

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF TWIN LAKES UTILITIES, INC. FOR )  
APPROVAL OF (A) A WATER INFRASTRUCTURE )  
IMPROVEMENT CHARGE ("WIIC") PURSUANT TO )  
IND. CODE CHAP. 8-1-31; (B) A SEWER )  
INFRASTRUCTURE IMPROVEMENT CHARGE )  
("SIIC") PURSUANT TO IND. CODE CHAP. 8-1-31; )  
(C) NEW RATE SCHEDULES REFLECTING THE )  
WIIC AND SIIC; AND (D) INCLUSION OF THE )  
COSTS OF ELIGIBLE INFRASTRUCTURE )  
IMPROVEMENTS IN ITS WIIC AND SIIC )

CAUSE NO. 44646

TESTIMONY OF

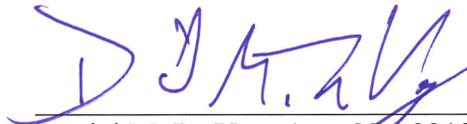
JAMES T. PARKS – PUBLIC'S EXHIBIT NO. 2

ON BEHALF OF THE

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

JULY 30, 2015

Respectfully submitted,



Daniel M. Le Vay, Atty. No. 22184-49  
Deputy Consumer Counselor

**TESTIMONY OF OUCC WITNESS JAMES T. PARKS**  
**CAUSE NO. 44646**  
**TWIN LAKES UTILITIES, INC.**

**I. INTRODUCTION**

1 **Q: Please state your name and business address.**

2 A: My name is James T. Parks, P.E., and my business address is 115 W. Washington  
3 Street, Suite 1500 South, Indianapolis, IN 46204

4 **Q: By whom are you employed and in what capacity?**

5 A: I am employed by the Office of Utility Consumer Counselor ("OUCC") as a  
6 Utility Analyst II in the Water/Wastewater Division.

7 **Q: Please describe your educational background and experience.**

8 A: In 1980 I graduated from Purdue University, where I received a Bachelor of  
9 Science degree in Civil Engineering, having specialized in Environmental  
10 Engineering. I then worked with the Peace Corps for two years serving in  
11 Honduras as a municipal engineer and as a project engineer on self-help rural  
12 water supply and sanitation projects funded by the U.S. Agency for International  
13 Development (U.S. AID). In 1984 I earned a Master of Science degree in Civil  
14 Engineering, also in Environmental Engineering, from Purdue University. I have  
15 been a Registered Professional Engineer in the State of Indiana since 1986. In  
16 1984, I accepted an engineering position with Purdue University, assigned to  
17 work as a process engineer with the Indianapolis Department of Public Works at  
18 the City's Advanced Wastewater Treatment Plants. I left Purdue and  
19 subsequently worked for Engineering Consulting firms first as a Project Engineer  
20 for Process Engineering Group of Indianapolis and then as a Project Manager for

1 the consulting firm HNTB in Indianapolis. In 1999 I returned to the Indianapolis  
2 Department of Public Works as a Project Engineer working on planning projects,  
3 permitting, compliance monitoring, wastewater treatment plant upgrades, and  
4 combined sewer overflow control projects.

5 **Q: Have you previously testified before the Indiana Utility Regulatory**  
6 **Commission?**

7 A: Yes.

8 **Q: What is the purpose of your testimony?**

9 A: The purpose of my testimony is to state my observations about Twin Lakes  
10 Utilities, Inc.'s ("TLUI," "Twin Lakes" or "Petitioner") efforts to replace its aging  
11 water infrastructure. In particular, I note Twin Lakes' lack of a comprehensive  
12 plan or strategy for the replacement of its aging distribution system, and I  
13 recommend Twin Lakes develop a proactive approach and mitigate costly  
14 piecemeal repairs.

## II. DISCUSSION

15 **Q: Please describe the review and analysis you conducted to prepare your**  
16 **testimony.**

17 A: I reviewed Twin Lakes Utilities, Inc.'s ("TLUI," "Twin Lakes" or "Petitioner")  
18 petition, its case-in-chief consisting of the testimonies of witnesses Brian Halloran  
19 and Bruce T. Haas, and TLUI's workpapers, including Excel spreadsheets. I also  
20 reviewed Excel spreadsheets and invoices submitted by the Petitioner in response  
21 to OUCC discovery. I reviewed one (1) consumer comment which is shown in  
22 Attachment JTP-1.

1 **Q: How would you describe the water improvement costs Petitioner wants to**  
2 **include in its infrastructure improvement charge?**

3 A: Based on my review of invoices Petitioner provided in response to OUCC  
4 discovery, the water improvement costs consisted primarily of emergency repairs  
5 of water main breaks and service line breaks.

6 **Q: Do you consider emergency repairs of water main and service line breaks to**  
7 **be distribution plant projects?**

8 A: No. The need to make emergency repairs of water mains is experienced by all  
9 water utilities. Generally, such repairs merely return the service line or water  
10 main back to operation but do not replace much, if any, of the underlying buried  
11 asset. The water mains and in many instances the service lines left in place by  
12 TLUI remain the original pipes installed when the water distribution system was  
13 first constructed in the 1960s.

14 **Q: How would you characterize the emergency repairs?**

15 A: These repairs are simply corrective maintenance. They are done under emergency  
16 conditions and therefore were not planned. They should not be considered  
17 distribution plant projects because the repairs are purely reactive in nature and do  
18 not include engineering analysis or project planning or prior scheduling.

19 **Q: In addition to being unplanned, how do emergency repairs differ from**  
20 **distribution plant projects?**

21 A: A distribution plant project is a project developed through engineering planning  
22 and scheduling to replace a distribution system asset or improve the distribution  
23 system. Asset replacement or improvement projects may be planned because the  
24 asset has reached the end of its useful life, it has experienced frequent leaks  
25 requiring repairs, it has been damaged and cannot be cost effectively repaired, it

1 must be relocated because of other projects, it is functionally obsolete, or a  
2 distribution system deficiency needs to be corrected to improve the distribution  
3 system's operation. An emergency repair, on the other hand, merely puts the  
4 asset back in service without considering the foregoing reasons. Emergency  
5 water main and service line repairs are motivated by the emergent need to stop  
6 water from gushing, minimize property damage, minimize the risk of water  
7 contamination, and restore service to customers.

8 **Q: How else do emergency repairs differ from distribution plant projects?**

9 A: On a cost per lineal foot basis, emergency repairs are more costly than planned  
10 and engineered distribution system projects. This higher cost results in part from  
11 utilities paying a premium to expedite leak repairs to restore safe drinking water  
12 service to customers, reduce outage duration, and minimize further property  
13 damage. Expediting the repairs lead to higher costs per lineal foot.

14 **Q: Who completes emergency water distribution system repairs for Twin  
15 Lakes?**

16 A: Twin Lakes' own utility staff does not complete the repairs. Twin Lakes hires  
17 outside contractors to make all water main repairs, service line repairs, valve  
18 replacements, and hydrant replacements. The primary outside contractor is  
19 Central Sewer & Septic of Watseka, IL, who is responsible for coordinating line  
20 locations, excavating, executing repairs, back-filling, and grading. Site  
21 Restoration Services, LLC of Crown Point, IN provides site cleanup, grading,  
22 seeding, and other site restoration. Paving is completed by Hobart Paving, Inc.

1 **Q: How many water main breaks did the Petitioner have Central Sewer &**  
2 **Septic repair that are included in the proposed infrastructure improvement**  
3 **charge?**

4 A: Based on my review of all the invoices we received and the work papers, it  
5 appears Central Sewer & Septic repaired nine water main breaks.

6 **Q: How does Central Sewer & Septic repair water main leaks?**

7 A: Based on my review of the invoices submitted in response to OUCC discovery,  
8 Central Sewer & Septic repairs water main leaks by replacing short sections of the  
9 water main with new AWWA C900 PVC pipe. The leaking pipe is cut out of the  
10 water main and a short section of replacement pipe is inserted with couplings  
11 placed on both ends to attach the new pipe and hold it in position. Central Sewer  
12 & Septic then backfills and rough-grades the excavation site.

13 **Q: Does Central Sewer & Septic use pipe repair clamps to stop water main**  
14 **leaks?**

15 A: Based on the invoices provided by the Petitioner, I did not see any indication that  
16 Central Sewer & Septic uses repair clamps to repair leaks. On the other hand, the  
17 OUCC requested the invoices to understand the costs that Petitioner seeks to  
18 include in its infrastructure improvement charge. There may be other invoices  
19 showing the more common use of pipe repair clamps to repair water main and  
20 service line leaks, but those invoices would not have been responsive to the  
21 discovery if Petitioner does not seek to include those costs in its charge.

22 **Q: How many feet of Water Distribution mains has Petitioner replaced when it**  
23 **repaired the leaks?**

24 A: I reviewed Petitioner's Attachment BTH-1 and invoices provided by Petitioner in  
25 response to OUCC discovery to determine the number of feet of water distribution  
26 mains replaced through its emergency repairs for which Petitioner seeks cost

1 recovery. Based on my review, Petitioner has replaced only 124 lineal feet of  
2 water distribution mains. According to Petitioner's 2015 Asset Management  
3 Plan, which we received through discovery, Petitioner has 171,864 lineal feet of  
4 water distribution mains. Thus, Petitioner has replaced less than one-tenth of one  
5 percent of its water mains.

6 **Q: After completing leak repairs, does the distribution system age decrease?**

7 A: Essentially no. Because so little pipe has been replaced, the overall age of  
8 Petitioner's distribution system was essentially unchanged.

9 **Q: What was the cost of the replacement of 124 feet of water distribution mains?**

10 A: According to Petitioner's Attachment BTH-1, line 1, the cost of the transmission  
11 and distribution mains included in this DSIC was \$91,161.70. That amount  
12 includes \$55,341.56 of pipe materials and installation labor, \$34,965.44 of "cap  
13 time," \$15,581.75 for site restoration, and an offset for retirements (\$14,727.05).  
14 This reflects a replacement cost of \$735 per foot.

15 **Q: Do you have any observations about the level of "cap time" Twin Lakes**  
16 **charged to water main leak repairs?**

17 A: Yes. The total number of "cap time" hours Twin Lakes charged against water  
18 main repairs was 801 hours spread primarily among five utility staff members.  
19 This is based on \$34,965.44 in "cap time" charges. At a cost of \$43.65 per hour,  
20 this equates to 89 hours for each of the 9 water main breaks. Central Sewer &  
21 Septic repaired most breaks in 1 day using a 3 or 4 person crew. Total crew repair  
22 time would range from 20 to 40 hours per leak repair compared to 89 hours per  
23 leak repair for "cap time". Twin Lakes level of "cap time" charged to water main  
24 leak repairs appears to be excessive.

1 **Q: By reviewing Petitioner's case and follow-up discovery, were you able to**  
2 **identify all of the costs associated with any one emergency water main or**  
3 **service line repair?**

4 A: No. Petitioner did not list specific water projects by name or provide any project  
5 numbers. The invoices provided through discovery often listed an address, but  
6 there were no project numbers listed on those as well. Because nothing was put  
7 together as a "project," invoices did not include all the costs that might be  
8 associated with that work. Also, Petitioner's capitalized time in most cases did  
9 not identify any project or address associated with the work. As such, my  
10 observations about cost per lineal feet needed to be based on the total costs of  
11 transmission and distribution mains as shown on Petitioner's Attachment BTH-1  
12 and what I could glean from the invoices provided through discovery and  
13 descriptions from work papers.

14 **Q: Did the petitioner state the age of the plant that was retired as required by**  
15 **170 IAC 6-1.1-5(a)(1)?**

16 A: No.

17 **Q: Did the Petitioner indicate that Twin Lakes Utilities, Inc. plans to replace**  
18 **other distribution infrastructure in the next five (5) years?**

19 A: I understand the Commission's rules require applicants for DSICs to make a  
20 statement regarding whether the utility plans to replace other distribution system  
21 infrastructure in the next five (5) years and a general outline of any such plan.  
22 Petitioner's Witness, Bruce T. Haas, stated the Petitioner plans to replace other  
23 distribution infrastructure (Petitioner's Exhibit 2, page 11), but Mr. Haas did not  
24 identify any specific projects whatsoever. Mr. Haas said "The Company will  
25 continue to replace aging infrastructure on an as-needed basis as breaks and leaks  
26 continue to occur." Id. Thus, Mr. Haas indicated Twin Lakes plans to take the

1 same reactive approach to maintaining its distribution system evidenced in this  
2 application.

### III. RECOMMENDATION

3 **Q: In light of your observations, what do you recommend?**

4 A: I recommend the Commission order Twin Lakes Utilities, Inc. to develop and  
5 implement long term infrastructure renewal programs for both its water  
6 distribution and sewage collection systems. The programs should include plans  
7 for scheduled improvements over the following 5 years consistent with good  
8 planning practice. Any further applications for infrastructure improvement  
9 charges should be based on distinct collection system plant projects or distinct  
10 distribution system plant projects that are well described and include an  
11 explanation of why the project is needed, the benefits resulting to the utility and  
12 its customers upon completion, and the age of the plant that has been replaced.  
13 Petitioner should further be required to provide support within its case that reveal  
14 all costs of any single project included in a request for infrastructure improvement  
15 charge.

16 **Q: Does this conclude your testimony?**

17 A: Yes.

**Lane, Lyndsey**

---

**From:** Web Form Poster [luanna2@comcast.net]  
**Sent:** Friday, July 24, 2015 10:43 AM  
**To:** UCC Consumer Info  
**Subject:** Website Contact Form

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

**Categories:** KMH - to be entered

Title: Mrs.  
First Name: LuAnn  
Last Name: Lawton  
Email: [luanna2@comcast.net](mailto:luanna2@comcast.net)  
Street Address: 1302 Brandywine Rd.  
City: Crown Point  
State: IN  
Zip: 46307  
Phone: (219)988-3098 ext.  
Type: home  
No Phone Service:  
Case Number: Twin Lakes Utilities

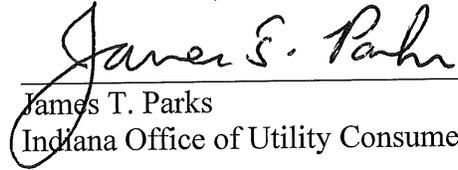
Comments: I am a customer of Twin Lakes Utilities. Our community in question, Lakes of the Four Seasons, is over 50 yrs old. The water/sewer lines have needed replacing for several years, if not many years. I would like to recommend that Twin Lakes not be allowed to invest or build any new developments until the replacing/rebuilding of our own community's water/sewer infrastructure has been completed. Twin Lakes has been in talks to build infrastructure for a potential new development in our area of Porter County, but now are asking for a rate hike.

Sounds suspicious to me. Again, I request that Twin Lakes Utilities, if granted any rate hike, is NOT to be allowed to invest/build any new infrastructure(s) until ours has been resolved/completed in a proper and timely manner. Thank you for your time. Signed, LuAnn Lawton

-----  
FIELDS NOT DEFINED IN THE TEMPLATE FOLLOW  
-----

**AFFIRMATION**

I affirm, under the penalties for perjury, that the foregoing representations are true.

  
\_\_\_\_\_  
James T. Parks  
Indiana Office of Utility Consumer Counselor

July 30, 2015  
Date

Cause No. 44646  
Twin Lakes Utilities, Inc.

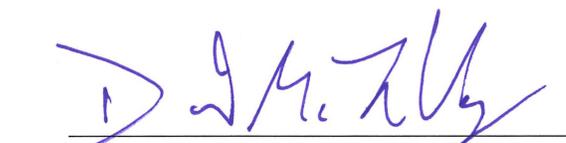
**CERTIFICATE OF SERVICE**

This is to certify that a copy of the foregoing *OUCC Testimony of James T. Parks: Public's Exhibit No. 2* has been served upon the following counsel of record in the captioned proceeding by electronic service on July 30, 2015.

**Twin Lakes Utilities, Inc.**  
Jeffrey M. Peabody  
BARNES & THORNBURG LLP  
11 South Meridian Street  
Indianapolis, Indiana 46204  
[jpeabody@btlaw.com](mailto:jpeabody@btlaw.com)

**Lakes of the Four Seasons  
Property Owners' Association**  
Nikki G. Shoultz  
BOSE MCKINNEY & EVANS LLP  
111 Monument Circle, Suite 2700  
Indianapolis, IN 46204  
[nshoultz@boselaw.com](mailto:nshoultz@boselaw.com)

**Lakes of the Four Seasons  
Property Owners' Association**  
Theodore A. Fitzgerald  
Brian E. Less  
PETRY, FITZGERALD & LESS  
107 North Main Street  
P.O. Box 98  
Hebron, IN 46341-0098  
[petry@netnitco.net](mailto:petry@netnitco.net)

  
Daniel M. Le Vay, Atty. No. 22184-49  
Deputy Consumer Counselor

**INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR**  
115 West Washington Street  
Suite 1500 South  
Indianapolis, IN 46204  
[infomgt@oucc.in.gov](mailto:infomgt@oucc.in.gov)  
317/232-2494 – Phone  
317/232-5923 – Facsimile