on the same water someone else outside our gate literally hundred yards away is paying way less for is insane. Secondly, quality control, preventive maintenance is second world class at its best. Thirdly, the county itself would benefit by receiving more funds to take it over. Why, have a private entity reaping the rewards when the county could get those funds. Also, other utilities propose rate increases to enhance power grids, update equipment, fix and repair in timely manners. This company has done hardly any of these things and over the course of a year we have had 2-3 long duration of boiling advisories that are not due to hurricanes or other natural disasters. Compare Carolina Trace residents water and sewage bill with that of Lee County and Sanford residents, I'm sure you will see a huge disparity. If people are spending too much on a basic necessity, that's money not going into local economy but to a private entity, that is only taking money to the bank to fill their pockets. I speak for myself, but others are complaining as well. As soon as my daughter graduates High School and is no longer living with me full time I'm moving. If I was on a fix retirement budget, I would not stay here due to, its only going to get more expensive on all aspect dealing with this neighborhood. SGT VOSS (RET) US ARMY

E-mail correspondence to and from this address may be subject to the North Carolina Public Records Law and may be disclosed to third parties by an authorized state official.

From: smtprelay
Sent: Sunday, October 6, 2019 6:37 AM
To: Statements
Subject: Statement of Position Submitted by kathleen hendricks

Statement of Position Submitted

Name

kathleen hendricks

Email

[REDACTED]

Docket

Docket No. W-354 Sub 364

Message

I can't understand Carolina water needing to charge any more than they already do. They are already the highest I've ever seen. I paid 18 tops normally at my old house for water, if we did a lot of watering it might go up to 20 but never higher than that. We now pay over 80 (over 40 just for the water) a month. We aren't using 2 times the water here as we were at the old house. As to their doubling the amount you pay for water to include the sewage because they say if water is coming out it's going back in to the system as sewage. People water their lawns, drink water and wash their cars, water their plants. Probably far less goes back in to the system as sewage. They need to put a meter on the sewage instead of doubling the water usage as their basis for how much to charge for sewage. Since their rates are already so incredibly high I hope you will NOT give them the right to raise them once again. The water service here is awful. We just had 3 boil water notices in 5 days this week. That's happened a lot over the 2 years we've lived here in Carolina Trace.

E-mail correspondence to and from this address may be subject to the North Carolina Public Records Law and may be disclosed to third parties by an authorized state official.

From: smtprelay
Sent: Sunday, October 6, 2019 7:42 AM
To: Statements
Subject: Statement of Position Submitted by Hanna Norris

Statement of Position Submitted

Name

Hanna Norris

Email

[REDACTED]

Docket

W-354 Sub 364

Message

I do not believe a rate increase is justified. The water in our neighborhood is the same poor city water, I have looked at the water testing results on line. It is not good water so I do not see the justification to make us pay more. As well, we already pay almost 4 times more than I would getting the same city water in my last apartment. We already pay too much, no more no more!

E-mail correspondence to and from this address may be subject to the North Carolina Public Records Law and may be disclosed to third parties by an authorized state official.

From: smtprelay
Sent: Sunday, October 6, 2019 7:44 AM
To: Statements
Subject: Statement of Position Submitted by Dorothy Stalter

Statement of Position Submitted

Name

Dorothy Stalter

Email

[REDACTED]

Docket

W-354 Sub-364

Message

I moved to Sanford NC Lee County Carolina Trace 11 Months ago. My water bill monthly is roughly \$84. The population of Sanford is 30,000. I moved from Bayonne, NJ, a city with a population of 67,000. My monthly water bill was \$114. How can this proposed increase be justified? Where do you folks think people are getting the money from to pay continued rate hikes? Most companies are not giving employees cost of living increases. This rate hike must be reconsidered and perhaps reevaluation of how folks are charged and a fairer approach here based on usage.

E-mail correspondence to and from this address may be subject to the North Carolina Public Records Law and may be disclosed to third parties by an authorized state official.

From: smtprelay
Sent: Sunday, October 6, 2019 7:45 AM
To: Statements
Subject: Statement of Position Submitted by Dorothy Stalter

Statement of Position Submitted

Name

Dorothy Stalter

Email

[REDACTED]

Docket

W-354 Sub-364

Message

I moved to Sanford NC Lee County Carolina Trace 11 Months ago. My water bill monthly is roughly \$84. The population of Sanford is 30,000. I moved from Bayonne, NJ, a city with a population of 67,000. My monthly water bill was \$114. How can this proposed increase be justified? Where do you folks think people are getting the money from to pay continued rate hikes? Most companies are not giving employees cost of living increases. This rate hike must be reconsidered and perhaps reevaluation of how folks are charged and a fairer approach here based on usage.

E-mail correspondence to and from this address may be subject to the North Carolina Public Records Law and may be disclosed to third parties by an authorized state official.

From: smtprelay
Sent: Sunday, October 6, 2019 9:17 AM
To: Statements
Subject: Statement of Position Submitted by Steven A. Huepper

Statement of Position Submitted

Name

Steven A. Huepper

Email

[REDACTED]

Docket

W-354Sub364

Message

Since we moved to Carolina Trace in 2001, this water company has raised our rates many times. We came from Connecticut and our quarterly rates were what Carolina Water Company's monthly rates are and we didn't have the numerous down times with "Boil Water" alerts that we have now when their infrastructure breaks down. We are currently on a "boil water" alert I believe, because we were notified about a week ago of that fact and we have not received anything from the water company about the alert being lifted. We also, in Golf North, just had a leak in our fire hydrant which started as a small amount of water coming out on October 3 when we reported it for the first time and by the time I was made aware of it, I personally checked it out and the water was gushing out of it on Thursday afternoon when I came back home from a dental appointment in Cary. I called again and finally, after saying we weren't about to pay for all the water that was lost, they sent somebody between 1:00 and 2:00 PM Thursday afternoon and placed a cap upon the area water was gushing forth from. As far as I am concerned, this water company is definitely not into customer service and definitely should not be granted ANOTHER rate hike. Actually, there should be a reduction in rates based upon their down time and lack of service.

E-mail correspondence to and from this address may be subject to the North Carolina Public Records Law and may be disclosed to third parties by an authorized state official.

From: smtprelay
Sent: Sunday, October 6, 2019 2:55 PM
To: Statements
Subject: Statement of Position Submitted by Mr. & Mrs J W. Lynn

Statement of Position Submitted

Name

Mr. & Mrs J W. Lynn

Email

[REDACTED]

Docket

Docket No. W-354 Sub 364

Message

Carolina Trace Utilities have increased our water bill it seems like every other year or two since we moved to Carolina Trace in 2000. We are on a fixed income with no raises. When we first moved here our water bill was acceptable. For many years now it has not been under \$80.00 a month. This month it was \$90. We don't use that much water for the two of us....2 baths, 2 showers, 3 loads of laundry, run the dish washer each week. We don't water plants any more (we use rain water). When my dad comes for 4 months, the bill goes up to \$125 a month. We also pay a little over \$100 every year for insurance on the water pipes coming into our home as well as another \$100 for the sewer pipes insurance. I don't know anyone outside of Carolina Trace that pays near this amount including Wake County where we use to live. The service is poor as we were on 3 different boil orders that each lasted a few days in the last two weeks. We don't always get a notice that we are under a boil order and we may not receive it when it is rescinded. If we call about the problems or complain to the staff in hopes they will pass our message on, they have been rude or have no answer for our complaints and seem very disinterested. There are around 2500 homes in Carolina Trace. These complaints are not just ours. There are a large number of people here with the same complaints. A lot of people that live here are elderly and are unable to drive to Raleigh and have to depend on others to do everyday things for them. Carolina Utilities should also have to refund EACH CUSTOMER EACH DAY when we do not receive the water service we pay for each month.

From: smtprelay
Sent: Sunday, October 6, 2019 3:20 PM
To: Statements
Subject: Statement of Position Submitted by Jack and Mavis Harper

Statement of Position Submitted

Name

Jack and Mavis Harper

Email

[REDACTED]

Docket

W-354 Sub 364

Message

We have lived in Carolina Trace, Sanford, NC, since 2003. Our water rates have increased at least 110% during that time. Our bill was \$25.00 a month then. A great deal of the time, we have to boil water before consumption or we have no water at all. We pay \$27.53 for water and \$34.31 for sewer, a total of \$73.84 just to have access to water and sewer. Then we have to pay for every drop of water we use. Sometimes our water bill is higher than electricity. WEIRD!!!! Have never had a water company do this. All others that I have used in the past years, have a set rate for the first 1000 gallons and then charge extra for anything over 1000 gallons. I STRONGLY URGE you to not let them continue to do this to us. They get increases and we do not have better quality water or better water service. Have no idea what they are using these continued increases for. PLEASE CONSIDER NOT LETTING THEM CONTINUE TO DO THIS TO THE PEOPLE OF CAROLINA TRACE AND OTHER AREAS. Thank you so very much for your consideration.

E-mail correspondence to and from this address may be subject to the North Carolina Public Records Law and may be disclosed to third parties by an authorized state official.

Campbell, Kimberley

From: Wade, Sharon <sharon.wade@psncuc.nc.gov>
Sent: Monday, October 7, 2019 8:07 AM
To: Statements
Cc: Casselberry, Gina
Subject: Docket No. W-354 Sub 364 FW: [External] Conneestee Falls

-----Original Message-----

From: Susan Nabors [REDACTED]
Sent: Saturday, October 5, 2019 10:49 AM
To: Wade, Sharon <sharon.wade@psncuc.nc.gov>
Subject: [External] Conneestee Falls

CAUTION: External email. Do not click links or open attachments unless you verify. Send all suspicious email as an attachment to report.spam@nc.gov<<mailto:report.spam@nc.gov>>

Sharon,
Conneestee has a mixed population. Some are seniors on a fixed income. I live alone.
My weather bill is already very high. A further increase could pose a difficult situation for some of us.
thank you.
Susan Nabors

Sent from my iPad

Email correspondence to and from this address may be subject to the North Carolina Public Records Law and may be disclosed to third parties by an authorized state official.

Campbell, Kimberley

From: Wade, Sharon <sharon.wade@psncuc.nc.gov>
Sent: Monday, October 7, 2019 8:08 AM
To: Statements
Cc: Casselberry, Gina
Subject: Docket No. W-354 Sub 364 FW: [External] Possible Carolina Water increase in cost

-----Original Message-----

From: John Brooks [REDACTED]
Sent: Sunday, October 6, 2019 3:54 PM
To: Wade, Sharon <sharon.wade@psncuc.nc.gov>
Cc: traceysellsdreams@gmail.com
Subject: [External] Possible Carolina Water increase in cost

CAUTION: External email. Do not click links or open attachments unless you verify. Send all suspicious email as an attachment to report.spam@nc.gov<<mailto:report.spam@nc.gov>>

Hello,

As a part-time resident and homeowner in Connestee Falls it is very disappointing to me to hear about a considered price increase in water and sewer billing. Residents are already paying a substantial amount for water service and quite honestly there are numerous questions with the quality of service including boiling water notices, watermain breaks, etc... we all hope that you will reconsider the options and make it fair for Transylvania County residents. Thank you for your time.

Are you satisfied with our service? Referrals and customer reviews are the key to our success, please visit us at <http://www.leeinspectionsservices.com/googlereview> and post a review on our google business page.

REMEMBER YOUR FAMILY, YOUR HOME... OUR PRIORITY!

John P. Brooks President/Master Home Inspector Lee County Inspection Services Home Inspections
St License # HI-637/ Ph 239.246.9534 FABI Registered Professional Inspector InterNachi Certified
Professional Inspector St Licensed Mold Assessment/ Environmental Testing/ Mold Remediation
Supervision

Email correspondence to and from this address may be subject to the North Carolina Public Records Law and may be disclosed to third parties by an authorized state official.

Campbell, Kimberley

From: Wade, Sharon <sharon.wade@psncuc.nc.gov>
Sent: Monday, October 7, 2019 8:08 AM
To: Statements
Cc: Casselberry, Gina
Subject: Docket No. W-354 Sub 364 FW: [External] Carolina Water Service's rate increase application

From: Ken [REDACTED]
Sent: Sunday, October 6, 2019 6:30 PM
To: Wade, Sharon <sharon.wade@psncuc.nc.gov>
Subject: [External] Carolina Water Service's rate increase application

CAUTION: External email. Do not click links or open attachments unless you verify. Send all suspicious email as an attachment to report.spam@nc.gov

Dear Ms. Wade:

Please convey my strong opposition to Carolina Water Service's application to increase its water and sewerage rates throughout North Carolina by 16 and 35 percent, respectively.

The Utilities Commission should remain vigilant in its duty to protect the interests of the state's rate payers as well as its utilities. In this case, my neighbors and I understand Carolina Water's need to remain profitable, but we feel the requested increases are excessive and unjustified. The Commission needs to keep in mind that many of the state's residents are on fixed incomes that increase by zero percentage over the years. And even those with normally growing incomes rarely see increases approaching anywhere near 16 or 35 percent. For instance, U.S. salary budgets are projected to rise by an average of just 3.2 percent this year!

Please express this perspective to the decision makers.

Kenneth Franzen
[REDACTED]
Brevard, NC 28712
[REDACTED]

Email correspondence to and from this address may be subject to the North Carolina Public Records Law and may be disclosed to third parties by an authorized state official.

Campbell, Kimberley

From: Wade, Sharon <sharon.wade@psncuc.nc.gov>
Sent: Monday, October 7, 2019 8:08 AM
To: Statements
Cc: Casselberry, Gina
Subject: Docket No. W-354 Sub 364 FW: [External] Connetsee Falls - Rate Increases

-----Original Message-----

From: Pamela Mahoney [REDACTED]
Sent: Sunday, October 6, 2019 10:15 PM
To: Wade, Sharon <sharon.wade@psncuc.nc.gov>
Subject: [External] Connetsee Falls - Rate Increases

CAUTION: External email. Do not click links or open attachments unless you verify. Send all suspicious email as an attachment to report.spam@nc.gov<<mailto:report.spam@nc.gov>>

Good morning Sharon. I am writing to you regarding water and sewer rate increases at Connetsee Falls.

The rates from your company are already high. Higher than NYC to be exact.

I think it is totally unfair to raise prices at the rates you are discussing and totally inconsiderate to a retirement community such as Connetsee Falls.

Please reconsider. Thank you.

Sent from my iPhone

Email correspondence to and from this address may be subject to the North Carolina Public Records Law and may be disclosed to third parties by an authorized state official.

Campbell, Kimberley

From: Wade, Sharon <sharon.wade@psncuc.nc.gov>
Sent: Monday, October 7, 2019 9:57 AM
To: Statements
Cc: Casselberry, Gina
Subject: Docket No. W-354 Sub 364 FW: [External] Increase in Carolina Water Service Rates

From: T.J. Kopf [REDACTED]
Sent: Saturday, October 5, 2019 10:44 AM
To: Wade, Sharon <sharon.wade@psncuc.nc.gov>
Subject: [External] Increase in Carolina Water Service Rates

CAUTION: External email. Do not click links or open attachments unless you verify. Send all suspicious email as an attachment to report.spam@nc.gov

I recently learned that there is a planned increase in Carolina Water Service Rates. To be honest, I was very surprised. My wife and I moved to the Brevard area this summer to wait for our house (new construction) to be finished in Connetsee Falls. Since construction started on our house (Jun/Jul 2018) until we moved in to our house in early Sep 2019, we have been paying \$70.00 per month for our Carolina Water Service even though there was no water or sewage service. We recently paid our first "real" water/sewage bill which was \$120.00 and didn't include a significant number of days of actual occupancy. We moved from the Northern Virginia area (near Washington D.C.), a fairly high cost of living area. Our water service bill (no sewer since we had a septic system) was about \$35.00 per quarter. I understand there are probably differences in water & sewer infrastructure costs between Northern Virginia and Western North Carolina, but the difference in costs is very significant.

I urge you to look at any proposed increase with a very critical eye.

Thomas J. Kopf
[REDACTED]
Brevard, NC. 28712
(Connetsee Falls)

[REDACTED]

Email correspondence to and from this address may be subject to the North Carolina Public Records Law and may be disclosed to third parties by an authorized state official.

Campbell, Kimberley

From: Wade, Sharon <sharon.wade@psncuc.nc.gov>
Sent: Monday, October 7, 2019 2:17 PM
To: Statements
Cc: Casselberry, Gina
Subject: Docket No. W-354 Sub 364 FW: [External] Utility rate increase...connetsee falls,nc.

From: David Colmery [REDACTED]
Sent: Monday, October 7, 2019 2:11 PM
To: Wade, Sharon <sharon.wade@psncuc.nc.gov>
Subject: [External] Utility rate increase...connetsee falls,nc.

CAUTION: External email. Do not click links or open attachments unless you verify. Send all suspicious email as an attachment to report.spam@nc.gov

Our water bills are huge now. We live on a fixed income and increases like you are proposing are unacceptable. Please do not do this.

Dave and Barbara Colmery
[REDACTED]
Brevard, nc, 28712

Email correspondence to and from this address may be subject to the North Carolina Public Records Law and may be disclosed to third parties by an authorized state official.

OFFICIAL COPY

Oct 07 2019

Campbell, Kimberley

From: Wade, Sharon <sharon.wade@psncuc.nc.gov>
Sent: Monday, October 7, 2019 3:01 PM
To: Statements
Cc: Casselberry, Gina
Subject: Docket No. W-354 Sub 364 FW: [External] Water and sewer rate increase request for Connetsee Falls

From: bill hutch [REDACTED]
Sent: Monday, October 7, 2019 2:53 PM
To: Wade, Sharon <sharon.wade@psncuc.nc.gov>
Subject: [External] Water and sewer rate increase request for Connetsee Falls

CAUTION: External email. Do not click links or open attachments unless you verify. Send all suspicious email as an attachment to report.spam@nc.gov

Dear Ms. Wade:

Please note our strong opposition to the Carolina Water Service application to increase its water and sewer rates in Connetsee Falls.

If my records are correct, there were water and sewer rate increases in December 2017, February 2019 and April 2019.

My wife and I are a two-person household and our monthly water and sewer bill ranges from \$96.89 to \$110.11, even with water conservation practices in effect in our home.

We ask that the proposed water and sewer rate increase be denied.

**William T. Hutchison
Connetsee Falls**

Public Utilities Commission of Texas Public Comments for Corix Utilities

Your web browser (Chrome 111) is out of date. Update your browser for more security, speed and the best experience on this site.

[Update browser](#) [Ignore](#)

Filings for 53815

Case Style APPLICATION OF CORIX UTILITIES (TEXAS) INC. FOR AUTHORITY TO CHANGE RATES
621 filing(s).

Item	File Stamp	Party	Item Type	Filing Description
1	7/11/2022	CORIX UTILITIES (TEXAS) INC	PL	REQUEST FOR A DOCKET NUMBER
2	8/1/2022	CORIX UTILITIES (TEXAS) INC.	PL	SCHEDULE WORKPAPERS – VOLUMINOUS
3	8/1/2022	CORIX UTILITIES (TEXAS) INC.	CONF	CONFIDENTIAL- JUSTIN KERSEY TESTIMONY EXHIBIT JPK-4
4	8/1/2022	CORIX UTILITIES (TEXAS) INC.	CONF	CONFIDENTIAL- JUSTIN KERSEY TESTIMONY EXHIBIT JPK-7
5	8/1/2022	CORIX UTILITIES (TEXAS) INC.	CONF	CONFIDENTIAL-SCHEDULES
6	8/1/2022	CORIX UTILITIES (TEXAS) INC.	PL	JUSTIN KERSEY DIRECT TESTIMONY VOLUMINOUS WORKPAPERS
7	8/1/2022	CORIX UTILITIES (TEXAS) INC.	PL	BRUCE H. FAIRCHILD DIRECT TESTIMONY VOLUMINOUS WORKPAPERS
8	8/1/2022	CORIX UTILITIES (TEXAS) INC.	PL	APPLICATION OF CORIX UTILITIES (TEXAS) INC. FOR AUTHORITY TO CHANGE RATES
9	8/1/2022	CORIX UTILITIES (TEXAS) INC.	CONF	CONFIDENTIAL SCHEDULE WORKPAPERS
10	8/1/2022	CORIX UTILITIES (TEXAS) INC.	CONF	CONFIDENTIAL-HIGHLY SENSITIVE SCHEDULE WORKPAPERS
11	8/1/2022	CORIX UTILITIES (TEXAS) INC.	CONF	CONFIDENTIAL JUSTIN KERSEY DIRECT TESTIMONY WORKPAPERS

12	8/1/2022	CORIX UTILITIES (TEXAS) INC.	CONF	CONFIDENTIAL - BRUCE H. FAIRCHILD DIRECT. TESTIMONY WORKPAPERS
13	8/3/2022	PUC OPDM	PL	ORDER NO. 1 - REQUIRING COMMENTS ON ADMINISTRATIVE COMPLETENESS OF THE APPLICATION AND PROPOSED NOTICED
14	8/5/2022	OPUC	PL	OPUC's Motion to Intervene
15	8/8/2022	Glenda Turner	CONF	RATEPAYER PROTEST
16	8/8/2022	SUSAN SCHAFFRER	PL	RATEPAYER PROTEST
17	8/8/2022	DONNA MCLEMORE-VAJGRT	PL	RATEPAYER PROTEST
18	8/8/2022	SAMANTHA MURRAY	PL	REQUEST TO INTERVENE
19	8/8/2022	DENNIS GRUWELL	PC	RATEPAYER COMMENTS
20	8/8/2022	Pamela and Kenneth Britton	PL	Ratepayer Protest
21	8/8/2022	ALBERT L CANON	PL	RATEPAYER PROTEST
22	8/8/2022	Steve/Brenda McLemore	PL	RATEPAYER PROTEST
23	8/8/2022	Debby Guelker	PL	RATEPAYER PROTEST
24	8/8/2022	PAT HILL	CONF	RATEPAYER PROTEST
25	8/8/2022	GEORGE REED	PL	RATEPAYER PROTEST
26	8/9/2022	Mark Eltgroth	PC	RATEPAYER COMMENTS
27	8/9/2022	RICHARD POMPA	CONF	RATEPAYER COMMENTS
28	8/9/2022	LARRY CHANEY	PL	RATEPAYER PROTEST
29	8/9/2022	CHRISTOFER DEAN	PL	RATEPAYER PROTEST
30	8/9/2022	JIM MAGILL	PL	REQUEST TO INTERVENE
31	8/9/2022	DAVID HILL	PL	RATEPAYER PROTEST
32	8/9/2022	ELLIS MORRIS	PL	RATEPAYER PROTEST
33	8/9/2022	KENNETH MAYO	PL	RATEPAYER PROTEST
34	8/9/2022	JULIA STEINHAGEN	PL	RATEPAYER PROTEST
35	8/9/2022	MARYANN SURRIDGE	PL	RATEPAYER PROTEST
36	8/9/2022	WILLIAM MARCHBANKS	PL	RATEPAYER PROTEST
37	8/9/2022	Janet Green Aka Janet Andrews (married)	PL	RATEPAYER PROTEST

38	8/9/2022	JIMMY HORRELL	PL	REQUEST TO INTERVENE
39	8/9/2022	ALICE PETREE	PL	RATEPAYER PROTEST
40	8/9/2022	ANN MARIE HERRERA	PL	RATEPAYER PROTEST
41	8/9/2022	JAMES STEWART	PL	RATEPAYER PROTEST
42	8/9/2022	DORA NICHOLS	PL	RATEPAYER PROTEST
43	8/9/2022	CHARLES NICHOLS	PL	RATEPAYER PROTEST
44	8/9/2022	KORA BARD	PL	RATEPAYER PROTEST
45	8/9/2022	JOYCE NELSON	PL	RATEPAYER PROTEST
46	8/9/2022	ASHLEY ROGER	PL	RATEPAYER PROTEST
47	8/9/2022	LOMETA CHURCH OF CHRIST	PL	RATEPAYER PROTEST
48	8/10/2022	STEPHEN & GLENDA HAMILTON	PL	RATEPAYER PROTEST
49	8/10/2022	NORA OWENS	PL	RATEPAYER PROTEST
50	8/10/2022	DOYLE HAZLE	PL	RATEPAYER PROTEST
51	8/10/2022	GEORGE WALKER	PL	RATEPAYER PROTEST
52	8/10/2022	EDDIE CASEBEER	PL	RATEPAYER PROTEST
53	8/10/2022	JUSTIN RHODES	PL	RATEPAYER PROTEST
54	8/10/2022	JERRY DANIEL	PL	RATEPAYER PROTEST
55	8/10/2022	BILL BROOKS	PL	REQUEST TO INTERVENE
56	8/10/2022	JESSE MUNOZ	PL	RATEPAYER PROTEST
57	8/10/2022	BEVERLY COGBURN	PL	RATEPAYER PROTEST
58	8/10/2022	KARLA & STEVE STOKER	PL	RATEPAYER PROTEST
59	8/10/2022	RICHARD APISOCPA	PL	RATEPAYER PROTEST
60	8/10/2022	PATRICIA HODGE	PL	RATEPAYER PROTEST
61	8/10/2022	LEON RIGAMONTI	PL	RATEPAYER PROTEST
62	8/10/2022	ROBERT HARRIS	PL	RATEPAYER PROTEST
63	8/10/2022	DON SLACK	PL	RATEPAYER PROTEST
64	8/10/2022	STEPHEN LANEY	PL	RATEPAYER PROTEST
65	8/10/2022	ROY & BETTY HODGES	PL	REQUEST TO INTERVENE
66	8/10/2022	ROBERT COTHERN	PL	RATEPAYER PROTEST

67	8/10/2022	BERNARD CUMBRE	PL	RATEPAYER PROTEST
68	8/10/2022	FAYE ROBERSON	PL	RATEPAYER PROTEST
69	8/10/2022	TYLER STOKES	PL	RATEPAYER PROTEST
70	8/10/2022	LARRY RICHTER	PL	RATEPAYER PROTEST
71	8/10/2022	THOMAS & REWENA GUESS	PL	RATEPAYER PROTEST
72	8/10/2022	CHARLES HAWSON	PL	RATEPAYER PROTEST
73	8/10/2022	JERRY ATCHISON	PL	RATEPAYER PROTEST
74	8/10/2022	WIVIAME BEISERT	PL	RATEPAYER PROTEST
75	8/10/2022	KENNETH GREMAR	PL	RATEPAYER PROTEST
76	8/10/2022	RIAD YAHIAOUI	PL	RATEPAYER PROTEST
77	8/10/2022	JANET PRISSER	PL	RATEPAYER PROTEST
78	8/10/2022	ROBERT ZAJICEK	PL	RATEPAYER PROTEST
79	8/10/2022	RONALD HAJEK	PL	RATEPAYER PROTEST
80	8/10/2022	DAVID SCHAEFER	PL	RATEPAYER PROTEST
81	8/10/2022	JEANNE PETOFI PFIESTER	PL	RATEPAYER PROTEST
82	8/10/2022	RONNIE BESENT	PL	RATEPAYER PROTEST-poor quality
83	8/10/2022	PATSY YOUNG	PL	RATEPAYER PROTEST Rates increasing- Poor quality
84	8/10/2022	RAY ALEXANDER	PL	RATEPAYER PROTEST
85	8/10/2022	George Tyson	CONF	Ratepayer comment/protest
86	8/10/2022	Matagorda Dunes Homesites Resident	PC	RATEPAYER COMMENTS/ PROTEST
87	8/10/2022	Thomas Greiser	PL	REQUEST TO INTERVENE
88	8/10/2022	JOE POUND	PL	RATEPAYER PROTEST
89	8/10/2022	ROBERT CLARK	PL	RATEPAYER PROTEST
90	8/11/2022	Brandon Koenning	PL	REQUEST TO INTERVENE
91	8/11/2022	HILDA VALENZUELA	PL	Ratepayer Protest
92	8/11/2022	ROBERT OVERKOTT	PC	RATEPAYER COMMENTS/ PROTEST
93	8/11/2022	GARY CHILDS	PL	Ratepayer Protest
94	8/11/2022	MIGUEL NAVARRETE	PL	RATEPAYER PROTEST
95	8/11/2022	ALLAN DOCKREY	PL	Ratepayer Protest

96	8/11/2022	GARY BOGAN	PL	RATEPAYER PROTEST
97	8/11/2022	BOBBY MOODY	PL	RATEPAYER PROTEST
98	8/11/2022	PATRICK BUSKE	PL	REQUEST TO INTERVENE
99	8/11/2022	RONDA WALTON	PL	REQUEST TO INTERVENE
100	8/11/2022	E.J. RASCHKE	PL	REQUEST TO INTERVENE
101	8/11/2022	MARSHALL WALTERS	PL	RATEPAYER PROTEST
102	8/11/2022	DONNA HINES	PL	RATEPAYER PROTEST
103	8/11/2022	NEELY BYRD	PL	RATEPAYER PROTEST
104	8/11/2022	SHARON SMITH	PL	RATEPAYER PROTEST
105	8/11/2022	JIM & LYNN TRAYLOR	PL	RATEPAYER PROTEST
106	8/11/2022	RAUL MEADOR	PL	RATEPAYER PROTEST
107	8/11/2022	JEROLD EPPERSON	PL	RATEPAYER PROTEST
108	8/11/2022	BOBBY MATLOCK	PL	RATEPAYER PROTEST
109	8/11/2022	JRAIO WATLIN	PL	RATEPAYER PROTEST
110	8/11/2022	TIM EDWARDS	PL	RATEPAYER PROTEST
111	8/11/2022	SAMMY MASSINQILL	PL	RATEPAYER PROTEST
112	8/11/2022	PEGGY GALE	PL	RATEPAYER PROTEST
113	8/11/2022	DEBBIE MASSINGILL	PL	RATEPAYER PROTEST
114	8/11/2022	JERRY PERKIUS	PL	RATEPAYER PROTEST
115	8/11/2022	DAN AVERETT	PL	RATEPAYER PROTEST
116	8/11/2022	ROBERT CONRAD	PL	RATEPAYER PROTEST
117	8/11/2022	CASEY CORBIN	PL	RATEPAYER PROTEST
118	8/11/2022	JEFFERY W ELLIS	PL	RATEPAYER PROTEST
119	8/11/2022	TIM & LISA JOHNSTON	PL	RATEPAYER PROTEST
120	8/11/2022	KYLE GREENSTREET	PL	RATEPAYER PROTEST
121	8/11/2022	BETH CONCKLIN	PL	RATEPAYER PROTEST
122	8/11/2022	KAREN SANDERS	PL	RATEPAYER PROTEST
123	8/11/2022	RUSSELL FEUSSE	PL	RATEPAYER PROTEST
124	8/11/2022	ROBERT HERNANDEZ	PL	VOID SEE DKT. 53428 ITEM 926
125	8/11/2022	ANNE KINNEY	PL	RATEPAYER PROTEST
126	8/11/2022	CAROL THELEN	PL	RATEPAYER PROTEST

127	8/11/2022	THEODORE TAYLOR	PL	RATEPAYER PROTEST
128	8/11/2022	DOROTHEA BALDWIN	PL	RATEPAYER PROTEST
129	8/11/2022	RONALD SCHLOTTMANN	PL	RATEPAYER PROTEST
130	8/11/2022	Kathleen A Wysong	PC	RATEPAYER COMMENTS/PROTEST
131	8/11/2022	Teresa Saunders	PL	RATEPAYER PROTEST
132	8/11/2022	RONNY LINDSEY	PL	Request to Intervene
133	8/11/2022	DENNIS PATTON	PL	Ratepayer Protest
134	8/11/2022	MELITON VELEZ	PL	RATEPAYER PROTEST
135	8/11/2022	JALLY WATKINS	PL	Ratepayer Protest
136	8/11/2022	JEANNE ARNOLD	PL	RATEPAYER PROTEST
137	8/11/2022	DANNY RICH	PL	Ratepayer Protest
138	8/11/2022	SHARON RAY	PL	Ratepayer Protest
139	8/11/2022	TRAVIS WATKINS	PL	Ratepayer Protest
140	8/11/2022	DICK SULLIVAN	PL	RATEPAYER PROTEST
141	8/11/2022	JAMES GILL	PL	RATEPAYER PROTEST
142	8/11/2022	ALEX JOE ROCHA	PL	RATEPAYER PROTEST
143	8/11/2022	DALE S. JANIK	PC	RATEPAYER COMMENTS
144	8/11/2022	DALE S. JANIK	PL	RATEPAYER PROTEST
145	8/11/2022	JOHN MASON	PL	RATEPAYER PROTEST
146	8/11/2022	Chad Pinkerton	COM	Comments
147	8/11/2022	DEIDRA WHITAKER	PL	REQUEST TO INTERVENE
148	8/11/2022	Barbara ermin	PL	ratepayer protest
149	8/11/2022	TIM SIMS	PC	RATEPAYER PROTEST/COMMENTS
150	8/12/2022	Clay Bishop	PL	RATEPAYER PROTEST
151	8/12/2022	WOODY TAYLOR	PL	RATEPAYER PROTEST
152	8/12/2022	KEVIN RICH	PL	RATEPAYER PROTEST
153	8/12/2022	RHONDA MAYS-MALDONADO	PL	REQUEST TO INTERVENE
154	8/12/2022	BETTY ANDERSON	PL	RATEPAYER PROTEST
155	8/12/2022	ROY/TRACY RHEAMS	PL	RATEPAYER PROTEST
156	8/12/2022	MARK THOMPSON	PL	RATEPAYER PROTEST

157	8/12/2022	JERRY BOYD	PL	RATEPAYER PROTEST
158	8/12/2022	JOHN D HOGUE	PL	RATEPAYER PROTEST
159	8/12/2022	ADAM WHITEHEAD	PL	RATEPAYER PROTEST
160	8/12/2022	JEFFERY HOWLETT	PL	RATEPAYER PROTEST
161	8/12/2022	CURT & DEBRA BRUMNMETT	PL	RATEPAYER PROTEST
162	8/12/2022	JAMES CARELLAS	PL	RATEPAYER PROTEST
163	8/12/2022	WILEY HULSEY	PL	RATEPAYER PROTEST
164	8/12/2022	PAT HOWELL	PL	RATEPAYER PROTEST
165	8/12/2022	JEREMY REYES	PL	RATEPAYER PROTEST
166	8/12/2022	BILLY JENSEN	PL	RATEPAYER PROTEST
167	8/12/2022	TYNILLE CROSS	PL	REQUEST TO INTERVENE
168	8/12/2022	BUSTER GRISHAM	PL	RATEPAYER PROTEST
169	8/12/2022	CLYDELL WALLACE	PL	RATEPAYER PROTEST
170	8/12/2022	ELISABETH PENNINGTON	PL	RATEPAYER PROTEST
171	8/12/2022	RALPH HALE	PL	RATEPAYER PROTEST
172	8/12/2022	LEONARD A. DAIDONE	PL	RATEPAYER PROTEST
173	8/12/2022	JESSE BEARD	PL	RATEPAYER PROTEST
174	8/12/2022	HAROLD PORTER	PL	RATEPAYER PROTEST
175	8/12/2022	CARRY SMITH II	PL	RATEPAYER PROTEST
176	8/12/2022	SHAWN RECS	PL	RATEPAYER PROTEST
177	8/12/2022	WILLIAM DAVEY	PL	RATEPAYER PROTEST
178	8/12/2022	LENNIE HOLT	PL	RATEPAYER PROTEST
179	8/12/2022	CLARA BARNETT	PL	RATEPAYER PROTEST
180	8/12/2022	DEL MOURMIAES	PL	REQUEST TO INTERVENE
181	8/12/2022	DAMON LAFITTE	PL	RATEPAYER PROTEST
182	8/12/2022	DARLENE UNDERBILL	PL	RATEPAYER PROTEST
183	8/12/2022	BECKY OLIVER	PL	RATEPAYER PROTEST
184	8/12/2022	LANDUS FINLEY	PL	RATEPAYER PROTEST
185	8/12/2022	LORI SIEMENS	PL	RATEPAYER PROTEST

186	8/12/2022	BOB JACKSON	PL	RATEPAYER PROTEST
187	8/12/2022	BELL MENDEZ	PL	RATEPAYER PROTEST
188	8/12/2022	PAT MCMAHAN	PL	RATEPAYER PROTEST
189	8/12/2022	PAT MCMAHAN	PL	RATEPAYER PROTEST
190	8/12/2022	Phillip Morris	PL	RATEPAYER PROTEST
191	8/12/2022	High Valley Baptist Church	PL	Ratepayer protest
192	8/12/2022	Tammy Leonhardt	PL	REQUEST TO INTERVENE
193	8/12/2022	Jody Beavers	PL	RATEPAYER PROTEST
194	8/12/2022	Steven J. Keeping	PL	Request to Intervene
195	8/12/2022	SHANNON CAYLOR	PL	RATEPAYER PROTEST
196	8/12/2022	MAYLOR PORTER	PL	Ratepayer Protest
197	8/12/2022	Antelope Creek Farms	PL	RATEPAYER PROTEST
198	8/12/2022	Lorne Dornak	PL	Ratepayer Protest
199	8/12/2022	Shari Copeland	PL	Ratepayer Protest
200	8/12/2022	Chris & Fred Elizalde	PL	RATEPAYER PROTEST
201	8/13/2022	LEEANN COLLIER	PL	RATEPAYER PROTEST
202	8/13/2022	Richard Lloyd	PL	Ratepayer Protest
203	8/13/2022	Herb Krasner	PL	Ratepayer Protest
204	8/13/2022	Dale Namminga	PL	Ratepayer Protest
205	8/14/2022	John and Roxanne Parrott	PL	Ratepayer Protest
206	8/15/2022	GARY HARKINS	PL	Ratepayer Protest
207	8/15/2022	LANELL LANGFORD	PL	Ratepayer Protest
208	8/15/2022	WELDON GASKAMP	PL	Ratepayer Protest
209	8/15/2022	CAROL WILLIAMS	PL	Ratepayer Protest
210	8/15/2022	KEITH CROSBY	PL	VOID SEE DKT. 53428 ITEM 927
211	8/15/2022	GARY MORRISON	PL	Ratepayer Protest
212	8/15/2022	MATTHEW SALE	PL	Ratepayer Protest
213	8/15/2022	DAVID CURRY	PL	Ratepayer Protest
214	8/15/2022	LINDA OBERHOFF	PL	Request to Intervene
215	8/15/2022	JESSIA RAMOS	PL	Ratepayer Protest

216	8/15/2022	WENDELL PINKERTON	PL	Ratepayer Protest
217	8/15/2022	JANE COOPER	PL	Ratepayer Protest
218	8/15/2022	KEITH MAHLAMNN	PL	REQUEST TO INTERVENE
219	8/15/2022	GENE BLANCHARD	PL	REQUEST TO INTERVENE
220	8/15/2022	THOMAS CONNELL	PL	REQUEST TO INTERVENE
221	8/15/2022	JOYCE MORTON	PL	REQUEST TO INTERVENE
222	8/15/2022	BILL NUTT	PL	REQUEST TO INTERVENE
223	8/15/2022	JULIE MCNETT	PL	RATEPAYER PROTEST
224	8/15/2022	EARL & DEANA CALKINS	PL	RATEPAYER PROTEST
225	8/15/2022	BRENT GRAY	PL	RATEPAYER PROTEST
226	8/15/2022	PURVIS RANERL & PURVIS LAND AND CATTLE CO.	PL	RATEPAYER PROTEST
227	8/15/2022	ALICIA NOACK	PL	RATEPAYER PROTEST
228	8/15/2022	RYAN BOSSE	PL	RATEPAYER PROTEST
229	8/15/2022	LINDA HEY	PL	RATEPAYER PROTEST
230	8/15/2022	PRADEEP NAMBIAR	PL	RATEPAYER PROTEST
231	8/15/2022	JAY CLARKE	PL	RATEPAYER PROTEST
232	8/15/2022	ROBERT KIEKE	PL	REQUEST TO INTERVENE
233	8/15/2022	BOBBY SPARKE	PL	RATEPAYER PROTEST
234	8/15/2022	LISA KOZIK	PL	RATEPAYER PROTEST
235	8/15/2022	CHELCI BEAIRD	PL	RATEPAYER PROTEST
236	8/15/2022	TOMMIE GALNEAU	PL	RATEPAYER PROTEST
237	8/15/2022	APRIL JOHNSON	PL	RATEPAYER PROTEST
238	8/15/2022	JOSEPH DEGIOANNI	PL	RATEPAYER PROTEST
239	8/15/2022	PARRI ROSEN	PL	RATEPAYER PROTEST
240	8/15/2022	WILLIE CASTILLO	PL	RATEPAYER PROTEST
241	8/15/2022	RUTH SALE	PL	RATEPAYER PROTEST
242	8/15/2022	MELVIN ASHORN	PL	RATEPAYER PROTEST
243	8/15/2022	PAUL HAINES	PL	RATEPAYER PROTEST

244	8/15/2022	TERESA/LARRY WEBB	PL	REQUEST TO INTERVENE
245	8/15/2022	VICKI COBERN PETERS	PL	RATEPAYER PROTEST
246	8/15/2022	JAMES HARDY	PL	RATEPAYER PROTEST
247	8/15/2022	ERMELINDA WILSON	PL	RATEPAYER PROTEST
248	8/15/2022	MARY BRYAN	PL	RATEPAYER PROTEST
249	8/15/2022	JOHN CASILLAS	PL	RATEPAYER PROTEST
250	8/15/2022	HOLLY CASILLAS	PL	RATEPAYER PROTEST
251	8/15/2022	TRONYA BROWN	PL	RATEPAYER PROTEST
252	8/15/2022	LARRY CAIN	PL	RATEPAYER PROTEST
253	8/15/2022	PAM COEN	PL	RATEPAYER PROTEST
254	8/15/2022	SANDRA PINKOWSKI	PL	RATEPAYER PROTEST
255	8/15/2022	BETTY HEBERT-REECE	PL	RATEPAYER PROTEST
256	8/15/2022	RENEA BANBURY	PL	RATEPAYER PROTEST
257	8/15/2022	JERRI HARRIS	PL	RATEPAYER PROTEST
258	8/15/2022	MIKE HILL	PL	RATEPAYER PROTEST
259	8/15/2022	NORMAN & SHIRLEY HACK	PL	RATEPAYER PROTEST
260	8/15/2022	FLOYD HECHLER	PL	RATEPAYER PROTEST
261	8/15/2022	CORY RYAN	PL	RATEPAYER PROTEST
262	8/15/2022	CHUCK BAGWELL	PL	RATEPAYER PROTEST
263	8/15/2022	DOYLE LOWRANCE	PL	RATEPAYER PROTEST
264	8/15/2022	DAVID & TRICIA WILSON	PL	RATEPAYER PROTEST
265	8/15/2022	GEORGE TOM BRISTER	PL	PUC DOCKET RATEPAYER COMMENTS Rates increasing Poor quality "Everyone in Lometa are elderly or on a fixed income. Water rates are already to HIGH and we cannot drink our water."
266	8/15/2022	JIMMY BOLT	PL	RATEPAYER COMMENTS Rates increasing Poor quality "I am on disability and the rates are already too high and the water is not drinkable."

267	8/15/2022	ANITA HICKS	PL	RATEPAYER PROTEST "Water is worthless stinks, not drinkable, and rates are already to high. Lometa is a small town and the best experience on this site. I am a widow and on ss so these rates are way to high for an average person to pay." Update browser Ignore
268	8/15/2022	CARLOS GARCIA	PL	PUC DOCKET | RATEPAYER COMMENTS/REQUESTS TO INTERVENE Poor quality Rates increasing
269	8/15/2022	Marilayne Millwood	PL	Ratepayer protest
270	8/16/2022	Rick Federwisch	PC	Ratepayer Protest/Comments
271	8/16/2022	Jay and Alexis	PL	Ratepayer protest
272	8/16/2022	Jay Williams	PL	Ratepayer protest
273	8/16/2022	WILLIAM RANKIN	PL	Request to Intervene
274	8/16/2022	SHEILA STILLEY	PL	Ratepayer Protest
275	8/16/2022	BETHANY MAGERS	PL	Ratepayer Protest
276	8/16/2022	DONALD THOMPSON	PL	Ratepayer Protest
277	8/16/2022	LES HARDY	PL	Ratepayer Protest
278	8/16/2022	DANNY & PAM BUTLER	PL	Ratepayer Protest
279	8/16/2022	MARNIE VOLPE	PL	Ratepayer Protest
280	8/16/2022	Glenda Eberhart	PL	Ratepayer Protest
281	8/17/2022	AMELIA CASTILLO	PL	RATEPAYER PROTEST
282	8/17/2022	DONAL BELL	PL	RATEPAYER PROTEST
283	8/17/2022	GEORGE TYSON	PL	RATEPAYER PROTEST
284	8/17/2022	DOUG CHITSEY	PL	RATEPAYER PROTEST
285	8/17/2022	RONNIE BREWSTER	PL	RATEPAYER PROTEST
286	8/17/2022	JEANNETTE FRANCOIS	PL	RATEPAYER PROTEST
287	8/17/2022	BRENDA GASKINS	PL	RATEPAYER PROTEST
288	8/17/2022	TERRY WOLF	PL	RATEPAYER PROTEST
289	8/17/2022	DAVID HENDERSON	PL	RATEPAYER PROTEST
290	8/17/2022	ROBERT PRICE	PL	RATEPAYER PROTEST
291	8/17/2022	JOHN CHILDRESS	PL	RATEPAYER PROTEST
292	8/17/2022	PATRICIA RENN	PL	RATEPAYER PROTEST
293	8/17/2022	ERIC & KATIE ALFORD	PL	RATEPAYER PROTEST

294	8/17/2022	KEN BAKER	PL	RATEPAYER PROTEST
295	8/17/2022	TED ANDERS	PL	RATEPAYER PROTEST
296	8/17/2022	CHARLES HENDERSON	PL	RATEPAYER PROTEST
297	8/17/2022	ROY & SHERYL HARRIS	PL	RATEPAYER PROTEST
298	8/17/2022	CATHERINE ROYER	PL	RATEPAYER PROTEST
299	8/17/2022	DON WOOD	PL	RATEPAYER PROTEST
300	8/17/2022	JAMES RICH	PL	REQUEST TO INTERVENE
301	8/17/2022	LESLIE BUDAUS	PL	RATEPAYER PROTEST
302	8/17/2022	Richard Grimmer	PC	Ratepayer Protest/Comments
303	8/17/2022	David H Hopkins Jr	PL	RATEPAYER PROTEST
304	8/17/2022	Little Lucy RV Resort	PL	Requests to Intervene/Comments
305	8/18/2022	PAUL BOSSE	PL	RATEPAYER PROTEST
306	8/18/2022	JOHNNY & CRESTINA RIVERA	PL	RATEPAYER PROTEST
307	8/18/2022	DAVID WALDREP	PL	RATEPAYER PROTEST
308	8/18/2022	PAMELA BURROW	PL	RATEPAYER PROTEST
309	8/18/2022	RANDY CHAMBERS	PL	RATEPAYER PROTEST
310	8/18/2022	MARK TOTTY	PL	RATEPAYER PROTEST
311	8/18/2022	PATRICIA DIANE CHEANEY	PL	RATEPAYER PROTEST
312	8/18/2022	ALBERTA HALE	PL	RATEPAYER PROTEST
313	8/18/2022	CATHYE JOHNSON	PL	RATEPAYER PROTEST
314	8/18/2022	GILBERT & JOANNE ARILLANO	PL	RATEPAYER PROTEST
315	8/18/2022	DANIEL MARTIN	PL	RATEPAYER PROTEST
316	8/18/2022	DANNY RAWSON	PL	RATEPAYER PROTEST
317	8/18/2022	STEVE W RICH	PL	RATEPAYER PROTEST
318	8/18/2022	GARY KNIPSTEIN	PL	RATEPAYER PROTEST
319	8/18/2022	WILLIAM TUCKER	PL	RATEPAYER PROTEST
320	8/18/2022	THERESA RODENBECK	PL	RATEPAYER PROTEST

321	8/18/2022	RICK FEDERWISCH	PL	RATEPAYER PROTEST
322	8/18/2022	M. JILL BREAKER	PL	RATEPAYER PROTEST
323	8/18/2022	JACOB THOMAS	PL	RATEPAYER PROTEST
324	8/18/2022	JULIE KELLEY	PL	RATEPAYER PROTEST
325	8/18/2022	KEVIN BOEKER	PL	RATEPAYER PROTEST
326	8/18/2022	SAWTTA & TRAVIS VOELKEL	PL	RATEPAYER PROTEST
327	8/18/2022	BRADLEY GRIFFIN	PL	RATEPAYER PROTEST
328	8/18/2022	JOHNNY BORKETT	PL	RATEPAYER PROTEST
329	8/18/2022	PAT YOUNG	PL	RATEPAYER PROTEST
330	8/18/2022	AL STEINBACH	PL	RATEPAYER PROTEST
331	8/18/2022	CASEY MOSS	PL	RATEPAYER PROTEST
332	8/18/2022	MARK & RUTH BROXTON	PL	RATEPAYER PROTEST
333	8/18/2022	MELISSA GRIFFIN	PL	RATEPAYER PROTEST
334	8/18/2022	GLENDA STEVENS	PL	RATEPAYER PROTEST
335	8/18/2022	LARRY TOWERY	PL	RATEPAYER PROTEST
336	8/18/2022	Abbey Seidensticker	PL	Ratepayer Protest
337	8/18/2022	Marcus Patterson	PL	Ratepayer Protest
338	8/19/2022	PUC LEGAL	PL	COMMISSION STAFF'S PROTECTIVE ORDER CERTIFICATIONS
339	8/19/2022	Lana Nicholson	PL	Ratepayer Protest
340	8/19/2022	RICHARD HAL MOORMAN	PL	RATEPAYER PROTEST
341	8/19/2022	MARK SNEED	PL	RATEPAYER PROTEST
342	8/19/2022	BENNY GOFF	PL	RATEPAYER PROTEST
343	8/19/2022	KATHY OLFERS	PL	RATEPAYER PROTEST
344	8/19/2022	IZABELLLA BOCHENER	PL	RATEPAYER PROTEST
345	8/19/2022	CHARLES BOEDELER	PL	RATEPAYER PROTEST
346	8/19/2022	RICHARD COKER	PL	RATEPAYER PROTEST
347	8/19/2022	LEE WALINSKY	PL	RATEPAYER PROTEST
348	8/19/2022	TERRY NORTHUP	PL	REQUEST TO INTERVENE

349	8/19/2022	CATHY EASTHAM	PL	RATEPAYER PROTEST
350	8/19/2022	DAVID COLLIER	PL	RATEPAYER PROTEST
351	8/19/2022	JUDY BAICHTAL	PL	RATEPAYER PROTEST
352	8/19/2022	BRENDA GUYTON	PL	RATEPAYER PROTEST
353	8/19/2022	LOU CANATELLA	PL	RATEPAYER PROTEST
354	8/19/2022	CATHERINE GANN	PL	RATEPAYER PROTEST
355	8/19/2022	JUDSON HALL	PL	RATEPAYER PROTEST
356	8/19/2022	SYDNEY ROWLAND	PL	RATEPAYER PROTEST
357	8/19/2022	MARTHA TERREL	PL	RATEPAYER PROTEST
358	8/19/2022	VALGENE HORAK	PL	RATEPAYER PROTEST
359	8/19/2022	BERNICE SHOOD	PL	RATEPAYER PROTEST
360	8/19/2022	JOE STINSON	PL	REQUEST TO INTERVENE
361	8/19/2022	Patricia Dorsey	PL	Ratepayer Protest
362	8/19/2022	Janice Brister	PL	Ratepayer Protest
363	8/19/2022	DEREK MATHIS	PL	Ratepayer Protest
364	8/21/2022	David & Alene Shick	PL	Request to Intervene
365	8/22/2022	GARY ALLEN	PL	Ratepayer Protest
366	8/22/2022	St. Mathews Lutheran Church	PL	Ratepayer Protest
367	8/22/2022	EDWARD JOHNSON	PL	RATEPAYER PROTEST
368	8/22/2022	PUC LEGAL	PL	COMMISSION STAFF'S PROTECTIVE ORDER CERTIFICATIONS
369	8/22/2022	JIMMY HALL	PL	RATEPAYER PROTEST
370	8/22/2022	STEVE HUNTER	PL	RATEPAYER PROTEST
371	8/22/2022	RALPH E. & SANDRA BECKER	PL	RATEPAYER PROTEST
372	8/22/2022	GLENN & KATHRYN WEHRING	PL	RATEPAYER PROTEST
373	8/22/2022	DAN AVERETT	PL	RATEPAYER PROTEST
374	8/22/2022	DELBERT BILBREY	PL	RATEPAYER PROTEST
375	8/22/2022	CAROLYN JETER	PL	RATEPAYER PROTEST
376	8/22/2022	JIMMIE & DEBBIE WALTZ	PL	REQUEST TO INTERVENE

377	8/22/2022	LARRY JOHNSON	PL	RATEPAYER PROTEST
378	8/22/2022	RICKY KOKE	PL	RATEPAYER PROTEST
379	8/22/2022	STEVE & JILL BARNES	PL	RATEPAYER PROTEST
380	8/22/2022	DANIEL FISHER	PL	RATEPAYER PROTEST
381	8/22/2022	KATHY NUNN	PL	RATEPAYER PROTEST
382	8/22/2022	PATRICIA GERINO	PL	RATEPAYER PROTEST
383	8/22/2022	DOUGLAS NOOCK	PL	RATEPAYER PROTEST
384	8/22/2022	SHELLY JOE GUTHRIE	PL	RATEPAYER PROTEST
385	8/22/2022	LISA MCDERMOTT	PL	RATEPAYER PROTEST
386	8/22/2022	KERN KAUFMAN	PL	REQUEST TO INTERVENE
387	8/22/2022	BARBARA POHLMAYER	PL	RATEPAYER PROTEST
388	8/22/2022	MICHELLE & DION BOTHA	PL	RATEPAYER PROTEST
389	8/22/2022	THANA KEMPER	PL	RATEPAYER PROTEST
390	8/22/2022	CHARLES AUSLEY	PL	RATEPAYER PROTEST (A)
391	8/22/2022	CHARLES AUSLEY	PL	RATEPAYER PROTEST (B)
392	8/22/2022	CHARLES AUSLEY	PL	RATEPAYER PROTEST (C)
393	8/22/2022	RICHARD GRIMMER	PL	RATEPAYER PROTEST/COMMENTS
394	8/22/2022	CASI GUESS	PL	RATEPAYER PROTEST
395	8/22/2022	JACQUELINE ROBERTSON	PL	RATEPAYER PROTEST
396	8/22/2022	GLENDA EBERHART	PL	RATEPAYER PROTEST
397	8/22/2022	LARRY ALLEN	PL	RATEPAYER PROTEST
398	8/22/2022	LEIGH CARIKER	PL	RATEPAYER PROTEST
399	8/22/2022	STEVEN WOMACK	PL	RATEPAYER PROTEST
400	8/22/2022	SUMMIT SPRINGS POA	PL	RATEPAYER PROTEST
401	8/22/2022	MEG & JIM BERGQUIST	PL	RATEPAYER PROTEST
402	8/22/2022	LETITIA COCHRANE	PL	RATEPAYER COMMENTS/REQUEST TO INTERVENE

403	8/22/2022	GEORGE ALLEN & THERESE ARCHER	PL	RATEPAYER PROTEST
404	8/22/2022	EDGAR GAMBOA	PL	REQUEST TO INTERVENE
405	8/22/2022	David Allen	PL	Ratepayer Protest
406	8/22/2022	FERN GOREE	PL	Ratepayer Protest
407	8/22/2022	PUC LEGAL	RFI	COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO CORIX UTILITIES (TEXAS), INC. QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-18
408	8/23/2022	LEONIDAS & MARY ANNE PENA	PL	Ratepayer Protest
409	8/23/2022	BRENT BOUCK	PL	Ratepayer Protest
410	8/23/2022	JOEY CARROLL	PL	Ratepayer Protest
411	8/23/2022	DONNA GLASS	PC	Ratepayer Protest
412	8/23/2022	Travis Pelley	PL	Ratepayer Protest
413	8/24/2022	Gregory Appel	PL	Ratepayer Protest
414	8/24/2022	Rodney Baumgartner	PC	Ratepayer Comments
415	8/24/2022	Rod Baumgartner	PC	Ratepayer Comments
416	8/24/2022	CD DOWNING	PL	Ratepayer Protest
417	8/24/2022	JOYCE MCMULLEN	PL	Ratepayer Protest
418	8/24/2022	LANNY BROWN	PL	Ratepayer Protest
419	8/24/2022	CONNIE SAUER	PL	REQUEST TO INTERVENE
420	8/24/2022	DEBORAH WILKIE	PL	Ratepayer Protest
421	8/24/2022	TERRY FULLER	PL	Ratepayer Protest
422	8/24/2022	RUBY LUHN	PL	Ratepayer Protest
423	8/24/2022	CAROL FLYNN	PL	Ratepayer Protest
424	8/24/2022	PAMELA RASBERRY	PL	Ratepayer Protest
425	8/24/2022	ROBERT VALLIE	PL	Ratepayer Protest
426	8/24/2022	Suzanne Cortez	PC	Ratepayer Protest/Comments
427	8/24/2022	Mark Davison	PL	Ratepayer Protest
428	8/24/2022	Paul Michiels	PC	Ratepayer Protest
429	8/25/2022	Pamela Murski	PL	Request to Intervene
430	8/25/2022	NEVADA WAGNER	PL	Request to Intervene

431	8/25/2022	PUC LEGAL	RFI	COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION TO CORIX UTILITIES (TEXAS), INC.
432	8/25/2022	John Schaer	Update browser	Ratepayer protest
433	8/25/2022	Theresa Wahrmund	PL	Ratepayer protest
434	8/26/2022	PUC LEGAL	RFI	VOID SEE ITEM 475
435	8/26/2022	Joan Fisher	PL	Ratepayer Protest
436	8/29/2022	JAY WADSWORTH	PL	Ratepayer Protest
437	8/29/2022	DOUGLAS & JOLAYNE DAHMS	PL	RATEPAYER PROTEST
438	8/29/2022	PAUL GIRAUDIN	PL	RATEPAYER PROTEST
439	8/29/2022	GLORIA LOFTON	PL	RATEPAYER PROTEST
440	8/29/2022	ROBIN MARSH	PL	REQUEST TO INTERVENE
441	8/29/2022	BRAD & LAUREN DELOACH	PL	RATEPAYER PROTEST
442	8/29/2022	TERESA JUAREZ	PL	RATEPAYER PROTEST
443	8/29/2022	HEIDI HARRIS	PL	RATEPAYER PROTEST
444	8/29/2022	CONNIE REYNOLDS	PL	RATEPAYER PROTEST
445	8/29/2022	PATTY PERKIN	PL	RATEPAYER PROTEST
446	8/29/2022	BRUCE DOCKREY	PL	RATEPAYER PROTEST
447	8/29/2022	GEORGE WELLS	PL	Ratepayer Protest
448	8/29/2022	ROBERT A. SCHREIBER	PL	RATEPAYER PROTEST
449	8/29/2022	RONDA MARTIN	PL	RATEPAYER PROTEST
450	8/29/2022	RYAN MAJEWSKI	PL	REQUEST TO INTERVENE
451	8/29/2022	CANDANCE CARMEAN	PL	RATEPAYER PROTEST
452	8/29/2022	RICARDO RODRIGUEZ	PL	RATEPAYER PROTEST
453	8/29/2022	COURTNEY BURT	PL	Ratepayer Protest
454	8/29/2022	JASON ASHORN	PL	Ratepayer Protest
455	8/29/2022	DIANA BARRIOS	PL	Ratepayer Protest
456	8/29/2022	MICHAEL KLEPAC	PL	Ratepayer Protest
457	8/29/2022	DEBRA STREETUR	PRJ	Ratepayer Protest

458	8/29/2022	HERBERT J. FASKE	PL	RATEPAYER PROTEST
459	8/29/2022	JACK BRADY	PL	RATEPAYER PROTEST
460	8/29/2022	JOAQUIN MARTINEZ	PL	RATEPAYER PROTEST
461	8/29/2022	JULES MARTIN	PL	RATEPAYER PROTEST
462	8/29/2022	JESSICA TAYLOR	PL	RATEPAYER PROTEST
463	8/29/2022	BILL GARRETT	PL	RATEPAYER PROTEST
464	8/29/2022	ANDY MARTINEZ	PL	RATEPAYER PROTEST
465	8/29/2022	KREGG MCKENNEY	PL	RATEPAYER PROTEST
466	8/29/2022	ALBERT CARLILE	PL	RATEPAYER PROTEST
467	8/29/2022	LARRY BROWN	PL	RATEPAYER PROTEST (A)
468	8/29/2022	LARRY BROWN	PL	RATEPAYER PROTEST (B)
469	8/29/2022	LARRY BROWN	PL	RATEPAYER PROTEST (C)
470	8/29/2022	BONNIE DUNCAN	PL	RATEPAYER PROTEST
471	8/29/2022	GARY DAY	PL	RATEPAYER COMMENTS
472	8/29/2022	DARYL HAAG	PL	RATEPAYER PROTEST
473	8/29/2022	RANDY BENNETT	PL	RATEPAYER PROTEST
474	8/29/2022	ROYCE LEHRMANN	0000	RATEPAYER COMMENTS
475	8/29/2022	PUC LEGAL	LTRS	LETTER TO CR
476	8/30/2022	MICHAEL DOSS	PL	RATEPAYER PROTEST
477	8/30/2022	Dana Moody	CONF	Ratepayer Protest
478	8/31/2022	KEVEEN ALCANTAR	PL	RATEPAYER PROTEST
479	8/31/2022	BRADLEY STEINER	PL	RATEPAYER PROTEST
480	8/31/2022	JOHN GOSNELL	PL	REQUEST TO INTERVENE
481	8/31/2022	DANIEL VANNOY	PL	RATEPAYER PROTEST
482	8/31/2022	LOVIDA HAMILTON	PL	REQUEST TO INTERVENE
483	8/31/2022	ADAM DALY	PL	RATEPAYER PROTEST
484	8/31/2022	BEVERLY RIDENOUR	PL	RATEPAYER PROTEST
485	8/31/2022	JULIE & JESSE SORENSAN	PL	RATEPAYER PROTEST
486	8/31/2022	HALEY SPILLAR	PL	RATEPAYER PROTEST
487	8/31/2022	LINDA KEETON	CONF	RATEPAYER PROTEST

488	8/31/2022	PUC LEGAL	PL	COMMISSION STAFF'S RECOMMENDATION ON ADMINISTRATIVE COMPLETENESS AND NOTICE AND
489	8/31/2022	MATAGORDA DUNES HOMESITES RESIDENT	ADMN	Protest of dramatic water increase
490	8/31/2022	MATAGORDA DUNES HOMESITES RESIDENT	ADMN	Protest of dramatic water increase
491	9/1/2022	BOBBY BOOKER	PL	RATEPAYER PROTEST
492	9/1/2022	Susan Cargile	PL	Ratepayer Protest
493	9/1/2022	Susan Cargile	PC	Ratepayer Comments
494	9/2/2022	DON GREEN	PL	REQUEST TO INTERVENE
495	9/2/2022	JIM HOWELL	PL	REQUEST TO INTERVENE
496	9/2/2022	DON KOLKHORST	PL	RATEPAYER PROTEST
497	9/2/2022	LIMAS SWEED SR.	PL	RATEPAYER PROTEST
498	9/2/2022	DONALD MURCHISON	PL	RATEPAYER PROTEST
499	9/2/2022	PAUL BROWNE	PL	RATEPAYER PROTEST
500	9/2/2022	STACEY KEMP	PL	RATEPAYER PROTEST
501	9/2/2022	PUC LEGAL	RFI	COMMISSION STAFF'S AMENDED FIRST REQUEST FOR INFORMATION TO CORIX UTILITIES (TEXAS) INC. QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-16
502	9/2/2022	PUC LEGAL	PL	COMMISSION STAFF'S PROTECTIVE ORDER CERTIFICATIONS
503	9/6/2022	David Jones	ADMN	Ratepayer Comments
504	9/6/2022	RONALD HOPPER	PL	REQUEST TO INTERVENE
505	9/6/2022	EARL & PAT DAHLJUIST	PL	RATEPAYER PROTEST
506	9/6/2022	BRAD RAFF	PL	REQUEST TO INTERVENE
507	9/6/2022	PUC OPDM	PL	ORDER NO. 2 - FINDING APPLICATION COMPLETE, PROPOSED NOTICE SUFFICIENT, SUSPENDING EFFECTIVE DATE, AND ESTABLISHING PROCEDURAL SCHEDULE
508	9/6/2022	PUC LEGAL	RFI	COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION TO CORIX UTILITIES (TEXAS) INC. QUESTION NOS. STAFF 3-1 THROUGH 3-67

509	9/7/2022	PUC OPDM	PL	ORDER NO. 3 - GRANTING INTERVENTIONS
510	9/8/2022	SHARON FREITAG	PL	RATEPAYER PROTEST
511	9/8/2022	WILLIAM RANKIH	PL	RATEPAYER PROTEST
512	9/9/2022	MATT FOSTER	PL	RATEPAYER PROTEST
513	9/12/2022	MIKE GILLIAN	PL	RATEPAYER PROTEST
514	9/12/2022	CHRISTY DOBBS	PL	RATEPAYER PROTEST
515	9/12/2022	OSCAR GARZA	PL	RATEPAYER PROTEST
516	9/12/2022	JERRY JURNAGE	PL	RATEPAYER PROTEST
517	9/12/2022	PUC LEGAL	RFI	COMMISSION STAFF'S FOURTH REQUEST FOR INFORMATION TO CORIX UTILITIES, INC. QUESTION NOS. STAFF 4-1 THROUGH STAFF 4-27
518	9/12/2022	OPUC	PL	OPUC'S NOTICE OF CHANGE OF COUNSEL
519	9/13/2022	GLEN & EVA KLEE	PL	RATEPAYER PROTEST
520	9/14/2022	PUC OPDM	PL	ORDER NO. 4 - GRANTING INTERVENTIONS
521	9/14/2022	CORIX UTILITIES (TEXAS) INC	PL	53815 Corix Resp to Staff's 2nd RFI
522	9/16/2022	MAXINE HEATH	PL	RATEPAYER PROTEST
523	9/16/2022	BERNARD SCHINDLER	PL	RATEPAYER PROTEST
524	9/16/2022	LEONARD RUTAN	PL	RATEPAYER PROTEST
525	9/19/2022	CHURCH OF THE HILLS PASTOR JONATHON WILLIAMS	PL	RATEPAYER PROTEST
526	9/19/2022	AUBREY HARMEL	PL	RATEPAYER PROTEST
527	9/19/2022	FRANK LEE BOYD	PL	RATEPAYER PROTEST
528	9/19/2022	JEFF SHARP	PL	RATEPAYER PROTEST
529	9/21/2022	CHANA JONES	PL	RATEPAYER PROTEST
530	9/21/2022	CARLTON "RAY" ANDREJCZAT	PL	REQUEST TO INTERVENE
531	8/19/2022	JACKIE WETZEL	PL	REQUEST TO INTERVENE
532	9/21/2022	SCOTT FREE	PL	RATEPAYER PROTEST
533	9/22/2022	CORIX UTILITIES TEXAS INC	PL	53815 Corix Response to Staff's Amended 1st RFI

534	9/22/2022	CORIX UTILITIES TEXAS INC	CONF	53815 CONFIDENTIAL - STAFF 1-1 ATTACHMENT - HS
535	9/22/2022	CORIX UTILITIES TEXAS INC	CONF	53815 CONFIDENTIAL - STAFF 1-2 ATTACHMENT - CONF
536	9/22/2022	CORIX UTILITIES TEXAS INC	CONF	53815 CONFIDENTIAL - STAFF 1-5 ATTACHMENT - CONF
537	9/22/2022	CORIX UTILITIES TEXAS INC	CONF	53815 CONFIDENTIAL - STAFF 1-6 ATTACHMENT - CONF
538	9/22/2022	CORIX UTILITIES TEXAS INC	CONF	53815 CONFIDENTIAL - STAFF 1-8 ATTACHMENT - CONF
539	9/22/2022	CORIX UTILITIES TEXAS INC	CONF	53815 CONFIDENTIAL - STAFF 1-9 ATTACHMENT - HS
540	9/22/2022	CORIX UTILITIES TEXAS INC	CONF	53815 CONFIDENTIAL - STAFF 1-10 ATTACHMENT - CONF
541	9/22/2022	CORIX UTILITIES TEXAS INC	CONF	53815 CONFIDENTIAL - STAFF 1-11 ATTACHMENT - CONF
542	9/22/2022	CORIX UTILITIES TEXAS INC	CONF	53815 CONFIDENTIAL - STAFF 1-12 ATTACHMENT - CONF
543	9/22/2022	CORIX UTILITIES TEXAS INC	CONF	53815 CONFIDENTIAL - STAFF 1-14 ATTACHMENT - CONF
544	9/23/2022	Corix Utilities (Texas) Inc. ("	PL	53815 Corix Statement of Confidentiality (Staff Amended First RFI)
545	9/26/2022	CORIX UTILITIES (TEXAS) INC.	CONF	Confidential attachment 1-16 to Corix Utilities (Texas) Inc.s' Response to Staff 1st RFI FLASH DRIVE
546	9/26/2022	CORIX UTILITIES TEXAS INC	PL	53815 Corix Statement of Confidentiality (Staff Third RFI)
547	9/26/2022	CORIX UTILITIES TEXAS INC	LTRS	53815 Corix Letter to Clerk re Voluminous Attachment Responsive to Staff RFI 3-55
548	9/26/2022	CORIX UTILITIES TEXAS INC	MISC	53815 Corix Response to Staff's 3rd RFI
549	9/26/2022	CORIX UTILITIES TEXAS INC	CONF	53815 CONFIDENTIAL - STAFF 3-6 ATTACHMENT - CONF
550	9/26/2022	CORIX UTILITIES TEXAS INC	CONF	53815 CONFIDENTIAL - STAFF 3-8 ATTACHMENT - CONF
551	9/26/2022	CORIX UTILITIES TEXAS INC	CONF	53815 CONFIDENTIAL - STAFF 3-16 ATTACHMENT - HS
552	9/26/2022	CORIX UTILITIES TEXAS INC	CONF	53815 CONFIDENTIAL - STAFF 3-17 ATTACHMENT - CONF

553	9/26/2022	CORIX UTILITIES TEXAS INC	CONF	53815 CONFIDENTIAL - STAFF 3-20 ATTACHMENT - CONF
554	9/26/2022	CORIX UTILITIES TEXAS INC	CONF	53815 CONFIDENTIAL - STAFF 3-45 ATTACHMENT - HS
555	9/26/2022	CORIX UTILITIES TEXAS INC	CONF	53815 CONFIDENTIAL - STAFF 3-54 ATTACHMENT - CONF
556	9/26/2022	CORIX UTILITIES TEXAS INC	CONF	53815 CONFIDENTIAL - STAFF 3-60 ATTACHMENT - HS
557	9/26/2022	CORIX UTILITIES TEXAS INC	CONF	53815 CONFIDENTIAL - STAFF 3-63 ATTACHMENT - HS
558	9/27/2022	CORIX UTILITIES (TEXAS) INC	PL	53815 Corix Supplemental Response to Staff's 3rd RFI
559	9/29/2022	OPUC	PL	OPUC'S PROTECTIVE ORDER CERTIFICATIONS
560	10/3/2022	CORIX UTILITIES TEXAS INC	PL	53815 Corix Response to Staff's 4th RFI
561	10/11/2022	PUC OPDM	PL	ORDER NO. 5 - GRANTING INTERVENTIONS
562	10/14/2022	MIKE JORDAN	PL	RATEPAYER PROTEST
563	10/18/2022	PUC LEGAL	RFI	COMMISSION STAFF'S FIFTH REQUEST FOR INFORMATION TO CORIX UTILITIES, INC. QUESTION NOS. STAFF 5-1 THROUGH STAFF 5-12
564	10/18/2022	PUC LEGAL	RFI	COMMISSION STAFF'S SIXTH REQUEST FOR INFORMATION TO CORIX UTILITIES, INC. QUESTION NOS. STAFF 6-1 THROUGH STAFF 6-6
565	11/3/2022	PUC LEGAL	PL	COMMISSION STAFF'S REQUEST FOR REFERRAL
566	11/7/2022	CORIX UTILITIES (TEXAS) INC.	PL	53815 Corix Response to Staff's 5th RFI
567	11/7/2022	CORIX UTILITIES (TEXAS) INC.	PL	53815 Corix Response to Staff's 6th RFI
568	11/7/2022	CORIX UTILITIES (TEXAS) INC.	PL	53815 Corix 2nd Supplemental Response to Staff 3rd RFI
569	11/7/2022	CORIX UTILITIES (TEXAS) INC.	PL	53815 Corix Supplemental Response to Staff 2nd RFI
570	11/10/2022	CORIX UTILITIES (TEXAS) INC.	PL	53815 Corix Supplemental Response to Staff 3rd RFI
571	11/10/2022	CORIX UTILITIES (TEXAS) INC.	CONF	53815 CONFIDENTIAL - STAFF 3-45 SUPPLEMENTAL ATTACHMENT - HS
572	11/17/2022	CORIX UTILITIES (TEXAS) INC	PL	53815 Corix Supplemental Response to Staff's Amended 1st RFI

573	11/17/2022	CORIX UTILITIES (TEXAS) INC	LTRS	53815 Corix Letter re Voluminous Supplemental Attachments Responsive to Staff RFI 1-3 and 1-6
574	11/17/2022	CORIX UTILITIES (TEXAS) INC	PL	53815 Supplemental Statement of Confidentiality (Staff Amended 1st RFI
575	11/18/2022	CORIX UTILITIES (TEXAS) INC	CONF	53815 CONFIDENTIAL – STAFF 1-2 SUPPLEMENTAL ATTACHMENT - CONF
576	11/18/2022	LCRA	PL	Ratepayer Comments/Requests to Intervene
577	11/18/2022	CORIX UTILITIES (TEXAS) INC.	PL	Supplemental Voluminous AttachmentStaff 1-6 to Corix Utilities (Texas) Inc.'sSupplemental Response to Staff'sAmended 1st RFIPage Range: Flash Drive
578	11/18/2022	CORIX UTILITIES (TEXAS) INC.	PL	Supplemental Voluminous Attachment Staff 1-3 to Corix Utilities (Texas) Inc.'s Supplemental Response to Staff's Amended 1st RFI Page Range: Flash Drive
579	11/28/2022	PUC OPDM	PL	ORDER REQUESTING LISTS OF ISSUES
580	11/30/2022	William Rankin	COM	Rankin Intervention Docket # 53815
581	12/8/2022	CORIX UTILITIES (TEXAS) INC.	PL	53815 Corix Supplemental Response to Staff 3rd RFI
582	12/8/2022	CORIX UTILITIES (TEXAS) INC.	CONF	Highly Sensitive Staff RFI 3-45 Supplemental Attachment
583	12/8/2022	CORIX UTILITIES (TEXAS) INC.	PL	Corix Supp Resp to Staff 4-1 RFI
584	12/8/2022	CORIX UTILITIES TEXAS INC	PL	53815 Statement of Confidentiality (Supp Staff RFI 3-45)
585	12/9/2022	PUC OPDM	PL	ORDER NO. 6 - GRANTING INTERVENTIONS
586	12/16/2022	PUC LEGAL	PL	COMMISSION STAFF'S LIST OF ISSUES
587	12/16/2022	LOWER COLORADO RIVER AUTHORITY	PL	Lower Colorado River Authority's List of Issues
588	12/16/2022	CORIX UTILITIES (TEXAS) INC.	PL	53815 Corix List of Issues
589	12/28/2022	CORIX UTILITIES (TEXAS) INC.	PL	53815 Corix 2nd Supplemental Response to Staff 2nd RFI (2-3 and 2-5)
590	1/9/2023	PUC LEGAL	RFI	COMMISSION STAFF'S SEVENTH REQUEST FOR INFORMATION TO CORIX UTILITIES, INC. QUESTION NOS. STAFF 7-1 THROUGH 7-7
591	1/10/2023	PUC LEGAL	RFI	COMMISSION STAFF'S EIGHTH REQUEST FOR INFORMATION TO CORIX UTILITIES, INC. QUESTION NOS. STAFF 8-1 THROUGH 8-9

592	1/30/2023	CORIX UTILITIES (TEXAS) INC	MISC	Corix Response to Staff's 7th RFI
593	1/30/2023	CORIX UTILITIES (TEXAS) INC	MISC	Corix Response to Staff's 8th RFI
594	2/8/2023	PUC OPDM	PL	DRAFT PRELIMINARY ORDER & MEMO
595	2/13/2023	PUC OPDM	PL	ORDER OF REFERRAL
596	2/16/2023	PUC OPDM	PRJ	PRELIMINARY ORDER
597	2/16/2023	PUC OPDM	PRJ	OUTGOING COMMISSION-SIGNED ORDER MAIL LOG
598	2/16/2023	SOAH	PL	SOAH ORDER NO. 1 - NOTICE OF PREHEARING CONFERENCE, INTERVENTION DEADLINE, GENERAL PROCEDURAL REQUIREMENTS
599	3/3/2023	PUC LEGAL	PL	COMMISSION STAFF'S NINTH REQUEST FOR INFORMATION TO CORIX UTILITIES, INC. QUESTION NOS. STAFF 9-1 THROUGH 9-10
600	3/7/2023	CORIX UTILITIES (TEXAS) INC.	PL	53815 Corix Affidavit of R. Darrin Barker Attesting to Notice of Prehearing Conference
601	3/9/2023	CORIX UTILITIES (TEXAS) INC.	PL	53815 Corix 2nd Supplemental Response to Staff 4-1
602	3/13/2023	CONNIE & KENNETH REYNOLDS	PL	REQUEST TO INTERVENE
603	3/15/2023	LOWER COLORADO RIVER AUTHORITY	PL	LCRA's Motion to Intervene
604	3/27/2023	CORIX UTILITIES (TEXAS) INC.	PL	53815 Corix Response to Staff's 9th RFI
605	3/27/2023	CORIX UTILITIES (TEXAS) INC.	CONF	53815 CONFIDENTIAL - STAFF RFI 9-3 ATTACHMENT - HIGHLY SENSITIVE
606	3/27/2023	CORIX UTILITIES (TEXAS) INC.	CONF	53815 CONFIDENTIAL - STAFF RFI 9-4 ATTACHMENT - HIGHLY SENSITIVE
607	3/27/2023	CORIX UTILITIES (TEXAS) INC.	CONF	53815 CONFIDENTIAL - STAFF RFI 9-5 ATTACHMENT - HIGHLY SENSITIVE
608	3/27/2023	CORIX UTILITIES (TEXAS) INC.	PL	53815 Corix Joint Request for Extension
609	3/27/2023	CORIX UTILITIES (TEXAS) INC.	PL	53815 Corix Statement of Confidentiality (Staff Ninth RFI)
610	3/27/2023	CORIX UTILITIES (TEXAS) INC.	CONF	53815 CONFIDENTIAL - STAFF RFI 9-7 ATTACHMENT - HIGHLY SENSITIVE
611	3/27/2023	CORIX UTILITIES (TEXAS) INC.	CONF	53815 CONFIDENTIAL - STAFF RFI 9-10 ATTACHMENT - HIGHLY SENSITIVE

612	3/27/2023	SOAH	PL	SOAH ORDER NO. 2 - EXTENDING DEADLINE
613	3/29/2023	CORIX UTILITIES (TEXAS) INC.	PL	53815 Corix Motion for Interim Rates
614	4/3/2023	CORIX UTILITIES (TEXAS) INC.	PL	53815 Corix Second Request for Extension
615	4/4/2023	SOAH	PL	SOAH ORDER NO. 3 - EXTENDING DEADLINE; REQUIRING COMMENTS
616	4/5/2023	PUC LEGAL	PL	JOINT REPLY IN OPPOSITION TO CORIX'S MOTION FOR INTERIM RATES
617	4/5/2023	CORIX UTILITIES (TEXAS) INC.	PL	53815 Corix Response to Order No. 3 and Motion to Admit Evidence
618	4/5/2023	CORIX UTILITIES (TEXAS) INC.	CONF	53815 Corix Response to SOAH Order No. 3 and Mtn to Admit Evidence - Highly Sensitive Exhibit C
619	4/5/2023	KENNEDY REPORTING SERVICE	PRJ	PREHEARING CONFERENCE MONDAY, MARCH 20, 2023 (VIA ZOOM VIDEOCONFERENCE)
620	4/6/2023	SOAH	PL	SOAH ORDER NO. 4 - SETTING INTERIM RATE HEARING
621	4/14/2023	PUC LEGAL	RFI	COMMISSION STAFF'S TENTH REQUEST FOR INFORMATION TO CORIX UTILITIES, INC. QUESTION NOS. STAFF 10-1 THROUGH 10-14



Filing Receipt

Received - 2022-08-08 10:17:33 AM
Control Number - 53815
ItemNumber - 19

Corix is almost doubling rates beginning September 1st? They are also giving 3 areas they service (Brenham, Lomita and Ridge Harbor at (Travis lake) a slower roll out on increase and by the way I read it the LCRA Matagorda Bay Nature Park park rates will decrease. They also claim that it will only be a \$860,597 annual revenue increase. Based on my math my personal increase will be around \$60 a month \$720 a year. If you take the \$720 a year as an average per customer increase and divide it by the \$860,597 that's 1195 customers they have over 5000 customers in Texas if every customer gets hit with a \$60 increase that is over 3 million dollars not \$860,597. Why do 3 areas get a slow roll out and the park pay less! The Lometa Area has the same issues we do with water color being off ours in Matagorda has a yellow tint and we do not use it as potable water.

Dennis Gruwell



Filing Receipt

Received - 2022-08-09 08:09:42 AM
Control Number - 53815
ItemNumber - 26

During the month of July, and perhaps earlier, we noticed a drastic change in water quality; taste and odor were very unpleasant. Occasionally there was a cloudy appearance as well. For years Corix has sent letters letting us know of unsafe levels of various contaminants in our drinking water and to warn people with certain health issues not to use it. How can this water company justify a rate increase when it has been unable to provide a consistent quality product. How are we expected to pay these high rates for water we cannot drink safely?



Filing Receipt

Received - 2022-08-09 02:06:50 PM
Control Number - 53815
ItemNumber - 40

PUC DOCKET NO. 53815
RATEPAYER COMMENTS/REQUESTS TO INTERVENE

If you wish to PROTEST the proposed rate change, you must complete this form and file it electronically using the PUC Interchange Filer (<http://www.puc.texas.gov/industry/filings/E-FilingInstructions.pdf>) or mail the original to:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

No hearing will be held and the rates will be effective as proposed unless protests are received from at least 10% of ratepayers or from any affected municipality, or the Commission Staff requests a hearing.

CUSTOMER INFORMATION (please provide all of the requested information)

First Name: Ann Marie Last Name: Herrera
Phone Number: [REDACTED] Fax Number: _____
Email Address: [REDACTED]
Address, City, State: Lometa Texas 716853
Location where service is received: [REDACTED]
(if different from the mailing address)

Please select the applicable :

I wish to PROTEST the following proposed rate action/s:

☒ I wish to be a COMMENTER. I understand that: I am NOT a party to this case; my comments are not considered evidence in this case; and I have no further obligation to participate in the proceeding. Public comments may help inform the PUCT of the public concerns and identify issues to be explored. Please provide comments below. Attach a separate page, if necessary.

We can't drink the water, nor cook with it. We have to buy water (3 cases) bottles and 10 gallon water each month - the water has been cloudy to brown. Need some help, over here in this small town with highway robbery rates of water

☐ I am requesting to INTERVENE in this proceeding. As an INTERVENOR, I understand that: I am a party to the case; I am required to respond to all discovery requests from other parties; I may be required to attend hearings, and if I file testimony, I may be cross-examined in the hearing; if I file any documents in the case, I must provide a copy to every other party in the case; and I acknowledge that I am bound by the Procedural Rules of the PUCT and the State Office of Administrative Hearings (SOAH).

Signature of Ratepayer:

Ann Marie Herrera

Date:

8/8/22

Si desea informacion en Espanol, puede llamar al
1-888-782-8477

Hearing- and speech-impaired individuals with text telephones may contact the PUCT's Customer Assistance Hotline
at
512-936-7136



Filing Receipt

Received - 2022-08-09 02:31:52 PM
Control Number - 53815
ItemNumber - 45

PUC DOCKET NO. 53815
RATEPAYER COMMENTS/REQUESTS TO INTERVENE

If you wish to PROTEST the proposed rate change, you must complete this form and file it electronically using the PUC Interchange Filer (<http://www.puc.texas.gov/industry/filings/E-FilingInstructions.pdf>) or mail the original to:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

No hearing will be held and the rates will be effective as proposed unless protests are received from at least 10% of ratepayers or from any affected municipality, or the Commission Staff requests a hearing.

CUSTOMER INFORMATION (please provide all of the requested information)

First Name: Joyce Last Name: Nelson
Phone Number: [REDACTED] Fax Number: [REDACTED]
Email Address: [REDACTED]
Address, City, State: [REDACTED] home TA TX 76853
Location where service is received: same
(if different from the mailing address)

Please select the applicable :

I wish to PROTEST the following proposed rate action/s:

☒ I wish to be a COMMENTER. I understand that: I am NOT a party to this case; my comments are not considered evidence in this case; and I have no further obligation to participate in the proceeding. Public comments may help inform the PUCT of the public concerns and identify issues to be explored. Please provide comments below. Attach a separate page, if necessary.

WATER IS UNSUIT FOR HUMAN CONSUMPTION, CLEANING, ODOR & DISCOLORATION
ALREADY HIGHLY OVERPRICED FOR UNSUIT SEWER WATER!

☐ I am requesting to INTERVENE in this proceeding. As an INTERVENOR, I understand that: I am a party to the case; I am required to respond to all discovery requests from other parties; I may be required to attend hearings, and if I file testimony, I may be cross-examined in the hearing; if I file any documents in the case, I must provide a copy to every other party in the case; and I acknowledge that I am bound by the Procedural Rules of the PUCT and the State Office of Administrative Hearings (SOAH).

Signature of Ratepayer:

Joyce Nelson Date: 8-9-22

Si desea informacion en Espanol, puede llamar al
1-888-782-8477

Hearing- and speech-impaired individuals with text telephones may contact the PUCT's Customer Assistance Hotline at
512-936-7136

Updated: September 29, 2021



Filing Receipt

Received - 2022-08-09 06:54:40 PM
Control Number - 53815
ItemNumber - 46

PUC DOCKET NO. 53815
RATEPAYER COMMENTS/REQUESTS TO INTERVENE

If you wish to PROTEST the proposed rate change, you must complete this form and file it electronically using the PUC Interchange Filer (<http://www.puc.texas.gov/industry/filings/E-FilingInstructions.pdf>) or mail the original to:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

No hearing will be held and the rates will be effective as proposed unless protests are received from at least 10% of ratepayers or from any affected municipality, or the Commission Staff requests a hearing.

CUSTOMER INFORMATION (please provide all of the requested information)

First Name: Ashley Last Name: Hager
Phone Number: [REDACTED] Fax Number: [REDACTED]
Email Address: [REDACTED]
Address, City, State: [REDACTED] Cometa To 76853
Location where service is received: _____
(if different from the mailing address)

Please select the applicable :

I wish to PROTEST the following proposed rate action/s:

☒ I wish to be a COMMENTER. I understand that: I am NOT a party to this case; my comments are not considered evidence in this case; and I have no further obligation to participate in the proceeding. Public comments may help inform the PUCT of the public concerns and identify issues to be explored. Please provide comments below. Attach a separate page, if necessary.

Water quality terrible, already too high.

☐ I am requesting to INTERVENE in this proceeding. As an INTERVENOR, I understand that: I am a party to the case; I am required to respond to all discovery requests from other parties; I may be required to attend hearings, and if I file testimony, I may be cross-examined in the hearing; if I file any documents in the case, I must provide a copy to every other party in the case; and I acknowledge that I am bound by the Procedural Rules of the PUCT and the State Office of Administrative Hearings (SOAH).

Signature of Ratepayer: _____

Date: 08-09-2022

Si desea informacion en Espanol, puede llamar al
1-888-782-8477

Hearing- and speech-impaired individuals with text telephones may contact the PUCT's Customer Assistance Hotline
at
512-936-7136



Filing Receipt

Received - 2022-08-09 02:13:12 PM
Control Number - 53815
ItemNumber - 42

RATEPAYER COMMENTS/REQUESTS TO INTERVENE

If you wish to PROTEST the proposed rate change, you must complete this form and file it electronically using the PUC Interchange Filer (<http://www.puc.texas.gov/industry/filings/filingInstructions.pdf>) or mail the original to:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

No hearing will be held and the rates will be effective as proposed unless protests are received from at least 10% of ratepayers or from any affected municipality, or the Commission Staff requests a hearing.

CUSTOMER INFORMATION (please provide all of the requested information)

First Name: DORA Last Name: NICHOLS

Phone Number: [REDACTED] Fax Number: [REDACTED]

Email Address: [REDACTED]

Address, City, State: [REDACTED] ALL MAIL: ADDRESS

Location where service is received: [REDACTED] P.O. Box 444, LOMETA, TX 76853
(if different from the mailing address) LOMETA, TX 76853

Please select the applicable :

I wish to PROTEST the following proposed rate action/s:

☒ I wish to be a COMMENTER. I understand that: I am NOT a party to this case; my comments are not considered evidence in this case; and I have no further obligation to participate in the proceeding. Public comments may help inform the PUCT of the public concerns and identify issues to be explored. Please provide comments below. Attach a separate page, if necessary.

① TOO EXPENSIVE ② WATER-CONTAMINATED FLOCKS LIKE URIN

☐ I am requesting to INTERVENE in this proceeding. As an INTERVENOR, I understand that: I am a party to the case; I am required to respond to all discovery requests from other parties; I may be required to attend hearings, and if I file testimony, I may be cross-examined in the hearing; if I file any documents in the case, I must provide a copy to every other party in the case; and I acknowledge that I am bound by the Procedural Rules of the PUCT and the State Office of Administrative Hearings (SOAH).

Signature of Ratepayer:

Dora Nichols

Date: 8/9/2022

Si desea informacion en Espanol, puede llamar al
1-888-782-8477

Hearing- and speech-impaired individuals with text telephones may contact the PUCT's Customer Assistance Hotline at
512-936-7136

Google

sunshine water services

NewsShoppingMapsImagesMore

Tools

About 155,000,000 results (0.55 seconds)

Results for **Anshelm, CA 92802** [Use precise location](#)

Places

Rating

Hours

Pacific Industrial Water System

No reviews · Water utility company

1250 N Sunshine Way · (714) 680-8800

Closed · Opens 8 AM Tue

Website

Directions

Sunshine Water Softeners & More

4.5 ★★★★★ (13) · Water purification company

Escondido, CA · (760) 745-8383

Closed · Opens 8:30 AM Tue

Website

Directions

Sunshine Water Services

1.3 ★☆☆☆☆ (87) · Water utility company

Altamonte Springs, FL · (888) 842-8432

Closed · Opens 8 AM

Website

Directions

Carolina Water

Google review summary

5

4

3

2

1

1.3

★☆☆☆☆

87 reviews

Write a review

Google reviews

All

all 21

prices 14

pay 18

rate 15

call 13

email 6

star 5

likes 5

check 5

charge 3

Sort by

Most relevant

Newest

Highest

Lowest

S Hatten

2 reviews · 1 photo

★☆☆☆☆ 7 months ago

I was billed for 437,616 gallons of water on my June bill which escalated over a 3

Page 73 of 73

ATTACHMENT J

**Indiana Utility Regulatory Commission Rate
Proceeding**

ORIGINAL

Commissioner	Yes	No	Not Participating
Huston	√		
Freeman	√		
Krevda	√		
Veleta	√		
Ziegner	√		

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF COMMUNITY UTILITIES OF)
INDIANA, INC. FOR: AUTHORITY TO)
INCREASE ITS RATES AND CHARGES FOR)
WATER AND WASTEWATER UTILITY)
SERVICE; APPROVAL OF NEW SCHEDULES)
OF RATES AND CHARGES APPLICABLE)
THERE TO; AUTHORITY TO RECOVER)
CERTAIN COSTS INCURRED IN)
CONNECTION WITH CAUSE NOS. 44724, 45342)
AND 45389; AUTHORITY TO RECOVER)
COSTS INCURRED AND DEFERRED IN)
CONNECTION WITH THE COVID-19)
PANDEMIC; APPROVAL OF A NEW)
RESIDENTIAL LOW-INCOME RATE FOR)
WATER AND WASTEWATER SERVICE; AND)
OTHER APPROPRIATE RELIEF)

CAUSE NO. 45651

APPROVED: FEB 01 2023

ORDER OF THE COMMISSION

Presiding Officers:

Stefanie N. Krevda, Commissioner

Jennifer L. Schuster, Senior Administrative Law Judge

Table of Contents

Introduction	3
1. Notice and Jurisdiction.....	3
2. Petitioner’s Organization and Business	3
3. Existing Rates	4
4. Relief Requested	4
5. Test Year and Rate Base Cut-Off.....	4
6. Rate Base.....	5
7. Capital Structure and Rate of Return	43
8. Operating Revenues	44
9. Operating Expenses.....	48
10. Purchased Water Expense	60
11. Bad Debt Expense (Uncollectibles)	61
12. COVID-19 Deferred Costs.....	61
13. Water and Wastewater Preapproval Engineering and Legal Costs.....	62
14. Rate Case Expense	67
15. Regulatory Expense	68
16. Depreciation Expense.....	70
17. Payroll Tax Expense	71
18. Property Tax Expense	72
19. Income Tax Expense	74
20. Water Utility’s Net Operating Income under Present Rates	76
21. Wastewater Utility’s Net Operating Income under Present Rates	76
22. Authorized Rate Increase	77
23. Customer Bill Impact	78
24. Estimated Billing Practices	79
25. Cost of Service Study.....	80
26. Low-Income Rate and Rate Design	80
27. Tariffs	82
28. Phase-In of Rates.....	84
29. Confidentiality	85
Ordering Paragraphs.....	85

On December 7, 2021, Community Utilities of Indiana, Inc. (“Petitioner,” “Community,” or “CUII”) filed a petition with the Indiana Utility Regulatory Commission (“Commission”) seeking authority to increase its rates and charges for water and wastewater utility service and seeking associated relief under Ind. Code §§ 8-1-2-61 and 8-1-2-42.7. CUII also filed its case-in-chief and workpapers on December 7, 2021. On December 22, 2021, the Indiana Office of Utility Consumer Counselor (“OUCC”) filed a Notice of Non-Compliance with the Commission’s Minimum Standard Filing Requirements contained in 170 IAC 1-5-1 *et seq.* (“MSFRs”). On January 14, 2022, Petitioner filed its response and additional case-in-chief evidence designed to comply with the MSFRs.

A petition to intervene in this Cause was filed by Lakes of the Four Seasons Property Owners’ Association (“LOFS”) on February 15, 2022 and granted on February 23, 2022. A public field hearing was held in this Cause at Boone Grove High School, 260 South 500 West, Valparaiso, Indiana on April 12, 2022.

On April 28, 2022, the OUCC and LOFS filed their cases-in-chief with the OUCC filing comments on behalf of the customers. CUII filed its rebuttal testimony on May 27, 2022.

The Commission conducted an evidentiary hearing beginning on June 28, 2022 at 9:30 a.m. in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. The parties appeared by counsel and participated in the hearing.

Having considered the evidence of record and the applicable law, the Commission now finds:

1. Notice and Jurisdiction. Due, legal, and timely notice of the public field hearing and evidentiary hearing in this Cause was given and published as required by law. Petitioner is a public utility as defined by Ind. Code § 8-1-2-1. Pursuant to Ind. Code §§ 8-1-2-1 and 8-1-2-42.7, the Commission has jurisdiction over this Petitioner and the subject matter of this Cause.

2. Petitioner’s Organization and Business. Petitioner is a public utility incorporated under Indiana law with its principal office address located at 500 West Monroe, Suite 3600, Chicago, Illinois. CUII was created in 2015 to implement a merger into a single entity of the three separate wholly owned Indiana subsidiaries of Corix Regulated Utilities (US), Inc. (“CRU”) that provided water and sewer services in Indiana: Twin Lakes Utilities, Inc. (“TLUI”), Water Service Company of Indiana, Inc. (“WSCI”), and Indiana Water Service, Inc. (“IWSI”). The merger was approved by the Commission’s July 8, 2015 Order in Cause No. 44587.

CUII provides water service to approximately 5,300 equivalent residential connections (“ERCs”) and wastewater service to approximately 3,500 ERCs through utility plant, property, equipment, and related facilities owned, operated, managed, and controlled by it, which are used and useful for the convenience of the public in the provision of water and wastewater service. Petitioner’s service area includes portions of Jasper, Lake, Newton, and Porter counties.

3. **Existing Rates.** The basic rates and charges for water and wastewater utility service were approved by the Commission on January 24, 2018, in Cause No. 44724. In that case, the Commission also approved single-tariff pricing for Petitioner. The petition initiating Cause No. 44724 was filed with the Commission on December 15, 2015; therefore, in accordance with Ind. Code § 8-1-2-42(a), more than 15 months have passed between CUII's most recent petition for an increase in basic rates and charges and the filing of CUII's petition initiating this Cause.

4. **Relief Requested.** Petitioner requests authority to increase its rates and charges for water and wastewater utility service and approval of new schedules of rates and charges applicable to such water and wastewater utility service. Petitioner also requests authority to recover certain costs incurred in connection with Cause Nos. 45342 and 45389, authority to recover deferred costs associated with the COVID-19 pandemic, approval of a new low-income rate, and approval of other appropriate relief.

5. **Test Year and Rate Base Cut-Off.** As authorized by Ind. Code § 8-1-2-42.7(d)(1), Petitioner proposed a forward-looking test year using projected data for the 12-month period ending September 30, 2023. Petitioner proposed Phase I rates to be effective on or about October 1, 2022 and Phase II rates to be made effective on or about October 1, 2023.

6. **Rate Base.**

A. **Water System.**

i. **Uncontested Issues.**

The parties agreed to the following water system rate base components:

	Phase I 9/30/2022	Phase II 9/30/2023
Gross Utility Plant in Service at 9/30/2021	\$ 15,990,535	\$ 15,990,535
*TLUI Watermain and Service Line Replacements	1,232,829	1,507,118
*IWSI Watermain Replacements	800,523	1,292,942
Computers	69,352	73,850
Vehicles	-	42,179
General Plant Additions	432,730	826,199
Capitalized Time	30,134	61,172
*Retirements	(1,987,741)	(2,499,753)
Accumulated Depreciation at 9/30/2021	(3,836,156)	(3,836,156)
*Retirements	1,987,741	2,499,753
Computer Restatement	538,883	538,883
Vehicle Restatement	187,495	187,495
Contributions in Aid of Construction at 9/30/2021	(2,822,780)	(2,822,780)
Amortization of CIAC	540,099	540,099
Additional Amortization Expense	14,235	28,470
Accumulated Deferred Income Taxes	(723,082)	(719,742)
Net Plant Acquisition Adjustment	(261,239)	(253,994)
Construction Advances	(6,026)	(6,026)
Customer Deposits	(28,964)	(28,964)

The Commission notes that the OUCC agrees with the TLUI Watermain and Service Line Replacements and IWSI Watermain Replacements and Retirements from Petitioner's direct testimony (indicated by a * above). In addition, Petitioner's rate base was amended on rebuttal with no evidence to support it. Therefore, we approve the parties' originally approved positions, as shown in the table.

We also note that the parties appear to agree with respect to accumulated depreciation methodology, although their calculations differ as their rate base recommendations differ. In addition, the parties agree on the treatment of contributions in aid of construction and the net plant acquisition adjustment.

ii. **Well Nos. 12 and 13.**

a. **Petitioner's Case-in-Chief.** Community included in its proposed water rate base \$351,157 of costs for two new wells within its Twin Lakes service

territory. Petitioner's witness Loren Grosvenor testified both wells are in service and that Community was just finishing the landscaping. Mr. Grosvenor explained the costs of these wells were largely based on the actual cost of installing the new wells and that, as of October 1, 2021, Community had spent \$340,425 to complete the wells. The additional \$10,732 (\$351,157 minus \$340,425) represents landscaping costs still outstanding.

b. **OUCC's Evidence.** OUCC witness Margaret Stull recommended the exclusion of \$340,425 of costs related to well nos. 12 and 13. She explained that her review of the assets added to utility plant in service ("UPIS") since Community's last rate case revealed that the majority of the cost for these wells had already been included in Community's UPIS.

c. **Petitioner's Rebuttal.** Petitioner's witness Andrew Dickson accepted Ms. Stull's recommendation to exclude \$340,425 of costs for well nos. 12 and 13. Mr. Dickson also updated Community's forecast of remaining costs for this project from \$10,732 to \$6,061 to reflect \$6,000 in capital outlays and \$61 of associated AFUDC to perform the final landscaping associated with the project.

d. **Commission Discussion and Findings.** We find these new wells are necessary for Petitioner to continue to have adequate water supply. As Petitioner has agreed with the OUCC's proposal to remove \$340,425 in forecasted costs associated with well nos. 12 and 13, we also find that Petitioner's utility plant in service should include only the projected \$6,061 of additional costs to complete the landscaping for this project.

iii. **Twin Lakes Iron Filter Improvement Project.**

a. **Petitioner's Case-in-Chief.** Petitioner's witness Loren Grosvenor testified that the Twin Lakes Water Treatment Plant ("WTP") Iron Filter improvement project, which was pre-approved in Cause No. 45342, includes the South Filter replacement, pumping and piping improvements, SCADA improvements, and the other miscellaneous improvements that the Commission pre-approved in Cause No. 45342. Mr. Grosvenor testified that the estimated cost of the Twin Lakes WTP Iron Filter is \$2,288,764 (per rebuttal), which includes the pre-approved cost of the projects of \$2,079,406, plus expenditures associated with AFUDC, capitalized time ("Cap Time"), and regulatory costs.

b. **OUCC's Evidence.** OUCC witness Margaret Stull testified that CUII's proposed costs for this project exceeded the amount preapproved by the Commission in Cause No. 45342 by \$276,410 (\$2,355,816 minus \$2,079,406), and according to CUII's "*Pro forma* Capital Investment Workpaper," \$195,601 of costs are unexplained by CUII. She testified that CUII does not state in its case-in-chief how much was incurred for regulatory costs for this project, and she stated that these non-construction costs should only be included in CUII's consolidated water rate base to the extent they are reasonable. She excluded the \$195,601 unexplained costs from her recommended consolidated water rate base because no CUII witness provided substantive evidence to support the additional costs.

c. **Petitioner's Rebuttal.** On rebuttal, Mr. Dickson testified that he disagreed with Ms. Stull's exclusion of the \$195,601 and opined that Ms. Stull's analysis

does not discuss CUII's separate project where regulatory costs related to the iron filter replacement project were booked, does not acknowledge the prudence of capitalized time and AFUDC already incurred, and generally does not create an accurate comparison of specific preapproved costs that have (or have not) been exceeded. Mr. Dickson stated that costs incurred related to seeking preapproval in Cause No. 45342 were tracked in a separate project and were not included in the total project cost forecast for the iron filter project. However, he said that CUII did include for recovery costs incurred related to seeking preapproval in Cause No. 45342, and CUII only included a return "of," not a return "on," over the course of three years. He testified that AFUDC and cap time were included in the direct case forecast of \$2,355,816.

Mr. Dickson testified that he disagrees with Ms. Stull's assertion that \$195,601 in forecasted costs for this project are unexplained and provided a breakdown of the expenditure type included in the actual costs incurred and forecasted remaining outlay, as well as an updated forecast on the project. He stated that Ms. Stull did not discuss the reasonableness of CUII's cap time or AFUDC, instead only removing the portion that she believed to be unexplained. Mr. Dickson opined that all of the cap time and AFUDC have been prudently incurred or will be (in the case of future cap time and AFUDC) and stated that CUII's total project variance compared to what was approved by the Commission is only 1.76%. The rebuttal outlay is reflected as:

Expenditure Type	Cost to-date	Future Outlay	Total	Cause 45342	Difference	Prudent AFUDC and Captive Forecast
Captive	\$49,791	\$761	\$50,553	Not Included	Not Included	\$50,553
Construction	1,404,407	466,296	1,870,704	1,850,198	20,506	
Engineering	245,264	-	245,264	229,208	16,056	
Interest During Construction	79,532	42,712	122,244	Not Included	Not Included	122,244
Iron Filter Replacement Total	\$1,778,995	\$509,769	\$2,288,765	\$2,079,406	\$36,562	\$172,796

Mr. Dickson clarified what is and is not in CUII's projected forecast on rebuttal (updated to actuals as of May 5, 2022), which includes an additional \$761 of captive to finish the project, \$42,712 AFUDC to culminate the project, CUII's difference in construction and engineering costs, which are those included in Cause No. 45342, totals \$36,562 relative to its current forecasted total of \$2,288,764. This forecast explicitly removes \$15,000 for repainting costs. Mr. Dickson testified that the only amount needing explanation is \$36,562 in costs incurred in the construction and engineering phases of this project above and beyond the preapproved amount. Mr. Grosvenor testified that this \$36,562 stems from a few changes made by change order, including the addition of exterior lighting for security and safety (approximately \$3,500), \$8,500 to obtain gas service from NIPSCO, and the addition of two more mixing station pipe stand supports that were deemed necessary (approximately \$3,300). Mr. Grosvenor also stated that CUII incurred approximately \$4,700 for potholing service to identify well discharge locations and \$16,000 for engineering to move the chemical building to a more accessible location that did not require transmission pipe to be moved—a decision that ultimately saved money. Mr. Grosvenor opined that these costs are necessarily and prudently incurred as a part of the pre-approved Iron Filter improvement project and are needed to complete the project.

d. Commission Discussion and Findings. After reviewing the evidence of record, we decline to exclude the \$195,601 in project costs proposed by the OUCC. AFUDC and cap time was preapproved for this project in Cause No. 45342. No party suggested that CUII's calculation of AFUDC was incorrect or unreasonable, and no party suggested that

CUII's incurrence of cap time was incorrect or unreasonable. Therefore, AFUDC and cap time, the majority of which is included in the amount Ms. Stull contested, already was approved in Cause No. 45342 as reasonable expenditures for AFUDC and cap time, and we find it is appropriately included in Petitioner's rate base in this proceeding.

As to the remaining disputed \$36,562, Mr. Grosvenor testified that approximately \$8,500 of the cost increase was to obtain gas service from NIPSCO. In addition, CUII deemed two more mixing station pipe stand supports to be necessary at a cost of approximately \$3,300. CUII also incurred approximately \$4,700 for potholing service to identify well discharge locations. Finally, approximately \$16,000 of this disputed amount was for engineering to move the chemical building to a more accessible location that did not require transmission pipe to be moved. We find that the additional costs incurred by CUII for completion of the necessary iron filter improvement project (\$36,562) were fully explained, are reasonable, and were prudently incurred. For these reasons, we approve the inclusion of CUII's rebuttal estimate of \$2,288,764 in rate base in connection with the iron filter improvement project.

iv. AMR Meters.

a. Petitioner's Case-in-Chief. Loren Grosvenor testified that CUII plans to replace customer meters in all three of CUII's water systems. He testified that Automatic Meter Reading ("AMR") meters will be used for all meter replacements. Mr. Grosvenor testified that customer meter replacements began in 2021, and CUII estimates 1,564 meters were replaced in 2021, and about 1,653 meters were replaced in 2022. Mr. Grosvenor testified that before 2021, all meters in CUII's systems were Master Meter AMR meters; however, these meters began to fail on a widespread scale in 2020 and 2021. Mr. Grosvenor testified that meters need to be replaced so that CUII can continue to collect accurate water usage readings from customers. Mr. Grosvenor testified that CUII estimated \$450,233 for AMR meter replacements in 2021, and \$367,142 (\$390,588 in rebuttal) for AMR meter replacements in 2022. Mr. Grosvenor testified that all meters for 2021 had been purchased and the estimated costs are reflective of actual costs already incurred. He testified that the cost estimate for 2022 includes direct purchase of materials and capitalized time, which is estimated at one hour per meter replacement.

b. OUCC's Evidence. OUCC witness Carl Seals expressed concern that the proposed meter replacement program appears to be a response to poor planning and execution of prior meter replacements. As an example, he cited the use of three different meter manufacturers since 2013. He testified that, in response to OUCC Data Request 3.01, Petitioner stated that it did not replace a significant number of meters in 2020 due to the COVID-19 pandemic, stating that CUII had stopped activities that required direct interactions with customers from March to December of 2020. The 106 meters replaced during 2020 were installed across an approximate ten-month period in 2013. Accordingly, they were approximately seven years old. Mr. Seals testified that this is not a normal replacement cycle for a water meter. He testified that, according to 170 Ind. Admin. Code 6-1-10, 5/eight-inch meters are to be tested or replaced every ten years or 100,000 cubic feet registered. Given that CUII indicated in response to OUCC Data Requests 3.03 and 3.04 that it did not actually track meter failures, Mr. Seals also indicated uncertainty as to whether estimated meter reads actually indicate the meter is failing: "the problem could be as simple as the meter reading vehicle failing to drive down a particular street, thereby not picking up any reads for that street." For these reasons, Mr. Seals concluded that it is impossible

for the utility to simply conclude that meter estimates automatically equal meter failures as CUII suggested.

Mr. Seals also noted that in 2021 there were 31 accounts in Twin Lakes that received as many as ten sequential estimates throughout the year, suggesting that it took the utility as long as nine months to recognize and respond to a previous period estimated read. He further indicated that delays of as much as nine months in assessing and correcting this problem can cause customer leaks to continue undiscovered. In addition, such delays can cause a failure to recognize and timely report and compensate the utility for legitimate high customer usage, such as the filling of a pool, or heavy lawn irrigation. He added that these unexplained high bills due to failures to accurately read meters create problems for customers as well, as they may be suddenly billed for large amounts of usage of which they were not previously aware, until receiving the “catch-up” bill when the meter is actually read.

Mr. Seals testified that CUII’s parent company Corix began a transition to Neptune meters in 2021, which may allow for a 10-15% discount on market value and annual pricing certainty. Mr. Seals testified that Neptune is a well-established, widely used meter manufacturer.

Mr. Seals stated that if the meters were failing prematurely, then the utility should have sought compensation, replacement, or technical assistance from the manufacturer, and Petitioner has presented no evidence that it has done so. Mr. Seals recommended that, in the future, CUII more carefully collect, analyze, and report data regarding the need for meter replacements and meter reading activities in general, and more aggressively pursue options other than wholesale replacement.

c. LOFS’s Evidence. LOFS witnesses Rick Cleveland and Robert Holden both testified that they disagree with an increase in rates for the replacement of AMR meters. Mr. Holden testified that the costs of the AMR replacement program should be denied because CUII has not provided any explanation of its due diligence regarding warranties applicable to failed meters and has not presented evidence that there are less costly alternatives to its replacement plan, and because those costs should be spread out over a longer period of time. Mr. Cleveland testified to his opinion that CUII’s parent corporation made the decision for all of its subsidiary utilities to transition to new AMR meters to generate a return of and on new assets, and that CUII is blindly following that directive without regard to the actual need, the impact on rates, or the potential for using the existing meters. Mr. Holden and Mr. Cleveland recommend the Commission reject CUII’s request for recovery of AMR costs for these reasons.

d. Petitioner’s Rebuttal. In response to Mr. Seals’s statement that the meter problem could be as simple as the meter reading vehicle failing to drive down a particular street, Mr. Grosvenor testified that this would not be a realistic possibility. Mr. Grosvenor testified that CUII is replacing meters that are failing. He stated that the meters are failing before the end of their 10-year life expectancy, and that the cost of sending the meters back to the manufacturer for repair under the existing warranty is higher than the cost of replacement. Mr. Grosvenor testified that taking that approach would result in spending money on meters that will need to be replaced in the next two to three years based on life expectancy and inconveniencing customers multiple times to reinstall meters. Mr. Grosvenor provided a cost comparison of sending a meter back for repair (\$252.44) and replacing the meter (\$231.25).

Mr. Grosvenor also testified that purchasing meters with CUII's corporate parent provides better pricing than CUII would otherwise get through bulk purchasing power and doing so provides operational benefits.

Mr. Grosvenor testified to how CUII will handle failures of the new Neptune meters going forward, stating that CUII will keep a number of the Neptune meters available and will send the meters back for warranty repairs during the early portion of the warranty period when it makes most financial sense. He testified that replacement of the meters is necessary for CUII to continue to accurately measure customer usage and accurately bill customers and testified to his opinion that the Neptune meters that are being installed are reliable and a good solution.

e. Commission Discussion and Findings. After reviewing the evidence of record on this issue, we agree with the OUCC and LOFS that CUII's proposed meter replacement program appears in part to be a response to poor planning and execution of prior meter replacements. We also take issue with Mr. Grosvenor's calculation of the cost of warranty repair versus replacement of existing meters, which is based on the premise that a repaired meter is returned to the same customer and location from which it was removed¹, which the Commission believes to be inconsistent with the analysis conducted by Mr. Grosvenor and is ultimately flawed. Regardless of the inconsistency, the program proposed by Petitioner is not based on a ten-year life cycle cost prescribed by 170 IAC 6-1-10. Thus, we limit recoverable annual meter replacement costs to \$124,470 (10% of the total meter replacement project cost identified in Rebuttal by Mr. Grosvenor) for Phase I and \$248,940 for Phase II.

We also agree with Mr. Cleveland that CUII's estimated billing procedures have not been reviewed by the Commission and should be, given the large number of estimated reads and the anecdotal evidence of high estimated reads. Therefore, within 90 days of the date of this order, CUII shall submit its estimated billing procedures for Commission review under the 30-day filing process.

v. Other Capitalized Costs.

a. OUCC's Evidence. Ms. Stull noted Petitioner capitalized \$18,297 of costs she asserts should have been recorded as operating expenses during the period incurred. These included filter media replacement, vehicle registrations, large meter testing, a hydrogeology study (south filter evaluation), and other evaluations. She maintained these costs should be excluded from Petitioner's water system rate base. Ms. Stull explained that none of the excluded costs occurred during the base period and, therefore, no operating expense adjustment is necessary.

b. Petitioner's Rebuttal. Mr. Dickson accepted Ms. Stull's adjustment to remove costs associated with customer large meter testing (\$1,950) and the South filter evaluation (\$6,956), but he rejected the adjustment with respect to capitalization of the filter media replacement costs, (\$8,107), testifying that it was required by the North Filter Rehabilitation, which required the removal of the filter's media to replace the strainers. He argued that because the strainers could not be replaced without removing the filter media, the removal of

¹ See Petitioner's Responses to Commission Docket Entry of June 23, 2022, responses to questions 10 and 11.

that media is part of the project. Mr. Dickson also explained that rate base need not be adjusted for the vehicle registrations, (\$1,284) because those items had already been reclassified, resulting in a net zero impact to CUII's utility plant in service. In other words, the vehicle registrations were not included in the utility plant in service numbers CUII has provided.

c. **Commission Discussion and Findings.** We accept Petitioner's explanation with respect to the vehicle registrations, (\$1,284), but we reject Petitioner's argument that its capitalization of operating costs related to filter media replacement is justified because it is part of a capital project, (\$8,107). There was no evidence or suggestion the replacement of the strainers was done on an emergency basis. As such, there is no reason presented as to why Petitioner could not have coordinated the capital replacement of its strainers with the operating expense of changing out its filter media, which it must do periodically. In fact, we may assume that is precisely what happened as it would not have resulted in any different cost or expense than what was experienced. We reject Petitioner's proposal to turn an out of period operating expense into a capital asset. As the parties have agreed to the removal of costs associated with large meter testing (\$1,950) and the south filter evaluation (\$6,956), we find \$8,906 should be removed from Petitioner's water UPIS, with an associated adjustment to accumulated depreciation of \$506.

B. **Wastewater System.**

i. **Uncontested Issues.**

The parties agreed to the following wastewater system rate base components:

<u>Wastewater Rate Base</u>	<u>Phase I</u> <u>9/30/2022</u>	<u>Phase II</u> <u>9/30/2023</u>
Utility Plant in Service at 9/30/2021	\$ 20,319,424	\$ 20,319,424
WSCSI Sewer Capital Improvement Program	71,522	116,521
Computers	45,744	48,711
Vehicles	-	27,821
General Plant Additions	238,700	403,972
Capitalized Time	13,578	27,563
Accumulated Depreciation at 9/30/2021	(8,721,479)	(8,721,479)
Computer Restatement	349,981	349,981
Vehicle Restatement	123,670	123,670
Contributions in Aid of Construction at 9/30/2021	(3,767,798)	(3,767,798)
Amortization of CIAC	1,549	1,549
Additional CIAC Amortization Expense	134	268
Net Contributions in Aid of Construction	(3,766,115)	(3,765,981)
Accumulated Deferred Income Taxes	(981,408)	(976,875)
Construction Advances	(3,974)	(3,974)
Customer Deposits	(19,105)	(19,105)

The Commission notes the OUCC agrees with the WSCI SCIP's projected project costs, \$71,522 for Phase I and \$116,521 for Phase II; however, Petitioner's rebuttal rate base for this project was updated with no supportive evidence. Therefore, the Commission approves the CUII and the OUCC's originally agreed position as shown in the table.

ii. Inflow and Infiltration ("I&I") and Sewer Capital Improvement Program ("SCIP").

a. Petitioner's Case-in-Chief. Mr. Lubertoizzi testified that, in CUII's last rate case, Cause No. 44274, the Commission directed CUII to develop a comprehensive I&I program as part of a broader plan in addressing three key aspects of service quality—wastewater backups in homes, manhole overflows, and discoloration of drinking water. He described that CUII was directed to provide detailed plans to measurably improve performance in these three key aspects using primary components: a comprehensive I&I program and a multi-faceted program to decrease incidences of discolored water. Mr. Lubertoizzi testified that CUII has continued to focus on a comprehensive I&I removal program, consisting of both assessment and corrective action.

He explained CUII's decision to engage an external engineering firm to provide recommendations for continued reduction to I&I, as well as to assist with a project to remediate all known defects in one of the basins in the LOFS subdivision with the most I&I and then compare historical I&I to post-remediation I&I. Mr. Lubertoizzi provided an overview of CUII's recent request for proposals ("RFP") to address I&I. He testified that the RFP is designed to identify a consultant to develop a forward-looking plan that will include a detailed summary of all defects identified, recommended rehabilitation, documented repairs, and identification of any defects that remain unresolved; additional, actionable recommendations for rehabilitation work necessary to address any unresolved defects and/or newly identified defects; recommendations for further investigation, rehabilitation, inspections, or other; estimates for how much I&I reduction the consultant estimates is feasibly achievable; and cost estimates for additional investigational, rehabilitation, and improvements recommended.

Petitioner's witness Loren Grosvenor testified that CUII made improvements to its wastewater system over the past several years by implementing the Sewer Capital Improvement Projects ("SCIP"). He testified that the SCIP includes annual cleaning and televising of a minimum 10% of the wastewater collection system, providing video results and documentation from the CCTV contractor to CUII, along with plans for replacements and remediation of sections of the collection system. Mr. Grosvenor testified that this includes identifying work regarding the reduction of I&I and any other issues. Mr. Grosvenor stated that in 2020, CUII lined a total of 8,516 linear feet ("LF") of sewer with defects identified from sewer televising between November 2020 and February 2021. Mr. Grosvenor stated that in 2021, CUII's SCIP work included investigating and engineering for the potential pigging of the Lift Station L forcemain and miscellaneous sewer repairs identified from sewer cleaning and televising. Mr. Grosvenor testified that CUII staff also inspected manholes in July 2021 and 131 manholes were inspected by consulting engineers in September and October 2021 to identify potential manhole repairs. Mr. Grosvenor stated that CUII will continue to inspect and televise sewer mains, inspect manholes, smoke sewers, and repair defects. Mr. Grosvenor testified that, due to the COVID-19 pandemic, home inspections were discontinued in 2020, but CUII anticipates resuming in 2022.

Mr. Grosvenor testified that, since its last rate case, CUII has completed several capital projects that are now in service. Mr. Grosvenor testified that in Twin Lakes, SCIP projects include Cured-in-Place-Pipe (“CIPP”) lining of approximately 2,715 and 8,516 LF of sewer main in 2018 and 2020-2021, respectively; lining of 55 manholes in 2019; replacement of approximately 1,540 LF of watermain and 44 service lines in 2019; and replacement of approximately 3,607 LF of watermain and 56 service lines in 2021. Mr. Grosvenor testified that in Water Service Corporation (“WSC”), SCIP included CIPP lining of approximately 720 LF of sewer main in 2018. Mr. Grosvenor also provided a summary of the SCIP projects CUII still needs to complete between the base year and end of the test year.

Mr. Grosvenor testified that the sewer improvements are necessary to remedy sewer defects identified by CUII and allow CUII to continue to provide adequate and reliable service. Mr. Grosvenor stated that sewer defects can lead to I&I, and I&I can increase operational costs for pumps, blowers, and other wastewater equipment, and also lead to sewer overflows, such as basement backups and manhole overflows. Mr. Grosvenor testified that timely remediation of defects reduces the risk of sudden failures of sewer mains and manholes, which can cause sewer overflows.

Mr. Grosvenor testified that, in 2022 and 2023, CUII plans to focus on I&I reduction one basin at a time. He stated that CUII has already repaired all Level 4 and Level 5 defects in multiple basins, and CUII now plans to investigate and identify its worst performing basins with respect to I&I and eliminate all known defects. Mr. Grosvenor testified that to accomplish this, each year, CUII will focus on one basin and make all repairs necessary to eliminate I&I. Mr. Grosvenor testified that in some cases, a single basin may take longer than a year, but once the repairs are made to one basin, CUII will move to the next worst performing basin.

Regarding cost estimates, Mr. Grosvenor testified that SCIP projects have been reoccurring, so costs from year-to-year are fairly consistent. Mr. Grosvenor testified that the 2021 projects are largely complete, and costs include engineering for pigging the Twin Lakes Lift Station L forcemain, manhole inspections, a sewer spot repair, and manhole rehabilitation. Mr. Grosvenor testified that the 2022 and 2023 SCIP project costs are currently estimated at a high level to include any potential sewer improvements work identified from sewer cleaning and televising, manhole inspections, and the engineer evaluation of CUII’s I&I program. Mr. Grosvenor testified that investment in the Twin Lakes SCIP for 2021 are estimated at \$197,610 (\$150,663 in rebuttal) and \$521,086 for each of 2022 and 2023. For the WSCI system, Mr. Grosvenor testified that investment in SCIP was \$26,523 in 2021 and is estimated to be \$44,999 in 2022 and 2023 (2022 SCIP was forecasted at \$44,879 in rebuttal).

b. OUCC’s Evidence. OUCC witness James T. Parks discussed several proposed wastewater projects at Twin Lakes. He testified that several of the projects are oversized, or are being proposed not to find and remove the excessive I&I in CUII’s collection system, but possibly to convey the excessive flows directly to the wastewater plant which will amplify peak flows imposed onto the wastewater treatment plant (“WWTP”). Mr. Parks noted that in Cause No. 45389, the Commission denied CUII’s preapproval requests of \$4,148,088 for the Collection System Improvement Program (“CSIP”) and \$19,712,491 for the WWTP replacement project. The Commission found that

CUII should prioritize its I&I program so that we can assess the impact of the I&I removal on any need to expand its WWTP. CUII is not subject to any enforcement action by IDEM, and we find that the current capacity of its WWTP, while approaching its limits, can provide reasonable service to its customers.... CUII has made no meaningful attempt to date to achieve I&I removal as set forth in the 44742 [sic] Order. A robust I&I removal program is long overdue and could alter and help better determine the identity and scale of the improvements needed, according to Mr. Parks's and Mr. Holden's testimony.

In re CUII, Cause No. 45389, at 15 (May 5, 2021).

Mr. Parks testified that other than annual sewer system improvements made under the SCIP, CUII did not address I&I with any other proposed capital project in this cause except for customer lateral replacements.

Mr. Parks testified that CUII's proposed Headworks project does not help locate and reduce excessive I&I entering Petitioner's collection system, which has been a contentious issue in Petitioner's rate cases going back 30 years. He stated peak flows are imposed on the WWTP due to excessive I&I. He reported Petitioner's WWTP is currently sized to treat an average daily flow of 1.1 MGD and a peak hourly flow of 3.58 MGD. Mr. Parks repeated his testimony from Cause No. 45389 that CUII's proposed 14.0 MGD design capacity for Headworks is too large and is a result of CUII not accounting for surcharging of the influent Parshall flume flow meter that cause overreported and inaccurate peak flows. Mr. Parks speculated that although Petitioner has not said so, it may be installing the entire Headworks portion (Influent Junction Chamber, mechanical screens, grit removal, influent meter, and raw sewage pumps) of its WWTP replacement project (with a peak design flow of 14.0 MGD) that was the subject of the Commission's denial in Cause No. 45389 last year.

Mr. Parks testified that in 2007, Strand Associates recommended CUII install flow meters upstream of the WWTP (because the influent meter appears unreliable at high flows), as well as upstream of Lift Stations C, D, and L to determine the relative success of CUII's I&I reduction program. He reported that in Cause No. 45389, CUII proposed installing flow meters and pressure gauges on force mains from Lift Stations B, C, and D. He referenced his testimony supporting these additions and recommended also installing meters and pressure gauges at Lift Stations J and L to obtain accurate flows from the two lift stations discharging at the WWTP. He agreed area velocity meters should be installed in sewers immediately upstream of the WWTP and recommended CUII add meters at known bottlenecks or basement backup areas. Mr. Parks testified that despite these recommendations by CUII, its consultants, and the OUCC, CUII has not installed lift station flow meters and pressure gauges nor meters on the influent sewers upstream of the WWTP. He testified that he still believes CUII should add the meters and pressure gauges, because they are relatively low cost, would greatly assist CUII in tracking flows, help in locating and removing areas with excessive I&I, help assess lift station and force main performance issues, and help assess the effectiveness of I&I removal efforts.

Mr. Parks testified CUII should continue using its recently installed chemical phosphorous system and continue leasing office space and recommended the Commission disallow CUII's proposed \$500,000 chemical/office building project in its entirety. He testified that given the

Commission's clear direction in Cause Nos. 44724 and 45389 that CUII focus on its collection system to find and remove excessive I&I, CUII should not be pursuing lower priority capital projects such as new offices.

Mr. Parks testified CUII does not have a Twin Lakes Sewer System Master Plan addressing Lift Station L's force main replacement. He reported CUII indicated its Master Plan is the Asset Management Plan that has been in draft form since 2015, but will not be updated until 2023 when CUII retains a new Project Manager. Mr. Parks noted that other than lift stations, he could not find any information in CUII's draft AMP about CUII's buried sewer assets such as the Lift Station L force main.

Mr. Parks testified CUII completed Lift Station L and its force main in 2003 to alleviate sewer surcharging that had been causing downstream sanitary sewer overflows. He testified CUII did not remove the I&I causing the surcharging and overflows, instead choosing to pump it directly to the WWTP to bypass the gravity sewers in the problem areas. Mr. Parks testified that foul septic odors and the need to enclose headworks structures followed CUII's choice in the 1990s not to find and remove excessive I&I from the area near Lift Station L.

Mr. Parks testified CUII and Baxter & Woodman did not provide any documentation to support CUII's assertion that Lift Station L and its 4.5-mile-long force main has experienced noticeable loss of capacity over the last several years. He noted this is the first time the OUCC has heard about CUII's claimed loss of capacity. He also noted it appears CUII did not identify this as a hydraulic problem in prior rate cases or the preapproval case. Mr. Parks testified that CUII may be seeking to increase Lift Station L's capacity so that it can accommodate additional wet weather flows from the tributary area to Lift Station L or another lift station such as Lift Station C. Mr. Parks testified CUII's consultant RHMG recommended CUII focus on removing I&I in the Lift Station L basin and recommended against replacing the eight-inch force main segment with a 12-inch pipe or interconnecting the Lift Station C and L force mains. However, Mr. Parks stated that in this case CUII is requesting funds for the Lift Station L force main replacement and the Lift Station C generator project. He recommended the Commission disallow both projects. If CUII's intent is to pump more I&I directly to the WWTP rather than find it and remove it, Mr. Parks recommended that the Commission order CUII to follow the Commission's clear direction from Cause No. 44724 and Cause No. 45389 to develop and execute a comprehensive I&I program to decrease the entry of water inflow and groundwater infiltration into CUII's separate sanitary sewer system.

Regarding CUII's plan to focus on I&I reduction one basin at a time, Mr. Parks testified CUII did not provide testimony about which basin has the worst I&I, or why it thinks focusing on only one basin at a time is the best way to address I&I, as opposed to finding and repairing the worst I&I sources regardless of basin location. Mr. Parks testified CUII wants to change its long-term approach for I&I removal; previously, CUII's consultant RHMG assessed sewer and manhole defects that are I&I sources through its annual televising program and then ranked and prioritized the defects for repair. Mr. Parks stated that perhaps this change reflects CUII's admission that its I&I program has not been successful in finding and removing I&I. He reported CUII does not have a Collection System Master Plan and that it appears CUII still does not have a comprehensive I&I program to decrease the entry of water inflow and ground water infiltration into Petitioner's separate sanitary sewer system. Mr. Parks testified that CUII has not provided an estimate of the

total I&I volume in the Twin Lakes sewer system or taken action to determine the level of I&I in its system.

OUCC witness Margaret Stull testified that the OUCC accepts CUII's proposal for its WSCI SCIP, but does not agree with the amounts projected for its Twin Lakes SCIP.² The OUCC recommends the level of costs incurred for its 2021 Twin Lake SCIP as reasonable cost. In other words, the OUCC recommended that CUII's investment in wastewater main improvements be limited to \$197,610 annually. Ms. Stull testified that CUII proposes to more than double its annual expenditures for this program and provided no substantive evidence explaining why this level of expenditure is necessary and reasonable other than the need to reduce inflow into the collections system. Ms. Stull stated that no list of potential projects or details are provided as to which basins will be investigated first, and no cost estimates or other support were provided to justify this increase in spending.

c. LOFS's Evidence. Mr. Cleveland testified that CUII has failed to make meaningful progress toward the Commission's directives to reduce I&I in Cause Nos. 44724 and 45389. Mr. Cleveland stated that he does not believe that CUII has completed a comprehensive I&I program, as directed by the Commission in the final Order in Cause No. 44274. He testified that CUII has yet to move beyond "plans to investigate and identify" the worst performing basins. LOFS witness Holden testified that I&I has been an issue for decades. He stated that CUII lacks a coordinated effort to identify where I&I is and how to address it. Mr. Holden testified that he does not think CUII has met the guidance provided by the Commission to address I&I and implement an effective asset management plan.

Mr. Cleveland testified that CUII's wastewater system is old and needs repairs or improvements, but that its current need is a result of failed maintenance and updates over time. Mr. Cleveland agreed with Mr. Holden's recommendation that CUII should spend more time focusing on eliminating I&I and that it is not appropriate for ratepayers to pay for engineering and regulatory expenses relating to CUII's wastewater treatment plant for which pre-approval was denied in Cause No. 45389.

Mr. Cleveland also submitted Attachment RC-2, which CUII provided in a data request response, which shows 61 reports of backups and overflows since January 2020. Mr. Cleveland stated that backups and discharges remain a significant problem for LOFS residents. Attachment RWH-2 of Mr. Holden's testimony also includes CUII's responses to LOFS Data Requests 1.01 and 1.02, in which CUII was asked to identify the actions CUII has taken to remediate inflow and infiltration since the Commission's order in Cause No. 45389. CUII's response to LOFS 1.01 stated that in 2021, CUII has, among other things, prepared to issue an RFP of a definitive study of I&I solutions; focused on the worst basin in the system (Basin 10) to identify areas in most need of repairs; and made repairs based on televising and engineer recommendations, including a main repair and replacement of CUII-owned portion of a lateral. Attachment RC-2. Mr. Holden testified that he believes CUII is only studying the I&I problems, but not actually fixing them.

d. Petitioner's Rebuttal. In response to the OUCC and LOFS'S criticisms of CUII's I&I program, CUII witness Loren Grosvenor reiterated that CUII

² SCIP is referred to as Comprehensive I/I Program in rate base summary tables below.

plans to focus on reducing I&I one basin at a time, by first investigating and identifying the worst performing basins with respect to I&I and eliminating all known defects. Mr. Grosvenor testified that once repairs are made to that basin, CUII will move to the next worst performing basin. He stated that, in addition to the basin work, CUII will continue to correct Level 4 and Level 5 defects identified through its annual televising and inspections of sewer mains and manholes to remove I&I.

CUII witness O'Dell testified that, in his experience, a successful and comprehensive I&I program is a multiple year or decade-long effort that systematically removes clear water from the sanitary sewer system, basin by basin, which results in less overflows, fewer backups, and eventually, lower WWTP flows. He testified that a typical I&I program includes a phased approach to achieve best results. Mr. O'Dell testified that the first phase of an I&I program takes many years and includes study and analysis of the system, which includes flow monitoring, sanitary sewer televising, manhole inspections, smoke testing, dyed water testing, private lateral inspection, and private property canvassing. He testified that following evaluations, the second phase includes repair and rehabilitation of the identified priority defects, which can also be a multi-year process depending on the severity and quantity of the defects. Mr. O'Dell testified that after several significant projects are completed, the final phase is post-rehab flow monitoring to measure the effectiveness of the program, after which, the cycle is repeated in the next basin.

Mr. O'Dell testified that CUII has focused its I&I program on assessment and corrective action and has acted on many of the typical aspects of phased I&I programs, including flow monitoring, sanitary sewers televising, manhole inspection, smoke testing, dyed water testing, private lateral inspections, and home inspections. Mr. O'Dell testified that in 2018, a flow monitoring study was completed, which helps CUII target the worst I&I basins. Mr. O'Dell testified that moving forward, CUII plans to identify and evaluate the worst performing I&I basins and eliminate cost-benefits positive defects. He testified that CUII will focus on one basin and make necessary repairs to reduce I&I. Mr. O'Dell testified that Baxter & Woodman has already begun the sewer basin study, and that significant rehabilitation work is expected to begin in the summer of 2022.

Mr. O'Dell testified that CUII inspects at least 10% of the manhole structures in the system every year, and since 2013, over 25% of the manholes have been rehabilitated. Mr. O'Dell testified that smoke testing and lateral televising were completed in 2018, and dyed water testing was completed by CUII in 2018 and 2019. Mr. O'Dell stated that home inspections were completed by CUII between 2017 and 2019, resulting in CUII inspecting over 665 homes during that time. Mr. O'Dell testified that CUII has continued to inspect at least 10% of the homes every year, although the program has been temporarily suspended due to COVID-19. Mr. O'Dell also testified that since 2018, CUII has lined/rehabilitated approximately 11,300 linear feet of sanitary sewer, and where lining was not possible, CUII also completed point repairs at sewer locations.

Mr. O'Dell testified that he reviewed LOFS's response to CUII's Data Request 1-3 in Cause No. 45389 (attached to his testimony as Attachment SO-R1). In Attachment SO-R1, LOFS provided a description by LOFS witness Holden of a comprehensive I&I removal program, which included the following:

1. Assessment
 - a. Smoke testing
 - b. Wet weather inspections
 - c. Manhole inspections
 - d. Night flow isolation
 - e. CCTV inspections
 - f. Private home inspections
2. Corrective Action
 - a. Private Side
 - i. Sump pump removal
 - ii. Downspout removal
 - iii. Area drain removal
 - iv. Lateral lining/replacement
 - b. Public Side
 - i. Manhole lining
 - ii. Manhole casting raising/replacement
 - iii. Sewer lining
 - iv. Point repair/segment replacement
 - v. Sanitary sewer/cross connection elimination

Mr. O'Dell testified that he compared CUII's I&I program to Mr. Holden's description of a comprehensive I&I removal program and concluded that CUII's program has all the components Mr. Holden specifies, with the exception of night flow inspection, which CUII has not completed due to safety and staffing concerns. Mr. O'Dell testified that he believes CUII has a comprehensive I&I removal program that meets the standards identified by Mr. Holden. Mr. O'Dell testified that CUII has been taking the proper actions to develop and implement a targeted rehabilitation program to repair defects and reduce I&I, and that CUII has taken more actions than most of the clients he works with through Baxter & Woodman.

Mr. O'Dell also testified that a successful I&I program could reduce flow rates by 30%, but this reduction would not reduce the need for WWTP improvements, and CUII's I&I program should not prohibit or delay capital projects from moving forward. Mr. O'Dell testified that the most important reasons for I&I are to reduce the frequency and volume of SSOs and basement backups, and that while the reduction of peak flows at a WWTP are typically a positive externality of a successful program, I&I reduction will not reduce the operation and maintenance ("O&M") challenges at the headworks. Mr. O'Dell testified that capital improvements at a WWTP often go together with I&I removal efforts and should not be halted in this case because of I&I. Mr. O'Dell stated that I&I can never be 100% removed from a system, and that the greatest reduction assumed is 30% from the peak hourly flow.

As to the OUCC's recommendation that costs of the SCIP program be disallowed, Mr. Grosvenor asserted that the adoption of the OUCC's disallowance recommendation would prevent CUII from making real progress in reducing I&I, as CUII was directed to do in Cause Nos. 44724 and 45389. Mr. Grosvenor testified that the costs for correcting all the defects in CUII's worst performing basin (Basin 10) is estimated at \$2.5 million (exclusive of AFUDC and captime).³ See

³ Mr. Dickson's rebuttal testimony includes the figure inclusive of captime and AFUDC as \$2,619,271.

Attachment LG-R2. Mr. Lubertozzi testified that once all known public and private defects are repaired in Basin No. 10, CUII will assess actual costs incurred, and then, using Basin 10 as a proxy, CUII will calculate the costs to make similar improvements in all the remaining basins. Mr. Lubertozzi testified that CUII will then determine what is the most reasonable “least cost” approach to eliminate basement backups and SSOs.

Mr. Grosvenor testified that CUII has made measurable progress in reducing I&I and improving its service quality overall in accordance with the Commission’s directives in CUII’s last rate case, Cause No. 44724. Mr. Grosvenor testified that, since 2018, CUII has filed quarterly and annual reports under Cause No. 44724 in accordance with the Commission’s Order, detailing its progress on multiple objectives. Mr. Grosvenor provided a summary of those performance metrics filed in Cause No. 44724, as Attachment LG-R6. Mr. Grosvenor testified that the metrics show a decrease in wastewater backups in customer homes and manhole overflows. He testified that CUII exceeded its target for percentage of manholes inspected in 2018, 2019, and 2020, and met or exceeded its target metric for cleaning and televising sewers (annually by percent) and system flushing. (He testified that the number of verified residential water discoloration complaints annually has remained low.) Mr. Grosvenor stated that the COVID-19 pandemic interrupted progress on some of its performance metrics (for example, home inspections, smoke testing residences, information meetings with residents to discuss SSO, and the Water Discoloration Mitigation Program), but overall, he testified that CUII has made meaningful and measurable progress in many of its objectives, as evidenced by its performance plan reports filed in Cause No. 44724. See Attachment LG-R6.

e. **Commission Discussion and Findings.** Though CUII has generally complied with the specific directives of the 44724 Order, the utility appears to be unwilling to make I&I abatement part of their regular practice and, thus far, has not committed to substantially investing in large-scale improvements that remove I&I from the system. The I&I studies and the various assessment/maintenance programs contemplated under the SIP and implemented by CUII do not substantially remove I&I from the system unless CUII uses those tools to direct where and how capital investment is made and how O&M practices are improved. To date, CUII has not utilized these resources as aggressively as expected. CUII has a long way to go in building a culture focused on I&I abatement despite the many tools and programs provided under the SIP. The Commission expects CUII to utilize sophisticated asset management and I&I abatement programs, given the regional and nationwide resources CUII and its parent company possess. It is not the role nor desire of the Commission to develop and implement I&I abatement solutions for those we regulate. CUII shall improve the minimal levels of collection system maintenance, fully implement a robust asset management program, and significantly reduce its I&I levels. Failure to comply with this directive may be addressed per Ind. Code § 8-1-2-112. With this understanding, we believe that continuing the quarterly meetings and compliance filings ordered in Cause No. 44724 would not be productive or an efficient use of any of the parties’ time going forward. Therefore, we find that the quarterly meetings and compliance filings established by the 44724 Order shall be discontinued as of the date of this order.

To assist the Commission in assessing CUII’s progress regarding I&I, within nine months of this order, CUII shall file a compliance report identifying the system baseline (dry weather) infiltration rate and I&I rates for three design storm recurrence intervals of progressing severity as appropriate. The report shall describe how the reported rates were derived.

After reviewing the evidence of record on CUII's proposed SCIP, we find that the evidence supports CUII's proposal to include in rate base investments in SCIP. Accordingly, we approve CUII's proposal to include in rate base investments in the Twin Lakes SCIP of \$671,749 (\$150,663 + \$521,086) in Phase I and \$1,192,835 for Phase II. We also approve inclusion in rate base of amounts up to the uncontested investment levels for SCIP in the WSCI system of \$71,522 (\$26,523 + \$44,999) in Phase I and \$116,521 in Phase II.

iii. Lateral Replacements.

a. Petitioner's Case-in-Chief. Mr. Grosvenor testified that investigations have identified sewer laterals (Company-side and property owner-side) contribute to I&I in the Twin Lakes sewer system and estimates that, based on lateral televising data from inspections, approximately 10% of the sewer laterals (approximately 315 laterals) need replacement. Mr. Grosvenor testified that the average cost of replacement is \$5,200, excluding engineering and other associated costs, and that total construction capital cost for lateral replacement is estimated at \$2,000,000, which includes a 20% contingency. Mr. Grosvenor stated the CUII estimated lateral replacement cost of \$342,092 in 2022 and \$358,967 for 2023, although lateral replacement or repair is likely going to be ongoing as the collection system ages. Mr. Grosvenor testified that CUII started the budget for this project with a base amount for replacement and escalated it by 5% per year for anticipated inflation per the Consumer Price Index. Mr. Grosvenor stated that CUII plans to complete as many lateral replacements as possible within the estimate for each year.

Mr. Grosvenor testified that CUII's preference would be to replace laterals on both CUII-side and property owner-side in a single construction project, as proposed in these projects. He testified CUII believes it would be able to complete the replacements in a more cost-effective and efficient matter than requiring individual property owners to identify contractors and complete the replacements.

b. OUCC's Evidence. Mr. Parks recommended the Commission disallow CUII's proposed sewer lateral replacement program in its entirety, given the large number of unquantified costs, the impact on customer rates, ownership issues, and other higher CUII priorities for sewer repairs. He discussed customer owned sewer laterals, noting customers are responsible for maintaining and replacing them. He testified that CUII wants to replace both company and the customer sides as a single construction project and seeks Commission approval to include all costs in rate base. He reported CUII first proposed in 2019 at the fifth Technical Conference to replace customer laterals and include the costs in rate base, but that CUII's meeting minutes did not fully reflect the CUII, Commission, LOFS, and OUCC discussion on laterals. He testified that, before the fifth Technical Conference, the OUCC was unaware CUII determined customer laterals were a major I&I problem or that CUII wanted to add replacement costs to rate base. He reported there was no further funding discussion until now.

Mr. Parks testified CUII did not provide evidence about how many of Twin Lakes' 3,100+ home laterals it had televised, how many it found defective, or provide a list of addresses with lateral defects. Mr. Parks questioned whether CUII identified 315 defective laterals, because there is no evidence CUII knows the number of defective customer laterals and how many can be

repaired or must be entirely replaced. He provided CUII's full response to LOFS Data Request No. 1.07 in which CUII denied proposing to include customer owned lateral replacement costs in base rates in this proceeding, despite Mr. Grosvenor's testimony in this cause and previous CUII statements at the fifth Technical Conference.

Mr. Parks testified CUII does not know how much I&I enters the Twin Lakes system, has not provided any I&I volume estimate, how much originates from customer laterals, and has not quantified any reduction in I&I since May 5, 2021. He testified CUII reported that in 2021 it issued an RFP, began to study its "worst" basin to reduce I&I, and made engineer-recommended repairs based on televising, including a main repair and replacement of CUII owned lateral. Mr. Parks testified CUII did not say how it would track lateral replacements in removing I&I and did not provide any estimates for any costs it would incur tracking I&I removal success from replacing defective customer laterals. Mr. Parks testified CUII has not summarized the annual SCIP costs, nor the I&I removed from its system, if any. He stated CUII did not provide information on how many customer-owned defective sewer laterals CUII identified in recent years have been repaired or replaced by customers.

Mr. Parks testified CUII did not provide costs for actual customer lateral repairs, but noted at the 2019 Technical Conference, LOFS attorney Mr. Fitzgerald indicated quotes of \$10,000 to *replace* a lateral and Mr. Grosvenor said CUII had verbal replacement quotes as high as \$25,000. Mr. Parks testified that for customers with a broken pipe section or open joint, only a lower cost spot repair may be needed but for vitreous clay pipe (VCP) with visible cracking, total replacement may be the best option. Mr. Parks testified Mr. Grosvenor's testimony included 2019 sewer lateral replacement cost estimates (company and customer owned). He testified that CUII estimated costs at \$2 million (with 20% contingency added) to replace 315 customer laterals at an average \$5,200 per lateral. He noted these costs do not include televising all laterals, engineering, AFUDC and captime, which for CUII can add significantly to a project's costs. Mr. Parks noted CUII's \$5,200 cost per lateral (construction only) from 2019 appears not to have been updated.

Mr. Parks added he did not have confidence in CUII's estimates, as they are most likely low based on his experience with CUII's estimates for other projects. He noted the many unquantified project components (engineering, televising, AFUDC, and captime), the three-year-old non-updated estimates, and lack of actual contractor proposals or quotes. He testified CUII did not indicate how it will contract for the work, whether it will be awarded to one or multiple selected contractors, or whether the project will be competitively bid.

Mr. Parks estimated the total cost to replace 315 defective customer laterals would be 50% higher (at above \$3 million), increasing customers' monthly bills by over \$8. He testified CUII did not evaluate alternatives to CUII replacing customer laterals, did not say who would own them once replaced, and presented no evidence that prioritizing customer sewer lateral replacement is the best option to remove the most I&I at the lowest cost to ratepayers. Mr. Parks testified that homeowners with well-maintained sewer laterals should not subsidize repairs or replacements of other customers' laterals.

Mr. Parks testified homeowners could hire their own contractors to televise their laterals and determine whether to repair or replace them and could finance replacements with home equity loans. He testified CUII could help educate customers about their lateral responsibilities, could

offer information on hiring contractors and could recommend qualified contractors. He testified CUII's 60-day limit to repair or replace a defective lateral is too short and depending on the severity (I&I amount or backfill entering the sewer), CUII could be more flexible in working with customers that are addressing their laterals, especially since customers must seek contractor proposals, obtain funds, sign repair contracts, and schedule the work.

c. **LOFS's Evidence.** Mr. Cleveland testified that LOFS objects to the proposal to confiscate privately owned sewer laterals and recommends the Commission reject CUII's request to recover through rates repairs and replacements of customer-owned laterals. Mr. Cleveland stated that CUII's proposal seems to suggest CUII would become the owner of the customer's property without compensating the owner and that customer laterals would become part of CUII's rate base. Mr. Cleveland stated this proposal is unfair to customers that have already paid to repair or replace their own laterals. Mr. Holden testified that funding for the project only is included for two years, and residents who do not have their laterals replaced during this time will not see a benefit from the program. Mr. Holden also testified that because the laterals are privately owned, CUII cannot force entry to perform the work. Mr. Holden testified that lateral connections on private property should remain the property of homeowners.

Mr. Cleveland testified that LOFS prefers to incentivize individual homeowners to keep their laterals in good repair by giving homeowners notice and an opportunity to make necessary repairs. He testified that LOFS would support the placement of a lien on the property that could only be removed if the work is performed, which would ensure the customer owned lateral is repaired or replaced before the property is sold to a new owner. Mr. Cleveland testified that LOFS is willing to notify and encourage customers to make necessary lateral repairs, at the request of CUII, which would allow residents to remain owner of their laterals.

d. **Petitioner's Rebuttal.** In response to Mr. Parks's recommendation that the lateral replacements be disallowed, Mr. Grosvenor testified that doing so would handcuff CUII from dealing with I&I in upcoming years and would result in CUII not able to attempt to find and replace laterals contributing to I&I on its system. Accordingly, the 2022 and 2023 cost incurred to complete those projects will not be put into rate base until Phase 2, \$701,059 (\$342,092 plus \$358,967), and only the amount spent will be included in rate base. Regarding Mr. Parks's statement that CUII's cost estimate is likely low, Mr. Grosvenor testified that he does not necessarily disagree with Mr. Parks, particularly for the projects to be completed in 2023. Mr. Grosvenor provided a current quote from one of CUII's contractors, attached as Attachment LG-R1. Mr. Grosvenor testified that if costs continue to increase, the result may be that CUII will only be able to complete the most pressing of the 315 lateral replacements but increasing prices should not be used as a basis to forego necessary work that will reduce I&I on the system.

Mr. Grosvenor testified that CUII is not proposing to include the costs of the customer side of the lateral replacement project in rate base, and that CUII had advised Mr. Parks of his inaccuracy prior to his having filed testimony. Mr. Grosvenor testified that, in response to LOFS Data Request No. 1.07, CUII stated, "CUII is only replacing laterals on CUII-owned side of the main." He testified that CUII plans to encourage customers whose laterals are in poor condition to replace them at the same time as CUII does the work on the utility-owned side because doing so will undoubtedly save the customer money on their portion of the line. Mr. Grosvenor testified

that CUII will look to work with LOFS to come up with ways to encourage customers to replace their portion of the lateral.

Mr. Grosvenor and Mr. Lubertozzi both testified that if CUII is to reduce I&I on its system, it must reduce I&I from laterals.

e. **Commission Discussion and Findings.** After reviewing the evidence of record, we approve Petitioner's proposed lateral replacement cost and the inclusion of associated costs in rate base up to the amounts set forth in Petitioner's rebuttal: \$0 for Phase I and \$701,059 for Phase II. We find Petitioner's proposed lateral replacements reasonable and in the public interest and a component of CUII's I&I program. We find that CUII's proposal to collaborate with LOFS on the lateral replacement program is reasonable and with CUII's clarification that the program only replaces laterals between the mainline and the right-of-way, that the OUCC has not provided a valid reason to deny the project.

iv. **Lift Station L Forcemain.**

a. **Petitioner's Case-in-Chief.** Mr. Grosvenor testified that replacement of the Twin Lakes Lift Station L forcemain is needed because of a hydraulic bottleneck, removal of which would increase pumping capacity of Lift Station L and allow for effective cleaning of the forcemain. He stated that nearly all of the 22,900 LF of the forcemain is 12-inch diameter PVC pipe; however, approximately 1,101 LF is only eight inches in diameter. Mr. Grosvenor testified that CUII hired Baxter & Woodman to analyze the benefits of replacing the eight-inch PVC section and/or cleaning the forcemain. Mr. Grosvenor testified that, based on this analysis, CUII decided that replacing the eight-inch section of the forcemain would enable CUII to improve the pumping capacity of Lift Station L. He also stated that removing the eight-inch section would provide CUII the ability to effectively clean (pig) the forcemain in the future.

Mr. Grosvenor testified that improvements to Lift Station L may be necessary in the future to prevent sewer overflows, and that completing the Lift Station L forcemain replacement would improve the pumping capacity of Lift Station L at a lower cost than those possible future projects, potentially eliminating the need for or reducing the scope of those projects.

Petitioner's Exhibit No. 3, Attachment LG-6 includes Baxter & Woodman's memorandum of analysis of the forcemain replacement project and includes a cost estimate of the project. Mr. Grosvenor testified that it is not anticipated that the proposed air release valves and bypass pumping included in that estimate would be necessary. Mr. Grosvenor testified that CUII adjusted the estimated construction cost to \$350,000 and will solicit bids for the construction work from qualified contractors. He testified that engineering costs are estimated to be \$52,000 from Baxter & Woodman.

b. **OUCC's Evidence.** Mr. Parks recommended that the requested costs for the Lift Station L Project be disallowed. He testified that CUII did not prove a loss of capacity exists in the Lift Station L force main due to the existing eight-inch force main segment, or that there is any operational need to increase the force main capacity.

Mr. Parks testified CUII plans to replace 1,101 feet of eight-inch forcemain with new 12-inch pipe matching Lift Station L force main's predominant size to fix a hydraulic bottleneck,

according to Mr. Grosvenor. Mr. Parks testified CUII did not report this bottleneck in prior rate cases or the preapproval case. He noted in Cause No. 44724, CUII proposed interconnecting Lift Stations C and L's force main *before* the eight-inch segment to *route more flow through the eight-inch segment*. Mr. Parks testified CUII has not explained why a bottleneck exists now when it was not reported before. He testified that since start-up in 2003, the Lift Station L force main has always had this hydraulic restriction from the eight-inch segment, was expressly designed to include it, and it was permitted by the Indiana Department of Environmental Management ("IDEM"). He testified that the force main can convey the Lift Stations L and K pumped flows and stated CUII presented no evidence that these two lift stations are not conveying all sewage received.

In Table 5 of his testimony, Mr. Parks provided CUII's responses to OUCC Data Request 5-52 about CUII's claimed bottleneck and the following single sentence in Baxter & Woodman's Design Memo: "Lift Station L and its 4.5-mile-long force main located in the Twin Lakes Community has shown noticeable loss of capacity over the last several years."⁴ Emphasis added by the OUCC. Mr. Parks testified that the OUCC asked about this sentence to understand what flow problem CUII is trying to solve with the Lift Station L project. CUII's responses listed in Table 5 indicate there was no particular date when CUII first noticed a capacity loss, CUII has not undertaken a study to quantify the capacity loss and has not made improvements to address the loss. CUII also did not provide supporting documentation / studies on which it relied for its statement that there has been a noticeable loss of capacity but instead referred the OUCC back to the same Baxter & Woodman Memorandum. Mr. Parks testified he could not find any evidence supporting the statement that there has been a noticeable loss of capacity.

Mr. Parks testified this is the first the OUCC had heard about the claimed capacity loss. He noted he was aware CUII did not install means to clean force mains (known as pig ports) and that in the Technical Conferences and in the preapproval case (Cause No. 45389), he discussed lack of pig ports and clogged lift station pump impellers as possible contributing causes of longer pump run times. He testified CUII may have interpreted pump run times to indicate higher flows (i.e., I&I) rather than an inability to move sewage due to partially clogged pumps or force mains. He testified Lift Station L was not part of the original 1960s sewers but was added in 2003, well after Lift Station L's tributary area was built-out with homes. He reported CUII built Lift Station L to alleviate sewer surcharging that caused overflows. He testified CUII did not remove the I&I, choosing instead to bypass around the surcharged sewers by building Lift Station L and a new force main directly to the WWTP.

Mr. Parks testified Lift Station L was originally constructed in 2003 as a 700 gallons-per-minute ("gpm") duplex submersible lift station to divert I&I and sewage from 548 homes to the WWTP. CUII installed new higher capacity pumps in 2017 with tested pumping capacities of 1,114 gpm (one pump operating) to 1,320 gpm (both pumps in service). Lift Station L receives wastewater from 529 homes, has standby power and pressure gauges, but no discharge flow meter to track flow rates. Mr. Parks testified CUII should install flow meters at its main Lift Stations, as recommended by Strand Assoc. in 2007 and by the OUCC in 2020, including at Lift Stations J and L so that accurate flows can be obtained from the two lift stations discharging at the WWTP. He stated CUII will only be able to make sound decisions on locating and prioritizing removals of I&I

⁴ Testimony of Loren Grosvenor, Attachment LG-6 - Lift Station L Force Main Cleaning and Replacement Design Memo, Baxter & Woodman.

and in tracking the success of its I&I removal efforts if it has flow monitoring data, including flow data from its major lift stations. Mr. Parks reiterated that he still believes CUII should add the meters and pressure gauges because they are relatively low cost, would greatly assist CUII in tracking flows and locating and removing areas with excessive I&I in its collection system, and would also help assess lift station and force main performance issues and the effectiveness of I&I removal efforts.

Mr. Parks testified Lift Station L's force main was built as three projects from 1998 to 2003 starting with the original eight-inch segment from Lift Station K in 1998. The second segment, built before 2003, was upsized to 12 inches to serve an additional 3,620 people from future developments (never constructed) along Randolph St. The second segment runs from 117th Ave. south to 123rd Ave. and then east to the Twin Lakes WWTP. He testified no customers are connected south of the Lift Station K tie-in point and it is unlikely additional customers along Randolph St. will connect. Lift Station L and the force main's third segment were built in 2003. This 12-inch PVC segment runs west from Lift Station L and connects to the original eight-inch segment which CUII repurposed to flow west to Randolph St. CUII ran a 12-inch PVC force main south to connect into the previously constructed second segment at 117th Ave. Mr. Parks testified the force main's total length and diameters are unclear due to reported length discrepancies from 18,252 LF to 22,900 LF and uncertainty whether 14-inch pipe was installed prior to the WWTP. He testified it appears CUII does not have Record Drawings documenting actual construction and that this shows CUII has poor recordkeeping, which can cause higher planning and design costs.

Mr. Parks testified Lift Station L's capacity has not decreased but rather increased with the lowest capacity pump able to pump 1,144 gpm which is 59% higher than the original 700 gpm in 2003. He testified this is opposite from CUII's assertion of a capacity loss and reflects the higher capacity and higher speed pumps installed in 2017. He testified CUII claims to have continued declining water use and will be focusing its I&I reduction efforts on individual basins. Both will further reduce flows that need to be pumped by Lift Station L.

Mr. Parks testified CUII's consultant, RJN Group ("RJN") conducted inspections and pump capacity tests at eight lift stations, including Lift Station L. He testified that CUII's assertion of a noticeable loss of capacity is directly contradicted by the higher pumping results reported by RJN Group. Mr. Parks testified that absent a CUII explanation for how these higher pump capacities (confirmed by RJN pumping tests) show any capacity decrease exists from the design flows, he could only conclude that Lift Station L has not suffered CUII's asserted capacity loss. Mr. Parks estimated the combined pumping rate from Lift Stations L and K is 1,344 gpm based on the minimum 1,144 gpm from Lift Station L and 200 gpm from Lift Station K, which is comparable to the 1,320-gpm combined pumping rate for both pumps in service at Lift Station L. Mr. Parks testified CUII did not provide any supporting documentation for its capacity loss claim. Mr. Parks testified CUII may be comparing a clean 12-inch force main's capacity to its never cleaned eight-inch, 12-inch, and 14-inch force main. He noted sediment build-up occurs in force mains but design standards account for this by limiting friction factors used in calculations to 120 and requiring a minimum 2 feet per second cleansing velocity.

Mr. Parks testified CUII does not say what capacity it hopes to achieve with its force main project. He testified CUII referred to the Baxter & Woodman Memo, stating that the Report sets forth the primary drivers for replacing the Lift Station L force main. CUII did not answer *why* it

needs more flow capacity than it currently has, only that its proposed capital project will increase it. In Table 6, Mr. Parks tabulated CUII capacity estimates for the existing uncleaned force main at 800 gpm, and soft pigged at 875 gpm to CUII's proposed configuration after hard pigging at 1,050 gpm. He noted CUII did not provide data, calculations, or assumptions it used showing how it generated the estimated flow rates which were not part of the Baxter & Woodman Memo. Mr. Parks testified there is a wide discrepancy between the actual capacities determined by the RJN Group's pump tests (1,144 gpm to 1,320 gpm) that are significantly above CUII's estimated capacities. Mr. Parks testified that CUII's request to replace part of Lift Station L's force main might indicate CUII may be seeking to increase Lift Station L's capacity so it can pump additional wet weather flows from tributary areas to Lift Station L or another lift station (Lift Station C).

Mr. Parks testified that in the preapproval case, Cause No. 45389, CUII proposed spending \$4,148,088 for Phase One Sanitary Sewer Improvements (of three phases) but did not propose projects in the preapproval case to locate and remove excessive I&I. The collection system focus in the preapproval case was on upgrading and expanding Lift Stations B, C, and D and conveying wastewater and I&I directly to the WWTP, which CUII proposed to replace with a new higher capacity WWTP. Mr. Parks reported the Commission denied preapproval because it found that CUII had made no meaningful attempt to achieve I&I removal as set forth in the 44724 Order. The Commission held that a robust I&I removal program was long overdue and could alter and help better determine the identity and scale of the improvements needed.

Mr. Parks recommended CUII install flow meters and pressure gauges at Lift Stations L as previously recommended by CUII's consultant, Strand Associates in 2007 and by the OUCC in 2020, noting that CUII will only be able to make sound decisions on locating and prioritizing removals of I&I and in tracking the success of its I&I removal efforts if it has flow monitoring data, including flow data from its major lift stations.

Mr. Parks recommended CUII pig the Lift Station L force main in its present configuration (eight-, 12-, and 14-inch pipe) with soft brushes to remove solids and lower pumping costs by decreasing friction losses. He stated that CUII could also hard pig the force main with intermediate launching and receiving pits such as from the Lift Station K tie-in point two miles to the WWTP. He recommended CUII rebid the pigging contract through competitive bidding and try to attract more than a single bidder. He testified that pigging costs, sewer cleaning, and televising costs including engineering should be expensed, not capitalized, and should not be included in CUII's SCIP. Mr. Parks also testified CUII should not capitalize CUII staff time for overseeing pigging, sewer cleaning, and televising.

Mr. Parks reported Mr. Grosvenor testified the \$427,206 Lift Station L project began November 1, 2021, and would be completed June 30, 2022, but in discovery CUII updated the schedule with construction to end on September 29, 2022. In discovery, CUII indicated the \$427,206 cost included \$350,000 for construction, \$52,500 for engineering (15% of construction), combined with \$18,328 in captime and \$6,328 in AFUDC. Mr. Parks testified there appears to be project cost discrepancies because the Baxter & Woodman cost estimate was \$470,000, which included a 20% contingency but no AFUDC and captime.

Mr. Parks summarized his Lift Station L review by testifying he did not agree CUII should replace the existing eight-inch force main segment with 12-inch pipe because CUII had not met its

burden of proof to show the project is needed. He stated CUII has not proven a loss of capacity even exists in Lift Station L and its force main or that there is any operational need to increase Lift Station L's force main capacity. No new customers will be added to Lift Station L. Separate testing by another CUII consultant documented Lift Station L's pumping capacity is: 1) higher than when it was installed in 2003; and 2) is significantly greater than the capacity estimates CUII provided to the OUCC. He testified these pump tests contradict CUII's assertion about a loss of capacity. Mr. Parks testified that if CUII's intent is to pump more I&I directly to the WWTP rather than find and remove it, he recommended the Commission order CUII to follow the Commission's clear direction from Cause No. 44724 and Cause No. 45389 to develop and execute a comprehensive I&I program to decrease the entry of water inflow and ground water infiltration into Petitioner's separate sanitary sewer system.

c. **Petitioner's Rebuttal.** In response, CUII witness O'Dell testified that Lift Station L does have a maintenance and capacity issue due to the eight-inch bottleneck segment in Lift Station L's force main. Mr. O'Dell testified that the reduction in pipe size from a 12-inch diameter pipe to an eight-inch diameter pipe restricts the flow and limits the system to pump at an eight-inch diameter capacity only. Mr. O'Dell testified that because the force main is approximately 20 years old and has not been cleaned, there is also likely sewage build up on the walls of the pipe, which reduces capacity. He explained that the reduction in pipe diameter in situations like this makes the force main cost prohibitive to clean, evaluate, and rehabilitate. Mr. O'Dell stated that once the bottleneck is removed, the Lift Station Pigging Project can proceed, which will extend the useful life of the force main, pumps, and pumping station.

In response to Mr. Parks's recommendation to install flow meters to monitor lift station flow, Mr. O'Dell testified that flow meters are not typically installed at lift stations with the capacity of Lift Station L and doing so would be extremely costly (\$50,000+) for the proposed benefit. Mr. O'Dell testified that CUII has a good understanding of its existing flow rates and capacities at Lift Station L, and additional flow metering data would not change the recommendation to remove the eight-inch bottleneck.

In response to Mr. Parks's testimony that CUII lacked record drawings, Mr. O'Dell testified that the information CUII provided Baxter & Woodman was adequate and typical. He testified that although record drawings can provide guidance, they do not significantly reduce engineering costs or change orders costs, and a detailed and thorough topographic survey is more important than detailed record drawings.

Mr. O'Dell testified that the fact that the flow bottleneck has existed since 2003 does not impact the analysis of the bottleneck issue, but rather demonstrates the forcemain has been incapable of receiving proper cleaning or inspection since it was installed. Mr. O'Dell testified that CUII is attempting to remedy this operational challenge with the proposed forcemain project and that further delaying the project would only serve to exacerbate the issues CUII is currently facing.

Mr. O'Dell testified that Mr. Parks's testimony that the pumping capacity of Lift Station has increased and that CUII has under-estimated the flow capacity is not correct and not relevant to the proposed project. Mr. O'Dell testified that the pumps were improved in 2003 and 2017, but since those dates, capacity has not increased. Mr. O'Dell testified that capacity may increase when the bottleneck is removed and the forcemain is cleaned, but the primary purpose of removing the

bottleneck is not to address the capacity issue, but to allow for the ability to properly maintain the existing forcemain to maximize its useful life. Mr. O'Dell testified that the exact flow capacity of the force main has no bearing on the need for the force main to be cleaned and inspected.

Regarding the estimated project cost, Mr. O'Dell stated that the estimated project cost is \$427,206, (which is \$438,848 in rebuttal, see Attachment AD-R01) which is based on a \$379,950 bid received on May 11, 2022, plus a 5% contingency for the project, plus construction engineering. Mr. O'Dell testified that the project is needed to clean and optimize the operation of Lift Station L, and replacement of the eight-inch pipe will allow for proper maintenance and provide maximum capacity to the system, while lengthening the service life of the pumps and force main.

d. Commission Discussion and Findings. After reviewing the evidence of record, we find that the Lift Station L force main replacement would allow for proper operation/maintenance of Lift Station L, thus, extending its useful life. Regardless of whether a bottleneck exists or not, Petitioner will be able to clean the force main in a manner appropriate for the age of the force main. While we decline to require Petitioner to install flow meters, we remind petitioner that flow meters should be utilized as advised per the Ten States Standards, IDEM construction permit and good engineering practice. The Commission concurs with the OUCC that flow metering (or runtime hour meter) combined with the installation of a pressure gauge may yield valuable information to Petitioner at a relatively low cost. The Commission agrees with the OUCC that costs associated with the act of pigging (as opposed to the costs associated with installing pigging ports), sewer cleaning and televising are not capital in nature and should be expensed along with CUII staff time for overseeing the ongoing pigging programs. We find the \$438,848 estimate for the Lift Station L force main replacement is approved for inclusion in rate base.

v. Lift Station C Generator.

a. Petitioner's Case-in-Chief. Mr. Grosvenor testified that the community has requested that CUII remove the existing trailer-mounted generator at Twin Lakes Lift Station C and replace it with a more attractive, permanent generator. Mr. Grosvenor testified that the current trailer-mounted generator is located in an area visible to many homes and the golf course. Mr. Grosvenor stated that CUII will move the trailer-mounted generator to another location or keep it on stand-by for emergency deployment elsewhere in the system.

Mr. Grosvenor stated the estimated cost of the permanent Lift Station C generator is \$107,742 (\$110,475 in rebuttal), which includes \$20,000 estimated for engineering (evaluation and design), \$45,000 for generator procurement, and \$40,000 for installation. The project is anticipated to begin November 1, 2022.

b. OUCC's Evidence. Mr. Parks noted Mr. Grosvenor did not list Lift Stations C and L interconnect projects in his testimony, but he indicated the engineering phase of the Lift Station C generator project will evaluate tying Lift Station C into the Lift Station L force main. Mr. Parks testified that when the OUCC asked why CUII needs additional capacity in the Lift Station L force main, CUII responded "in addition to the bases cited in the Memorandum, CUII is evaluating the feasibility of connecting the Lift Station C force main into

the Lift Station L force main, in which case it would be necessary for the Lift Station L force main to have additional capacity.”

Mr. Parks testified that it appears even though CUII does not officially have an interconnect project, it is pursuing two precursor capital projects (Lift Station L force main replacement and Lift Station C generator), both of which support a future project to tie in the Lift Station C force main to the Lift Station L force main. He testified neither project locates and removes excessive I&I causing sewer surcharging, and both projects aim to divert excessive I&I flows and sanitary sewage directly to the WWTP, where the force main discharge will amplify the peak flow imposed on the WWTP. Mr. Parks testified CUII does not describe the quantity of I&I in the Lift Stations C and L tributary areas and does not provide any insight into CUII’s near or long-term plans to find and remove the I&I around Lift Stations C and L. He testified Mr. Grosvenor describes CUII’s plans to focus on I&I reduction in CUII’s worst performing basin each year with respect to I&I and eliminate all known defects.

Mr. Parks testified CUII already designed the Lift Station C and L interconnect in 2016 as part of the SCIP but did not build it. He testified the project included replacing the four pumps in Lift Stations C and L, adding variable frequency drives (“VFDs”), adding a flow metering and valve vault, interconnecting the 6-inch Lift Station C force main with the 12-inch Lift Station L force main, adding a pig launching station at Lift Station C, electrical and controls upgrades and replacing Lift Station C’s portable generator with a new permanent generator.

Mr. Parks testified that the main problems causing CUII to abandon interconnecting the two lift station force mains were that Strand Associates projected Lift Station L flows may need to be increased to 1,500 gpm and possibly to a peak hourly flow of as much as 2,680 gpm and CUII consultant RHMG indicated that “[c]apacity in the Lift Station L forcemain would be best reserved for any future upgrades in pumping capacity needed for Lift station L.” Mr. Parks testified RHMG also reported on discussions with CUII about replacing the eight-inch segment of Lift Station L’s force main, stating that upsizing the eight-inch forcemain: 1) would *not* sufficiently alleviate pumping head restrictions *with Lift Stations L, C and K* connected to the forcemain, 2) calculated Lift Station L pumping heads would be 450 ft. TDH at 1,500 gpm, 3) pumps are not manufactured in this range, and 4) the existing forcemain is not designed for these high pressures. Mr. Parks testified CUII should continue to focus on I&I reduction in the Lift Station L tributary basin, but I&I reduction may be insufficient to entirely eliminate a need to upgrade Lift Station L. Mr. Parks summarized the disconnect between CUII consultant recommendations and CUII’s proposed projects, stating that CUII’s consultants recommended CUII focus on removing I&I in the Lift Station L basin and against replacing the eight-inch force main segment with a 12-inch pipe or interconnecting the lift station force mains. Yet in this case, CUII is requesting funds for the Lift Station L force main replacement and the Lift Station C generator project. Mr. Parks recommended the Commission disallow both projects.

Mr. Parks testified CUII included a new permanent generator in the proposed Lift Station C upgrade in Cause No. 45389, but the pump design conditions (flow and discharge pressure) changed for the Lift Station C pumps because CUII no longer proposed to interconnect Lift Station C’s force main with Lift Station L’s force main. In the preapproval case, he recommended the Commission deny CUII’s proposed replacement of Lift Stations B, C, and D and installation of new force mains as the project was premature because CUII had not fully developed and

implemented a comprehensive I&I program to actually remove any excessive I&I in the sewers tributary to Lift Stations B, C, and D. Mr. Parks recommended the Commission disallow both the Lift Station L force main replacement and the Lift Station C Generator projects because both projects are unneeded and CUII has failed to show why they are necessary. For the issue of aesthetics pertaining to the Lift Station C portable generator, which was installed in late 2015 or early 2016, Mr. Parks recommended CUII provide a fence with shrubs or plant shrubs as a visual barrier to minimize the public's view.

c. **LOFS's Testimony.** LOFS did not provide testimony specific to the generator.

d. **Petitioner's Rebuttal.** Mr. Grosvenor responded to the OUCC's recommendation to continue to operate the portable generator at Lift Station C and enclose it with a fence and shrubs by testifying that this would be continuing to use a temporary solution to a permanent problem. PetMr. Grosvenor also reiterated that the Lift Station C generator is located in an area visible to many homes and the golf course and the request for replacement of the trailer mounted generator has come from the community. Mr. Grosvenor additionally testified that replacing the portable generator at Lift Station C will provide CUII with operational flexibility and a resolution to safety concerns associated with the portable generator. Mr. Dickson updated his forecast for this project to \$110,475, as represented in Attachment AD-R01.

e. **Commission Discussion and Findings.** The Commission recognizes that the Petitioner has not made any proposal for inclusion of any costs associated with the interconnection of Lift Stations C and L. The only costs proposed are associated with the installation of a permanent power supply for Lift Station C. After considering the evidence of record, we agree with the OUCC that CUII has not provided any valid justification for the proposed new permanent generator at Lift Station C. While Petitioner's responses to Commission Docket Entry of June 23, 2022, questions number 15 through 18, indicated the generators are tested, the response did not indicate any recurring problem that would necessitate the use of a dedicated generator. We also fail to see the reasoning behind installing permanent generators at every lift station versus using a portable generator that can be moved between lift stations as needed. We fail to understand the reasonableness of Petitioner's choice to house its portable generators at the lift stations where they may be subject to vandalism and are unsightly as described by Mr. Grosvenor, as opposed to housing them at a central, secure site and deploying and retrieving the temporary units as needed. Thus, CUII's request to include the cost of a permanent generator for Lift Station C in rate base is denied.

vi. **Other Capitalized Costs.**

a. **OUCC's Evidence.** Ms. Stull asserts Petitioner capitalized \$157,225 of expenditures that should have been recorded as operating expenses during the period incurred, including expenditures for a lift station study; a boundary survey; jetting, televising, and smoke testing sewer mains; vehicle registrations, and rain barrels. She recommended excluding these costs from Petitioner's wastewater system rate base. Moreover, Ms. Stull added that none of the excluded expenditures occurred during the base period and, therefore, no operating expense should be added to test year operating expense.

b. Petitioner's Rebuttal. In rebuttal, Mr. Dickson agreed to the removal of costs for a 2018 lift station study and a 2018 improvement plan, totaling \$10,672, with an associated adjustment to accumulated depreciation of \$694. However, Mr. Dickson objected to the removal of items that are deferred maintenance (originally recorded as CWIP in CUII's old accounting system, and then reclassified to deferred maintenance). He explained that these CWIP balances are not a component of utility plant in service, therefore no adjustment to wastewater rate base is needed. In addition, Mr. Dickson explained that the expenses for the WWTP Boundary Survey need not be removed because those expenses were previously reclassified to a Basin Study project. The allocation of vehicle registrations to wastewater have also been previously removed from utility plant in service, as discussed in the water section regarding other capitalized costs. Finally, Mr. Dickson disagreed with the OUCC's removal of capitalized rain barrel costs because CUII identified rain barrels as a cost-effective method to address I&I, and rain barrels were made available to the LOFS community.

c. Commission Discussion and Findings. Regarding the deferred maintenance items booked as CWIP, we find these costs are not included in utility plant in service and therefore no adjustments to wastewater rate base are needed. Additionally, we find that the reclassification of the WWTP Boundary Survey costs also results in no need to adjust wastewater rate base.

Regarding the removal of vehicle registration costs, we find that Petitioner's wastewater rate base need not be adjusted to reflect the vehicle registrations because Petitioner's reclassification effectively removed these items from its wastewater rate base.

We note that the rain barrels were provided to the LOFS community, so Petitioner no longer owns them. Therefore, it is inappropriate to capitalize the costs of these rain barrels and include in Petitioner's wastewater rate base. To the extent the costs of these barrels should be considered a means of addressing I&I, we believe recovery of this expense is reasonable and therefore grant an increase in operating expense of \$6,587 to be amortized over a three-year life.

As the parties have agreed to the removal of costs associated with a 2018 lift station study and a 2018 improvement plan, we find it reasonable to remove \$17,259 from Petitioner's wastewater utility plant in service to reflect a removal of the lift station study (\$8,716), the WSCI improvement plan (\$1,956), the 2018 rain barrels (\$4,311), and the 2017 rain barrels (\$2,276), with an associated adjustment to accumulated depreciation of \$1,112.

C. Headworks/Chemical Building.

i. Petitioner's Case-in-Chief. Mr. Grosvenor testified to the need for the new Headworks building, stating that the headworks hydraulic capacity is inadequate and leads to surcharges in the collection system. He testified that basement backups in customers' houses have been observed due to inadequate headworks capacity, and that to prevent rags and other debris from fouling the facilities, an automated mechanical headworks is needed. Mr. Grosvenor testified that rags and other debris can clog or damage pipes, pumps, rotors, and other WWTP equipment. Mr. Grosvenor testified that automated mechanical headworks are typical of other facilities of similar size, and that an automated screen removes the need for manual raking by operators and reduces the potential for screen blinding during peak flow events. Mr. Grosvenor testified that,

with automated mechanical screens, housing the headworks indoors is necessary to protect the screens' moving parts and water lines from freezing, and will also extend the useful life of the equipment. Mr. Grosvenor testified that the headworks will also house the electrical and controls equipment for the headworks, as well as ancillary equipment such as the automated sampler, with additional ventilation and electrical safety requirements.

Mr. Grosvenor testified that the proposed Operations Building will serve several functions, including offices and storage for the phosphorous treatment chemicals and equipment, with the intention of reducing construction costs by using common-wall construction and sharing plumbing, HVAC, and electrical. Mr. Grosvenor testified that the offices are proposed to replace the office space CUII currently rents, which includes three offices and a conference room that can seat eight people.

Mr. Grosvenor testified that the phosphorous treatment equipment is necessary because of Indiana Department of Environmental Management ("IDEM") requirements for chemical treatment for phosphorus removal. He stated that the equipment is currently maintained in CUII's garage pursuant to a temporary IDEM permit, so there is an urgency to having a new building constructed for the equipment.

Mr. Grosvenor testified in his direct testimony that the cost CUII is proposing in rate base is \$2,296,298. He testified that the estimates for the Headworks were based on the engineering estimates for those projects as provided in Cause No. 45389 and in Quarterly Reports filed in Cause No. 44724. He testified that the total cost for the Headworks building includes: 1) the estimated cost of the facility at a 90% opinion of the probable cost multiplied by an inflation factor of 1.2; 2) an additional 10% for engineering cost; and 3) IDC and Cap Time costs. Mr. Grosvenor testified that Baxter & Woodman provided the high-level estimate for the Chemical/Office Building at \$500,000 (\$4,232,735 in rebuttal for the combined project). Mr. Grosvenor testified that only the costs included in rate base will be costs actually expended to construct the Headworks.

ii. **OUCC's Evidence.** Mr. Parks testified that the headworks project does not help locate or reduce I&I and therefore should not be approved. He stated that CUII has not justified the project's need or provided adequate project information and cost support to justify that its selected project is the best option for ratepayers. Mr. Parks testified that CUII's case-in-chief provides insufficient information for the OUCC to analyze for its request to build a headworks. He stated that CUII should be able to use the existing design drawings from the previous two permitted designs, for which CUII has already fully designed and fully permitted in 2016 and 2020, as the starting point for this design.

Mr. Parks testified that the 14.0 million-gallon-per-day ("MGD") peak hourly flow is too large due to influent flow meter inaccuracies during high flows caused by surcharging of the Parshall Flume. He also noted that CUII's water usage has declined approximately 30% over 20 years.

Mr. Parks recommended that the Commission disallow the \$2,296,298 for the headworks project, opining that CUII's cost estimate is unsupported and probably low, as it does not include components such as site work, site piping, the influent junction chamber, and the grit collector. Mr. Parks stated that the TLUI WWTP has never had automated mechanical screens, but

previously had two bar racks and a comminutor in an uncovered concrete comminutor structure. He testified that CUII removed the comminutor in July 2013. A comminutor, also known as a grinder, shreds, rather than removes, smaller solids that pass through a bar rack, for the purpose of preventing clogged or damaged downstream pipes and equipment, while minimizing floating solids on aeration basins, clarifiers, and other treatment tanks. He stated that bar screens have minimal maintenance issues since they have no moving parts and require only periodic raking to remove accumulated screenings, and that CUII should not have had to install one when the comminutor failed in 2013 unless the existing bar screen had some maintenance problem such as corrosion from sewer gas.

Mr. Parks testified that a cheaper alternative to the proposed headworks would be to reinstall a comminutor to address screenings and prevent potential WWTP hydraulic back-ups. He testified that the American Suburban Utilities' ("ASU") 3.0 MGD Carriage Estates WWTP has two 4,600 gallons-per-minute (6.6 MGD) comminutors, which cost about \$30,000 each. Mr. Parks testified that IDEM renewed the TLUI WWTP National Pollutant Discharge Elimination System ("NPDES") permit in 2018, which noted a bar screen and comminutor.

Mr. Parks testified that CUII provided no evidence that the headworks are the cause of basement backups or sanitary sewer overflows ("SSOs"). He recommended that the Commission disallow the headworks project because CUII has not adequately described what it plans to construct; has not identified the design capacities; has failed to justify the projects' need; has not supported its estimated costs; and has not identified alternatives or performed a life cycle cost-benefit analysis.

Regarding the proposed chemical and office building, Mr. Parks testified that the current way CUII stores chemical feed equipment, alum (aluminum sulfate), and metering equipment is acceptable, which reduces the need for a new chemical building. Mr. Parks testified that CUII is mistaken that IDEM's construction permit is a temporary permit, and he disagreed that the alum storage in the CUII garage presented a hazard to operators.

Mr. Parks opined that the office building is a lower priority project due to CUII's ability to rent spaces in the community. He testified that CUII's case-in-chief includes only a \$500,000 high-level estimate of the chemical and office building without any details. Mr. Parks recommended that the Commission disallow the cost of the project in its entirety and instead encourage CUII to focus on removing I&I from its system as opposed to lower priority capital projects like new offices.

iii. **LOFS's Evidence.** Mr. Cleveland stated that LOFS does not support CUII's request for increased rates to fund any of the sewer projects proposed in this proceeding. He testified that CUII has not provided enough certainty for its proposed Headworks project to allow for LOFS's engineers to adequately evaluate the proposed costs. Mr. Cleveland stated that CUII has relied on an outdated cost estimate for the Headworks project from a previous cause and testified that CUII itself stated in a discovery request that the final design of the Headworks has not been completed. Mr. Cleveland testified that CUII's wastewater system is old and needs repairs, but that CUII should have performed the necessary maintenance and updates from the beginning, which would result in not having to spend as much money now. LOFS witness Robert Holden testified that the project is over-engineered for a system of this size and modern

advances in screening design have resulted in unreasonable costs. He testified that facilities of similar size are typically designed without a redundant automated screen and without automated influent gates. Mr. Cleveland and Mr. Holden recommended the Commission deny CUII's request to recover the \$2.3 million Headworks project.

Mr. Holden testified that the costs of the administration/chemical building should be denied. Mr. Holden testified that a combined Chemical and Office Building creates safety concerns regarding the housing of chemical in the same space as CUII employees and is an impractical design that leads to increased costs. He testified that if he had designed the building, he would not have included administrative staff and chemical storage within the same building plan, both due to practical and safety concerns. He recommends that CUII have separate structures, which will likely result in a safer and more cost-effective solution for CUII.

iv. Petitioner's Rebuttal. Ms. Streicher testified that, in response to the feedback and safety concerns raised by the OUCC and LOFS regarding a combined chemical and office building, CUII has proposed a combined headworks and chemical building without office space. She stated that the proposed chemical and office building was a project carried over from Petitioner's WWTP Expansion Project proposed in Cause No. 45389 and that Baxter & Woodman repurposed the design for that facility as this proceeding was ongoing.

Ms. Streicher testified that this approach addresses two major issues identified by Mr. Holden: creating a separate space for chemical storage and completing the long overdue headworks project. She stated that, although the need for office space still exists, CUII's priority is the headworks and chemical building. She testified that the final structure includes a combined headworks and chemical building in a single structure with an associated electrical room. Mr. Grosvenor testified that the combined headworks and chemical building is expected to be placed in service before September 2023.

Ms. Streicher testified that the chemical portion of the building will house a single relocated chemical storage tote with containment suitable for receiving/storing alum to remove phosphorous from the process water. She also stated that a 250-gallon storage tote would provide 10 days of storage, which is the minimum amount of chemical that should be on-site to ensure adequate supply between deliveries. Ms. Streicher testified that the existing pump skid will be relocated to the proposed structure and that the existing eyewash/emergency shower and tempered water blending system will be relocated from the garage to the proposed structure. She stated that HVAC is necessary to protect equipment from freezing and to help control humidity and maintain appropriate working conditions.

Ms. Streicher disagreed with Mr. Parks's assertion that the garage could be a permanent solution for chemical storage. She stated the garage was used as a temporary solution, as CUII was required to provide plans and specifications for a chemical phosphorus removal system under its NPDES permit by August 1, 2019, with system operation complete by June 1, 2021. Ms. Streicher testified that installation of the chemical feed system in the garage significantly reduces the capacity for storage and additional uses for the garage space, causing maintenance and operations equipment to be stored outside, reducing life expectancy, and increasing maintenance costs on the equipment.

Ms. Streicher agreed with Mr. Holden, who discussed the health concerns of human contact or proximity to alum. She testified that storage recommendations from the supplier CUII uses for its alum suggest keeping the material in a dry, cool, and well-ventilated place, away from other materials, which is not the current condition of the chemical stored in the garage. She also disputed the assertion that IDEM would allow CUII to permanently store chemicals in its garage.

Mr. Fischer testified about the revised headworks design, which includes two mechanical screens each rated for 7.0 MGD, two new screenings washer/compactors, modification of the existing 7.0 MGD manually cleaned screen, an electrical room a chemical feed room, and a Parshall Flume flow meter. He testified that the new mechanically cleaned screens will continuously remove large solids from the wastewater entering the WWTP, and each of the two mechanically cleaned screens will automatically lift captured solids and discharge them into a motor-driven washer/compactor. He testified that the washer/compactors will separate the small organic material from the large inorganic solids and that about 95% of the organic material will be washed out and returned to the influent wastewater for treatment in the downstream processes. Mr. Fischer testified that the large solids will be compacted and discharged into receptacles, which will be hauled to a landfill for final disposal. He testified that, with the current design, the influent gates will be automated so that only one of the two mechanically cleaned screens would receive flow until a second screen is needed, which will help keep the offline screen clean and reduce its wear and tear. Mr. Fischer testified that, when the influent flow increases above the 7 MGD capacity of one screen, the other screen would be online, increasing capacity to the full 14 MGD peak hourly flow. He stated that the manually cleaned screens will only be used when one of the two new mechanically cleaned screens is out of service.

Mr. Fischer testified that the existing screen has a capacity of 7 MGD, which is undersized because the predicted peak hourly flow is estimated to be about 14 MGD. He stated that the new headworks is designed to treat 14 MGD peak hourly flow and that a second screen is necessary to provide redundancy in case one screen goes down. Mr. Fischer testified that the 14.0 MGD design peak hourly capacity is appropriate, based on analyses done by other engineers retained by CUII. In response to Mr. Holden's concern that the headworks will be over-engineered for a system of its size, Mr. Fischer testified that the design has been repurposed to save money, and the grit collector and grit washer are not going to be included.

Regarding Mr. Parks's statement about declining water usage, Mr. Fischer testified that customer growth, or the lack thereof, does not appreciably affect the size of the headworks because the headworks must be sized for the peak hourly flow, not the average daily flow. He stated that the number of customers and their water usage determine the average daily flow, but have little effect on the peak hourly flow, which is more a result of I&I. Mr. Fischer also opined that Mr. Parks is incorrect in stating that the design may be based on flow meter inaccuracies, as the design is not based on flow meter measurements.

Mr. Grosvenor testified that, for headworks that do not have automatic screens, the screen must be continuously manually cleaned or "raked" to prevent the screen from becoming clogged or blinded, which leads to surcharging and ultimately, SSOs or basement backups. He stated that, when a blinded screen is cleaned, surcharges at the WWTP can occur due to a sudden rush of wastewater. Automatic screens, conversely, allow a continuous and uniform flow into the treatment process. Mr. Grosvenor's testimony included pictures of the current headworks facility,

and he testified about the risk to CUII's staff during storm events when bar screens are most likely to become plugged. He testified that automated bar screens make cleaning easier, improve the flow conditions at the wastewater treatment plant, and are more efficient, safer, and less prone to result in surcharge events.

Mr. Fischer testified that large solids in wastewater, such as wipes and other sanitary items, can interfere with the treatment process. Mr. Fischer testified that a large portion of these solids settle in the sewer pipes and will be transported to the WWTP during the initial surge in wastewater flow that happens at the beginning of a rainstorm. He stated that, if these large solids are not removed initially when they enter the WWTP, they can plug pipes, pumps, and nozzles; accumulate on submerged cables, guide rails, and motors; and take up space that is needed for treatment in tanks. Mr. Fischer testified that the plugged material must be manually removed by CUII personnel, which is a significant health risk because of the risk of contacting bacteria-laden, biohazardous raw sewage and sludge. Mr. Grosvenor testified that the plugs in CUII's system can be larger than a desk.

Mr. Fischer testified that Mr. Parks's statement that bar screens have minimal maintenance issues and require only periodic ranking is a gross understatement of the maintenance required to ensure that manual bar screens are kept in good working order. He noted that, as flushable materials become more prevalent, manual screens require continuous maintenance, and without continuous maintenance, as a manually cleaned screen collects large solids, it starts to plug. He stated that such a plug causes upstream water to rise, which exerts higher pressure on the screen, which results in pushing the solids through the screen, thereby defeating the purpose of the screen. Mr. Grosvenor testified that historically, smaller plants have been able to rely on manual bar screens to catch debris, but over the last ten to 15 years, there has been a significant increase in the number of disposable wipes in the waste stream, increasing the amount of cleaning needed for the screens to not become blinded.

In response to Mr. Parks's testimony that the TLUI WWTP has never had automated mechanical screens, Mr. Grosvenor argued that that fact does not mean the utility should forever operate as it has in the past. He testified that manual screens require manual cleaning, particularly during rain and storm events. Mr. Grosvenor testified that this means CUII must have personnel on standby during such events to clean the screens, which has contributed to CUII experiencing a large amount of turnover due to such tasks that requires employees to work excessive hours in dangerous conditions. Mr. Grosvenor testified that manual raking is a safety concern, particularly when operators must go out alone at night during rain events, and without an upgrade, he is concerned that about the risk that could lead to an injury of one of the operators.

Regarding Mr. Parks's recommendation that CUII purchase a comminutor rather than build a new headworks, Mr. Fischer testified that the wastewater treatment industry has been moving steadily toward better screening, particularly as the industry transitions to more complex nutrient removal processes. Mr. Fischer testified that the use of comminutors at treatment facilities is not common anymore because in many cases, comminutors simply do not work. He noted that, even when a comminutor is cutting up rags and other solids, the cut-up solids can still re-aggregate and cause problems downstream.

Mr. Grosvenor testified that, as Mr. Parks recommended, CUII is using the existing design drawings from previous cases, and that Baxter & Woodman were working on a redesign of the project after preapproval was denied in Cause No. 45389. He stated that the redesign was completed contemporaneously with this case, and the redesigned plant is similar to the headworks proposed in Cause No. 44724 and Cause No. 45389.

Ms. Streicher testified that the cost of the combined headworks and chemical building under a design-build project delivery method was \$4,031,300 (exclusive of cap time and allowance for funds used during construction (“AFUDC”)), which is higher than the combined estimates presented in CUII’s case-in-chief (headworks (\$2.3 million) and chemical building (\$500,000)), but consistent with Mr. Parks’s estimate for a headworks alone. In response to Mr. Parks’s statement that CUII’s original estimate was missing components such as site work, site piping, an influent junction chamber, and a grit collector, Ms. Streicher testified that CUII eliminated the grit collector, but included an influent junction chamber, a new flow splitter structure with capacity for a future fourth train to be used as high flow event bypass to the package plant; an increase to the pipe diameter to the package plant; the addition of a Parshall Flume and additional piping; and multiple injection points for alum and the associated site work and heat tracing and insulation. Ms. Streicher testified that these additional structures, combined with the extreme increase in the cost of construction over the past several years, increased the overall cost of the headworks and chemical building.

Ms. Streicher agreed with Mr. Parks’s 20% inflation factor and testified that the current inflation rate averages to about 1% per month of inflation. She noted that inflation rates are expected to continue to rise, and construction costs are anticipated to continue to get more expensive for the next several years.

While Mr. Grosvenor stated that there is no way to attribute a particular SSO or basement backup to the surcharges at the headworks system directly, he opined that the backups at the headworks have been a contributing factor to such events. He testified that CUII does not have staffing on site to rake the screens continuously on the weekends, and, if there is a large rain event, the manual screens can become blinded during off hours, leading to surcharges and backups, which may lead to SSOs and basement backups, even though the headworks may not have been identified as the direct cause of the issue. Mr. Grosvenor opined that this situation will continue without automatic screens.

Ms. Streicher testified that CUII’s I&I improvement projects do not negate the need for the headworks and chemical building. Mr. Grosvenor testified that, no matter how much I&I is reduced, without the new headworks, there will be continual blinding of manual screens, blockages, pump wear, and loss of capacity in the tanks with the build-up of materials that should have been removed through proper screening.

v. Commission Discussion and Findings. After reviewing the evidence of record, we find that CUII has presented voluminous evidence demonstrating the need for its proposed new headworks and chemical building. CUII’s current headworks has been operated beyond its useful life and creates significant operational and safety risks. The evidence reflects the following:

- The current headworks hydraulic capacity continues to be inadequate. .
- The headworks continues to plague the treatment process with wipes, rags, and other debris.
- A manual bar screen is not a typical component of a modern WWTP. Manually raking the screen presents operational challenges and may expose employees to certain health and safety risks. Mr. Grosvenor stated that, without an upgrade to the headworks, he is concerned that CUII will be taking unnecessary risks.
- The current headworks situation results in NPDES Permit violations. Specifically, on February 13, 2018, CUII received notice from IDEM that solids and prophylactics had been observed in the chlorine contact chamber in the WWTP. The NPDES Inspection Report noted, “Due to the amount and nature of the materials found through the facility, there is an obvious failure of equipment intended to keep this type of material out of the plant,” and further stated that “[a]n improved bar screen or automated screening is needed. Petitioner’s Redirect Exhibit 1 at 5 (emphasis added).
- The headworks has odor issues.

Mr. Parks of the OUCC proposed the installation of a comminutor instead of CUII’s proposed headworks. The evidence of record, however, persuades us that a comminutor will not resolve the problems at the headworks. Mr. Fischer testified that the use of comminutors at treatment facilities is not effective in dealing with common flushed solids such as wipes and is therefore not common anymore, having been replaced by more effective screening processes, such as that proposed by CUII here.

We also find that CUII has supported its request for a dedicated chemical storage room as part of the headworks with substantial evidence of its benefits. The chemical building will create a permanent storage location for chemicals and assist CUII in complying with environmental regulations. The current installation in the garage was offered as a temporary solution to house the temporary system when CUII was required to provide plans and specifications for a chemical phosphorus removal system under its NPDES permit by August 1, 2019.

The installation of the chemical feed system in the garage significantly reduces the capacity for storage and additional uses for the garage space. CUII is now subjecting maintenance and operations equipment to be stored outside, reducing life expectancy, and increasing maintenance costs on the equipment.

The storage of alum in the garage poses a safety risk for employees, as reflected in the safety sheet provided as Petitioner’s Exhibit 9-R, Attachment AS-R3. LOFS’s witness Mr. Holden noted that “[a]lum can cause irritation, burns, and respiratory issues. If inhaled, alum may cause headaches, nausea, and respiratory irritations.” LOFS Exhibit No. 3 at 11. On a permanent basis, CUII’s employees cannot avoid exposure because of the close proximity of the chemicals to employees’ equipment, pumps, or other equipment. The evidence also reflects that no way exists to separate the chemical storage from the rest of the garage due to the way the alum feed system operates.

Based on the evidence of record, we find the headworks and chemical building project is necessary for CUII to continue to provide adequate and reliable service to its customers, and is therefore approved.

The evidence of record shows that replacement of the headworks has been a long-standing need of CUII's system and disapproval of the project would continue to place both the system and CUII employees at risk. We do not believe that the OUCC's proposed alternative to install a comminutor is adequate to address the needs of a modern wastewater system.

We also find that the evidence of record shows the need for the \$500,000 chemical building, as CUII's current temporary setup will be impractical going forward for the reasons discussed above.

Regarding the price of the headworks and chemical building, Mr. Lubertoizzi clarified on rebuttal that CUII is seeking to include \$2,823,857 in its future test year rate base (which includes the \$527,559 rebuttal position for the estimate of the chemical building), even though CUII provided evidence that cost of the combined headworks and chemical building under a design-build project delivery method is \$4,031,300.

We authorize CUII to include in rate base up to \$2,823,857 for the headworks and chemical building project. However, we agree generally with LOFS and the OUCC that I&I abatement activities could reduce the needed size of the headworks project. Thus, should CUII seek to include additional costs for the headworks in rate base in the future, it should be prepared to provide evidence of continued efforts to reduce I&I and evidence that any cost above \$2,823,857 was necessary despite those efforts.

D. Working Capital. A for-profit utility is allowed the opportunity to earn a return on its investment in working capital, the capital it devotes to the running of its operations. Petitioner calculated its working capital investment using the Federal Energy Regulatory Commission ("FERC") 45-day methodology. Pet. Ex. No. 4, Attachment AD-3, wp-i.

Ms. Stull accepted Petitioner's use of the FERC 45-day method, but she disagreed with Petitioner's inclusion of certain expenses in its working capital calculation—specifically, she disagreed with Petitioner seeking to earn a return on its purchased power expense, purchased water expense, property taxes and the public utility fee. Ms. Stull explained that these expenses are either paid at the same time or after Petitioner has received revenues from its customers for the utility service provided (i.e., in arrears). She noted that property taxes, in particular, are paid up to two years in arrears. Ms. Stull indicated that these exclusions from the calculation of working capital have been approved by the Commission in earlier CUII rate cases, including Cause No. 44724.

On rebuttal, Mr. Dickson agreed with the OUCC's removal of purchased power, purchased water, property taxes, and the public utility fee from the calculation of working capital. We agree the items the OUCC identified should be removed from the calculation of Petitioner's working capital. Therefore, we find Petitioner's forecasted working capital for purposes of establishing rate base, is as follows:

Water Working Capital

	<u>Phase I</u>	<u>Phase II</u>
Maintenance Expense	\$ 1,006,383	\$ 1,072,352
General Expense	982,089	1,028,113
Taxes Other Than Income	48,195	52,966
Less: Purchased Water	(342,654)	(342,654)
Purchased Power	<u>(81,197)</u>	<u>(81,197)</u>
Adjusted Operation & Maintenance Expense	1,612,816	1,729,580
Times: 45 Day Factor	<u>0.125</u>	<u>0.125</u>
Working Capital Requirement	<u>\$ 201,602</u>	<u>\$ 216,198</u>

Wastewater Working Capital

	<u>Phase I</u>	<u>Phase II</u>
Maintenance Expense	\$ 883,474	\$ 910,531
General Expense	657,102	682,219
Taxes Other Than Income	31,789	34,936
Less: Purchased Power	<u>(208,076)</u>	<u>(208,076)</u>
Adjusted Operation & Maintenance Expense	1,364,289	1,419,610
Times 45 Day Factor	<u>0.125</u>	<u>0.125</u>
Working Capital Requirement	<u>\$ 170,536</u>	<u>\$ 177,451</u>

E. Original Cost of Petitioner's Rate Base.

i. Water System Rate Base Calculation.

	Phase I 9/30/2022	Phase II 9/30/2023
Gross Utility Plant in Service at 9/30/2021	\$ 15,990,535	\$ 15,990,535
Add: TLUI WTP Iron Filter	2,288,764	2,288,764
TLUI Wells # 12 and #13	6,061	6,061
*TLUI Watermain and Service Line Replacements	1,232,829	1,507,118
*IWSI Watermain Replacements	800,523	1,292,942
AMR Replacements	124,470	248,940
Computers	69,352	73,850
Vehicles	-	42,179
General Plant Additions	432,730	826,199
Capitalized Time	30,134	61,172
*Retirements	(1,987,741)	(2,499,753)
Disallowed Capital Costs	(8,906)	(8,906)
Total Utility Plant in Service	<u>18,978,751</u>	<u>19,829,101</u>
Accumulated Depreciation at 9/30/2021	(3,836,156)	(3,836,156)
*Retirements	1,987,741	2,499,753
Accumulated Depreciation on Disallowed Capital Costs	506	506
Computer Restatement	538,883	538,883
Vehicle Restatement	187,495	187,495
Depreciation Expense	(376,228)	(769,463)
Total Accumulated Depreciation	<u>(1,497,759)</u>	<u>(1,378,982)</u>
Contributions in Aid of Construction at 9/30/2021	(2,822,780)	(2,822,780)
Amortization of CIAC	540,099	540,099
Additional Amortization Expense	14,235	28,470
Net Contributions in Aid of Construction	<u>(2,268,446)</u>	<u>(2,254,211)</u>
Net Utility Plant in Service	15,212,546	16,195,908
Accumulated Deferred Income Taxes	(723,082)	(719,742)
Net Plant Acquisition Adjustment	(261,239)	(253,994)
Construction Advances	(6,026)	(6,026)
Customer Deposits	(28,964)	(28,964)
Working Capital	201,602	216,198
Total Original Cost Rate Base	<u>\$ 14,394,837</u>	<u>\$ 15,403,380</u>

ii. Wastewater System Rate Base Calculation.

	Phase I 9/30/2022	Phase II 9/30/2023
Utility Plant in Service at 9/30/2021	\$ 20,319,424	\$ 20,319,424
Add: TLUI WWTP Headworks	-	2,296,298
TLUI Sewer Capital Improvement Program	671,749	1,192,835
WSCI Sewer Capital Improvement Program	71,522	116,521
TLUI Lateral Replacements		701,059
TLUI Lift Station L Forcemain		438,848
TLUI Lift Station C Generator	-	-
TLUI Chemical Building	-	527,559
Computers	45,744	48,711
Vehicles	-	27,821
General Plant Additions	238,700	403,972
Capitalized Time	13,578	27,563
Less: Retirements	(45,598)	(673,758)
Disallowed Capital Costs (O&M exp.)	(17,259)	(17,259)
Total Utility Plant in Service	<u>21,297,860</u>	<u>25,409,594</u>
Accumulated Depreciation at 9/30/2021	(8,721,479)	(8,721,479)
Retirements	45,598	673,758
A/D on Disallowed Capital Costs	(1,112)	(1,112)
Computer Restatement	349,981	349,981
Vehicle Restatement	123,670	123,670
Depreciation Expense	(530,016)	(1,162,825)
Total Accumulated Depreciation	<u>(8,733,358)</u>	<u>(8,738,007)</u>
Contributions in Aid of Construction at 9/30/2021	(3,767,798)	(3,767,798)
Amortization of CIAC	1,549	1,549
Additional Amortization Expense	134	268
Net Contributions in Aid of Construction	<u>(3,766,115)</u>	<u>(3,765,981)</u>
Net Utility Plant in Service	8,798,387	12,905,606
Accumulated Deferred Income Taxes	(981,408)	(976,875)
Construction Advances	(3,974)	(3,974)
Customer Deposits	(19,105)	(19,105)
Working Capital	170,536	177,451
Total Original Cost Rate Base	<u>\$ 7,964,436</u>	<u>\$ 12,083,103</u>

7. Capital Structure and Rate of Return.

A. Capital Structure. Petitioner's proposed capital structure for ratemaking purposes is 49.2% debt and 50.8% equity. Mr. Lubertozi explained that this capital structure is based on Petitioner's parent company's actual capital structure as of September 30, 2021 and asserted it is a reasonable capital structure for a utility. While no party opposed Community's application of its proposed capital structure, the OUCC recommended refined numbers out to four decimal places: 49.2028% debt and 50.7972% equity. We find this capital structure to be reasonable and appropriate for setting rates in this case.

B. Cost of Debt. Petitioner's proposed cost of debt for ratemaking purposes is 5.01%. Mr. Lubertozi explained that this cost of debt is based on Petitioner's parent company's actual cost of long-term debt as of September 30, 2021. While no party opposed Petitioner's proposed cost of debt, the OUCC proposed a refined number out to four decimal places – 5.00505%. We find this cost of debt to be reasonable and appropriate for setting rates in this case.

C. Cost of Equity. With respect to the cost of common equity to be used to calculate Petitioner's Weighted Average Cost of Capital, Mr. Lubertozi testified Petitioner and the OUCC mutually agreed to a return on equity of 9.50% in this case. LOFS was not a party to this agreement, but it did not object to or contest the agreement. LOFS witness VerDouw did not take a position on the agreement between Petitioner and the OUCC, but indicated water/wastewater utilities that earn 9.50% usually have few customer service issues.

With respect to the agreed upon 9.50% return on equity ("ROE"), Mr. Lubertozi testified that a review of recent authorized returns on equity in other utility cases supports the view that a 9.50% ROE is within a reasonable range of returns on equity for a utility such as Community. For example, he noted that Regulatory Research Associates recently reported that from January through September 2021, electric distribution-only utility authorized ROEs averaged 9.51%; natural gas utility authorized ROEs averaged 9.54%; and water utility authorized ROEs averaged 9.40%. *See* Attachment SML-4. Two recent water utility rate case orders reflected authorized returns on equity of 9.80%. *See Aqua Indiana—Wedgewood Park*, Cause Nos. 45416 U (Feb. 17, 2021); *Indiana-American Water Co.*, Cause No. 45142 (June 26, 2019).

The OUCC and Petitioner agreed to a return on equity of 9.5%, and no party opposed a return on equity of 9.50% for Petitioner in this case. We find this return on equity to be reasonable and appropriate for setting rates in this case.

D. Fair Rate of Return. We find that the following represents a reasonable capital structure, cost of capital, weighted average cost of capital, and a fair rate of return for CUII in this case:

Description	Percent	Cost	WACC
Long Term Debt	49.2028%	5.00505%	2.46262%
Common Equity	50.7972%	9.50000%	4.82574%
	100.0000%		7.28836%

8. Operating Revenues.

A. CUII's Case-in-Chief. Mr. Dickson testified that the forecast for Test Period operating revenues was based on a forecast of the projected water and wastewater sales, based on CUII's sales forecast. He explained that CUII used data from its base period (12 months ended September 30, 2021), and prepared sales forecasts for each customer class over the two-year period from the end of the base period through the Test Period, along with the number of customers for each customer class. He stated that the projected revenues for the Test Year forecast were calculated by applying the tariff charges to these sales forecast numbers, with two adjustments: first, CUII normalized the bill counts from its base period to better represent its expectations for bill counts in the future; and second, CUII applied an annual consumption decline percentage to the base period usage per bill to reflect ongoing patterns in volumetric usage by CUII customers.

i. Normalization of Bill Counts. With respect to the normalized bill counts, Mr. Dickson explained that CUII normalizes the billing units from this base year by averaging the last three months' bill counts, and forecasts usage per bill based on the base year.

ii. Consumption Decline Adjustment. With respect to an annual consumption decline adjustment, Mr. Dickson testified that as an outcome of ongoing decline in the rate of consumption by CUII's customers, a subsequent usage decline adjustment is layered on top of these normalized units, based on analysis of the historical trends in the usage per equivalent residential connection ("ERC") used by CUII customers—the same analysis used in CUII's last rate case, Cause No. 44724.

With regard to the consumption decline adjustment, Mr. Dickson testified that, due to an ongoing rate of consumption decline, forecasted consumption includes a usage normalization adjustment specific to each territory. The usage normalization adjustment was developed by averaging the annual change in consumption per customer from 2009 to 2021, producing usage declines per ERC for each territory as follows:

Former Service Territory	Usage Decline per ERC
Twin Lakes	-2.16%
Water Service Company of Indiana	-1.62%
Indiana Water Service, Inc.	-1.82%

Mr. Dickson explained that data from 2009 to 2021 is used to assess the annual level of consumption per customer. CUII then assesses trends in this figure, such as calculating the compound annual growth rate and investigating the average change in consumption every 12 months. This average change is used as CUII's forecast for consumption decline in its test year. Mr. Dickson stated that CUII has verified the veracity of this trend through a similar investigation of winter period usage, which similarly demonstrates declining usage per ERC. He further testified that this corroboration of trend indicates that the decline witnessed in CUII's analysis is founded in changes in indoor usage, rather than drought or weather-related changes in total usage.

iii. Customer Growth Adjustment. Mr. Dickson testified that CUII considered but rejected the need for a customer growth adjustment, because CUII is not aware of

any planned expansions during the Linking or Test Periods that would result in a material change to its billing units. Consequently, he concluded, it is reasonable to use the normalized Base Period customer count to forecast sales and revenues.

iv. **Miscellaneous Revenues.** Mr. Dickson testified that miscellaneous revenues are expected to match those of the base year, as CUII does not currently have a DSIC or SSIC in effect that would significantly alter miscellaneous revenue collections.

B. **OUCC's and LOFS's Evidence.** Neither the OUCC nor intervenor LOFS took issue with either CUII's general sales forecast methodology, its bill count normalization adjustment, or its miscellaneous revenues.

i. **Declining Consumption Adjustment.** With respect to CUII's declining consumption adjustment, the OUCC accepted CUII's calculations based on immateriality. Pub. Mr. VerDouw, however, objected to both the consumption decline adjustment and the customer growth assumption. With respect to the declining consumption adjustment, Mr. VerDouw took issue with the use of a 13-year period to develop an average annual decline in consumption; he also testified that consumption decline is affected by factors other than usage efficiencies, namely weather and the COVID-19 pandemic. According to Mr. VerDouw, his analysis for the years 2019-2021 showed no decrease in residential water consumption. Accordingly, he recommended that no consumption decline adjustment be adopted.

ii. **Customer Growth Adjustments.** With respect to CUII's customer growth assumption, the OUCC accepted CUII's calculations based on immateriality. Regarding CUII's customer growth assumptions, LOFS witness VerDouw advocated for a customer growth adjustment for a truck stop that is to be constructed in CUII's service territory. He stated that the truck stop customer has obtained an IDEM sanitary discharge approval, and therefore must be ready to move on the project.

C. **CUII's Rebuttal.**

i. **Declining Consumption Adjustment.** In rebuttal, Mr. Dickson testified that CUII has experienced persistent consumption decline, despite increasing average temperatures and decreasing precipitation in the warm half of the year (April through September) in the portion of Indiana that CUII serves, according to National Oceanic and Atmospheric Administration ("NOAA") data. He noted that increasing temperatures and decreasing precipitation would typically encourage additional outdoor usage in those months, not a decline in consumption. Additionally, Mr. Dickson pointed out that, according to the Flume Index, water usage across the nation has continued to decrease since its peak in Q2 2020. Mr. Dickson testified that in the same time period as its consumption decline analysis, average summer temperatures (April through September) have increased, and average precipitation has decreased. Accordingly, despite conditions that are typically correlated with increased water usage (i.e., hot temperatures, lower precipitation), CUII continued to experience declining consumption. Mr. Dickson noted that CUII has observed persistent consumption decline across its service territories, which is oftentimes even greater in magnitude when looking only at indoor water usage (winter usage is often used as a proxy for indoor-only water demand). Mr. Dickson reiterated that CUII has used the exact same

methodology that the Commission has previously approved for determining its level of consumption decline.

Mr. Dickson took issue with Mr. VerDouw's analysis, noting that Mr. VerDouw's 2021 average usage does not include usage for September through December, which would be months with a more typical or lower level of usage relative to the warmer, summer months that are included (especially, June through August). Thus, he concluded, Mr. VerDouw's 2021 average usage is skewed high by the available data. Second, Mr. Dickson pointed out that Mr. VerDouw ignores the trend in declining winter usage present in the same 2019 through 2021 usage per residential customer data Mr. VerDouw presents. Mr. Dickson further testified that Mr. VerDouw neglects the impact of weather in his own analysis, and Mr. VerDouw further excuses the clear decrease in commercial consumption as attributable to "different factors than residential consumption." Mr. Dickson noted that, while CUII does not dispute the assertion regarding the cause of this decline, it exists nonetheless, as does CUII's declining residential consumption, and CUII can and should rationally expect it to continue the same trend in the short to medium term. He concluded that CUII's declining consumption forecast is the result of a reasonable analysis and is a reasonable component of its forecast of test year revenues in this case.

ii. **Customer Growth Adjustment.** Regarding Mr. VerDouw's customer growth adjustment, Mr. Dickson disagreed with Mr. VerDouw's assertion that "[i]f IDEM has approved its sanitary discharge demand request, the customer must be ready to move on the project." He testified that this specific site has been under construction for approximately three years, and CUII does not have a reasonable expectation as to when this customer will begin to demand service, and thus has not included an adjustment for this customer. Mr. Dickson also noted that Mr. VerDouw has assumed a four-inch meter will be used by this customer, without explanation as to how he has come to such a conclusion, nor has he provided evidence regarding the temporal relationship he implies between the approval from IDEM for a sanitary discharge demand request and when a customer will begin imposing such demands. Yet in cross-examination, LOFS presented Mr. Dickson with an exhibit showing a three-inch meter (*see* LOFS C-X Ex. 16) which is another indication that there is little certainty about service to this potential new customer. Mr. Dickson concluded that no adjustment for customer growth is necessary in this case due to the uncertainty of demand and timing of demand from this potential customer."

D. **Commission Discussion and Findings.** The parties agree about CUII's general sales forecast methodology, its bill count normalization adjustment, and its miscellaneous revenues. CUII and the OUCC are also in agreement with respect to CUII's customer growth assumption and its proposed declining consumption adjustment. Intervenor LOFS, however, contests CUII's position on declining consumption and customer growth.

i. **Declining Consumption Adjustment.** LOFS's objection to CUII's declining consumption adjustment is based upon an incomplete analysis, as it does not include usage for September through December, months with a typical or lower level of usage relative to summer months. This incomplete analysis thus skews Mr. VerDouw's results. As pointed out by Mr. Dickson, Mr. VerDouw's analysis also ignores the trend in his own data which shows declining winter usage per residential customer; nor does his analysis consider the impact of weather. Finally, Mr. VerDouw's analysis ignores the decrease in commercial customer consumption, instead simply characterizing such decrease as "attributable to different factors."

In contrast, CUII's analysis demonstrates a measurable decline in usage by its customers, and this decline manifests itself even in the face of weather which would logically increase consumption. Thus, the decline in usage does not appear to be weather related. We find it reasonable to take this decline into consideration in establishing rates, particularly where the utility is using a forecasted test period. The record shows Petitioner's analysis included detailed work papers providing adjustments for each of Petitioner's operating divisions. We find this analysis is transparent and provides a suitable basis to adjust future consumption. Accordingly, the Commission finds Petitioner's proposed usage adjustment is reasonable and should be approved.

ii. **Customer Growth Adjustment.** While we believe it is reasonable and in the public interest to estimate associated customer growth when setting rates, any customer growth adjustment must be supported by substantial evidence. In the case of this potential new customer, the evidence shows that, while it recently received an IDEM approval for sanitary discharge, there is no evidence that this IDEM approval will necessarily lead to the completion of construction and the operation of the anticipated truck stop. Rather, the evidence shows that this truck stop has been under construction for approximately three years, and there is no evidence that the truck stop will go into commercial operation by the end of the Test Period. For these reasons, we decline to adopt LOFS's proposed customer growth adjustment.

iii. **Pro Forma Present Rate Operating Revenues.** Based on the above, the Commission finds Petitioner's pro forma operating revenues at present rates for the 12 months ended September 30, 2022 (Phase I) are \$2,535,301 for water and \$2,474,003 for wastewater. Petitioner's pro forma operating revenues at present rates for the 12 months ended September 30, 2023 (Phase II) are \$3,739,290 for water and \$2,770,896 for wastewater.

9. **Operating Expenses.** Several of Petitioner’s proposed O&M expenses were either not challenged by the parties, or Petitioner accepted the OUCC’s or LOFS’s proposed adjustments in rebuttal. We find the following expense amounts agreed to by the parties to be reasonable.⁵

<u>Undisputed Operating Expenses</u>	<u>Water</u>	<u>Wastewater</u>
<u>Maintenance Expense</u>		
Purchased Power	81,197	208,076
Maintenance and Repair	158,095	276,091
Maintenance Testing	19,503	30,295
Chemicals	25,930	116,829
Transportation	27,944	18,432
<u>General Expenses</u>		
Corporate Overhead Allocation	415,197	273,860
Rent	9,784	6,453
Insurance	96,469	63,628
Office Supplies & Other Office Expense	23,365	15,412
Office Utilities	14,180	9,353
Miscellaneous	31,277	20,630
Amortization of CIAC	(14,235)	(134)
Amortization of Acquisition Adjustment	(8,537)	-
Amortization of Excess ADIT	(14,734)	(9,385)
Amortization of ITC	(1,127)	(744)

After the rebuttal phase and the evidentiary hearing held in this case, it appears that the following operating expense items are in dispute: (1) payroll and benefits expense; (2) capitalized labor, (3) purchased water expense; (4) bad debt expense; (5) COVID-19 deferrals; (6) engineering and legal costs incurred in connection with Cause Nos. 45342 and 45389 (water and wastewater preapproval cases); (7) rate case expense; (8) regulatory expense; (9) depreciation expense; (10) payroll tax expense; (11) property tax expense; and (12) income taxes. We discuss these remaining disputed operating expense adjustments below.

A. Payroll and Benefits Expense.

i. Maintenance Salaries and Wages.

a. Petitioner’s Case-in-Chief. Mr. Dickson testified that employee benefit costs are increasing due to CUII’s headcount increase, increased pay rates, increase in total expected benefit costs, the 401k factor applied to payroll expense, total medical benefit cost increases.

⁵ The Parties agreed to \$276,091 as reflected in the table above. The commission added rain barrel amortization of \$2,196 to this amount as previously discussed.

Mr. Dickson testified that salary and wages expense is calculated by employee and is based on current and anticipated levels of staffing and overtime assumptions for hourly employees based on historical data. He testified that employee benefit costs are calculated by dividing total North region benefits forecasts for 2022 and 2023 by the forecasted total North region full time employees eligible to receive benefits. The “per employee” benefit number is then applied to the forecasted full-time employees who service CUII. Costs for base payroll, benefits, and payroll taxes are allocated to CUII using the ERCs of each operating subsidiary each employee is expected to service. In addition, he explained that 401k costs are included at 3% of eligible employee base pay to cover the cost of Corix’s non-elective annual 401k contribution, and 4% to cover CUII’s per paycheck match. Finally, he stated that payroll taxes are forecasted by employee using current FICA, FUTA, and SUTA percentages and thresholds.

Mr. Grosvenor stressed that CUII has experienced a large amount of turnover because its employees have been able to seek and obtain higher salaries from manufacturers in northwest Indiana. He noted that the Lead Operator that left most recently specifically stated in his exit interview that CUII needs to raise wages to stay competitive. Conversely, he noted there are few, if any, applicants with the type of experience needed to immediately join CUII’s staff and perform all of the tasks we need them to complete. This lack of experience creates difficulties in training new employees and helping get them certified. In Mr. Grosvenor’s opinion, offering competitive salaries to current and new personnel is crucial to ensuring the safe and efficient operation of the system.

Mr. Grosvenor testified that CUII recently increased operator salaries to help retain its employees. Those increases are reflected in the total salaries and wages expenses used to forecast salaries and wages for this proceeding.

Petitioner’s witness Robert Guttormsen⁶ testified about the Test Period payroll and benefits costs. He explained that the promotion of its seven current field technicians to operator level positions by 2023 which are necessary to maintain an effective operational workforce to ensure that CUII can continue to supply safe and reliable water and wastewater service. Specifically, Mr. Guttormsen explained the need to hire two new incremental employees in 2022 (Operator II and Apprentice) to alleviate pressure on current staff and reduce turnover, and necessary to maintain an effective operation workforce.

b. OUCC’s Evidence. Ms. Stull agreed that Community should be authorized to increase its revenue requirement for maintenance salaries and wages expense but disagreed with some aspects of Community’s request. More specifically, Ms. Stull disagreed with the level of salary increases Community estimated. Ms. Stull also disagreed that Community’s rates should include a revenue requirement for two unfilled operational positions; expenses related to the promotions of field technicians. Ms. Stull noted that Community proposes to increase its \$566,012 base period maintenance salaries and wages expense by 64.95% (\$367,621), resulting in *pro forma* maintenance salaries and wages expense of \$933,633. Of that amount, \$562,568 would be charged to water operations and \$371,065 would be charged to wastewater operations. Ms. Stull noted Community proposes to hire additional maintenance employees and proposes salary increases in both 2022 and 2023. Increasing field technician and

⁶ Mr. Guttormsen’s testimony was adopted by Mr. Dickson on January 28, 2022.

operator⁷ pay by approximately 50% (\$31.90 / \$21.00). Ms. Stull noted Community's discussion of the number of additional maintenance employees it plans to hire is not consistent, that Mr. Guttormsen indicated Community plans to hire *two* new "operations" employees – an operator II and an apprentice, but Mr. Grosvenor testified that Community currently has *four* open positions: 1) another lead operator; 2) a water-wastewater operator I; 3) an operation apprentice (a high school student enrolled in a work study program); and 4) a field technician.

Ms. Stull also discussed the quality of proof Community provided to justify these increases. She noted she was frustrated in her efforts to assess Community's current staffing levels as no information regarding base period employees was provided in Community's workpapers, nor was there any information provided as to whether existing positions were vacant at the end of the base period. Ms. Stull also testified that Community's workpapers do not indicate current hourly rates or projected hourly rates for its current and proposed maintenance employees, only hard-coded numbers for proposed employee salaries and wages expense. She noted however, that Mr. Guttormsen does make a general statement on page 4 of his testimony that "the promotions drive the current average wage rate for the hourly field tech from \$21.00 to \$31.90."

Ms. Stull testified that, while she agrees reasonable wage increases should be included in forecasted salaries and wages, she did not conclude the wage increases proposed by Community should be considered reasonable or necessary. She testified Community provided no substantive evidence to support the 50% increase in pay Community projected, noting only a vague discussion by Mr. Grosvenor regarding employee turnover experienced by Community and the need for competitive wages. Ms. Stull also did not accept Community's proposal to promote all its field technicians and increase pay by approximately 50%, pointing out that there was no evidence the job duties for these positions will be changing or any testimony explaining what new duties or responsibilities will be required of the employees being promoted from field technician to operator. Ms. Stull rejected Community's proposal to promote all field technicians and its proposal to increase their pay rates by approximately 50%. Likewise, Ms. Stull asserted that nothing in Community's case-in-chief supported or demonstrated the need for Mr. Guttormsen's proposal to hire two additional employees. Ms. Stull added that it did not appear that Community decreased its overtime assumptions based on the addition of two new employees, despite Mr. Guttormsen's statement that the Operator II and Apprentice positions are necessary to alleviate the pressure on current staff.

Ms. Stull testified that, while the need to incur overtime cannot be eliminated altogether, hiring additional employees should reduce the need for overtime. Ms. Stull also believed Community's proposed salaries and wage expense included overtime expense. She noted that according to Mr. Guttormsen, "[h]istorical data is used to calculate overtime assumptions for hourly employees, which is 11.04% for CUII operations." Guttormsen, p. 8. She explained that Mr. Guttormsen's testimony provided no other information, nor did Community's salary and wage

⁷ While Mr. Guttormsen stated that only field technicians will be receiving these 50% raises, it is clear from a review of Mr. Guttormsen's workpapers that other maintenance employees are also receiving these large pay increases.

workpapers that identifies the number of overtime hours included in its projected maintenance salary and wage expense.

Based on information obtained from the U.S. Bureau of Labor Statistics (“BLS”), Ms. Stull recommended annual raises of 5% for each employee in 2022 and 2023.⁸ Five percent represents the high end of the “3-5% wage level increase ...standard across all operating companies at CRU and consistent with inflation expectations.” Ms. Stull explained that the most recent data available from the BLS is for May 2021 (OUCC Attachment MAS-5). The appropriate occupation code is 51-8031 “Water and Wastewater Treatment Plant and System Operators.” Based on the data she obtained for Indiana, the mean salary in May 2021 was \$23.02 and the median salary was \$22.75. She testified she considered the mean salary rate of \$23.02 to be reflective of current market conditions as of the end of the base period. She then adjusted the salaries and wages for those employees that were below this rate as of the end of the base period but kept the salaries for the those making more than \$23.02.

Ms. Stull recommended a \$61,549 increase to base period maintenance salaries and wages expense of \$566,012, resulting in *pro forma* maintenance salaries and wages expense of \$627,561, of which \$378,168 would be charged to water operations and \$249,393 would be charged to wastewater operations.

c. Petitioner’s Rebuttal. Mr. Dickson testified that CUII has struggled with retention of employees historically, and it has open positions at present that are emblematic of the tightness of the labor market in which CUII participates. In his case-in-chief testimony, Mr. Dickson testified that CUII had four open maintenance positions: lead water/wastewater operator (filled by existing CUII employee obtaining the requisite training, resulting in a need to backfill his position), operator II, field tech II, and an operations apprentice. The operator II and operations apprentice are new positions. At the evidentiary hearing, he testified that CUII had two open positions, operator II and operations apprentice. Further, the Director of Engineering and Asset Management and Regional Director of FP&A positions are vacant. He testified that CUII looks to fill all five of these positions in 2022. Mr. Dickson noted that even at full employment of current positions, CUII remained understaffed. He stated that all maintenance employees have experienced untenable workloads, resulting in some of the turnover that CUII has experienced, because of the difficulty CUII has had in filling these two new positions. He testified that the elimination of these positions only serves to worsen existing struggles CUII is experiencing with retention. Further, he noted that there are additional useful operational tasks that CUII’s staff could be undertaking, as Mr. Grosvenor testified—specifically, the current staffing level makes it difficult to complete manhole inspections, home inspections and GIS data collection and CUII also would like to do some work that we currently are outsourcing, such as excavation and leak repair, which CUII has been unable to address with its existing positions.

Mr. Dickson explained that CUII’s expectation for its current field technicians is that they obtain licenses to advance to the level of experience and expertise needed to perform more complicated processes without supervision. He explained that it is a necessity for CUII, with the size of staff that it has, that its staff be well trained and able to function with less supervision over time. According to Mr. Dickson, this is not just an expectation, but a necessity for CUII staff to

⁸ Ms. Stull recommended annual raises of 5% for each employee; however, in Phase II she made no adjustments.

achieve the level of competency required by the forecasted promotion, for CUII to continue to provide adequate services to customers. CUII's customers benefit from a well-trained staff. He noted that all existing field technicians are expected to complete requisite training to perform independent of direct supervision. In practice, he stated, field technicians are operators in training – the expectation is that within two years, field technicians complete training to become operator I's. Growth of employees is not only a good management practice for employee retention but is also an operational necessity for CUII. Employees at their current level of training cannot complete all tasks required to operate CUII's facilities, applying pressure to CUII's senior operational staff to oversee newer employees. With additional turnover, the process starts over; education and promotion are required by CUII to maintain and retain an adequate workforce.

Mr. Grosvenor also took issue with the OUCC's objection to the promotion of its field technicians. He characterized the OUCC's position as an apparent effort to save money at the expense of offering safe and reliable service. He stated that CUII is stretched as thin as he could ever recall and emphasized that CUII urgently needs employees that are qualified to perform tasks necessary for the safe and reliable operation of the WWTP. He stressed that certified operators are critical to this process. Right now, he stated CUII has six field technicians who have shown commitment to the utility and a desire to learn. In Mr. Grosvenor's opinion, it makes sense to promote and continue to grow these employees to meet the critical needs of the system and to help retain employees as they become an essential part of operations.

Mr. Grosvenor also responded to the OUCC's statement that CUII had not explained the new duties or responsibilities that will be required of employees promoted from field technician to operator. He noted that his direct testimony included both the job description of a Wastewater Operator I and the job description of a Field Technician. Further, he testified that a Wastewater Operator must be licensed through a program overseen by the IDEM. Licensed operators can perform preventative maintenance, inspections, cleaning, repairs and long-range system upgrades at the wastewater treatment plant. Field Technicians, on the other hand, are responsible for water meter reading to facilitate customer billing and for performing minor meter and/or system maintenance. He testified that having more licensed Operators will take significant burdens off himself and the Lead Operators, who cannot be available everywhere and at all times of the day. Moreover, he noted that when a Field Technician is licensed as an Operator, it gives the employee a greater sense of responsibility because their license is on the line when they perform their job duties, adding value for both CUII and its customers.

Mr. Grosvenor explained that being a Field Technician is generally viewed a step to becoming an Operator. Given the fact that CUII is small, he stated it is preferable to have employees that can perform all functions, from meter reading and repair to routine wastewater treatment plant maintenance tasks. Further, he stated that in recruiting Field Technicians, CUII advises them that CUII will support them in being trained and licensed to become Operators. Thus, he stated, there generally is an expectation on the part of all parties that a Field Technician will become an Operator, and without this room for growth, it could be difficult to hire field technicians.

Additionally, Mr. Grosvenor reiterated that CUII is facing an unprecedented level of turnover. He testified that given the level of competition in the market, adopting a policy of not promoting Field Technicians would increase: (i) the likelihood of losing qualified Field

Technicians who would become dissatisfied with the lack of opportunity for advancement; and (ii) continued staffing shortages of licensed Operators. As to the latter issue, he testified that CUII has lost multiple experienced plant Operators to higher paying opportunities and with current market conditions continuing, CUII is likely to lose more qualified Operators.

Moreover, Mr. Grosvenor reiterated that there are few, if any, applicants with the type of experience and certification needed to immediately be an Operator. As a practical matter, he noted that CUII does not get many applicants for positions that are licensed Operators. He stated that in almost every case where CUII hires a Field Technician, it would have preferred to have hired someone with an Operator certification. However, those individuals are simply not available. In his opinion, it is critical that CUII train Field Technicians to fill those roles.

Regarding the two new operations staff positions, Mr. Grosvenor disagreed with the OUCC's position that these positions are not necessary. He testified that CUII is operating at a low staffing level, and it is imperative to add staff. As indicated above, CUII has eight operations employees. However, this does not always translate to eight available qualified team members available. As a practical matter, due to the rapid turnover, there are always new employees who must be trained. This means not only that the trainee is not yet a completely effective employee, but it also means that other members of the staff must take time away from their jobs to train the individual. In addition, CUII must work around employee PTO and other time off. Simply put, according to Mr. Grosvenor, CUII is operating at minimal staffing levels and needs to make additions to operate the system more effectively.

Mr. Grosvenor noted that CUII has recently replaced the recently vacated Lead Operator position by promoting an existing employee. This means, CUII now is short two Operators, or Field Technicians, depending on the type of applicants. He stated that CUII plans to hire an apprentice that it could transition to a full-time permanent job. He testified that the thought behind the apprenticeship program is that CUII is seeing a lack of applicants with experience in this field, and it wants to promote interest from the younger generation in the trades. In Mr. Grosvenor's view, it is crucial that CUII fill its open operations staff positions in the immediate future.

Mr. Dickson also testified that CUII has already adjusted the pay rates for its maintenance staff to reflect analysis performed by CUII's human resources department, which found that CUII's staff were being paid below the market midpoint. This pay guidance is based on data from the AWWA Compensation Study. Mr. Dickson stated that, not only is the AWWA's study credible, it also allows CUII to consistently benchmark itself with a trusted source.

Mr. Dickson testified that, to triage the employee retention issues that CUII has experienced, an adjustment to reflect labor market conditions and pay distributions was rational and prudent; CUII needs to maintain wages that are competitive. CUII is actively competing against not just water and wastewater system operators for talent, but also competing against steel and other manufacturers in the area who are recruiting workers with the same skillset and licensing as CUII's and those employers are paying a premium for that talent, in a higher cost area of Indiana. He noted that Indiana state data, such as that cited by Ms. Stull, does not reflect that intrastate variance, nor the competitiveness of the labor market that CUII experiences near Gary and the greater Chicago area.

Mr. Grosvenor also emphasized that disallowance of pay increases, as proposed by the OUCC, will result in further attrition of qualified employees and degrade the quality of service provided to customers. He reiterated that CUII has experienced a large amount of turnover because employees have been able to seek and obtain higher salaries from manufacturers in northwest Indiana. He stated that the Lead Operator that left most recently specifically stated in his exit interview that CUII needs to raise wages to stay competitive.

Mr. Dickson noted a modification to its overtime assumptions to reflect an on-call pay change that was instituted in February 2022. He stated that, in general, CUII has increased the pay for employees to be equal to one hour of overtime (1.5x) to better reflect the responsibility and availability required of employees to be on-call. This does not reflect the changes to the call-out rate, which is also increasing to reflect the burden of addressing spontaneous customer needs when on call, particularly on weekends. These changes are a necessity for CUII to not only compensate employees fairly, but to be able to retain employees that have been trained and can perform the work that running water and sewer utilities demand of their operations staff. A corresponding decrease has been instituted to CUII's overtime rate to remove on-call pay from the calculation and address it separately.

Mr. Dickson emphasized that CUII is seriously understaffed. Current staff are overworked and cannot complete all work that CUII would like performed to meet its dual goals of excellent service and a positive work environment. CUII's four open maintenance positions of lead operator, field tech II, operator II, and operations apprentice are needed to meet the basic employment needs of CUII. These hires will not have an impact on CUII's overtime rate for two reasons: (1) CUII calculates its overtime rate based on historical data during which there were only two open positions (operator II and operations apprentice) and (2), the additional headcounts will perform additional work that CUII has not been able to perform without full staffing.

Mr. Dickson stated that, in total, CUII's 2022 annualized salary and wage expense, at existing wage rates, is \$1,135,018 (\$683,914 water, \$451,104 sewer). This is a \$17,193 increase from CUII's direct case position for the linking period and does not reflect the opportunity and expectation for CUII maintenance personnel to reach the level of pay forecasted in CUII's direct case, through training and certification; namely, the expectation that all Field Tech II employees will reach a level of competency that will justify promotion to Field Tech III. Mr. Dickson stated this is not just an expectation, but a necessity for CUII staff to achieve the level of competency required by the forecasted promotion to continue to provide adequate services and referred to Mr. Guttormsen's testimony for greater detail surrounding this adjustment.

Mr. Grosvenor added color to CUII's employee turnover problem in the form of a spreadsheet showing the employees that have left CUII since 2016. The individuals shown are full-time employees, exclusive of part-time employees and interns. Over the course of that period, 22 employees left CUII, which amounts to approximately four per year. This is a significant number for a utility the size of CUII, that currently has only eight full-time employees. This means that every year, CUII is losing half of its qualified workforce. In Mr. Grosvenor's opinion, this is not an ideal way to operate a utility. He asked that the Commission approve the salaries and wage expense as proposed as CUII has a crucial need for qualified staff and are unable to attract and retain such individuals in the current market and is concerned that adoption of Ms. Stull's

recommendations would exacerbate that problem. He concluded that increasing wages is absolutely necessary if CUII is going to be able to attract and retain a qualified workforce.

d. Commission Discussion and Findings. Rate schedules CUII filed with its direct case reflect per books Maintenance Salaries and Wages Expense of \$566,012. CUII proposes \$933,633 for Phase I and \$933,633 in Phase II for a total increase of 65%.⁹ In Phase I, CUII proposes to promote seven Field Techs to Field Tech III's, and then, promote these seven positions to Operator I's in Phase II. CUII also proposes to add two new positions in Phase I, an Operator II and an Operations Apprentice. This will provide CUII with 12 of 12 Maintenance positions as operators. The 12 operators include Mr. Grosvenor, two existing Lead Operators, the proposed promotion of seven Field Tech III's, the proposed new Operator II position and the new Operations Apprentice. The Commission agrees that inclusion of a new Operator and Operations Apprentice is reasonable. However, the Commission does not agree that CUII needs all its Maintenance employees to be operators and does not agree with the level of pay included in its request for the 12 Maintenance positions.

The Commission is aware of the challenges in the labor market and agrees the inclusion of two new positions is necessary to facilitate staffing needs and to reduce overtime. The Commission is also aware of the need to provide pay increases to reduce the significant turnover CUII has experienced and will address pay using the market information provided in Dickson's confidential rebuttal exhibit AD-R08. Between the additional employees granted and the additional pay provided, the Commission expects turnover will be reduced which will also reduce the amount of overtime needed. Thus, the Commission reduces overtime by one half.

With respect to the operator positions, the Commission does not believe it is reasonable for all maintenance staff to be operators and to be paid as operators. Further, it is not likely it will be feasible for all employees to obtain the operator training and licensing CUII proposes. Also, by maintaining maintenance positions, employees will retain an opportunity for upward mobility as experience is obtained, licensing acquired, and operator positions become available. The Commission finds it reasonable to include six of its 12 maintenance positions as operators including the Operations Apprentice. Five positions are already included as operators including Mr. Grosvenor, two Lead Operators, the new Operator II position, and the Operations Apprentice. Therefore, the Commission supports the promotion of one Field Tech III to Operator I in Phase II.

The confidential rebuttal exhibit AD-R08 includes a market analysis of seven positions, Field Tech I, II, and III, Water-Wastewater Operator I, II, and III, and Area Manager. This document includes pay guidance at entry point, market midpoint, and maximum. While the utility provided this document to support its request, the salaries and wages requested are higher than this document supports. The Commission uses the data on this document to calculate salaries and wages for the positions determined above. Since CUII competes for labor in the Chicago area, the Commission believes it is reasonable to provide compensation on the higher side of the Market Midpoint for many positions.

⁹ Given other evidence provided by CUII, it is not clear why Phase I and Phase II are equal in the rate schedules.

Because the Commission agreed to include all seven of the Field Tech positions at the highest pay level, Field Tech III, it is reasonable to calculate pay based on the market midpoint. This hourly rate was used to determine Phase I pay for each of the seven Field Tech III positions. A 5% increase was applied to the six Field Tech III positions not promoted to Operator I to calculate Phase II pay. The new Operator II, the two existing Lead Operators, and Mr. Grosvenor's pay was calculated using an average of the market midpoint and maximum rates for Phase I with a 5% increase applied to Phase II. The one Field Tech III promoted to Operator I in Phase II was calculated using an average of the market midpoint and maximum rate, plus 5% for Phase II pay. The Operations Apprentice pay was calculated using the Operator I Entry Point rate plus 5% for Phase II pay. These changes result in total Maintenance Salaries and Wages Expense of \$688,754 for Phase I, of which \$415,043 is allocated to the water utility and \$273,711 is allocated to the wastewater utility, and \$796,998 for Phase II, of which \$480,237 is allocated to the water utility and \$316,761 is allocated to the wastewater utility. While the amounts do not generate the 65% increase Petitioner requested, the increase allowed represents a significant 41% increase.

ii. General Salaries and Wages.

a. Petitioner's Case-in-Chief. Mr. Guttormsen testified about the Test Period payroll and benefits costs. He explained that payroll costs are increasing, driven by several factors, including:

- leadership wages, related to promotions in CUII's finance department;
- addition of a Vice President of Business Development & Regulatory Affairs, responsible for high level strategic planning, facilitation, and execution of the North business unit's growth initiatives in Illinois and Indiana, and responsible for advising on legislative, policy, and regulatory changes;
- addition of a Midwest project manager, responsible for all water and wastewater utility construction projects in Kentucky, Illinois, and Indiana from initial contract negotiations through warranty termination, which is instrumental to ensuring optimal project planning, compliance, and overall asset management which directly benefits CUII; and
- addition of a senior financial analyst, to perform a wide range of analysis, reporting, budgeting, and long-range planning activities, and to support and lead many aspects of Indiana's regulatory process, necessary to ensure smooth financial operations continue for CUII and will help ensure the overall financial health of utility operations.

Mr. Dickson generally described how the pro forma adjustments were made, then refers to wp-b of Attachment AD-3 and the testimony of witness Guttormsen for greater detail surrounding this adjustment which are the accounting assumptions. Mr. Guttormsen's testimony did not specifically mention general salaries and wage detailed explanation.

b. OUCC's Evidence. Ms. Stull also addressed Community's proposed 64.95% (\$134,208) increase to base period general salaries and wages expense of \$206,634, resulting in *pro forma* general salaries and wages expense of \$340,842. Of this amount, \$205,377 would be charged to water operations and \$135,465 to wastewater operations. Ms. Stull explained that the OUCC recommended a smaller \$55,334 increase to base period general salaries and wages expense resulting in *pro forma* maintenance salaries and wages expense of \$261,968.

Of this amount, \$157,862 should be charged to water operations and \$104,106 should be charged to wastewater operations.

Ms. Stull explained that CUII proposed to include in rates salaries and wage expense associated with three corporate leadership positions: a vice president of business development and regulatory affairs (34.64% allocated to CUII); a Midwest project manager (27.10% allocated to CUII); and (3) a senior financial analyst (34.64% allocated to CUII). Ms. Stull noted that Community also proposes salary increases for both 2022 and 2023 of 3% to 5%. Ms. Stull generally accepted Community's proposed salary increases for 2022 and 2023. She also accepted the allocated costs associated with the addition of a financial analyst and Midwest project manager, but she disagreed with the inclusion of a vice president of external affairs and business development. Based on the duties of this position, which include business development activities and external affair activities, Ms. Stull testified that the costs of the position should not be recovered from ratepayers.

Ms. Stull explained why business development activities are non-recoverable, noting that the Commission has previously found in Cause No. 44022 that business development costs should be borne by shareholders, not ratepayers. She noted Mr. Guttormsen's argument that ratepayers benefit from growth resulting from business development opportunities presupposes there will be growth because the position, which is without any guarantee of growth or that any of the benefits listed by Mr. Guttormsen will occur. Further, Ms. Stull asserted that growth benefits shareholders as much or more than ratepayers, and it should be shareholders that bear the costs of those efforts. Finally, Ms. Stull noted the benefits cited by Mr. Guttormsen sound very much like the benefits ratepayers are already supposed to be receiving through the shared services provided by Water Service Corporation ("WSC") and for which Community has already included \$689,058 (i.e., the corporate overhead allocation from WSC).

Ms. Stull also listed responsibilities and duties of the position, which she asserted are related to business development and, therefore, the associated costs should not be recoverable from ratepayers. These included "High level strategic planning, facilitation, and execution of the North business unit's growth initiatives in Illinois and Indiana;" "Direct, prepare, and present business case proposals to other Executive business partners within the Corix Group of Companies;" "Development and execution of the overall organization's growth strategy;" "Motivate leadership and other stakeholders to take ownership of business development;" "Advise the President on legislative, policy, and regulatory changes advantageous to CUII's goals;" "Seeks partners to implement these changes;" and "Identifies, establishes, and maintains crucial relationships at local, state, and federal levels." Ms. Stull asserted those responsibilities directly benefit shareholders with no discernable benefit to ratepayers. She added that "identif[y]ing, establish[ing], and maintain[ing] crucial relationships at local, state, and federal levels." sounds very much like lobbying.

Ms. Stull added that Community has not supported recovery of these costs with substantive evidence showing recovery of these costs is reasonable and prudent and benefits ratepayers. She asserted that notwithstanding the listed duties, Mr. Guttormsen did not explain why the position is needed or whether anyone is currently performing these duties and, if so, why they cannot continue to do so. Ms. Stull also pointed out that over one-third of the cost of this position will be allocated

to Indiana, a state with only three small water and wastewater utilities. Ms. Stull asserted the cost of that position should not be included in general salaries and wages expense.

c. **Petitioner's Rebuttal.** Mr. Dickson testified that CUII has not filled the Senior Financial Analyst, Project Manager, or vice president of business development positions. Regarding the position of vice president of business development, Mr. Lubertozi and Mr. Dickson testified that the work product of this position, namely acquisitions within Indiana and Illinois, will substantially benefit existing CUII customers through the proliferation of the customer base across which revenue requirements are spread, and through a dollar cost averaging of rate base per customer with savvy acquisitions. The quality and quantity of acquisitions is directly related to the amount of time that CUII can invest in pursuing investments. The purpose of this position is to augment both factors, resulting in net benefits for existing CUII customers. CUII's share of this position's salary is only 34.64% of the total expense, and the net benefit to CUII's customers will exceed the allocated wage expense over time. Mr. Dickson emphasized that this position is needed to provide an opportunity for CUII to grow its customer base, thus providing a larger denominator across which investment costs may be spread. He asserted the addition of the vice president of business development will ensure a robust pursuit of development opportunities that benefit CUII's customers. Mr. Lubertozi denied that this position will involve lobbying.

d. **Commission Discussion and Findings.** The parties' positions indicate that there is generally one issue in dispute with respect to payroll and benefits expense, the addition of a VP of Business Development position. Ms. Stull agreed to the addition of the Midwest Project Manager and Senior Financial Analyst.

The Commission has previously found that business development costs should be borne by shareholders, not ratepayers. *See Indiana-American Water Co., Inc.*, Cause No. 44022 at 70 (June 6, 2012) ("The Commission finds no evidence that the Business Development activities provide a benefit to ratepayers — in fact, the Commission is concerned that ratepayers may be subsidizing business development with limited offsetting benefits. Therefore, we conclude that Petitioner's Business Development expense . . . should be disallowed."). Under these circumstances, CUII's shareholders should bear the initial risk of business development and acquisitions, as they stand to gain greater rewards from doing so. Therefore, after considering the evidence of record and applicable law, we agree with the OUCC's assessment and deny CUII's proposed allocated expense relating to employment of a new vice president of business development and regulatory affairs. We note that this finding does not prevent consideration of rate recovery for an established vice president position producing achieved results in a future base rate case.

We find the *pro forma* revenue requirement for the vice president of business development and regulatory affairs (34.64% allocated to CUII) shall not be included in Petitioner's *pro forma* revenue requirement. We find the allocated costs associated with the addition of a financial analyst and Midwest project manager shall be included in Petitioner's revenue requirement. These changes result in total General Salaries and Wages Expense of \$255,769 for Phase I of which \$154,126 is allocated to the water utility and \$101,643 is allocated to the wastewater utility and \$273,209 for Phase II of which \$164,624 is allocated to the water utility and \$108,585 is allocated to the wastewater utility. While the amounts do not generate the 65% increase Petitioner requested, the increase allowed represents a significant 32% increase.

iii. **Pensions and Employee Benefits.** Ms. Stull explained why she disagreed with Community's proposed 48.42% or \$106,483 increase to base period pensions and employee benefits expense of \$219,936. Ms. Stull explained that while she accepted the costs proposed by Community for its various employee benefits, her recommended pension and employee benefits expense is based on the headcount and salaries and wages expense she recommended. Accordingly, she recommended a \$26,281 increase to base year pensions and employee benefit expense of \$219,936, resulting in *pro forma* pensions and employee benefits expense of \$246,217.

The Commission-approved pensions and employee benefits are in accordance with the approved salaries and wages, resulting in a \$61,249 increase, (\$36,906 water, \$24,343 wastewater) to base year pensions and employee benefit expense of \$219,936, resulting in Phase I *pro forma* pensions and employee benefits expense of \$281,185, of which \$169,430 is water and \$111,755 is wastewater, and for Phase II \$316,066, of which \$190,448 is water and \$125,618 is wastewater.

B. Capitalized Labor.

i. **Petitioner's Case-in-Chief.** Mr. Dickson testified that operating expense charged to plant is forecasted based on anticipated capital investments from Operations. Operating expenses charged to plant, otherwise referred to as capitalized time or cap time, is calculated based on the following components: (1) capital project cap time, which represents the hours to be worked on each forecasted capital project; and (2) capital additions/replacements cap time, which represents the hours to be worked for general plant additions/replacements. According to Attachments AD-1 and AD-3, Petitioner proposes total capitalized labor of \$159,573, of which \$86,022 is charged to water operations and \$73,551 is charged to wastewater operations.

ii. **OUCC's Evidence.** Ms. Stull criticized the lack of any specific testimony regarding proposed capitalized time rates in Petitioner's case-in-chief. Ms. Stull stated that Mr. Dickson did not explain what is meant by "IN operator cap time" nor did he state the capitalized time rates proposed or how those rates were calculated. Petitioner's witness Guttormsen, Petitioner's primary witness discussing payroll and benefits, did not mention capitalized time, much less the capitalized time rates being proposed or an explanation of how those rates were calculated. Ms. Stull stated the capitalized time rates proposed by Petitioner were (1) \$45.82 per hour as of September 30, 2021, (2) \$47.19 per hour as of January 1, 2022, and (3) \$48.61 per hour as of January 1, 2023. Ms. Stull further explained the capitalized time workpapers provided in Attachments AD-1 and AD-3 have only hard-coded amounts for the various capitalized time rates proposed and she was unable to replicate the same rates calculated by Petitioner.

As the OUCC recommends rates be based on lower salary and wage increases, Ms. Stull's recommended capitalized time rates were follows: (1) \$35.28 per hour as of September 30, 2021, (2) \$37.98 per hour as of April 1, 2022, and (3) \$40.11 per hour as of April 30, 2023. She explained these rates are based on the average hourly rates for maintenance employees, excluding the state operations manager, as proposed by the OUCC. Based on these capitalized time rates, Ms. Stull recommended total capitalized labor costs of \$136,697 (base period of \$128,965) + \$7,732, of which \$70,081 is charged to water operations and \$66,616 is charged to wastewater operations.

iii. **LOFS's Evidence.** LOFS did not present testimony on the issue of capitalized labor.

iv. **Petitioner's Rebuttal.** On rebuttal, Mr. Dickson did not specifically discuss capitalized labor, but CUII's capitalized labor adjustment on rebuttal was based on CUII's updated forecast for salary and wage expense; Mr. Dickson's updated adjustment did not utilize Ms. Stull's methodology.

v. **Commission Discussion and Findings.** After considering the evidence of record, the Commission concurs with the OUCC's method of calculating the capitalized labor adjustment using the Commission's allocated salary rates based on the average hourly rate for maintenance employees. CUII did not provide any explanation on rebuttal regarding any disagreement with the OUCC's approach to calculating the average hourly rate for maintenance employees. As adjusted based on the salary and wage increase approved above, we approve a proforma capitalized labor expense for water of \$76,359 in Phase I and \$75,584 in Phase II and for wastewater \$50,319 in Phase I and \$66,312 in Phase II.

10. Purchased Water Expense.

A. **Petitioner's Case-in-Chief.** Mr. Dickson testified that CUII proposes an \$11,023 increase to base period purchased water expense of \$365,903, resulting in pro forma purchased water expense of \$376,925. This expense is charged entirely to water operations and includes a 3% anticipated inflation increase per year. CUII purchases water from Indiana American Water Co. ("Indiana American") at a current rate of \$2.79 per thousand gallons. Mr. Dickson's workpapers show the projected water expense calculation as the projected purchase water multiplied by the water service charge and DSIC multiplied by the projected cost per thousand gallon which includes an adjusted inflation factor.

B. **OUCC's Evidence.** Ms. Stull testified that the OUCC disagrees with CUII's forecasted water volumes and applied inflation factor and believes its proposed rate is unreasonable given CUII's assumptions regarding declining consumption. She also noted that CUII could file a purchased water tracker for future adjustments. She testified that the OUCC's recommended purchased water expense is composed of two parts: meter charges and volumetric charges. The OUCC included \$19,908 ($\$829.51 \times 2 \times 12$) for fixed monthly charges including meter charges for two 6-inch meters and the DSIC charge along with \$317,607 ($\$0.27867 \times 1,139,724$) for volumetric charges determined by multiplying base year purchased water volumes adjusted for CUII's declining consumption of 1.82% for IWSI. This results in a purchased water expense of \$337,515, a difference of \$39,410 from Petitioner.

C. **Petitioner's Rebuttal.** Mr. Dickson testified on rebuttal that, while he disagreed with Ms. Stull's forecast, he generally found her approach to purchased water reasonable. He noted that CUII originally used invoices paid in the base period to identify purchased water used then; however, he stated that the actual service period on those bills can differ. Mr. Dickson noted that, in his Attachment AD-R09, CUII identifies the service period and usage of bills since 2016. CUII experienced its lowest usage in this period in 2021, 118,103 kilogallons, and its highest usage in 2017, 133,720 kilogallons. Mr. Dickson cited declining

consumption and improvements to unaccounted for water (“UFW”) losses, which went from 14.2% in 2020 to 10.8% in 2021.

Mr. Dickson noted that CUII adjusted its estimates on rebuttal, resulting in a test year forecasted volume of 115,816 kilogallons and purchased water expense of \$342,654, only \$5,139 different from Ms. Stull’s proposal (\$337,515). CUII has assumed an annual decrease of 1.82%, which is the same 1.82% that Ms. Stull identifies in her testimony for IWSI (the only CUII system using purchased water) and that CUII applied in its direct case forecast for 2023. Mr. Dickson also testified that CUII agrees that, if rates remain the same from Indiana American between now and the effective date of rates from this rate case, CUII’s water tracker should be set to zero, eliminating the potential for double recovery.

D. Commission Discussion and Findings. Based on the evidence of record, the Commission finds that CUII’s methodology for calculating its purchased water forecast of \$342,654 (as adjusted on rebuttal) is reasonable and is, therefore, approved.

11. Bad Debt Expense (Uncollectibles). CUII and the OUCC agreed on the Phase I bad debt proforma amount of \$58,868 of which \$29,841 is allocated to water and \$29,027 is allocated to wastewater. On behalf of LOFS, Mr. VerDouw disagreed with the adjustment since the uncollectible percentage should be dropping as the COVID-19 pandemic passes. However, he did not propose a specific percentage or dollar amount for the adjustment. Without any specific number for the bad debt adjustment from LOFS, the Commission used the figure agreed to by CUII and the OUCC.

12. COVID-19 Deferred Costs.

A. Petitioner’s Case-in-Chief. Mr. Dickson (adopting Mr. Guttormsen’s testimony) testified concerning CUII’s COVID-19-related expenses, including legal fees, customer communication expense, and foregone late payment and reconnection charges. CUII has proposed recovery of \$189,432 of COVID-19-related expenses to be amortized over three years, yielding an annual expense of \$63,144. Of this amount, \$38,048 (60.26%) is proposed to be charged to water operations and \$25,096 (39.74%) to be charged to wastewater operations. Mr. Dickson stated that CUII has not included any COVID-19 costs in rate base and exclusively proposes to recover a return of, not on, costs incurred. He testified that the deferred costs were prudently and necessarily incurred.

B. OUCC’s Evidence. Ms. Stull testified that CUII suspended late payment charges on March 11, 2020 and resumed these charges on August 8, 2021. However, she noted that the Commission, in Cause No. 45380, authorized utilities to use regulatory accounting only from March 2020 through October 12, 2020, when the Commission’s moratorium on charging late fees and reconnection fees expired. She recommended CUII be permitted to recover waived reconnection charges and waived late payment charges only up to and through October 2020; costs for customer communication; and legal costs, all which total \$31,701 amortized over five years. This results in an annual amortization expense of \$6,340 of which \$3,820 is charged to water operations and \$2,520 is charged to wastewater operations.

C. **Petitioner's Rebuttal.** On rebuttal, Mr. Dickson revised the amount it seeks to recover to \$75,207 of foregone late payment charges, \$3,171 of customer communication charges, \$4,528 in legal fees, and \$63 in foregone reconnection charges, for a total of \$82,968. He disagreed with Ms. Stull's proposal to amortize these expenses over five years, testifying that this time period was too long and that CUII's proposal of a three-year amortization period is more likely to represent the life of the rates being set in this case.

D. **Commission Discussion and Findings.** After reviewing the evidence of record, we agree with the OUCC on the amount of recovery of foregone late payment charges with one minor change. The Commission's orders in Cause No. 45380 were clear that utilities could recover the cost for foregone late payment charges incurred only from March 2020 through October 12, 2020. We also agree with the OUCC's proposal of five-year amortization to minimize expense to ratepayers. We agree with CUII's small increase in legal fees from its rebuttal testimony. Thus, we find that CUII may recover \$24,791 of foregone late payment charges, \$3,171 of customer communication expense, \$4,528 of legal fees, and \$63 of foregone reconnection charges for a total of \$32,553 to be amortized over five years. This results in a total charge of \$6,510, with \$3,923 charged to water operations and \$2,587 charged to wastewater operations.

13. Water and Wastewater Preapproval Engineering and Legal Costs.

A. **Petitioner's Case-in-Chief.** Mr. Lubertoizzi testified that Community has included the costs incurred to litigate Cause No. 45342 (\$176,144) as a deferred O&M expense amortized over three years. With respect to Cause No. 45389, Mr. Lubertoizzi testified that CUII has included for recovery engineering costs needed to prepare requests for proposals, bids, and other engineering and design related costs, as a deferred O&M item amortized over 40 years, which is consistent with CUII's wastewater depreciation rate. Additionally, CUII has included the legal costs incurred to litigate Cause No. 45389 (\$258,319) as a deferred O&M expense amortized over three years. Similarly, Mr. Dickson testified CUII is proposing recovery of its engineering and legal costs incurred in pursuit of preapproval of its wastewater projects over a 40-year period and over a three-year period, respectively. Mr. Dickson stated that the 40-year life matches the authorized depreciation life of CUII's wastewater assets (2.5% annual depreciation) and the three-year period is more reflective of the expected duration between rate cases. He testified recovery of these costs will make CUII's shareholders whole, over time, for the engineering and legal costs CUII had already paid for up until the ruling in those preapproval proceedings and will enable CUII's shareholders an opportunity a return of, but not on, these expenses.

Mr. Lubertoizzi testified that the engineering costs relate to both the CSIP and the Wastewater Treatment Plant Projects ("WTPP"). When interest during construction and capitalized time are included, CUII incurred \$367,000 related to the CSIP and \$1,233,000 related to the WTPP. Before interest during construction and capitalized time, a total of approximately \$318,525 was spent for engineering and design of the CSIP. The \$318,525 includes costs related to utility locates and geotechnical engineering to supplement the design efforts, and engineering. The engineering included design of upgrades at three lift stations (B, C, and D) and construction of new forcemain for all three lift stations. Permitting efforts were initiated during design. Complete plans, specifications, and bidding documents were prepared. Bids were solicited for the project. These bids were used in the pre-approval process. Before interest during construction and capitalized time, a total of approximately \$1,100,289 was spent for engineering and design of the

WWTP. The \$1,100,289 includes costs related to utility locates, geotechnical engineering, sampling, electrical equipment to supplement the design efforts engineering in support of the pre-approval process, including preparation of reports, and design engineering. The engineering included design of the wastewater treatment plant expansion, including a new headworks, a new oxidation ditch, two new clarifiers, a new sludge building with equipment, a new operations building, and repurposing of several existing structures to support the new treatment processes. Permitting efforts were initiated during design. Complete plans, specifications, and bidding documents were prepared. Bids were solicited for the project. These bids were used in the pre-approval process.

Mr. Lubertozi argued that CUII incurred these costs in response to the 44724 Order, in which required CUII to “Develop and Implement a System Improvement Plan (SIP) focused on Three Key Aspects of Service Quality for Petitioner’s Water and Wastewater System.” The Three Key Aspects included the following: (1) decrease total incidences of wastewater backups in homes, (2) decrease total incidences of manhole overflows, and (3) decrease total complaints of discoloration of drinking water.

Mr. Lubertozi opined that these engineering costs were incurred in compliance with Commission directives and, as such, they should be eligible for recovery in this rate case.

B. OUC’s Evidence. Ms. Stull did not accept Community’s proposed recovery of either legal or engineering costs. She noted that in Cause No. 45389, the Commission did not approve recovery of those costs. She also stated that there is no precedent for utilities to recover past legal expenses for proceedings that sought preapproval for construction, especially if the projects were denied by the Commission. Further, she stated that the purpose of pre-approval filings is to reduce the risk to shareholders that an investment will be disallowed, and consequently, the costs of these filings should be borne by the shareholders. Regarding the engineering costs in Cause No. 45389, Ms. Stull further testified that recovery of these costs is not reasonable because the Commission’s denial of the projects resulted in no “used and useful” asset from these expenditures. Additionally, she stated that the Commission did not direct CUII to incur these costs.

C. LOFS’s Evidence. Messrs. VerDouw and Holden testified that Community’s engineering costs incurred in connection with Cause No. 45389 should be disallowed because the projects were not approved. In addition, Mr. VerDouw testified that the Commission should scrutinize the legal costs incurred by Community in both Cause Nos. 45389 and 45342 and only allow recovery of appropriate costs.

D. Petitioner’s Rebuttal. On rebuttal, Mr. Dickson stated that CUII has updated its costs to now include \$367,089 in costs are associated with engineering for the CSIP and \$1,232,722 in association with the WWTP. He testified that CUII maintains that it should be permitted to recover these expenses in the amounts of \$831,025 in Phase I, and \$1,612,595 in Phase II.

Mr. Lubertozi opined on rebuttal that, while it was CUII’s decision to present the rejected CSIP and WWTP projects in a preapproval case, the 44724 Order *required* that the projects be proposed to the Commission in some type of proceeding for its approval, accompanied by engineering studies and competitive bids.

In response to the Presiding Officers' June 23, 2022 docket entry, CUII provided detailed legal invoices related to the fees incurred in both preapproval cases.

E. Commission Discussion and Findings.

i. **Cause No. 45342.** Mr. Lubertozi provided updated testimony in this case on April 27, 2022 and a corrected workpaper k on April 29, 2022 in which he stated that the amount of legal expenses sought for recovery from Cause No. 45342, CUII's water preapproval case, was \$176,144. Mr. Lubertozi's workpaper k does not provide any information on how this number was calculated.

On June 23, 2022, the Presiding Officers issued a docket entry requesting, among other things, legal invoices from Cause Nos. 45342 and 45389. *See* June 23, 2022 Docket Entry at 6, Request No. 19 ("Please provide itemized invoices supporting CUII's request to recover legal fees for Cause Nos. 45389 and 45342."). In response to this request, CUII provided a disorganized, possibly incomplete (see gaps in invoice dates below), heavily redacted selection of invoices (including several duplicates) from Barnes & Thornburg LLP ("B&T") and Ice Miller LLP ("Ice") that do not appear to match the dollar amount requested by Mr. Lubertozi. The invoices provided are summarized in the chart below (excluding duplicates):

Invoice Date	Page Numbers (Part 1 of 2 Docket Entry Response)	Case	Amount	Firm
2/28/2020	209-211	45342	\$7,244.00	B&T
3/31/2020	251-254	45342	\$17,960.90	B&T
6/30/2020	192-196	45342	\$23,425.00	B&T
7/31/2020	73-83	45342	\$45,429.50	B&T
7/31/2020	153-156	45342	\$14,445.00	Ice
8/31/2020	107-113	45342	\$32,827.00	B&T
9/30/2020	214-216	45342	\$1,194.00	Ice
9/30/2020	258-262	45342	\$10,234.50	B&T
10/30/2020	203-205	45342	\$124.50	B&T
12/31/2020	183-184	45342	\$2,213.50	B&T
		TOTAL	\$155,097.90	

In addition to the dollar amount discrepancy, the invoices themselves leave much to be desired. The B&T invoices are so heavily redacted that, in many places, it is unclear what work was being performed. *See, e.g.,* June 27, 2022 Response to Docket Entry, Part 1 of 2, at 211 (January 27, 2020 attorney time entries including 2.2 hours for "[r]eviewed [REDACTED] in preparation for call regarding [REDACTED]" and 5.2 hours for "[REDACTED] prepared for and participated in call with CUII to discuss [REDACTED]"). CUII never filed a motion seeking confidential treatment of the redacted information, nor did it provide unredacted invoices to the Commission.

Many of the individual diary entries are extremely vague, and attorneys have regularly utilized block billing, making it impossible to tell how much time was spent on specific tasks. *See, e.g., id.* at 79 (June 2, 2020 attorney time entries of 5.2 hours for “[a]t work throughout day reviewing and revising rebuttal testimony. Participated in multiple conference calls with CUII to discuss [REDACTED]” and 2.1 hours for “[r]ebuttal calls.”) In many cases the work of the attorneys appears to have been duplicative. *See, e.g., id.* (similar time entries from three separate attorneys for 2.7, 3.7, and 1.1 hours on June 1, 2020 related to rebuttal testimony revisions).

It is also unclear why Ice was involved in Cause No. 45342 when no Ice attorneys appeared in that case and three attorneys from B&T were already working on the case.

CUII bears the burden of demonstrating the reasonableness of expenses it has incurred. If we find that the evidence does not support a finding that the expenses were reasonably incurred, we are not required to allow the utility to recover them in rates.

Thus, we find that the evidence provided by CUII to support its request to recover \$176,144 in legal expenses for Cause No. 45342 fails to persuade us the legal expenses were reasonably incurred, and we thus deny CUII’s request to include in rate base its expenses from Cause No. 45342.

ii. Cause No. 45389. We also disagree with CUII and Mr. Lubertoizzi that the WWTP and CSIP proposed in that case were somehow “required” by the 44724 Order, in which we ordered CUII to “develop a comprehensive I&I program to decrease wastewater backups in homes and manhole overflows and to eliminate water inflow and ground water infiltration into Petitioner’s wastewater collection system.” 44724 Order at 76.

In our Order on Reconsideration in Cause No. 45389, we stated:

We did not find, as suggested by CUII, that CUII has done *nothing* to address I&I. Rather, we found that CUII has not addressed its problems with I&I to the point where preapproval of its multi-million-dollar proposals was justified under Ind. Code § 8-1-2-23.

The OUCC and LOFS provided credible evidence in this Cause that suggested ways that CUII could further reduce or eliminate the need for the Proposed Improvements, and we found that evidence to be persuasive. In addition, we found that there was no evidence that CUII cannot provide reasonable and adequate service at this time. For these reasons, we denied CUII’s request for preapproval. CUII’s arguments on reconsideration do not provide any reason for us to change this result. CUII has not satisfied the requirements of Ind. Code § 8-1-2-23 by showing that “an expenditure of any amount is reasonably necessary to assure reasonable and adequate service.” *American Suburban Utilities, Inc.*, Cause No. 41254, at 14 (April 14, 1999).

CUII, Cause No. 45389, at 1-2 (July 14, 2021) (emphasis in original).

The 44724 Order further clarifies:

In the SIP, Petitioner shall provide detailed plans to measurably improve performance in the Three Key Aspects through use of two primary components: a comprehensive inflow and infiltration (“I&I”) program and a multi-faceted program to decrease incidences of discolored water, as described below.

44724 Order at 76. The \$1,100,289 in improvements proposed and subsequently engineered under CUII’s direction and of which CUII sought preapproval in Cause No. 45389 are not directly related to any attempt to implement a comprehensive I&I program or to decrease indices of discolored water. Those costs were incurred with the intent of replacing CUII’s aged WWTP and increasing treatment capacity without first making a substantive attempt to quantify and eliminate I&I as directed in the 44724 Order, resulting in a WWTP that may be substantially overbuilt and not used and useful.

Nothing in the 44724 Order can be reasonably construed as a specific request that CUII undertake the WWTP improvements and CSIP proposed in Cause No. 45389. For example, the 44724 Order never mentions increasing the size of the WWTP, upgrading lift stations, or installing new force mains. The 44724 Order instructed CUII to implement a comprehensive program to significantly reduce its I&I, which could potentially reduce or eliminate the need for increased capacity at the WWTP. Therefore, we conclude that the \$1,100,289 in engineering was not prudently incurred as the sizing requirements of needed WWTP improvements (if any are, in fact, needed) are *still* unknown due to CUII’s continued failure to work toward the abatement of I&I. Thus, we deny CUII’s request to recover its engineering expenses from Cause No. 45389.

In addition, CUII’s legal invoices related to Cause No. 45389 submitted in response to the Presiding Officers’ docket entry suffer from the same defects as those submitted for Cause No. 45342: vague, redacted diary entries; duplicate invoices; invoices not organized in any logical way, such as chronologically; and seemingly duplicative work among attorneys on the same tasks. Also like CUII’s request to recover legal expenses from Cause No. 45342, the number Mr. Lubertozzi cites as the total amount requested to be recovered from Cause No. 45389 in his workpaper k, \$258,319, does not match the Commission’s calculated total of what appear to be invoices related to Cause No. 45389 submitted in response to the docket entry, \$255,287.58.¹⁰

For these reasons, we find that CUII has not presented persuasive evidence that its expenses in Cause No. 45389 were reasonably incurred and deny its request to include in rate base its legal and engineering expenses from Cause No. 45389.

¹⁰ Parsing which expenses related to Cause No. 45389 was even more complicated than in Cause No. 45342, as B&T seemed to have utilized two separate matter numbers associated with the projects for which preapproval was sought in that case, one for the collection system project and one for the wastewater treatment plant project. B&T also submitted invoices that included bills for other CUII matter numbers apparently unrelated to either preapproval case.

14. Rate Case Expense.

A. Petitioner's Case-in-Chief. Mr. Kilbane testified that Petitioner's total forecasted rate case expense for this proceeding was \$353,213, including 1) \$300,000 in legal expenses; 2) \$32,500 in MSFR preparation support; 3) \$10,000 in ROE analysis support; 4) \$6,459 for travel expenses; and 5) \$4,254 for customer notifications. Mr. Kilbane explained the MSFR preparation support costs are based on Petitioner's agreement with ScottMadden consultants. stated the ROE analysis support represents the costs incurred before Petitioner and the OUCC entered into a settlement agreement as to an appropriate ROE. Mr. Kilbane explained travel costs were based on the expected transportation cost and hotel cost of each witness expected to attend the evidentiary hearing and assumed a two-day hearing. Mr. Kilbane stated notice costs were based on current postage rates and Petitioner used the same paper stock cost as was used in Petitioner's last rate case. Mr. Kilbane stated Petitioner is proposing an amortization period of three years because Petitioner expects that period to be in line with the timing of rate case filings in future years. He explained this case is being filed approximately four years after the Order was issued in Petitioner's last rate case because of the requested pre-approval cases filed and because Petitioner did not want to file a rate case during the COVID-19 pandemic. Mr. Kilbane testified Petitioner anticipates filing rate cases on a much more regular schedule. Community proposes annual rate case amortization expense of \$117,738, with \$70,944 allocated to water operations and \$46,794 allocated to wastewater operations.

B. OUCC's Evidence. Ms. Stull recommended \$318,807 in rate case costs to be amortized over five years, resulting in annual rate case expense of \$63,761. Of this amount, \$38,420 is charged to water operations and \$25,341 is charged to wastewater operations. Ms. Stull accepted Community's estimated legal fees (\$300,000), customer notice expense (\$4,254), cost of equity consultant (\$10,000), and other miscellaneous costs (\$1,000). She testified, however, that she disagreed with Community's estimated travel costs and with the outside consultant fees related to preparing the filings made in accordance with the MSFRs by ScottMadden consultants. Specifically, Ms. Stull recommended travel costs be reduced from \$6,459 to \$4,553, to reflect one less internal witness in Community's case-in-chief (due to the adoption of Mr. Guttormsen's testimony by Mr. Dickson) and that, since the ROE has been settled among the parties, an outside ROE witness will not need to travel to the hearings. Additionally, Ms. Stull recommended elimination of the outside consultant MSFR costs because the alleged work performed on the MSFR workpapers was not necessary or prudent, especially considering how deficient these workpapers were.

Regarding the appropriate amortization period, Ms. Stull noted Petitioner's last rate case was filed in December 2015 and the current case was filed six years later in December 2021. She recommended a five-year amortization period as a better estimate of the life of the rates being set in this case, rather than the three-year period proposed by Community. Ms. Stull explained that using an amortization period that is too short can lead to over-collection of rate case costs and imposes an unfair burden on ratepayers. She noted that in Cause No. 44724, rate case costs were amortized over only four years, allowing Community to recover over \$200,000 of rate case costs that were not approved. Ms. Stull explained that her recommendation of a five-year amortization period would minimize any over-recovery of these costs while also allowing Community to recover its costs in a reasonable period of time.

C. **Petitioner's Rebuttal.** Mr. Kilbane provided an updated estimate of Community's rate case expense, increasing its proposed rate case costs by \$47,067 from \$353,213 to \$400,280, reflecting the cost of additional rebuttal witnesses added to this case. Mr. Kilbane explained the increase in estimated rate case costs was due to (1) the hearing is now scheduled for two separate dates, which will require two trips to Indianapolis for some witnesses, and (2) Community engaged the engineering firm of Baxter and Woodman to provide rebuttal testimony on several wastewater issues. Mr. Kilbane agreed with Ms. Stull's recommended reductions to travel costs but asserted that the non-sequential hearing dates will increase travel costs. He stated the updated travel cost estimate is \$6,159, less than the initial estimate of \$6,459. Mr. Kilbane disagreed with Ms. Stull's recommendation regarding the exclusion of consultant fees for MSFR workpaper preparation and opined these costs are reasonable and prudent and should be recoverable. Mr. Kilbane further explained that Community needed to bring in three additional witnesses from Baxter and Woodman (\$50,000) to respond to Mr. Parks's testimony. Finally, Mr. Kilbane disagreed with Ms. Stull's recommended five-year amortization period for rate case costs and reiterated the reasons for Community's proposed three-year amortization period.

D. **Commission Discussion and Findings.** After considering the evidence of record, the Commission finds that the un-itemized \$50,000 "consulting expense" added by CUII on rebuttal should be disallowed. In addition, we find that the \$32,500 for expenses related to the MSFRs should also be disallowed. Regardless of whether the expenses were incurred in drafting CUII's deficient initial MSFR submission or its heavily amended second pass at the MSFRs, we are not convinced that such expenses were necessary when CUII's staff should have been able to compile this information without such heavy involvement from an outside consultant.

In sum, we approve \$318,807 in rate case costs to be amortized over five years, resulting in annual rate case expense of \$63,761. Of this amount, \$38,420 is charged to water operations and \$25,341 is charged to wastewater operations, which we find to be reasonable given CUII's history of rate case filings.¹¹

15. **Regulatory Expense.**

A. **Petitioner's Case-in-Chief.** Mr. Dickson presented evidence that CUII forecasted the cost of filing two annual water trackers per year at \$5,000 per filing (\$10,000 per year); the cost of one distribution system improvement charge ("DSIC") case per year at \$10,000; and the cost of filing one sewer system improvement charge ("SSIC") case per year at \$10,000, for a total of \$30,000 regulatory expense adjustment requested by CUII per year for Commission filings.

B. **OUCC's Evidence.** Ms. Stull did not accept Community's assumptions regarding either the frequency with which Community estimates it will file these cases or the costs Community projects. Ms. Stull recommended no regulatory expense be included in *pro forma* general operating expenses. Regarding capital trackers, Ms. Stull stated Community provided no evidence to support its proposal, as it provided no support for how it projected the frequency or

¹¹ CUII's last base rate case, Cause No. 44764, was filed in December 2015, approximately six years before CUII's initial filing in this Cause.

cost of these filings. She noted that Community has filed no DSIC or other capital tracker filings since Cause No. 44724.

Regarding water tracker filings, Ms. Stull stated that a review of prior water tracker filings submitted by Community reveals that it files its own water trackers with the Commission rather than using a consultant or law firm to file on its behalf. Ms. Stull explained there are no additional costs to be recovered when a water tracker filing is submitted as all the costs of internal labor that would be needed to prepare these filings is already being recovered in this rate case through operating expenses or through capitalized labor included in rate base. Ms. Stull noted that Community has only filed one water tracker since its last rate order was issued in 2017, not two trackers per year as Petitioner has projected for purposes of this revenue requirement. Ms. Stull considered it unlikely Community would experience more than one rate increase per year from its wholesale water provider, Indiana American Water Inc. (“IAWC”). She explained that IAWC cannot submit more than one DSIC in any given year.

C. Petitioner’s Rebuttal. Mr. Dickson asserted on rebuttal that Community has historically experienced frequent changes in rates from Indiana American. He stated that Community experienced a change on March 14, 2018, May 10, 2018, July 4, 2018, April 12, 2019, and July 1, 2019 (30-day filing #50324), which equates to an average of 2.5 rate changes per year, for each of which Community is expected to file a water tracker within 30 days. Mr. Dickson asserted Community’s forecast of two water tracker filings per year is conservative and reasonable, given the historical frequency of rate changes that it has experienced.

Mr. Dickson also testified that, while Community files its own water trackers, it still requires the use of a minimal amount of outside legal counsel assistance. He stated that this assistance helps Community achieve accurate and efficient filings. He concluded that \$2,500 in expense to consult with CUII’s legal team to ensure accurate and efficient filings is reasonable.

Mr. Dickson noted that Community has agreed not to file a purchased water tracker to track costs already included in its purchase water expense but should not be impeded from filing the necessary water trackers to recover purchased water costs not reflected in this case. He pointed out that Ms. Stull’s denial of regulatory costs associated with such filings stands in contradiction to her argument surrounding cost escalation factors in Community’s purchased water cost: either Community should escalate its purchased water costs, as it did in its direct filing, or a regulatory expense forecast for assistance with water tracker filings should be acceptable. Mr. Dickson asserts that regulatory expense for water trackers must be included for the rate changes Community will experience.

While Ms. Stull further disputes Community’s forecast of one DSIC and one SSIC filing per year, citing the lack of such filings since Community’s last rate case (Cause No. 44724), Mr. Dickson testified that Community has specific SCIP (sewer capital improvement project) and watermain replacement projects scheduled for each year, which have been alluded to throughout testimony. These projects generally involve activity recoverable through these DSIC and SSIC mechanisms, and Mr. Dickson stated that Community intends to seek recovery of those projects through these mechanisms to reduce the frequency for full rate cases and their associated rate case expense. He stated that should CUII’s request for recovery of the reasonable \$10,000 per DSIC or SSIC filing be denied, it will only serve to expedite the frequency at which Community must file

rate cases, which are an order of magnitude larger than Community's forecasted regulatory costs for these mechanisms. Finally, Mr. Dickson testified that Community's estimation of costs related to these filings has been provided by its legal counsel, whose experience with such filings has driven its estimation. Community maintains that the annual expense related to two water tracker filings, one DSIC filing, and one SSIC filing is reflective of its best forecast of the frequency of filing for these mechanisms, the costs associated with each, and provides the best cost savings available to Community (and ultimately, Community customers).

D. Commission Discussion and Findings. As the OUCC noted, Petitioner has filed only one water tracker since its last rate order was issued in January of 2018. CUII has never filed a DSIC, SSIC, and two water trackers all within the same year for multiple years, as is contemplated by CUII's testimony on this matter. The Commission finds that CUII's inclusion of cost estimates for these filings are not reasonable. Thus, after considering the evidence of record, we do not approve the regulatory expense adjustments.

16. Depreciation Expense.

A. Petitioner's Case-in-Chief. Mr. Guttormsen testified concerning forecasted depreciation expense. Mr. Guttormsen stated Community is proposing to use the composite depreciation rates of 2% for water plant and 2.5% for sewer plant, the Commission's composite rates for water and wastewater utilities in Indiana. Mr. Guttormsen testified that depreciation and amortization expense were determined by multiplying the composite depreciation rates by forecasted gross plant in service. He noted that forecasted projects, general capital spending, and capitalized time are all included in the calculation of annualized depreciation and amortization. He stated that increases in depreciation expense from Cause No. 44724 to the base year and the forecasted test year are a direct result of actual and planned capital infrastructure necessary to continue to provide safe and reliable water and wastewater service to Indiana customers. Mr. Guttormsen testified that adjustments were made to reflect Community's restatement of the plant balances for computers and vehicles (i.e., short-lived assets that are in service but have no book value), producing a level of accumulated depreciation that matches that allowed by these composite rates. He explained these short-lived assets are held on an affiliate's books and depreciated over approximately eight years and five years for computers and vehicles, respectively. He added that the Commission's authorized composite depreciation rates depreciate all assets over 50 years for water divisions and 40 years for wastewater divisions for ratemaking purposes, and Community cannot adjust the depreciation rates for assets which are not held on its books. Accordingly, Mr. Guttormsen recommended that Community again be allowed to reestablish plant values for these short-lived assets as was approved in Cause No. 44724.

To that end, Community proposed an \$81,319 increase to base period depreciation expense of \$320,676, resulting in *pro forma* Phase I depreciation expense of \$948,347. Phase I depreciation expense of \$401,995 is charged to water operations, and \$546,352 is charged to wastewater operations. Community proposed a \$320,642 increase to Phase I depreciation expense, resulting in *pro forma* Phase II depreciation expense of \$1,268,989. Phase II depreciation expense is charged \$639,251 to water operations and \$629,738 to wastewater operations.

B. OUCC's Evidence. Ms. Stull accepted Community's methodology for calculating its depreciation expense; however, the OUCC eliminated land and land rights from the

calculation of depreciation expense. Ms. Stull applied this methodology to the OUCC's recommended utility plant in service for water and wastewater operations. Ms. Stull recommended *pro forma* depreciation expense of \$908,165 in Phase I, charged \$387,421 to water operations and \$520,744 to wastewater operations. Ms. Stull recommended *pro forma* depreciation expense of \$933,914 in Phase II, charged \$410,485 to water operations and \$523,429 to wastewater operations.

C. Petitioner's Rebuttal. Mr. Dickson testified Community updated its plant in service in its rebuttal position and accordingly its depreciation expense calculation. Mr. Dickson also noted that Community found a reference error in its Phase II water depreciation expense, thus its direct case Phase II water depreciation was overstated. Mr. Dickson stated Community's Phase I depreciation expense is \$890,887 (\$374,366 water, \$516,521 sewer) and Phase II depreciation expense is \$1,059,571 (\$424,622 water, \$634,950 sewer).

D. Commission Discussion and Findings. We agree with the OUCC that land and land rights should be eliminated from the calculation of depreciation expense. Based on the evidence of record, we approve the following depreciation expense for Phases I and II:

Phase I	Water	Sewer
Utility Plant in Service at 9/30/22 as adjusted	\$ 18,978,751	\$ 21,297,860
Less: Land and Land Rights	(167,362)	(97,221)
Depreciable UPIS	18,811,389	21,200,639
Times: Composite Depreciation Rate	2.00%	2.50%
<i>Pro Forma</i> Depreciation Expense	\$ 376,228	\$ 530,016
Phase II	Water	Sewer
Utility Plant in Service at 9/30/22 as adjusted	\$ 19,829,101	\$ 25,409,594
Less: Land and Land Rights	(167,362)	(97,221)
Depreciable UPIS	19,661,739	25,312,373
Times: Composite Depreciation Rate	2.00%	2.50%
<i>Pro Forma</i> Depreciation Expense	\$ 393,235	\$ 632,809

Thus, we approve depreciation expense for water services of \$376,228 for Phase I and \$393,235 for Phase II and depreciation expense for wastewater services of \$530,016 for Phase I and \$632,809 for Phase II.

17. Payroll Tax Expense.

A. Petitioner's Case-in-Chief. Mr. Dickson testified Community forecasts a material change in its salary and wage expense resulting in elevated payroll tax expense going from the base period to the linking period. Community applied a 7.65% payroll tax rate to its total *pro forma* salaries and wages expense. This tax rate includes 6.2% for FICA and 1.45% for Medicare. In total, Community proposes a \$44,880 increase to base period payroll tax expense of

\$59,113, resulting in *pro forma* payroll tax expense of \$103,992. Of this amount, \$62,661 is charged to water operations and \$41,331 is charged to wastewater operations.

B. OUCC's Evidence. Ms. Stull accepted Community's methodology for calculating *pro forma* payroll tax expense. However, Ms. Stull's recommended payroll tax expense differs because her recommended salaries and wage expense differs from that proposed by Community. Ms. Stull recommended an \$18,527 increase to base period payroll tax expense, resulting in *pro forma* expense of \$77,640. Of this amount, \$46,786 is charged to water operations and \$30,854 is charged to wastewater operations.

C. Petitioner's Rebuttal. Mr. Dickson noted that Ms. Stull agrees with the methodology for calculating payroll taxes and explained that CUII applied this same methodology to its rebuttal level of salaries and wage expense. Mr. Dickson added the only cause for difference between the OUCC's and CUII's positions with respect to Payroll Tax Expense is their different proposed Salary and Wages expense.

D. Commission Discussion and Findings. We note that the parties agree on the methodology for calculating payroll tax expense, including the tax rates to be applied. Based on our salary and wage expense findings above, we find that \$48,195 of payroll tax expense should be included in Petitioner's revenue requirement for Phase I and \$52,966 for Phase II water utility and \$31,789 for Phase I and \$34,936 for Phase II wastewater utility.

18. Property Tax Expense.

A. Petitioner's Case-in-Chief. Mr. Dickson testified that CUII's forecasted property tax expense is based on the most recent historical property tax data, which was then adjusted to reflect projected property tax rates and forecasted plant in service. Specifically, Community calculated its effective property tax rate by dividing base year property tax expense by the September 30, 2021 balance in utility plant in service. This resulted in an effective 0.44% water property tax rate and an effective 0.23% wastewater property tax rate. As reflected in workpaper wp-o, Community proposed *pro forma* Phase I property tax expense of \$137,780, of which \$87,880 was charged to water operations and \$49,900 was charged to wastewater operations. For Phase II, Community proposed *pro forma* property tax expense of \$150,410, of which \$92,924 was charged to water operations and \$57,486 was charged to wastewater operations.

B. OUCC's Evidence. Ms. Stull disagreed with Community's proposed property tax expense. She testified property tax expense is based on net utility plant included in rate base and that the amount of property tax expense included in rates for each phase should be consistent with the rate base included in that phase. Ms. Stull noted that Community included property tax expense that was incorrectly based on its Phase II net utility plant in service balance and concluded the inclusion of Phase II property tax expense in Phase I rates was incorrect. Ms. Stull recommended Phase I property tax expense of \$107,223, of which \$79,332 is charged to water operations and \$27,991 is charged to wastewater operations. Ms. Stull recommended Phase II property tax expense of \$103,735, of which \$84,406 is charged to water operations and \$19,329 is charged to wastewater operations.

C. Petitioner's Rebuttal. Mr. Dickson disagreed with Ms. Stull's recommendations regarding the calculation of Phase I property tax expense and opined that Community is entitled to a fully forecasted level of taxes other than income (TOTI) for the 12 months ending September 30, 2023, in Phase I rates. Despite his disagreement on this point, Mr. Dickson based his proposed Phase II property tax expense on the balance of net utility plant in service at the end of the linking period. Mr. Dickson pointed out that Ms. Stull's workpaper indicates a decrease of \$12.5 million dollars in CUII's sewer Phase II plant in service, which appears to be a reference error, as it refers to Net Rate Base in Schedule 7S rather than Gross Utility Plant in Service, as do the rest of the OUCC's property tax calculations. With this correction, and a similar correction to the accumulated depreciation reference, the OUCC's proposed Phase II property tax expense appears to be \$112,644 (\$84,406 water, \$28,238 sewer), as compared to CUII's calculated Phase II property tax expense of \$150,725.

D. Commission Discussion and Findings. The parties appear to disagree on both the property tax rates and the methodology for calculating property tax expense. However, Petitioner's proposed property tax rates were calculated rather than based on property tax assessments. Mr. Dickson has asserted that when a utility uses a forward-looking test year, income statement costs should be based on the test year.¹² We disagree with this assertion. First, test year expenses related to rate base (i.e., depreciation expense, CIAC amortization, and property tax expense) should be synchronized with the rate base determination for that phase. Therefore, the test year expenses related to rate base (Phase I) will be based on the rate base determination as of the beginning of the forward-looking test year. Second, property taxes in Indiana are generally not payable for nearly two years after an assessment has been made. Therefore, any property taxes derived from Petitioner's rate base as of the end of its test year will not actually be due until 2025, and Petitioner would not need to begin collecting this expense from its customers until 2024, after the end of its forward-looking test year. This fact would make Petitioner's original proposal even more unreasonable.

Petitioner's forward-looking test year is the basis on which Petitioner's rates beginning with Phase II are to be based. To that end, for Phase II rates it will be unnecessary for Petitioner to *estimate* its *pro forma* property tax expense as Petitioner's forward-looking test year will have been completed and its actual test year property tax expense will have been experienced and will be known. For this reason, Petitioner's *pro forma* property tax expense in Phase II should be revised to reflect actual property tax expense incurred during the test year, and we so order.

¹² In its proposed order, Petitioner asserted that orders in other future test period cases "confirm[] that one Test Period level of operating expense should be included in both Phase I and Phase II, while rate base itself, along with accumulated depreciation and capital structure, should be updated between Phases I and II." Petitioner then referred us to *In re Duke Energy Ind., LLC*, Cause No. 45253 (June 29, 2020); *Verified Petition of Southern Indiana Gas & Elec. Co.*, Cause No. 45447 (Oct. 6, 2021); *Petition of Indiana-American Water Co.*, Cause No. 45142 (June 26, 2019); *In re N Ind. Pub. Serv. Co.*, Cause No. 44988 (Sept. 18, 2018). Petitioner included no page numbers for the listed orders which are together several hundred pages. Three of these are settled cases. None of these cases dealt squarely with the contested issue of whether a utility must be or should be permitted to collect in its Phase I rates property taxes on plant that will not be completed and in service until Phase II (i.e., the end of the test year). We see no reason to be bound by this vague assertion of precedent, and we find that property tax expense can and should be updated in synchronicity with rate base.

Based on our findings above regarding utility plant in service and using the property tax rates proposed by the OUCC, we find the following property tax expense adjustments to be reasonable.

	Water System	
	Phase I	Phase II
Utility Plant in Service	\$ 18,978,751	\$ 19,829,101
Less: Accumulated Depreciation	(1,497,759)	(1,378,982)
Net Book Value	17,480,992	18,450,119
Times: Effective Property Tax Rate	0.44%	0.44%
<i>Pro forma</i> Property Tax Expense	<u>\$ 76,916</u>	<u>\$ 81,181</u>

	Wastewater System	
	Phase I	Phase II
Utility Plant in Service	\$ 21,297,860	\$ 25,409,594
Less: Accumulated Depreciation	(8,733,358)	(8,738,007)
Net Book Value	12,564,502	16,671,587
Times: Effective Property Tax Rate	0.23%	0.23%
<i>Pro forma</i> Property Tax Expense	<u>\$ 28,898</u>	<u>\$ 38,345</u>

19. Income Tax Expense.

A. **Petitioner's Case-in-Chief.** Mr. Dickson testified that Community's tax department provided the appropriate state and federal income tax rates and the amortization of investment tax credit ("ITC"). Mr. Dickson explained the income tax expense was derived in Community's financial model for the Test Period forecast by applying statutory income tax rates to applicable taxable book income and then applying book-to-tax adjustments according to the Internal Revenue Code. Mr. Dickson stated Community's income tax expense in the test period is forecasted to be \$460,904 (Proposed Rate Consolidated Phase II). According to Attachment AD-1, Schedule B, Community proposed the following present rate income tax expenses:

	Present Rate Income Tax Expense					
	Phase I			Phase II		
	Water	WW	Total	Water	WW	Total
Federal Income Tax	\$ (157,983)	\$ (59,349)	\$ (217,332)	\$ 145,495	\$ 82,485	\$ 227,980
State Income Tax	(38,762)	(14,562)	(53,324)	35,698	20,238	55,936
Total	<u>\$ (196,745)</u>	<u>\$ (73,911)</u>	<u>\$ (270,656)</u>	<u>\$ 181,193</u>	<u>\$ 102,723</u>	<u>\$ 283,916</u>

Pet. Ex. No. 4 at 42; Attachment AD-1 and AD-3 and Workpaper wp-g.

B. OUCC's Evidence. Ms. Stull testified that, other than the differences in proposed revenue and expense items, there was no difference between her calculation of federal and state income taxes and Community's calculations. Ms. Stull recommended the following present rate income tax expenses:

Present Rate Income Tax Expense						
Phase I			Phase II			
	Water	WW	Total	Water	WW	Total
Income Taxes - Federal	(57,368)	34,500	(22,868)	149,838	34,214	184,052
Income Taxes - State	(14,076)	8,465	(5,611)	36,764	8,395	45,159
Total	(71,444)	42,965	(28,479)	186,602	42,609	229,211

Ms. Stull explained that excess ADIT refers to the excess accumulated deferred income taxes ("ADIT") that resulted from the reduction of the federal income tax rate to 21% because of the Tax Cuts and Jobs Act of 2017. She stated the Commission found Community's excess protected ADIT on December 31, 2017 to be \$723,570 after tax gross-up. In Cause No. 45032 S20, the Commission found the appropriate amortization period for Community's protected excess ADIT was 30 years based on the remaining life of its utility assets as of December 31, 2017. The Commission ordered Community to reduce its rates to reflect \$24,119 (\$723,570 / 30 years) of excess ADIT amortization. While Community did not include this excess ADIT amortization in its case-in-chief, Ms. Stull stated she included it in her operating expenses.

C. Petitioner's Rebuttal. Mr. Dickson testified that Community has updated its income tax calculations using the same methodology, accepted by Ms. Stull, to reflect Community's rebuttal revenue and expense items. There are otherwise no changes to its calculation of income taxes. Mr. Dickson also testified he agreed with Ms. Stull's inclusion of excess ADIT amortization (-\$24,119; \$14,734 water, \$9,385 sewer).

D. Commission Discussion and Findings. We note that the parties agree regarding the treatment of excess ADIT amortization and have included in the determination of their *pro forma* operating expenses. While there are differences in the parties' calculations of income taxes, those differences stem from differences in rate base and overall expense levels, rather than differences in methodology or tax rates. Accordingly, we find that Petitioner's present rate income tax expense is as follows:

Present Rate Income Tax Expense						
Phase I			Phase II			
	Water	WW	Total	Water	WW	Total
Income Taxes - Federal	(57,801)	28,721	(29,080)	150,810	46,460	197,270
Income Taxes - State	(14,182)	7,047	(7,135)	37,002	11,399	48,401
Total	(71,983)	35,768	(36,215)	187,812	57,859	245,671

20. Water Utility's Net Operating Income under Present Rates. Based on the evidence and the determinations made above, the Commission finds Petitioner's water utility adjusted forecasted operating results under present rates are as follows:

	Phase I	Phase II
Operating Revenues	\$ 2,535,301	\$ 3,744,267
O&M Expense	1,006,383	1,072,352
General Expenses	982,089	1,028,113
Depreciation Expense	376,228	393,235
Amortization of CIAC	(14,235)	(14,235)
Amortization of Acquisition Adjustment	(8,537)	(8,537)
Taxes Other Than Income	128,308	138,868
Income Taxes - Federal	(57,801)	150,810
Income Taxes - State	(14,182)	37,002
Amortization of Excess ADIT	(14,734)	(14,734)
Amortization of ITC	(1,127)	(1,127)
Total Operating Expenses	2,382,392	2,781,747
Net Operating Income	\$ 152,909	\$ 962,520

21. Wastewater Utility's Net Operating income under Present Rates. Based on evidence and the determinations made above, the Commission finds Petitioner's water utility adjusted forecasted operating results under present rates are as follows:

	Phase I	Phase II
Operating Revenues	\$ 2,474,003	\$ 2,833,329
O&M Expense	883,474	910,531
General Expenses	657,102	682,219
Depreciation Expense	530,016	632,809
Amortization of CIAC	(134)	(134)
Taxes Other Than Income	63,807	78,022
Income Taxes - Federal	28,721	46,460
Income Taxes - State	7,047	11,399
Amortization of Excess ADIT	(9,385)	(9,385)
Amortization of ITC	(744)	(744)
Total Operating Expenses	2,159,904	2,351,177
Net Operating Income	\$ 314,099	\$ 482,152

22. Authorized Rate Increase.

A. Water Utility. The Commission finds Petitioner is permitted to increase its water rates and charges for Phase I by 48.84% to produce additional operating revenue of \$1,208,966, total annual operating revenues of \$3,744,267, and net operating income of \$1,049,148, and increase Phase II by 5.86% to produce additional operating revenue of \$216,010, total annual operating revenues of \$3,960,277, and net operating income of \$1,122,655 as depicted below:

	Phase I	Phase II
Operating Revenues	\$ 3,744,267	\$ 3,960,277
O&M Expense	1,006,383	1,072,352
General Expenses	996,597	1,030,705
Depreciation Expenses	376,228	393,235
Amortization of CIAC	(14,235)	(14,235)
Amortization of Acquisition Adjustment	(8,537)	(8,537)
Taxes Other Than Income	129,832	139,140
Federal Income Tax	180,440	193,377
State Income Taxes	44,272	47,446
Amortization of Excess ADIT	(14,734)	(14,734)
Amortization of ITC	(1,127)	(1,127)
Total Operating Expenses	2,695,119	2,837,622
Net Operating Income	\$ 1,049,148	\$ 1,122,655

The determinations in the preceding table reflect the effect of additional revenue on federal and state income taxes, Bad Debt Expense, and the IURC Fee.

B. Wastewater Utility. The Commission finds Petitioner is permitted to increase its wastewater rates and charges for Phase I by 14.87% to produce additional operating revenue of \$359,326, total annual operating revenues of \$2,833,329, and net operating income of \$580,478; and increase Phase II by 19.37% to produce additional operating revenue of \$537,561, total annual operating revenues of \$3,370,890, and net operating income of \$880,660 as depicted below.

	Phase I	Phase II
Operating Revenues	\$ 2,833,329	\$ 3,370,890
O&M Expense	883,474	910,531
General Expenses	661,414	688,670
Depreciation Expenses	530,016	632,809
Amortization of CIAC	(134)	(134)
Taxes Other Than Income	64,260	78,700
Federal Income Tax	99,530	152,393
State Income Taxes	24,420	37,390
Amortization of Excess ADIT	(9,385)	(9,385)
Amortization of ITC	(744)	(744)
Total Operating Expenses	2,252,851	2,490,230
Net Operating Income	\$ 580,478	\$ 880,660

The determinations in the preceding table reflect the effect of additional revenue on federal and state income taxes, Bad Debt Expense, and the IURC Fee.

C. Ultimate Finding. Based on the evidence of record and giving appropriate weight to the need for Petitioner to discharge its public duties, the Commission finds that the rates authorized above, subject to the rate phase-in process described herein, are just and fair and should allow Petitioner the opportunity to earn a reasonable return on its property dedicated to providing water and wastewater utility services to the public.

23. Customer Bill Impact. A residential customer using 5,000 gallons of water monthly pays \$42.44 under CUII's current rates. After the rate increases approved in this Cause, a customer using 5,000 gallons of water per month will have a monthly bill of \$63.17 in Phase I and \$66.87 in Phase II, representing increases over the current rate of \$20.73 in Phase I and \$24.43 in Phase II.

A residential customer using 5,000 gallons of wastewater service monthly pays \$61.34 under CUII's current rates. After the rate increases approved in this Cause, a customer using 5,000 gallons of wastewater service per month will have a monthly bill of \$70.46 in Phase I and \$84.11 in Phase II, representing increases over the current rate of \$9.12 in Phase I and \$22.77 in Phase II.

24. Estimated Billing Practices.

A. LOFS's Evidence. LOFS raised the issue of estimated bill practices by CUII. Mr. Cleveland testified that the community is concerned with CUII's metering proposal and its estimated billing practices. He testified that CUII has not received Commission approval for its estimated billing procedures as required by 170 IAC 6-1-13(C), nor has CUII established good cause exists for estimating bills. Mr. Cleveland testified that even if good cause existed, there exists one case in which a residential customer's estimated bill was \$425.65 in a single month during a period when she and her husband were out of town. Mr. Cleveland testified that he does not believe CUII is handling estimated billing on a fair and reasonable basis and recommended the Commission order CUII to cease issuing estimated bills until it receives approval from the Commission of its estimated billing practices.

B. Petitioner's Rebuttal. Mr. Lubertozi testified that the Commission's rules allow the use of estimated bills for good cause. He testified that over the past two years, during the COVID-19 pandemic, CUII has made use of estimated billing to protect the health and safety of both employees and customers. Mr. Lubertozi testified that estimating bills rather than exposing employees/customers to COVID-19 during a global pandemic constitutes good cause. On redirect examination, Mr. Lubertozi explained that approximately 90% of its meters are located inside customers' homes; this made following up with meter non-reads problematic from a health and safety perspective for CUII customers and employees during the worst of the COVID-19 pandemic. Regarding the \$425.65 bill, Mr. Lubertozi testified that particular customer's bill was estimated for nine months due to COVID-19 and the fact that her meter was no longer sending read information. He testified that in April 2021, her meter was exchanged and a true-up bill of \$425.65 was sent, which was the difference between the actual read and the estimated read for nine months.

C. Commission Discussion and Findings. Estimated bills are permitted under 170 IAC 6-1-13(C), which reads:

A water utility may estimate the bill of any customer pursuant to a billing procedure approved by the Commission or for other good cause, including, but not limited to: request of customer; inclement weather; labor or union disputes; inaccessibility of a customer's meter if the utility has made a reasonable attempt to read it; and other circumstances beyond the control of the utility, its agents and employees.

A water utility is not required to seek Commission approval prior to estimating the bill of a customer if there exists good cause. While the COVID-19 pandemic constituted good cause in this case for some estimated bills, this resulted in the one particularly egregious true-up bill of \$425.65 after nine months of estimated bills. Based on the evidence of record, CUII did not offer options to the customer impacted, which we note as poor customer service. We believe further analysis of CUII's estimated billing practices is warranted under the circumstances. As noted above, we have required CUII to submit its estimated billing procedures for review under the Commission's 30-day filing process within 90 days of this order

25. Cost of Service Study.

A. Petitioner's Case-in-Chief. Mr. Dickson testified that CUII did not prepare a cost-of-service study for this case. He stated that the cost-of-service study presented in its last rate case (Cause No. 44724) was still relevant and added that Petitioner has relied on the same rate design foundation to produce its rate design in this case. He testified that the only divergence from Petitioner's existing rate design is the introduction of a low-income rate, which CUII has proposed to be a residential-only rate and has designed it accordingly. He noted that this change is neutral in relation to the definition of class revenue requirements; to maintain that neutrality on a class cost of service basis, a separation of Petitioner's residential and commercial classes is included in CUII's proposed design in this case (for both water and wastewater).

B. LOFS's Evidence. LOFS took issue with the application of CUII's proposed rate increase in this Cause via an across-the-board percentage increase. LOFS witness VerDouw testified that CUII's cost-of-service study is almost six and a half years old and would be considered stale. He stated that CUII is requesting increases in water and wastewater rates that are driven in large increases in both capital spend and in operating expenses that would most likely change the outcome of any cost-of-service study done prior to those large increases in capital and expenses. He testified that the proper way to determine a rate design for CUII's current case and recommended rate increase would be to provide an updated cost-of-service study to spread any proposed or actual rate increase across rate classes based on current asset and expense information.

C. Petitioner's Rebuttal. In rebuttal, Mr. Dickson testified that, given Petitioner's size, it is reasonable to balance the cost of a new cost-of-service study against the benefits, particularly when Petitioner is proposing an across-the-board rate increase, as it is here. He noted that other small utilities follow a similar practice, and that the Commission's rules permit such. *See, e.g., Gibson Water Authority*, Cause No. 45535 (Nov. 17, 2021); *Community Natural Gas Co., Inc.*, Cause No. 45214 (Dec. 18, 2019); *Citizens Wastewater of Westfield, LLC*, Cause No. 44835 (May 31, 2017); *see also* 170 IAC 1-5-15(d).

D. Commission Discussion and Findings. After reviewing the evidence of record, we agree with CUII that a new cost-of-service study is not needed in this case. While CUII has proposed large capital expenditures in this Cause, there is no evidence indicating that CUII has experienced any relevant changes to the distribution of customers within any customer class nor any relevant changes to use within a particular customer class. We agree that the costs of performing a new study outweigh any benefits under the circumstances present here. However, we recommend that CUII stay apprised of its customer profile to determine when a cost-of-service study may be necessary in the future.

26. Low-Income Rate and Rate Design. Mr. Dickson testified that CUII's only proposed rate design change is the addition of an opt-in low-income rate for certain residential customers.

A. Petitioner's Case-in-Chief. Mr. Dickson testified that CUII's proposed low-income rates for water and wastewater are a residential-only rates and are neutral regarding class revenue requirements. He stated that the low-income rate would be an opt-in rate for eligible residential customers with income at or below the federal poverty level. For example, in 2022, that

would mean an income of \$18,310 or less for a family of two, and \$27,750 or less for a family of four. Mr. Dickson testified that a low-income customer would receive an approximate 62% discount on the volumetric portion of their bills. The rate paid by residential customers that do not qualify for the low-income rate will increase by 5% to pay for the discount provided to low-income customers. Mr. Dickson described the application process to receive the low-income rate.

Mr. Dickson testified that CUII has limited the number of gallons that are eligible to be charged at the low-income rate to the residential class average usage to ensure that typical, but not above-average, usage benefits from this discounted rate. He stated that CUII estimates 7.8% of usage in its system will be eligible for the low-income rate. He testified that the wastewater tariff charge for general customers would be \$4.565 (per 1,000 gallons), and the water tariff charge would be \$4.675 (per 1,000 gallons).

B. OUCC's Evidence. Mr. Bell testified that the OUCC is concerned with CUII's proposal to fund the low-income rate without financial contribution from CUII shareholders. He opined that, although CUII's low-income rate would make water and wastewater service more affordable to customers who apply and qualify, it does so entirely at the expense of all of CUII's other residential customers who either do not qualify for the low-income rate or who qualify but choose not to enroll in the low-income program. He argued that this contravenes the policies described in Ind. Code § 8-1-2-0.5 of protecting the affordability of utility services for present and future generations of Indiana citizens, as non-participating residential customers will fund 100% of the low-income rate, making their water and wastewater rates *less* affordable. Mr. Bell noted that CUII, a for-profit company, is free under Ind. Code § 8-1-2-46(c) to fund a low-income program itself and/or through voluntary contributions from its customers. He opined that, just because a low-income program tariff *may* be approved under Ind. Code § 8-1-2-46, that does not mean that every such program a utility proposes is in the public interest or should be approved.

C. LOFS's Evidence. Mr. Mr. Cleveland testified that the LOFS community objects to CUII's proposed low-income rate because it further increases the rates for CUII's other customers. Mr. VerDouw testified that, with the low-income rate, the residential customers not eligible for the rate will experience an overall increase of 94.63% for water and 56.23% for wastewater. As noted in Mr. Dickson's rebuttal, without the low-income rates, CUII's proposed rate increases for water and wastewater customers are 87.59% and 51.47%, respectively.

D. Petitioner's Rebuttal. On rebuttal, Mr. Dickson argued that a typical customer's rate increase from the proposed low-income rate would be "minimal:" a rate increase of \$2.80 per month for a customer using 5,000 gallons of water per month and \$2.90 per month for a typical wastewater customer of 5,000 gallons per month.

E. Commission Discussion and Findings. In the past, the Commission has approved two settlements of rates cases that included low-income programs that were funded in part by non-voluntary contributions from other ratepayers. However, those programs differ significantly from the program CUII has proposed, both in the amount charged per customer and the amount of the utility's contribution to the program. In *CWA Authority, Inc.*, Cause No. 45151, we approved a program that was funded via a \$0.45 monthly charge per customer and a \$200,000 annual utility contribution. In *Indiana-American Water Company, Inc.*, Cause No. 45142, we approved a three-year pilot low-income program that was funded through both customer rates and

contributions from the utility. In both Cause Nos. 45151 and 45142, the low-income programs were part of a case settlement. Here, neither the OUCC nor LOFS has agreed to CUII's proposed program.

CUII proposes to have its ratepayers fund 100% of its low-income program without any utility contribution. As proposed, CUII customers will pay orders of magnitude more to fund this program than the other two low-income programs we have approved: \$2.80 (water) and \$2.90 (wastewater) per month for customers using 5,000 gallons of water or wastewater. For CUII customers who use the utility for both water and wastewater, this amounts to paying \$68.90 more per year per customer. We vehemently disagree with Mr. Dickson that this increase to a customer's rate is "minimal."

In response to Mr. Bell's suggestion that the low-income program should be funded by shareholder contributions, Mr. Dickson opined that any imposition of a requirement for CUII or its shareholders to subsidize the rates of its customers would be confiscatory; CUII is entitled to its authorized return. Clearly, it would not be confiscatory for CUII or its shareholders to voluntarily fund a portion of Petitioner's low-income program. Nor would it be for CUII's customers to voluntarily subsidize other customers through a round-up or opt-in program. Nevertheless, CUII chose to design a program that has its non-qualifying residential ratepayers fund 100% of its low-income program without any utility contribution. We are concerned that CUII's proposal unreasonably shifts the longstanding responsibility of the utility for providing just and reasonable rates to all customers onto its non-qualifying residential ratepayers.

For these reasons, after considering the evidence of record, we find that CUII's proposed low-income program is not in the public interest and is therefore denied.

27. Tariffs.

A. Reconnection Charge.

i. **Parties' Evidence.** Mr. Dickson testified that CUII has updated its water reconnection charge to \$62.62 to reflect updated costs that it incurs to perform those reconnections, including CUII's updated capitalized time rate and the most recent IRS standard mileage reimbursements.

Ms. Stull of the OUCC recommended a reconnection charge of \$55.00. She testified that she accepted the hours and mileage proposed by CUII and the methodology of the calculation, but used a capitalized overtime rate of \$40.11, which resulted in a calculation of \$56.91. Therefore, she recommended \$55.00 as a reasonable charge.

Mr. VerDouw testified for LOFS that he recommended a reconnection charge of \$63.37, an increase that reflects the 2022 updated IRS standard mileage rate (updated to \$0.585 in 2022).

On rebuttal, Mr. Dickson maintained that CUII's capitalized overtime rate was appropriate and reiterated its proposed \$62.62 reconnection charge.

ii. **Commission Discussion and Findings.** Based on the evidence of record and our salary and wage findings discussed above, we find the OUCC's calculation of the

reconnection charge reasonable and its calculation methodology appropriate. Updating the OUCC's calculation for the 2022 updated IRS mileage rate of \$0.585, we approve a reconnection charge of \$54.00.

Description		Cost per Unit	Units	Total Cost
Operator Time	(Hours)	\$ 36.00	1.00	\$ 36.00
Transportation Costs	(Miles)	\$ 0.5850	30.00	17.55
				<u>\$ 53.55</u>
Proposed Reconnection Charge				<u>\$ 54.00</u>

B. Other Tariff Changes.

i. **Petitioner's Case-in-Chief.** Mr. Dickson testified that Community proposes several changes to its tariff. To simplify its meter testing fees, Mr. Dickson explained that Community has made it such that there is only one schedule for all of Community, rather than separate schedules of meter testing fees for the various former areas within Community or for "Outside Readers." Mr. Dickson also stated that this update is intended to comply with 170 IAC 6-1-11. Mr. Dickson also explained that Community eliminated the complexity of the connection charge schedules. Instead of a separate schedule for Twin Lakes customers, all Community customers will now be able to hire a contractor to make their connection, subject to a \$50 inspection fee. Finally, Mr. Dickson explained that Community has updated its billing and payment option information to reflect the appropriate address for checks and money orders to be mailed and has updated the online payment address.

ii. **OUCC's Evidence.** Ms. Stull testified that the OUCC accepts Community's proposed tariff language changes. However, Ms. Stull recommended Community include language with its meter testing fees informing the customer that a report should be received within 10 days of the test and that the customer will have five days to file an appeal. Ms. Stull cited 170 IAC 6-1-11(d), which states "[a] written report giving the results of the test shall be made to the customers within ten (10) days after the test is complete." 170 IAC 6-1-11(c) states "[a]n appeal, in regard to the results of the customer's meter test shall be filed with the commission under section 12 of this rule within five (5) days of the date of the report."

iii. **Petitioner's Rebuttal.** Mr. Dickson agreed with the OUCC's proposed tariff language and will add the requested language to its tariff after receiving a final order in this case.

iv. **Commission Discussion and Findings.** The Commission finds the proposed tariff language to be reasonable and hereby authorizes Petitioner to so amend its tariff.

28. Phase-In of Rates. Both CUII and the OUCC proposed two-step rate phase-in proposals, and, through testimony, the parties came to a consensus about how the rate increase authorized by this Order should be implemented.

After reviewing the evidence of record, we find that CUII should implement its Phase I and Phase II rate increases, as follows. Phase I rates should be implemented upon the issuance of this Order. Phase I and Phase II rate implementations should be subject to refund based upon the following true-up process. Each component of rate base and capital structure should be updated to actual as of September 30, 2022 (for Phase I) and as of September 30, 2023 (for Phase II). These updates should compare the actual amounts approved by the Commission in this Order and should explain any variances of 5% or greater. For both Phase I and Phase II, rate base reflected in Phase I and Phase II rates shall be capped at the amounts of Phase I and Phase II rate base approved by the Commission in this Order (with the understanding that CUII is not precluded by the foregoing provision from seek recovery of any amounts over such caps in future cases).

The following procedural schedule shall be used for the Phase I and Phase II rate implementations and true-up processes:

- As of the date of this Order, CUII may implement its Phase I rates, subject to refund based upon the final outcome of CUII's Phase I rate base and capital structure compliance filings and any objections thereto.
- No later than 30 days after the date of this Order, CUII shall submit its Phase I rate compliance filing, including the following information: actuals as of September 30, 2022 for: (1) updated utility plant in service listing by asset account, clearly identifying any disallowed plant or other adjustments; (2) updated utility plant in service listing by project number; (3) detailed general ledger transaction listing supporting utility plant additions; (4) updated accumulated depreciation by asset account, clearly identifying any disallowed plant or other adjustments. All of the these supporting schedules should be provided in Excel format with formulas intact.
- Within 60 days of the date of this Order, CUII shall submit the following additional Phase I information: (1) comparisons between actual and approved rate base and capital structure components, (2) updated revenue requirement, and (3) updated tariff. CUII should also provide a certification that the Phase I plant is in service and verification that the construction costs have been incurred and paid.
- Within 30 days of the filing of the additional Phase I information, OUCC and LOFS shall file any objections to CUII's Phase I rates.
- As of October 1, 2023, CUII may implement its Phase II rates, subject to refund based upon the final outcome of CUII's Phase II rate base and capital structure compliance filings and any objections thereto.
- No later than November 30, 2023, CUII shall submit its Phase II rate compliance filing, including the following information: (1) comparisons between actual and approved rate base and capital structure components, (2) updated revenue requirement, and (3) updated tariff. CUII should also provide a certification that the Phase II plant is in service and

verification that the construction costs have been incurred and paid. With this compliance filing, CUII should also provide the following supporting documentation for actual asset additions from October 1, 2022 through September 30, 2023: (1) utility plant in service listing by asset account, clearly identifying any disallowed plant or other adjustments; (2) utility plant in service listing by project number; (3) detailed general ledger transaction listings supporting utility plant additions; and (4) accumulated depreciation by asset account, clearly identifying any disallowed plant or other adjustments. All of the supporting schedules should be provided in Excel format with formulas intact.

- Within 30 days of the Phase II compliance filing, OUCC and LOFS shall file any objections to CUII's Phase II rates.

The Commission may schedule a hearing if necessary to resolve disputed issues concerning CUII's Phase I and/or Phase II rate base and capital structure. The parties shall work together to satisfy any additional information requirements the OUCC and LOFS may have, provided they are relevant not unduly burdensome. Any customer credits due to resolution of disputed issues shall be made via bill credits, within 60 days of such resolution or within such other time as the Commission may establish.

29. Confidentiality. Petitioner filed Motions for Protection and Nondisclosure of Confidential and Proprietary Information on December 7, 2021, December 8, 2021, January 14, 2022, and May 27, 2022, which were supported by affidavits showing documents to be submitted to the Commission were trade secret information within the scope of Ind. Code §§ 5-14-3-4(a)(4), (9), and 24-2-3-2. The Presiding Officers issued docket entries on January 21, 2022, and June 8, 2022, finding such information to be preliminarily confidential, after which such information was submitted under seal. No party objected to the confidential and proprietary nature of the information submitted under seal in this proceeding. We find the information is confidential pursuant to Ind. Code § 5-14-3-4 and Ind. Code § 24-2-3-2, is exempt from public access and disclosure by Indiana law, and shall continue to be held confidential and protected from public access and disclosure by the Commission.

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. Petitioner is authorized to place into effect rates and charges for water utility service rendered by it in the territories served by it in the State of Indiana in accordance with this Order, including a Phase I annual increase to its rates and charges of \$1,203,989 which represents an increase in operating revenues of 48.64%. Said rates will produce total annual operating revenues of \$3,739,290 and, on the basis of annual operating expenses of \$2,693,252, will result in annual utility operating income \$1,046,038 and a Phase II annual increase to its rates and charges of \$215,480 which represents an increase in operating revenues of 5.86%. Said rates will produce total annual operating revenues of \$3,954,770 and, on the basis of annual operating expenses of \$2,838,235, will result in annual utility operating income \$1,116,535. Petitioner is authorized to file with the Commission a new schedule of rates and charges which will properly reflect, establish, and provide the operating revenues herein authorized. Said schedule of rates and charges should be in accordance with this Order.

2. Petitioner is authorized to place into effect rates and charges for wastewater utility service rendered by it in the territories served by it in the State of Indiana in accordance with this Order, including a Phase I annual increase to its rates and charges of \$1,203,989 which represents an increase in operating revenues of 12.29%. Said rates will produce total annual operating revenues of \$2,770,896 and, on the basis of annual operating expenses of \$2,227,469, will result in annual utility operating income \$543,427 and a Phase II annual increase to its rates and charges of \$600,552 which represents an increase in operating revenues of 22.14%. Said rates will produce total annual operating revenues of \$3,371,778 and, on the basis of annual operating expenses of \$2,489,841, will result in annual utility operating income \$881,607 Petitioner is authorized to file with the Commission a new schedule of rates and charges which will properly reflect, establish, and provide the operating revenues herein authorized. Said schedule of rates and charges should be in accordance with this Order

3. Petitioner's request to implement a low-income rate is denied.

4. Within 90 days of the date of this Order, CUII shall submit its estimated billing procedures for Commission review under the 30-day filing process.

5. Within nine months of the date of this Order, CUII shall file a compliance report identifying the system baseline (dry weather) infiltration rate and I&I rates for three design storm recurrence intervals of progressing severity as appropriate. The report shall describe how the reported rates were derived.

6. Petitioner shall add to its meter testing tariff language informing the customer that the customer should receive the report within ten days of the test and that the customer will have five days to file an appeal.

7. Petitioner shall implement an asset tracking plan to monitor the installation and maintenance of its water meters, providing proof of such program and the tracking of all meters installed one year from the date of this order.

8. Prior to implementing the rates authorized in this Order, Petitioner shall file the tariff and applicable rate schedules under this Cause for approval by the Commission's Water/Wastewater Division. Such rates shall be effective on or after the Order date subject to Division review and agreement with the amounts reflected.

9. The Confidential Information filed under seal in this Cause shall continue to be held by the Commission as confidential and not subject to public disclosure.

10. This Order shall be effective on and after the date of its approval.

HUSTON, FREEMAN, KREVDA, VELETA, AND ZIEGNER CONCUR:

APPROVED: FEB 01 2023

**I hereby certify that the above is a true
and correct copy of the Order as approved.**

**Dana Kosco
Secretary of the Commission**

ATTACHMENT K

Response to Data Response KN3-01

1. A.22-11-010 states that “...long-term investments required to continue providing quality water services to the local communities served by Suburban.”¹
 - a. Please define specifically what is meant by “long-term investments” in the above quoted sentence. List the long-term investments that are being referred to in this sentence.

RESPONSE:

Water service is one of the most capital-intensive industrial sectors. Suburban must make ongoing capital investments in facilities to connect new customers, access water supplies, and update its assets. To fund its capital expenditures, Suburban needs access to equity and debt capital.

“Long-term investments,” as used in the Application, refers to capital projects, such as those described in the direct testimony and exhibits of Jorge Lopez in Suburban Water Company’s recently filed general rate case, Application 23-01-001.

Brian Bahr	Steve Lubertozi
bbahr@swwc.com	steve.lubertozi@uiwater.com
512-219-2261	847-897-6510

¹ A.22-11-010 Application p. 15.

2. Brian Bahr’s direct testimony states, “Of course, there will be costs associated with integrating certain functions and activities. Customers will receive the benefits of these efforts, net of integration costs, in future rate proceedings.” (p.17)
- Please describe what “certain functions and activities” will have costs associated with them for the purposes of merger application A.22-11-010.
 - Please provide the quantifiable costs associated with integrating these certain functions and activities.
 - Please provide the quantifiable benefits associated with integrating certain functions and activities that customers will receive in future rate proceedings.
 - Please provide supporting evidence for each response in 2a through 2c above. This evidence includes but is not limited to any vendor invoices, bids, proposal, or internal communications or other documents.
 - Please describe and provide any cost benefit analysis conducted to determine customer benefits and ratepayer impact in current and future proceeding as a result of “integrating certain functions and activities.”

RESPONSE:

- Corix Infrastructure (US) Inc. (“Corix US”) and SouthWest Water Company (“SouthWest”) have begun integration planning and are utilizing PricewaterhouseCoopers Advisory Services LLC (“PwC”) in this process. There is not currently an estimated timeline developed for a completed cost-benefit analysis of integration benefits and costs. The PwC engagement is intended to produce an integration roadmap, which is expected to be complete by the end of the first quarter of 2023. It is anticipated that actual integration implementation will not begin until the Proposed Transaction closes.
- Please see response to No. 2a.
- Please see response to Nos. 2a and 4.
- Not applicable
- Please see response to No. 2a.

Brian Bahr	Steve Lubertoizzi
bbahr@swwc.com	steve.lubertoizzi@uiwater.com
512-219-2261	847-897-6510

3. Brian Bahr's direct testimony states that "the combination will create greater diversity and depth of resources."
- Provide specific examples of how the combination will create greater diversity and depth of resources.
 - Will there be any annual costs to ratepayers as the result of greater diversity and depth of resources?
 - If yes, provide a detailed list of costs to ratepayers based on the specific examples provided in 3.a in Excel format.
 - Show how the greater diversity and depth of resources will be reflected in the RO model for Suburban's current General Rate Case (A.23-01-001).
 - Please provide supporting evidence for each response in 3.a. to 3.c. This evidence includes but is not limited to any vendor invoices, bids, proposal, or internal communications or other documents.

RESPONSE:

- Examples of greater diversity and depth of resources include the sharing of prudent practices and an increase in emergency response resources. For instance, if Suburban's service area suffered a catastrophic event, such as a natural disaster, Suburban could request timely assistance from affiliate utilities located in other states, including the neighboring states of Nevada and Arizona, if the Proposed Transaction is approved and closes.
- No ongoing costs are anticipated to result specifically from the anticipated greater diversity and depth of resources.
- The RO model for Suburban's current General Rate Case (A.23-01-001) does not reflect the greater diversity and depth of resources anticipated as a result of the combination.
- Not applicable

Brian Bahr	Steve Lubertozi
bbahr@swwc.com	steve.lubertozi@uiwater.com
512-219-2261	847-897-6510

4. Brian Bahr's direct testimony states that "the combination of two boards of directors into one board and the combination of two executive leadership teams into a single team is expected to reduce costs."
- Please explain in detail which board of director and executive leadership team positions will be reduced and specific examples of how the combination of two leadership teams is expected to reduce costs.
 - What will be the annual cost reduction for Suburban ratepayers as a result of the combination of the board of directors and executive leadership teams?
 - Please provide a detailed list of costs and reductions to ratepayers based on the specific examples provided in 4.a in Excel format.
 - Please show how the reduced costs will be reflected in the RO model for Suburban's current General Rate Case (A.23-01-001).
 - Please provide supporting evidence for each response in 4.a. to 4.d. This evidence includes but is not limited to any vendor invoices, bids, proposal, or internal communications or other documents.

RESPONSE:

- The composition of SouthWest Water Company's current board may be found at www.swwc.com/board-of-directors. The composition of Corix's current board may be found at <https://www.corix.com/about-corix/board-of-directors>. The combined company will be managed by a board comprised of nine directors:
 - The combined company's CEO (i.e., Rob MacLean);
 - Four shareholder representatives; and
 - Four independent directors (one of whom will be the chair).

The composition of SouthWest's current executive leadership team may be found at www.swwc.com/leaders. The composition of Corix's current executive leadership team may be found at www.corix.com/about-corix/executive-leadership-team. The management team of the combined company will be led by Rob MacLean and will consist of the following senior executives:

- Chief Operating Officer – Richard Rich
- Chief Financial Officer – Alison Zimlich
- Chief Legal Officer – Shawn EliceGUI
- Chief Enterprise Services Officer – Jim Devine
- Chief Growth Officer – Don Sudduth
- Chief Human Resources Officer – Joanne Elliott

In California, Suburban will continue to be managed locally.

As explained in more detail in response to part b of this question, the combination of two separate management teams into one management team and two separate boards of directors into one board is expected to benefit customers.

- b. The Proposed Transaction is expected to produce financial benefits associated with increased scale. While the allocation methodology for common costs has not yet been determined for the combined company, the Applicants compared the costs associated with the Director Fees and the Senior Executive Costs of the going forward business (“Intermediate Newco”) with the sum of the costs of the separate companies to come up with a preliminary estimate of the potential financial benefits associated with reductions in costs of governance and senior executives, which amount is approximately \$3.4 million. The estimates are based on 2022 costs, and the actual Director Fees and Senior Executive Costs are not known at this time. Note that the estimates are based on 2022 standalone costs for CII and SWWC. Adjustments to Director Fees and Senior Executive Costs may be necessary to reflect that the combined company will be larger and more geographically diverse than both CII and SWWC on a standalone basis.

Senior Executive Costs – The Applicants compared the combined Senior Executive Costs (“SEC”) for both CII and SWWC to the estimated SEC for Intermediate Newco. The combined SEC from CII and SWWC includes salaries, incentive compensation, taxes, vehicle allowance, and benefits of twelve executives - six CII executives, and six SWWC executives. Adjustments were made to the CII costs to reflect allocations to the Excluded Business, as defined in the Transaction Agreement, because these SEC costs are not attributable to the Corix water, wastewater and related business. Adjustments were made to the SWWC SEC costs to reflect the impact of executives who may transition to non-executive roles with Intermediate Newco. The estimated SEC for Intermediate Newco includes salaries, incentive compensation, taxes, vehicle allowance, and benefits of seven executives - three current CII executives and four current SWWC executives. The comparison: (1) does not include any reduction to Suburban’s allocated portion of SEC due to the increased number of connections from Intermediate Newco; and (2) does not consider the impact of SEC not requested or recovered from customers.

Director Fees – The Applicants compared the combined directors’ fees for both CII and SWWC to the estimated directors’ fees for Intermediate Newco. The calculation only includes director fees and excludes travel costs or miscellaneous fees. The estimated costs for Intermediate Newco were based on SWWC’s actual directors’ fees, and only includes costs for the four paid independent Intermediate Newco directors. The comparison does not include any reduction to Suburban’s allocated portion of directors’ fees due to the increased number of connections from Intermediate Newco.

Audit Expenses – Any potential financial benefits have not yet been estimated. At a minimum, the following would need to occur before any potential financial benefits can be quantified:

- Selection of an audit firm;

- Determine which entities are to be audited;
- Receive quotes for scope of work; and
- Determine any additional work to prepare historical information to support the first post-merger audit.

The results of the comparisons are shown below, illustrating approximately \$3.4 million in potential gross savings based on 2022 costs. This analysis does not take into consideration numerous factors that might influence actual savings experienced by customers in future rate making proceedings, which include, but are not limited to, one-time and on-going costs incurred to achieve such savings, changes in employment market conditions, changes in the operations of CII and SWWC that might occur between now and closing or following closing, and macroeconomic factors that might reduce savings. Nor have the Applicants addressed historical SEC and Director Fees to reflect adjustments that might be necessary because the combined company will be larger than either of CII or SWWC on a standalone basis.

Senior Executive Costs	
Description	Expense
Corix and SouthWest Adjusted Senior Executive Costs	\$ 8,863,314
Intermediate Newco Estimated Senior Executive Costs	6,008,861
Estimated Senior Executive Consolidation Savings	\$ 2,854,453
Director Fees	
Description	Expense
Corix and SouthWest Adjusted Corix Board Fees and SWWC Board Fees	\$ 1,081,571
Intermediate Newco Estimated Board Fees	495,000
Estimated Board Consolidation Savings	\$ 586,571
Estimated Governance Consolidated Savings	\$ 3,441,024
Note: These costs are estimated and should not be used for rate setting purposes.	

- It is unknown at this time what the actual cost savings will be or how they will be allocated to Suburban's customers. Please see response to No. 4b.
- Please see response to No. 4c.
- Please see response to No. 4c.

Brian Bahr	Steve Lubertozi
bbahr@swwc.com	steve.lubertozi@uiwater.com
512-219-2261	847-897-6510

5. Brian Bahr's direct testimony states that "the combination will increase the financial resources and flexibility of combined company and its subsidiaries."²
- a. Please provide specific examples of how financial resources and flexibility will affect the quality of services Suburban provides to ratepayers.
 - b. What will be the annual cost to ratepayers as the result of the financial resources and flexibility?
 - c. Please provide a detailed list of costs to ratepayers based on the specific examples provided in 5.a in Excel format.
 - d. Please show how the additional financial resources and flexibility will be reflected in the RO model for Suburban's current General Rate Case (A.23-01-001).
 - e. Please provide supporting evidence for each response in 5.a to 5.d. This evidence includes but is not limited to any vendor invoices, bids, proposal, or internal communications or other documents.

RESPONSE:

- a. As an indirect subsidiary of Intermediate Newco, Suburban will have access to equity capital funding superior to that which it now has as a subsidiary of SouthWest. The owners of Intermediate Newco will include two complementary sets of private investors which together represent a very large funding pool committed to investing in Suburban's essential infrastructure assets.
- b. When compared to Suburban's current financial resources and flexibility, no additional annual costs are anticipated to result specifically due to the anticipated increased financial resources and flexibility.
- c. The RO model for Suburban's current General Rate Case (A.23-01-001) does not reflect any increased costs associated with the anticipated increased financial resources and flexibility.
- d. Not applicable

Brian Bahr	Steve Lubertozi
bbahr@swwc.com	steve.lubertozi@uiwater.com
512-219-2261	847-897-6510

² Brian Bahr Direct Testimony p. 16-17 Line 277-292

6. Please refer to Craig Gott's direct testimony regarding operational benefits.³

- a. Please provide specific scenario examples of how the sharing of practices and resources for operational improvement will affect the quality of services for Suburban ratepayers during day-to-day operations.
- b. Please provide a detailed list of costs to ratepayers based on the specific examples provided in 6.a in Excel format.
- c. Please list all the annual cost to ratepayers as the result of Suburban sharing resources that are mentioned in Craig Gott's direct testimony.

Resources Shared	Annual Cost
Data Security	
Methods of Addressing Complaints	
Operational Techniques	
Safety Initiatives	
Data Security Programs	
Advanced Technology	
Drawing Employee from Larger Pool	
Equipment/Tools/Inventory	

- d. Please show how the operational benefits will be reflected in the RO model for Suburban's current General Rate Case (A.23-01-001).
- e. Please provide supporting evidence for each response in 3.a through 3.d. This evidence includes but is not limited to any vendor invoices, bids, proposal, or internal communications.

RESPONSE:

- a. The sharing of prudent practices increases a company's knowledge base and enables improved decision-making through enhanced efficiency and competence. Examples of prudent practices that may be shared between companies include methods of addressing customer service complaints, compliance with environmental regulations, safety initiatives, data security programs, and operational techniques. In short, sharing of prudent practices promotes continuous improvement, which ultimately leads to benefits for customers.
A specific scenario example is how the sharing of methods of addressing customer service complaints may affect the quality of services for Suburban customers during day-to-day operations, which could result in improved customer service when a customer calls Suburban's customer service team.
- b. No annual costs are anticipated to result specifically from the sharing of prudent practices and resources.
- c. Please see response to Nos. 6.b and 2.
- d. The RO model for Suburban's current General Rate Case does not reflect any operational benefits associated with the Proposed Transaction.
- e. Not applicable

³ Craig Gott Direct Testimony p. 7-8 Line 148-189

A.22-11-010
Response to DR KN3-01
February 9, 2023

Brian Bahr	Steve Lubertozi
bbahr@swwc.com	steve.lubertozi@uiwater.com
512-219-2261	847-897-6510

A.22-11-010
Response to DR KN3-01
February 9, 2023

7. Please provide the cost benefit analysis conducted to determine customer benefits and ratepayer impact in current and future proceeding because of the above-mentioned benefits from data request 3 through 6.

RESPONSE: Please see response to No. 2.

Brian Bahr	Steve Lubertozi
bbahr@swwc.com	steve.lubertozi@uiwater.com
512-219-2261	847-897-6510

8. A.22-11-010 states that “In accordance with the Commission’s affiliate transaction rules, Suburban will obtain all required approvals with respect to any debt issuances and any affiliate transactions following the Proposed Transaction.” (p. 18)
- a. Please provide a complete list of the debt issuance and any affiliate transactions that will follow the Proposed Transaction that are known at this time.
 - b. Please explain how the debt issuance will be divided among Suburban ratepayers following the Proposed Transaction.

RESPONSE:

- a. It is unknown at this time what actual debt issuance and affiliate transactions will follow the Proposed Transaction. At this time, Suburban anticipates issuing additional debt in 2024 and, as has occurred historically, Suburban will acquire all necessary and appropriate approvals to do so.
- b. Any cost associated with debt issued by Suburban will be included in its cost of service used to determine customer rates through an appropriate rate setting proceeding before the Commission.

Brian Bahr	Steve Lubertozi
bbahr@swwc.com	steve.lubertozi@uiwater.com
512-219-2261	847-897-6510

9. Craig Gott's direct testimony states that, "Suburban also reiterates its commitments to refrain from any involuntary reductions in force related to the combination for the first 12 months after the proposed transaction closes, and to comply with the Commission's affiliate transaction rules."⁴ Brian Bahr's Testimony states, "Second, the combination of two boards of directors into one board and the combination of two executive leadership teams into a single team is expected to reduce costs."⁵
- Please explain what Suburban means by its commitments to refrain from any involuntary reductions and explain when Suburban entered the above-mentioned commitments.
 - Please provide Suburban's specific plans for staffing changes following the 12-month period, specifically from 2023-2025.
 - Please provide a list of positions that will be reduced as a result of the proposed transaction after the 12-month period.
 - How will these positions be funded during the first 12 months after the proposed transaction?
 - Please clarify whether, and if so how, Suburban's board of directors will be affected.
 - Please provide detail list of expected reduced costs.
 - Please provide supporting evidence for each response in 5a-f above. This evidence includes but is not limited to any vendor invoices, bids, proposal, or internal communications.

RESPONSE:

- Section XI of the application in the instant docket enumerates commitments the Applicants make, including the commitment that "the combined company, including Suburban, will refrain from any involuntary reduction in force related to the combination for the first 12 months after the Proposed Transaction close."
- It is unknown at this time what, if any, staffing changes Suburban will undergo related to the Proposed Transaction following the 12-month post-closing moratorium on involuntary reductions in force. Per the testimony of Craig Gott, "Suburban's customers in California will continue to be served by a team of passionate, dedicated employees and leaders with local responsibility and accountability." Please refer to Suburban's staffing plan included in its current General Rate Case Application 23-01-001 pages 3-2 through 3-6, Positions Requested and Payroll from document "Results of Operations for Test Years Ending December 31, 2024 and 2025, and Attrition Year 2026."
- See response to 9b.
- Not applicable
- It is unknown at this time whether the Proposed Transaction will result in any changes to Suburban's board of directors.
- Not applicable
- Not applicable

⁴ Brian Bahr Direct Testimony p. 9 Line 196-199

⁵ Craig Gott Direct Testimony p. 16 Line 282-284

A.22-11-010
Response to DR KN3-01
February 9, 2023

Brian Bahr	Steve Lubertozi
bbahr@swwc.com	steve.lubertozi@uiwater.com
512-219-2261	847-897-6510

/

ATTACHMENT L

Response to Data Response KN3-02

1. Referring to the response to data request KN3-01 (Corix and SouthWest Merger Application) question 4(b):

- a. Please provide data and calculations to support the expenses of the Senior Executive Costs and Director Fees table provided in response 4b. Please provide the data requested in Excel format.

RESPONSE: Please see the confidential attachments listed below.

- Confidential Information - 2-1 - Senior Executive Costs and Director Fees
- Confidential Information SWMAC Parties Only - 2-1 - SWWC Senior Executive Costs
- Confidential Information Corix Parties Only - 2-1 - Corix Senior Executive Costs

Brian Bahr	Steve Lubertozi
bbahr@swwc.com	steve.lubertozi@uiwater.com
512-219-2261	847-897-6510

2. Per the response to data request KN3-01 (Corix and SouthWest Merger Application) question 2(a) that “There is not currently an estimated timeline developed for a completed cost-benefit analysis of integration benefits and costs.”¹
 - a. Provide all incomplete and/or raw analysis that the Applicants to this proceeding used to evaluate the value of the merger.

RESPONSE: Applicants object to this request as vague and ambiguous as to what is being sought, overbroad and unduly burdensome as to the scope, and neither relevant nor reasonably calculated to the discovery of relevant, admissible evidence. Subject to, and without waiving their objections, the Applicants are providing the following confidential due diligence reports and materials used to evaluate the value of the Proposed Transaction:

Confidential Information – Corix Parties Only

1. Strategy Report (Board of Directors’ Meeting) dated June 16, 2022 (limited portions of which have been redacted to protect the attorney-client privilege, attorney work product, or other privileged material)
2. Strategy Report (Board of Directors’ Meeting) dated August 10, 2022, which includes:
 - a. Strategy Report (limited portions of which have been redacted to protect the attorney-client privilege, attorney work product, or other privileged material)
 - b. Project Victor Due Diligence Overview (Concentric Advisors) (limited portions of which have been redacted to protect the attorney-client privilege, attorney work product, or other privileged material)
 - c. Black & Veatch Technical Diligence Report
 - d. EY Financial Diligence Report Due Diligence Report
 - e. Leo Berwick Tax Diligence Report (limited portions of which have been redacted to protect the attorney-client privilege, attorney work product, or other privileged material)
 - f. Corix Due Diligence Reports
3. A legal due diligence report prepared by Skadden, Arps, Slate, Meagher & Flom LLP containing privileged information was prepared for Corix Infrastructure Inc.; however, the report has not been provided because it constitutes and/or contain attorney-client privileged information and/or attorney-work product.

Confidential Information – SWMAC Parties Only

1. CDM Smith Due Diligence Report
2. Willis Towers Watson Corix Infrastructure Property & Casualty Insurance Due Diligence Report
3. PricewaterhouseCoopers Project Victor Due Diligence Report, including HR Addendum

¹ Response to Cal Advocates data request KN3-01 (Corix and SouthWest Merger Application) Question 2b.

4. Legal due diligence reports prepared by Milbank and various other law firms were prepared for IIF Subway Investment LP; however, the reports have not been provided because they constitute and/or contain attorney-client privileged information and/or attorney-work product.
5. Project Victor SWWC Board Discussion materials dated April 29, 2022

Brian Bahr	Steve Lubertozi
bbahr@swwc.com	steve.lubertozi@uiwater.com
512-219-2261	847-897-6510

3. In the response to question 4(b), Applicants provide an approximate savings of \$3.4 million based on 2022 costs.² CII and SWWC were able to provide the Senior Executive and Director expenses for 2022.
- a. Does this \$3.4 million estimate based on 2022 costs include 2022 costs from Suburban?
 - i. If yes, explain how and in what form the Applicants obtained this data from Suburban, i.e., was the 2022 cost data unaudited or audited. Provide all 2022 cost data provided from Suburban to the applicants that the Applicants used to make this \$3.4 million estimate.
 - ii. If no, explain how CII and SWWC were able to assess the value of the merger of equals³ if 2022 data from Suburban was not available.

RESPONSE: The \$3.4 million estimate does not include 2022 costs from Suburban. The parties to the Transaction Agreement exchanged actual and forecasted financial data, which the respective parties used and relied on to evaluate the merger. Through arm’s length negotiations, the parties to the Transaction Agreement agreed on a balancing payment mechanism, which will be implemented pursuant to Article II of the Transaction Agreement, that results in 50-50 ownership of the combined business.

Brian Bahr	Steve Lubertozi
bbahr@swwc.com	steve.lubertozi@uiwater.com
512-219-2261	847-897-6510

² Response to Cal Advocates data request KN3-01 (Corix and SouthWest Merger Application) Question 4b.

³A.22-11-010 Application p. 9. “Thus, upon consummation of the Proposed Transaction: (a) CII and an affiliate or affiliates of CII will own 50% of Corix US’s stock;...CII water, wastewater and related businesses, as well as the SWMAC water and wastewater business, completing the merger of equals.”

4. In the instant proceeding, Applicants state on page 9 of A.22-11-010, “Thus, upon consumption of the Proposed Transaction...completing the merger of equals.” In Suburban’s response to Cal Advocates data request JR6-02 in its General Rate Case, Suburban states it won’t be able to provide final 2022 recorded data to Cal Advocates before June 30, 2023.⁴ Please answer the following:
- In determining whether this merger would be a “merger of equals” as stated above, did the Applicants review and rely on any 2022 financial data from Suburban? Explain what 2022 data the Applicants obtained from Suburban.
 - If the Applicants did not review any 2022 data from Suburban, how were the Applicants able to determine whether this merger would be a “merger of equals”?

RESPONSE: The parties to the Transaction Agreement exchanged actual and forecasted financial data – including the unaudited consolidated balance sheet of SouthWest Water Company and the SWWC Subsidiaries⁵ for the six-month period ending June 30, 2022 (prepared in accordance with GAAP except for footnote disclosure and normal recurring year-end adjustments), and the related statement of operations, changes in stockholder’s equity and cash flows for the same period – which the respective parties used and relied on to evaluate the merger. Through arm’s length negotiations, the parties to the Transaction Agreement agreed on a balancing payment mechanism, which will be implemented pursuant to Article II of the Transaction Agreement, that results in 50-50 ownership of the combined business.

Brian Bahr	Steve Lubertozi
bbahr@swwc.com	steve.lubertozi@uiwater.com
512-219-2261	847-897-6510

⁴ “Once the April month end close is completed, accounting begins their work on the CPUC regulatory accounts balances and its adjustments which is anticipated to be completed by June 30, 2023... Suburban anticipates being able to provide final 2022 recorded data to Cal Advocates by June 30, 2023.” Response to Data Request JR6-02 Q.1.b and Q.1.c.

⁵ “SWWC Subsidiaries” has the meaning set forth in the Transaction Agreement.

5. In its current General Rate Case (A.23-01-001), Suburban receives 10 business days to respond to a discovery request. Would the proposed merger effectuate any changes, whether staffing changes, resource changes, technology changes, etc., that would enable Suburban to respond to discovery within a shorter time-frame during its next General Rate Case?
- a. If yes, explain within what time-frame Suburban would expect to be able to respond to discovery during its next General Rate Case and explain what specific changes effectuated by the merger would allow for this shorter time-frame response.

RESPONSE: It is unknown at this time what changes, including in staffing, resources, or technology, may take place prior to Suburban's next General Rate Case. Unless otherwise agreed to in settlement or ordered by the Commission, Suburban will continue to abide by the Commission's policies regarding discovery. Per the Commission's General Discovery Custom and Practice, 10 business days is the customary response time for data requests:

The customary response time for data requests is 10 business days. The propounding party may indicate if a shorter response period is required or a longer response period is acceptable to it. A responding party may indicate if a longer response period is required but should do so promptly and should indicate the date upon which the data response will be provided. Parties are encouraged to work together to identify a reasonable response time.

See <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/administrative-law-judge-division/documents/general-discovery-custom-and-practice-11-20b.pdf>

Brian Bahr	Steve Lubertozi
bbahr@swwc.com	steve.lubertozi@uiwater.com
512-219-2261	847-897-6510

6. In its current General Rate Case (A.23-01-001), Suburban did not provide data for the year 2022 and has stated that audited 2022 data is expected to be available by June 30, 2023. Would the proposed merger effectuate any changes, whether staffing changes, resource changes, technology changes, etc., that would enable Suburban to provide prior year data within a shorter-time frame?
- a. If yes, explain within what time-frame Suburban would expect to be able to provide prior year data in its next General Rate Case and explain what specific changes effectuated by the merger would allow for this.

RESPONSE: It is unknown at this time what changes, including staffing, resources, or technology, may occur prior to Suburban's next General Rate Case that might enable Suburban to provide prior year data within a shorter time frame.

Brian Bahr	Steve Lubertoizzi
bbahr@swwc.com	steve.lubertoizzi@uiwater.com
512-219-2261	847-897-6510

ATTACHMENT M

Response to Data Response KN3-03

CONFIDENTIAL

ATTACHMENT N

Response to Data Response KN3-04

1. In the response to question 2(a) of data request KN3-01 (Corix and SouthWest Merger Application). SouthWest states, “The PwC engagement is intended to produce an integration road map, which is expected to be complete by the end of the first quarter of 2023.” Please provide the integration road map.

RESPONSE: The PwC integration road map has not been completed; the Joint Applicants commit to providing a supplement to this response with the final PwC integration road map within 15 days of its receipt.

Brian Bahr	Steve Lubertozi
bbahr@swwc.com	steve.lubertozi@uiwater.com
512-219-2261	847-897-6510

2. Regarding Parent Company Allocations:

- a. How will the cost of parent company allocations to Suburban change following the merger?
- b. Will the parent company allocation percentage change following the merger? If so, explain by how much and what the new percentage will be.
- c. Will the dollar amount of the parent company allocation change following the merger? If so, explain by how much and what the new dollar amount will be.
- d. Will the allocated parent company expense change following the merger? If so, explain what the changes will be and how much the changes will be, expressed as both a dollar amount and as a percentage.
- e. Will the allocated parent company ratebase change following the merger? If so, explain what the changes will be and how much the changes will be, expressed as both a dollar amount and as a percentage.
- f. Please provide supporting evidence for the responses to Question 2(a) to 2(e). This evidence includes but is not limited to any invoices, bids, proposal, or internal communications or other documents. Please provide documentations in Excel format when possible.

RESPONSE: While it can be reasonably anticipated that the percentage and dollar amount allocations of parent company costs to Suburban will change following the close of the Proposed Transaction, it is unknown at this time precisely what those changes will be, as the allocation methodology for common costs has not yet been determined for the combined company. Suburban will comply with the Commission's affiliate transaction rules and present any new affiliated interest and/or shared services agreements to the Commission for approval, if required, pursuant to the Commission's rules.

Brian Bahr	Steve Lubertozi
bbahr@swwc.com	steve.lubertozi@uiwater.com
512-219-2261	847-897-6510

ATTACHMENT O

SWMAC Only - PwC Due Diligence Report

CONFIDENTIAL

ATTACHMENT P

SWMAC Only - WTW Due Diligence Report

CONFIDENTIAL