

September 30, 2009



Ms. Brenda A. Howe
Secretary to the Commission
Indiana Utility Regulatory Commission
101 W. Washington Street, Suite 1500 East
Indianapolis, IN 46204

RECEIVED

SEP 30 2009

RE: City of East Chicago Department of Waterworks;
Thirty-Day Filing for Revision to Fire Protection Charges

INDIANA UTILITY
REGULATORY COMMISSION

Dear Ms. Howe:

This filing is being made on behalf of the Department of Waterworks of the City of East Chicago ("East Chicago") under the Commission's Thirty-Day Administrative Filing Procedures and Guidelines pursuant to 170 IAC 1-6-1, et seq. The purpose of this Thirty-Day Filing is to request approval for a revision to East Chicago's fire protection charges. Please find enclosed as Exhibit 1 an original and three (3) copies of revisions to East Chicago's Tariff for Water Service, reflecting the proposed changes.

Until East Chicago's 1993 water rate case, the water utility maintained separate, conventional public and private fire protection charges. In East Chicago's 1993 water rate case, the public fire protection charges were completely and inexplicably eliminated, and all public and private fire protection costs were allocated to the private fire protection service. The result was a significant increase to all private fire protection charges and the complete elimination of public fire protection charges. This treatment was continued through a series of across-the-board increases until the present time. East Chicago now recognizes that the current practice is inappropriate and is overly burdensome to private fire protection customers and needs to be corrected. Accordingly, East Chicago requests Commission approval of the proposed Tariff attached hereto as Exhibit 1 to correct this unconventional fire protection charge treatment in this Thirty-Day Filing.

Resolution No. WD-09-007 of the Board of Directors of the Department of Waterworks of the City of East Chicago approving the amended schedule of rates and charges is attached hereto as Exhibit 2 and incorporated herein by reference. The Board introduced and adopted the Resolution at its meeting of September 8, 2009. The Department originally expected to file the adopted Resolution with the Commission following the approval of this Thirty-Day Filing, but realized its procedural error following its passage. Please note that to the best of our knowledge there has been no remonstrance at all to this revenue neutral proposal.

The attached workpapers, Exhibits 3 through 6, provide the calculation of the proposed rates for fire service, both private and public. The total fire service cost of service was based on the pro forma fire protection revenue of \$413,016 from East Chicago's previous rate case, Cause No. 42680, as set forth in Attachment G (Line 3) of East Chicago's June

Certified Public Accountants

One Independence Center, 1776 North Meridian Street, Suite 500 Indianapolis, Indiana 46202

Telephone | 317-634-4747 Facsimile | 317-632-2727 Toll Free | 877-634-4747

Web | www.LWGCPA.com

23, 2006 True-Up Report. Attachment G from the True-Up Report is attached as Exhibit 3. As shown on Exhibit 4, an overall monthly fire protection unit cost of \$53.78 per equivalent hydrant was determined by dividing the total fire service cost of service of \$413,016 by the number of equivalent hydrant bills. Exhibit 5 reflects the derivation of the equivalent hydrant ratios based on the hydraulic flow capacities for each size connection. The number of customers and monthly bills as shown on Columns 1 and 2, respectively, of Exhibit 6, are based on a current count of private and public fire protection connections. Based on the monthly fire protection unit cost of \$53.78 per equivalent hydrant, a monthly fire service rate was then calculated for each size connection as reflected on Column 6 of Exhibit 4.

Exhibit 6 presents a revenue proof that calculates the total fire protection revenues and compares that to the total fire protection cost of service of \$413,016. As Exhibit 6 demonstrates, overall, the total fire protection revenues will be revenue neutral.

East Chicago affirms that it has provided notice pursuant to 170 IAC 1-6-6. Specifically, a notice regarding the filing is attached hereto as Exhibit 7. Notice was published on August 26th in the Hammond Times and the Post Tribune, newspapers of general circulation in the City of East Chicago, where the largest number of East Chicago's customers are located. East Chicago also affirms that it has posted a notice regarding the filing in the utility's local customer service office. East Chicago also affirms that the notice has been posted in a conspicuous location on the utility's website at www.eastchicago.com.

This filing is an allowable request under 170 IAC 1-6-1 et seq., because it is revenue neutral within the fire protection rate schedule (a decrease to the present schedule of private fire protection charges combined with implementation of a new public hydrant rate schedule). It is anticipated that this filing will be non-controversial since end-use private fire protection customers receive a significant decrease, and the only increase is to the City of East Chicago, the originator of this filing. In fact, no customers of East Chicago water Utility have stepped forward except to urge the passage of this Resolution.

Any questions concerning this submission should be directed to Kerry A. Heid, consultant for the East Chicago Department of Waterworks, Brian Marciniak, Director of Water Utilities of the East Chicago Department of Waterworks, or me, whose contact information is as follows:

Ted Sommer, CPA
London Witte Group, LLC
One Independence Center
1776 North Meridian Street, Suite 500
Indianapolis, Indiana 46202
Tel: 317-777-7002
Fax: 812-858-0509
Ted.Sommer@LWGcpa.com

Kerry A. Heid, P.E.
Heid Rate and Regulatory Services
3212 Brookfield Drive
Newburgh, IN 47630
Tel: 812-858-0508
Fax: 812-858-0509
Email: kaheid@wowway.com

Brian Marciniak, Director of Water Utilities
City of East Chicago Department of Waterworks
3330 Aldis Street
East Chicago, IN 46312
Tel: 219-391-8487
Fax: 219-391-8409
Email: BMarciniak@eastchicago.com

Upon approval of the Tariff attached as Exhibit 1, please return two (2) file-marked and approved copies for our files.

Sincerely,


Theodore J. Sommer, CPA

cc: A. David Stippler, Esq., Utility Consumer Counselor
Brian Marciniak, East Chicago Department of Waterworks
Kerry A. Heid, P.E., Heid Consulting
David T. McGimpsey, Esq., Bingham McHale LLP

CITY OF EAST CHICAGO, INDIANA WATER DEPARTMENT

3. MONTHLY FIRE PROTECTION SERVICE RATES FOR HYDRANTS AND SPRINKLERS

Available only to users who are located on the utility's distribution mains which are suitable and adequate for supplying the service requested. Service under these rates shall generally consist of stand-by-service for fire emergencies. All water taken through such connections shall be restricted to fire emergencies unless other temporary use shall have been specifically authorized by the Water Superintendent. The Water Department reserves the right to install flow detectors from time to time to see that the service is restricted to fire fighting purposes.

Private Fire Service:

<u>Service Size Connection</u>	<u>Rate per Month</u>
5/8"	\$0.14
3/4"	\$0.23
1"	\$0.48
1 1/2"	\$1.40
2"	\$2.99
2 1/2"	\$5.38
3"	\$8.69
4"	\$18.51
6"	\$53.78
8"	\$114.61
10"	\$206.11
12"	\$332.93

Public Fire Hydrants:

4"	\$18.51
6"	\$53.78

4. RATE FOR TEMPORARY USERS FOR CONSTRUCTION

A temporary construction meter must be installed on all buildings larger than one (1) family dwelling unit at an existing rate structure. The minimum charge for each and any non-metered service under construction shall be sixteen dollars (\$16.00).

Contractors must pay for water used on streets, sewers, buildings, and sidewalks, while under construction. Contractors are to furnish the Water Department with the amount of material to be used before starting construction and, thereupon, an estimation of water to be used shall be made by the Water Department and charged according to the monthly consumption rates. Payment is to be made in advance. The Water Department may require contractors to install a construction meter at the property line or other designated place so that all water can be metered.

Pursuant to Order Issued April 6, 2006 in Cause No. 42680 as Revised via Thirty-Day
Filing Approved _____
Effective _____

RESOLUTION NO. WD-09-007

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST CHICAGO
DEPARTMENT OF WATERWORKS APPROVING AN AMENDED SCHEDULE OF RATES
AND CHARGES FOR SERVICES RENDERED BY THE DEPARTMENT OF WATERWORKS,
AND RELATED MATTERS**

WHEREAS, the Board of Directors ("Board") of the Department of Waterworks for the City of East Chicago, Indiana ("Department") desires to amend its schedule of rates and charges subject to the approval of the Indiana Utility Regulatory Commission (the "Commission"); and

WHEREAS, the Department has submitted to the Commission a Thirty-Day Filing pursuant to 170 IAC1-6-1, et seq., a copy of which is attached hereto as Exhibit A and incorporated herein by reference; and

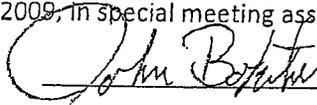
WHEREAS, the Commission has approved the Department's Thirty-Day Filing request; and

WHEREAS, the Commission-approved schedule of rates and charges is attached hereto as Exhibit B and incorporated herein by reference.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the East Chicago Department of Waterworks as follows:

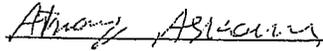
1. The schedule of rates and charges set forth in Exhibit B shall be and hereby is approved effective immediately.
2. Any and all actions of the Department, its personnel and its consultants in connection with the Thirty-Day Filing and the amended schedule of rates and charges set forth in Exhibit B are hereby ratified and approved.
3. All previously effective schedules of rates and charges in conflict herewith are hereby repealed; provided, however, that all existing rules and regulations of the Department of Waterworks are to continue in effect.
4. This Resolution shall be in full force and effect from and after its passage and adoption.

Adopted this 8th day of September, 2009, in special meeting assembled.



John Bakota, President

Joseph Ochoa, Vice President



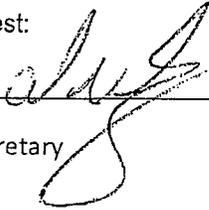
Anthony Askounis, Member



Raymond Lopez, Member

Henry Ventura, Member

Attest:



Secretary

East Chicago Waterworks 30-Day Filing
Exhibit 3

EXHIBIT G

EAST CHICAGO MUNICIPAL WATER DEPARTMENT
East Chicago, Indiana

Pro-forma Statement Of Receipts and Disbursements at Present and Proposed Rates
For the Year Ended December 31, 2004
(Without Audit)
Step 2 True-up

LINE NO.	Description	Pro-forma Step 1 Rates	Adjustments	Ref	Increase/(Decrease)		16.78%
					Pro-forma Present Rates	Adjustments	
OPERATING RECEIPTS:							
1	Metered Sales	\$4,153,836			\$4,153,836	\$697,098	\$4,850,934
2							
3	Private Fire Protection	353,664			353,664	59,352	413,016
4							
5	Late Fees	81,604			81,604	13,695	95,299
6	Miscellaneous Service Revenue	281,877			281,877		281,877
7	Other Water Revenue	11,083			11,083		11,083
8							
9							
10	Total Operating Receipts	<u>4,882,064</u>	<u>0</u>		<u>4,882,064</u>	<u>770,145</u>	<u>5,652,209</u>
OPERATING DISBURSEMENTS:							
11	Salaries & Wages	\$1,564,599			\$1,564,599		\$1,564,599
12	Employee Benefits	387,212			387,212		387,212
13	Insurance - Workman's Comp.	18,252			18,252		18,252
14	Purchased Power	384,908			384,908		384,908
15	Chemicals	131,349			131,349		131,349
16	Materials and Supplies	129,060			129,060		129,060
17							
18	Contractual Services	317,921			317,921		317,921
19							
20	Transportation Expenses	27,340			27,340		27,340
21	Rental of Equipment and Uniforms	22,296			22,296		22,296
22	Insurance - General Liability	158,181			158,181		158,181
23	Miscellaneous	41,178			41,178		41,178
24	Utility Reimbursement	102,282			102,282		102,282
25	Repair & Maintenance - Equipment	24,440			24,440		24,440
26	Repayment of State Loan	0			0		0
27	Capital Additions	0			0		0
28							
29	O&M Expenses	<u>\$3,309,018</u>	<u>\$0</u>		<u>\$3,309,018</u>	<u>\$0</u>	<u>\$3,309,018</u>
30	Payroll Taxes	129,247			129,247		129,247
31	Sales Taxes	0			0		0
32	Utility Receipts Tax	58,799			58,799	9,847 Sch F-1	68,646
33	Taxes Other Than Income	<u>188,046</u>	<u>0</u>		<u>188,046</u>	<u>9,847</u>	<u>197,893</u>
34	Payment in Lieu of Taxes	0			0		0
35	Depreciation	0			0		0
36	Total Operating Disbursements	<u>3,497,064</u>	<u>0</u>		<u>3,497,064</u>	<u>9,847</u>	<u>3,506,911</u>
37	Net Operating Receipts	<u>\$1,385,000</u>	<u>\$0</u>		<u>\$1,385,000</u>	<u>\$760,298</u>	<u>\$2,145,298</u>

EAST CHICAGO MUNICIPAL WATER DEPARTMENT
DERIVATION OF REVISED FIRE PROTECTION CHARGES

Size	(1) No. of Customers	(2) Monthly Bills (1) * 12	(3) Equivalent Hydrant Ratio (Schedule 2)	(4) Equivalent Hydrant Bills (2) * (3)	(5) Proposed Revenue Distribution	(6) Proposed Monthly Charge
Private Fire Protection						
5/8-inch	0	0	0.003	0		\$0.14
3/4-inch	0	0	0.004	0		\$0.23
1-inch	0	0	0.009	0		\$0.48
1 1/2-inch	0	0	0.026	0		\$1.40
2-inch	1	12	0.056	1		\$2.99
2 1/2-inch	0	0	0.100	0		\$5.38
3-inch	1	12	0.162	2		\$8.69
4-inch	20	240	0.344	83		\$18.51
6-inch	29	348	1.000	348		\$53.78 (a)
8-inch	7	84	2.131	179		\$114.61
10-inch	2	24	3.832	92		\$206.11
12-inch	0	0	6.190	0		\$332.93
Total Private Fire Protection	60	720		704	\$37,874	
Public Fire Protection						
6-inch Hydrants Subject to Muni. Pmt.	552	6,624	1.000	6,624		\$53.78
4-inch Hydrants Subject to Muni. Pmt.	85	1,020	0.344	351		\$18.51
Total Public Fire Protection	637	7,644		6,975	\$375,142	
Total Fire Protection	697	8,364		7,679	\$413,016	

(a) Total Annual Fire Protection Revenue \$413,016
 Divided by Equivalent Fire Connections 7,679
 Monthly Charge per Equivalent Fire Connection \$53.78

**EAST CHICAGO MUNICIPAL WATER DEPARTMENT
DERIVATION OF FIRE PROTECTION EQUIVALENT HYDRANT RATIOS**

<u>Fire Protection Connection Size</u>	<u>$D_n^{2.63}$</u>	<u>$D_n^{2.63}/D_{6"}^{2.63}$</u>
5/8 -inch	0.291	0.003
3/4 -inch	0.469	0.004
1 -inch	1.000	0.009
1 1/2 -inch	2.905	0.026
2 -inch	6.190	0.056
2 1/2 -inch	11.132	0.100
3 -inch	17.982	0.162
4 -inch	38.319	0.344
6 -inch	111.311	1.000
8 -inch	237.207	2.131
10 -inch	426.580	3.832
12 -inch	689.044	6.190
Hydrants	111.311	1.000

Assume that equivalent 6-inch factor is equal to the relative discharging capacities of pipes flowing full. This is a measure of capacity that is allocated to fire protection. Use Hazen-Williams equation:

$$\frac{Q_n}{Q_{6''}} = \frac{.279 * C * D_n^{2.63} * S^{0.54}}{.279 * C * D_{6''}^{2.63} * S^{0.54}} = \frac{D_n^{2.63}}{D_{6''}^{2.63}}$$

**EAST CHICAGO MUNICIPAL WATER DEPARTMENT
FIRE PROTECTION REVENUE COMPARISONS (REVENUE PROOF)**

	(1)	(2)	(3)
	Monthly Bills	Proposed	
		Monthly Fire Protection Charges	Fire Protection Revenues
Private Fire Protection			(1) * (4)
5/8-inch	0	\$0.14	\$0
3/4-inch	0	\$0.23	\$0
1-inch	0	\$0.48	\$0
1 1/2-inch	0	\$1.40	\$0
2-inch	12	\$2.99	\$36
2 1/2-inch	0	\$5.38	\$0
3-inch	12	\$8.69	\$104
4-inch	240	\$18.51	\$4,442
6-inch	348	\$53.78	\$18,715
8-inch	84	\$114.61	\$9,627
10-inch	24	\$206.11	\$4,947
12-inch	0	\$332.93	\$0
Total Private Fire Protection	720		\$37,872
Public Fire Protection			
6-Inch Public Hydrants Subject to Muni. Pmt.	6,624	\$53.78	\$356,239
4-Inch Public Hydrants Subject to Muni. Pmt.	1,020	\$18.51	\$18,880
Total Public Fire Protection	7,644		\$375,119
Total Fire Protection Revenues			\$412,991
Target Fire Protection Revenue			\$413,016
Over (Under) Recovery -\$			(\$25)
- %			-0.01%

VERIFICATION

I, Brian Marciniak, Director of Water Utilities for the Department of Waterworks of the City of East Chicago, affirm under penalties of perjury that the foregoing representations concerning the notice attached to this Thirty-Day Filing as Exhibit 7 are true and correct to the best of my knowledge, information and belief. The attached notice was published in a newspaper of general circulation encompassing the highest number of the utility's customers affected by the enclosed filing. The attached notice was also posted in the utility's local customer service office. The attached notice was also published in a conspicuous location on the East Chicago website.



Brian Marciniak

Date: 9/30/09

Prescribed by State Board of Accounts

ACCOUNT #8050052
EAST CHICAGO SANITARY DIS 506196

To POST-TRIBUNE

(Governmental Unit)

LAKE County, Indiana

1433 E. 83RD AVE., MERRILLVILLE, IN 46410-6307

PUBLISHER'S CLAIM

LINE COUNT

Display Master (Must not exceed two actual lines, neither of which shall total more than four solid lines of the type in which the body of the advertisement is set) -- number of equivalent lines -----
Head -- number of lines -----
Body -- number of lines -----
Tail -- number of lines -----
Total number of lines in notice -----

COMPUTATION OF CHARGES

19..... lines,4.... columns wide equals 76. equivalent lines at
cents per line -----2461----- \$ 18.70
Additional charges for notices containing rule or tabular work (50 per cent of above amount) -----
Charge for extra proofs of publication (\$1.00 for each proof in excess of two) -----
TOTAL AMOUNT OF CLAIM ----- \$ 18.70

DATA FOR COMPUTING COST

Width of single column in picas 6.8 Size of type 7.0 point.
Number of insertions 1.....

Pursuant to the provisions and penalties of IC 5-11-10-1, I hereby certify that the foregoing account is just and correct, that the amount claimed is legally due, after allowing all just credits, and that no part of the same has been paid.

I also certify that the printed matter attached hereto is a true copy, of the same column width and type size, which was duly published in said paper1..... times. The dates of publication being as follows:

FILE REQUEST TURC

8/26

Beth McGhee

BETH MCGHEE

Date 8/27 09

Title LEGAL CLERK

LEGAL NOTICE

Notice is hereby given that on or about September 8th, 2009, the Department of Waterworks of the City of East Chicago will file a request with the Indiana Utility Regulatory Commission ("Commission") for approval to revise its private and public fire protection charges. East Chicago will seek approval to: (1) decrease its private fire protection charges, and (2) to implement public fire protection charges to be assessed to and paid by the City of East Chicago, Indiana. East Chicago anticipates approval of the filing no sooner than 30 days after receipt of the filing by the Commission. Objections to the filing should be made in writing addressed to:
Ms. Brenda A. Howe
Secretary to the Commission
Indiana Utility Regulatory Commission
National City Center
101 W. Washington Street, Suite 1500 East
Indianapolis, Indiana 46204
506196
A. David Stippler, Esq.
Indiana Utility Consumer Counselor
Indiana Office of Utility Consumer Counselor
National City Center
115 W. Washington St., Suite 1500 South
Indianapolis, Indiana 46204
Pub: August 26, 2009

Prescribed by State Board of Accounts

ACCOUNT #8050052
EAST CHICAGO SANITARY DIS 506198

To **POST-TRIBUNE**

(Governmental Unit)
LAKE County, Indiana

1433 E. 83RD AVE., MERRILLVILLE, IN 46410-6307

PUBLISHER'S CLAIM

LINE COUNT

Display Master (Must not exceed two actual lines, neither of which shall total more than four solid lines of the type in which the body of the advertisement is set) - number of equivalent lines -----
Head - number of lines -----
Body - number of lines -----
Tail - number of lines -----
Total number of lines in notice -----

COMPUTATION OF CHARGES

36 lines, 2 columns wide equals 72 equivalent lines at
cents per line -----2460----- \$ 17.71
Additional charges for notices containing rule or tabular work (50 per cent of above amount) -----
Charge for extra proofs of publication (\$1.00 for each proof in excess of two) -----
TOTAL AMOUNT OF CLAIM ----- \$ 17.71

DATA FOR COMPUTING COST

Width of single column in picas 6.8 Size of type 7.0 point.
Number of insertions 1

Pursuant to the provisions and penalties of IC 5-11-10-1, I hereby certify that the foregoing account is just and correct, that the amount claimed is legally due, after allowing all just credits, and that no part of the same has been paid.

I also certify that the printed matter attached hereto is a true copy, of the same column width and type size, which was duly published in said paper1..... times. The dates of publication being as follows:

.....9/8 MTG: RATES.....

Beth McGhee

.....8/26.....

BETH MCGHEE

Date 8/27 09

Title LEGAL CLERK

LEGAL NOTICE OF PUBLIC HEARING
BOARD OF TRUSTEES OF THE DEPARTMENT OF WATERWORKS EAST CHICAGO
Notice is hereby given that The Board of Trustees of The Department of Waterworks of the City of East Chicago will consider an amendment to current water rates and charges at its meeting of September 8th 2009. The meeting will be held commencing at 10:00 a.m. in the City Council Chambers located at City Hall, 2nd Floor, 4525 Indianapolis Boulevard, East Chicago, IN 46312.
The Trustees of The Department of Waterworks will consider an amendment to its private and public fire protection rates at that time. The effect of the amendment considered will be to substantially reduce private fire protection rates and to introduce a public fire protection rate to be funded by the City of East Chicago.
If an accommodation is required to allow an individual with a disability to participate in this meeting, please contact the Water Department of the City of East Chicago at 219-391-9469 at least 48 hours before the meeting.
Trustees of the Department of Waterworks of the City of East Chicago
506198 Pub: August 26, 2009