

STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF)
THE TOWN OF WINFIELD, LAKE)
COUNTY, INDIANA, FOR APPROVAL OF)
A REGULATORY ORDINANCE) CAUSE NO.: 45992
ESTABLISHING A SERVICE TERRITORY)
FOR THE TOWN'S MUNICIPAL SEWER)
SYSTEM PURSUANT TO IND. CODE § 8-)
1.5-6 *ET SEQ.*)

THE CITY OF CROWN POINT, INDIANA'S SUBMISSION OF
THE VERIFIED RESPONSIVE TESTIMONY AND EXHIBITS OF
GREGORY GUERRETTAZ

Petitioner/Intervenor City of Crown Point, Indiana, by counsel, submits the Verified
Responsive Testimony of and Exhibits of Gregory Guerrettaz in this Cause.

Respectfully submitted,

/s/ Mark W. Cooper
Mark W. Cooper, an Attorney for the
City of Crown Point

/s/ Robert M. Glennon
Robert M. Glennon, Attorney for
Crown Point, Indiana

CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing has been served upon the following counsel of record by electronic mail this 19th day of August 2025:

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PETITIONER/INTEVOR CROWN POINT'S
EXHIBIT 5

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF THE)
TOWN OF WINFIELD, LAKE COUNTY,)
INDIANA, FOR APPROVAL OF A)
REGULATORY ORDINANCE ESTABLISHING A) CAUSE NO. 45992
SERVICE TERRITORY FOR THE TOWN'S)
MUNICIPAL SEWER SYSTEM PURSUANT TO)
IND. CODE 8-1.5-6 ET. SEQ.)

VERIFIED RESPONSIVE TESTIMONY AND EXHIBITS

OF

Gregory T. Guerrettaz

ON BEHALF OF PETITIONER/INTERVENOR,

CITY OF CROWN POINT, INDIANA

1 **Q1. PLEASE STATE YOUR NAME.**

2 A1. Gregory T. Guerrettaz.

3 **Q2. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?**

4 A2. I and my firm Financial Services Group (“FSG”) provide financial consulting services to
5 the City of Crown Point.

6 **Q3. ARE YOU THE SAME GREGORY T. GUERRETTZ WHO PREPARED DIRECT**
7 **TESTIMONY FOR CROWN POINT IN THIS CAUSE?**

8 A3. Yes, I am.

9 **Q4. WHAT IS THE PURPOSE OF THIS RESPONSIVE TESTIMONY YOU PRESENT**
10 **HERE?**

11 A4. I respond to Winfield’s Direct Testimony regarding Winfield’s financial condition, their
12 inability to use low-cost State Revolving Fund financing, Winfield rates, economic
13 development, history of service and any contractual commitment in the Disputed Area.

14 **I. WINFIELD’S FINANCIAL CONDITION**

15 **Q5. MS. WILSON DESCRIBES WINFIELD’S MUNICIPAL SEWER UTILITY AS**
16 **BEING IN EXCELLENT CONDITION AND SPONSORS HER FINANCIAL**
17 **ANALYSIS REPORT (EXHIBIT 12). WHAT RESPONSE DO YOU HAVE TO HER**
18 **ASSERTIONS AND HER FINANCIAL REPORT?**

19 A5. In my opinion she over states the financial condition of Winfield and obscures the need for
20 a sewage rate increase. Winfield has many financial shortcomings as shown here:

- 21 1. A very low operating fund balance.
- 22 2. Debt service reserve appears underfunded.
- 23 3. Winfield’s coverage ratios are inadequate

1 4. No operating expense adjustments for increased O&M cost due to expansion of the
2 wastewater treatment plant (“WWTP”), payroll costs, benefits or contracted operation
3 cost increases. In addition, no adjustment was made for the increase operating costs
4 under the operating contract with utility services.

5 5. No capital additions for extension and replacements are shown.

6 6. No payment in lieu of taxes are shown.

7 7. Internal financials do not match the public reports on the Indiana Gateway¹ reporting
8 site for Winfield’s sewer utility.

9 8. In sum, Winfield’s current inadequate rates do not allow Winfield to meet adequate
10 coverage requirements and it cannot issue revenue bonds without raising rates.

11 **Q6. DO YOU FIND THIS CONCERNING?**

12 A6. Yes. These deficiencies serve to overstate the financial condition of Winfield sewer utility
13 and hide the need for a sewage rate increase. I will address each of those concerns.

14 **1. LOW OPERATING FUND BALANCE**

15 **Q7. DOES WINFIELD’S OPERATING FUND MEET THE REQUIREMENTS OF ITS**
16 **BONDS COVENANTS?**

17 A7. No. Winfield maintains an \$80,000 Operating Fund Balance. Its Bond covenants require a
18 minimum of 2 months of operating costs. 2024 operating expenses were \$786,779 per
19 Wilson testimony so this fund should have a minimum of \$131,129.

20 **Q8. IS THAT A PROBLEM?**

¹ Indiana Gateway for Government Units – provides public access to local government finance information including tax and spending data.

1 A8. Yes, it is because it appears that Winfield is in violation of their bond covenants. Violating
2 bond covenants can cause trouble in the future for the Town in the debt markets. For
3 example, it can result in higher interest rates, increased interest expense, and lower bond
4 ratings.

5 **2. DEBT SERVICE RESERVE**

6 **Q9. IS WINFIELD'S DEBT SERVICE RESERVE ADEQUATE?**

7 A9. No. Winfield's Debt Service Reserve Fund appears underfunded. The balance at 12/31/24
8 is \$362,102. The annual debt service on Winfield's current 4 Revenue Bonds is \$520,607.
9 Underfunding Debt Service Reserves can lead to insecure creditors, future higher interest
10 rates and may be a violation of covenants in the bond ordinance.

11 **3. INADEQUATE COVERAGE RATIOS**

12 **Q10. DOES WINFIELD RELY ON NON-RECURRING REVENUE SDC FEES AND**
13 **INTEREST INCOME TO TRY TO MEET BOND COVERAGE REQUIREMENTS?**

14 A10. Yes, Winfield is relying on non-recurring revenue- SDC and interest income to help boost
15 its coverage calculation as shown on Ms. Wilson's Exhibit 16 page 10. Interest income and
16 SDC charges are not normally used to calculate coverage. The coverage Ms. Wilson shows
17 on page 10 of that Exhibit shows coverage of 130% for 2022, 150% for 2023 and 178% for
18 2024 is over stated by use of SDC revenue and interest income.

19 **Q11. WHY IS THE USE OF NON-RECURRING SDC AND INTEREST INCOME TO**
20 **COVER DEBT SERVICE COVERAGE A CONCERN?**

21 A11. Using non-recurring System Development Charges ("SDC") for debt service coverage is
22 concerning because if development were to slow down or even stop than the coverage would
23 most likely drop below the coverage requirements. Not meeting minimum coverage

1 requirements is bad because it makes the municipal utility's bonds out of compliance,
2 insecure and could harmfully impact future bond issuance interest rates or even the
3 availability of future bonds.

4 **Q12. DOES THE STATE REVOLVING FUND ("SRF") ALLOW SDC'S IN THE**
5 **COVERAGE CALCULATION?**

6 A12. No, it does not, SRF (the lowest cost program for financing wastewater project) does not
7 allow SDC's to be counted as recurring revenue to calculate coverage. FSG has had
8 numerous discussions with SRF regarding this matter and its simply not allowed due to the
9 SDC revenue not being recurring and reliable in SRF's opinion.

10 **Q13. IN YOUR EXPERIENCE IS WINFIELD'S RELIANCE ON SDC REVENUE**
11 **APPROPRIATE AND COMMON IN MUNICIPAL UTILITY ACCOUNTING AND**
12 **FINANCIAL REPORTING?**

13 A13. No, it is not because the result again distorts Winfield's supposed financial condition into
14 looking better than it really is.

15 **4. NO ADJUSTMENT FOR INCREASED O&M**

16 **Q14. DOES MS. WILSON SHOW ADJUSTMENTS FOR THE INCREASED O&M**
17 **CAUSED BY INCREASED TREATMENT PLANT CAPACITY, OR**
18 **ADJUSTMENTS FOR INCREASES IN PAYROLL COSTS, EMPLOYEE**
19 **BENEFITS OR CONTRACTED OPERATIONS SERVICE COSTS?**

20 A14. No, she does not. Winfield testimony indicates it has doubled the capacity of its
21 wastewater treatment plant "WWTP" to 1.8 MGD and may increase it again to 4 MGD.
22 Increasing WWTP flows increases many operating expenses, for example electricity and
23 chemicals. WWTP O&M costs also tend to increases annually due to inflation. Beyond

WWTP costs, payroll and employee benefit costs increase periodically. Winfield contracts out the operation of its utility operation. That contract cost has increased from a total of \$68,250 in 2024 to a current annual cost of \$ 154,800 but no future cost increase is reflected by Ms. Wilson.

Q15. WHAT IS THE RESULT OF NOT ACCOUNTING FOR THESE INCREASED COSTS?

A15. The result overstates the financial condition of Winfield's sewer utility and helps hide the need for a rate increase.

5. NO PROVISION FOR EXTENSIONS AND REPLACEMENTS

Q16. DOES MS. WILSON SHOW ADJUSTMENTS FOR EXTENSIONS AND REPLACEMENTS ("E&R")?

A16. No, she does not. It is common that sewer utilities have to pay for some E&R to maintain proper operations. Not reflecting some E&R tends to overstate Winfield's financial health and helps hide the need for a rate increase.

6. NO PROVISION FOR PAYMENT IN LIEU OF TAXES ("PILT")

Q17. DOES MS. WILSON SHOW ANY ADJUSTMENTS FOR THE COST OF PILT?

A17. No, she does not. Winfield's sewer utility does pay the Town PILT. Not reflecting some PILT tends to overstate Winfield's financial health and helps hide the need for a rate increase.

7. WINFIELD'S FINANCIAL DATA IS NOT ACCURATELY SHOWN IN THE PUBLIC INFORMATION TRANSPARENCY GATEWAY SYSTEM

Q18. WHAT IS THE INDIANA GATEWAY FOR GOVERNMENT UNITS?

1 A18. It is a platform for local units of governments to submit data to the state of Indiana and
2 for citizens to access public finance information. Its purpose is to provide citizens with
3 public access to information on how taxes, other public dollars are budgeted and spent. It
4 provides the public with local government financial transparency and accountability.
5 Gateway information is certified by each town or city clerk treasurer and subject to audit by
6 the Indiana State Board of Accounts.

7 **Q19. WHAT DOES THE INDIANA GATEWAY NOTABLY SHOW REGARDING**
8 **WINFIELD?**

9 A19. Until June 5, 2025 Ms. Wilson's reported cash balances as of 12/31/24 did not agree with
10 the Town of Winfield's 2024 Annual Report filed on Gateway. That discrepancy existed
11 until it was corrected on June 5, 2025. But other discrepancies remain. Ms. Wilson's report
12 shows an Operation Fund Balance of \$80,000 but Gateway report shows \$48,524. The
13 Gateway report also shows a negative fund balance for fund 6218, the 2022 A&B bond
14 series Sewer Debt Service Fund. This creates concerns that the Town is overstating their
15 financial position and / or their accounting system is flawed.

16 Also, the Winfield 2023 Building Corp bonds do not appear to be recorded on the State's
17 Gateway Debt Management System. This is a problem because a property tax rate must be
18 maintained in order to provide property tax revenue to pay the municipal building lease
19 rent payments. Normally the state requires all debt (such as the Winfield 2023 Building
20 Corp bonds) to be in Gateway before the debt service tax rate is allowed. Without proper
21 disclosures in Gateway the Town runs the risk of default.

22

23

1 **II. CUSTOMER RATES**

2 **Q20. MS. WILSON ASSERTS THAT CROWN POINT'S CURRENT RATES ARE**
3 **HIGHER THAN WINFIELD'S CURRENT RATES. SHOULD DIFFERENCES IN**
4 **CURRENT RATES IN THIS CASE BE A CONTROLLING OR IMPORTANT**
5 **FACTOR IN DETERMINING WHICH UTILITY WILL SERVE A DISPUTED**
6 **AREA?**

7 A20. No, for many reasons the current rate differential should not be a controlling or important
8 factor in determining which utility can best serve the Disputed Area. Moreover, as I will
9 describe Ms. Wilson's description of Winfield and Crown Point current rates is misleading.
10 **First**, Winfield's rates are understated by forcing property owners to subsidize those rates
11 through property tax payments. Winfield put its municipal buildings into a Municipal
12 Building Corporation and now with property tax payment money has to pay rent on its
13 municipal buildings. Those rent payments are used to pay debt service on Winfield's 2023
14 \$8,600,000 Building Corporation Bonds that funded its past Wastewater Utility capital
15 improvements. By using this Municipal Corporation rent payment device all Winfield's
16 property owners, regardless if they are on sewer, septic or have no sanitation at all,
17 materially subsidize Winfield's sewer rates. Actual Winfield sewer customers pay twice
18 for sewage service, once in sewage rates and then some more in their property taxes. This
19 hidden mechanism of forced subsidization of municipal sewer rates by all property tax
20 payers understates the actual customer cost of Winfield's sewer service, prevents accurate
21 price signals to customers and discourages water conservation. The true cost to serve
22 Winfield sewer customer is masked by all Winfield property owner's tax subsidization. I
23 have not previously seen this Municipal Building Corporation financing used by another

1 municipal utility. In response to Crown Point's Data Request 1.71, Ms. Wilson stated that
2 she knows for certain of only one other Indiana municipal utility that has issued Building
3 Corporation Bonds.

4 In my opinion, Winfield turned to Municipal Building Corporation Bonds because its
5 insufficient rates fail to provide adequate bond coverage to support traditional revenue
6 bonds. Instead, by using municipal corporation bonds Winfield has chosen to have all
7 Winfield property tax payers pay higher property taxes so Winfield can pay rent for the use
8 of the Winfield municipal buildings to fund the debt service for its Municipal Corporation
9 bonds. That results in property tax payers unknowingly subsidizing Winfield sewer rates.

10 My Attachment 4-1 approximates the amount of Winfield sewer rates subsidization paid
11 in the property tax by an owner of a house assessed at \$350,000 to be \$20 per month in
12 2025. When the \$20 monthly property tax expense subsidy is added to Winfield's current
13 flat rate of \$59.75 the result is a flat rate of \$79.75, about the same as Crown Point's current
14 rate of \$84.24 for 4,000 gallons.

15 Property taxes have been a broad highly visible public and political issue. Imagine the
16 public uproar that would arise if all utilities were allowed to use a portion of property tax
17 revenue to subsidize their utility debt costs. Debt service on utility capital improvements
18 should come from utility operating revenues so that utility customers pay for utility costs
19 without adding to the property tax burdens of all landowners, residents and businesses.

20 Without a rate increase Winfield cannot meet the coverage requirements for normal bond
21 issuance like low-cost State Revolving Fund financing or revenue bonds sold on the open
22 market.

1 **Second**, Crown Point's current rates reflect all the debt service needed for three of the four
2 phases of its construction program, including the new SE WWTP that is needed to comply
3 with IDEM requirements and to make sewer service available to the proposed Crown Point
4 Expansion Area and Disputed Area.

5 Conversely, Winfield's current rates do not reflect any of the costs of its planned
6 conveyance system improvements and future WWTP expansion and the increased costs I
7 discussed previously, needed to provide for sewer service in the Disputed Area or in its
8 expanded territory. Winfield's future capital improvements will drive up their debt service
9 (and / or their property tax subsidized rental payments) and other sewage utility operating
10 costs.

11 For example, FSG used Mr. Stong's estimates of the costs of Winfield's suggested
12 conveyance system improvements to serve LBL Development, then the cost to serve the
13 rest of Winfield's expansion area and finally the cost of its proposed 4 MGD treatment
14 plant expansion. FSG has used those estimated costs of Winfield's proposed improvements
15 to illustrate Winfield's resulting future rates. FSG estimates that with just the estimated
16 \$29.7 million cost of Winfield's proposed conveyance system to serve LBL, Winfield's
17 monthly flat rate will be about \$246.92, a 313% increase. With the estimated cost of \$139
18 million for Winfield's complete conveyance system the monthly flat rate would be
19 \$672.89. After the addition of the estimated \$21.6 million treatment plant expansion to
20 4MGD, the Winfield monthly rate would be \$746.36 to fund the entire Service Area. FSG's
21 calculations also included estimated increased operating costs.

22 By comparison with completion of its SE WWTP capital improvements Crown Point's
23 rates will be the same as its current rates, \$84.24 for 4,000 gallons, and \$105.30 for 5,000

1 gallons. That rate will meet Crown Point's revenue requirements including funding the
2 bonds needed to fund the first three phases of Crown Point's planned capital improvements
3 to. My Exhibit 4-2 sets forth these rate comparison.

4 As I detail later, we are considering several additional financing options that should allow
5 Crown Point to fund Phase Four of Crown Point's construction program with no rate
6 increase.

7 Moreover, it is my expectation that as Crown Point connects more customers, total
8 revenues will increase, fixed costs like debt service can be spread over more customers.

9 This should allow Crown Point to lower its sewage rates in the future.

10 **Third**, in portions of Ms. Wilson rate comparison discussion she uses a Crown Point
11 sewage customer bill for 5,000 gallons per month to compare to Winfield's monthly flat
12 rate bill of \$59.75. However, 4,000 gallons per month is the normal standard for example
13 used by the State Revolving Fund, USDA and others. Ms. Wilson's use of 5,000 gallons
14 rather than 4,000 gallon's further aggravates Winfield's unfair apples to oranges rate
15 comparison.

16 **Forth**, lower sewer rates have little relevance when sewer service is not available.

17 It does not matter that Winfield's current rates might be lower than Crown Point's current
18 rates because it is our understanding from LBL discovery responses DR 1.9 and DR 2.12
19 and from LBL that LBL and other developers in Winfield have for some time had trouble
20 obtaining service from Winfield. My understanding is Winfield's failure to agree to provide
21 sewer service is one reason LBL asked Crown Point for sewer service.

22 If the sewage rate was very low or even zero, it means nothing when the service cannot be
23 obtained. Low sewage rates do not equate to reliable customer service or to economic

1 development. The Disputed Area is in large part owned or controlled by LBL. Through the
2 Donation Agreement LBL has received Crown Point's written commitment that Crown
3 Point will make Sewer service available to LBL within five years.

4 **Fifth**, LBL is aware of Crown Point's rates and charges for sewer service and does not
5 believe they present an impediment to developing its area. What development needs is the
6 firm commitment to make utility service available at acceptable rates and charges. Crown
7 Point has made that commitment to LBL.

8 **Sixth**, it would be an absolutely perverse destructive signal to Crown Point and to other
9 Combined Sewer Operations ("CSO") municipal sewer utilities that incurring the large
10 capital costs needed to resolve combined sewer environmental problems, and the resulting
11 increased rates, will make expansion of their sewer service into disputed territory areas
12 uncompetitive. Crown Point has stepped up and carefully planned and implemented the
13 major capital improvements needed to comply with IDEM water quality requirements. The
14 cost of those highly beneficial improvements increases sewage rates, just as they have for
15 many other CSO sewage utilities. Those increased rates should not be a reason to prevent
16 Crown Point from extending its sewer service to the public service and economic
17 development needs of the Disputed Area. That is even more compelling here where LBL,
18 the major area developer in the Disputed Area is for good reason so strongly fighting in
19 this case against Winfield and in support of the availability of Crown Point sewer service.
20 All CSO municipal sewer utilities have faced, or will face, major capital costs to address
21 combined sewage outflow environmental compliance. Generally, CSO sewer utility rates
22 increase as each resolve it's combined system water quality challenge. The resulting higher
23 rates from meeting IDEM environmental compliance requirements should not make them

1 second class or disadvantaged participates in meeting the public service needs and
2 economic development needs in a disputed regulated territory competition.

3 **Q21. MS. WILSON AND MR. BEAVER SPEAK OF AN ADDITIONAL PHASE III**
4 **CROWN POINT RATE INCREASE. DO YOU BELIEVE A PHASE III INCREASE**
5 **WILL OCCUR?**

6 A21. I do not. The current already implemented two-phase rate increase will provide enough
7 revenue to satisfy Crown Point's revenue requirements for all capital additions included in
8 completing the SE WWTP. The remaining Crown Point Phase Four capital improvements
9 can be financed through a number of alternative means including general obligation bonds,
10 food and beverage bonds, local income tax bonds, Tax Increment Financing bonds, and
11 cash. With those financing options available to a city as large, and sophisticated, as Crown
12 Point I believe the likelihood of further rate increase to meet current planned capital
13 expansion is small. Even if some additional rate increase were to be initially necessary it
14 would likely be mitigated by the other financing options described above. Further, with the
15 addition of new customers in the Crown Point Expansion Area, including the Disputed Area,
16 fixed costs will be spread over more customer volumes, Crown Point intends to lower and/or
17 maintain rates in the future when possible.

18 Crown Point's rates are needed to fund the capital improvements to meet IDEM
19 environmental compliance, satisfy increased demand for sewer service and to meet the area
20 economic development. Based on all the facts I believe those rates do not put Crown Point
21 at a disadvantage in serving the Disputed Area.

22

23

III. EFFECT OF COMMISSION ORDER ON CUSTOMER RATES

Q22. IN RESPONSE TO WINFIELD'S TESTIMONY REGARDING CUSTOMER RATES, DO YOU HAVE AN OPINION OF THE EFFECT A COMMISSION ORDER GRANTING CROWN POINT OR WINFIELD THE DISPUTED AREA WOULD HAVE ON CUSTOMER RATES AND CHARGES?

A22. Yes, I do. The only identified current potential customer in the Disputed Area is LBL, which by the Donation Agreement sought and has already requested and received Crown Point's commitment to make customer sewer service available. The Donation Agreement between LBL and Crown Point invites Crown Point sewer service to the LBL Development within the Disputed area. With the Disputed Area assigned to Crown Point LBL development will occur. Additional economic development will occur. New customers will be connected to the Crown Point sewer system resulting in fixed costs being spread over more customers. Customer growth facilitates lower Crown Point sewer rates in the future from spreading fixed costs over an increased number of customers. It is logical that the fixed cost savings is more beneficial to the customers of the utility that currently has higher rates. That is even truer here because Crown Point has stepped up and incurred the major costs needed to resolve CSO water quality challenges. Doing the right thing should be encouraged, not punished.

On the other hand, if Winfield were granted the Disputed Area LBL indicates it is unlikely to, or simply will not develop the area, meaning no or fewer new customers to help pay sewer utility fixed costs and less or no economic development. As I previously described, Winfield customers would over time pay rates higher than Crown Point's rates as shown on

1 my Exhibits 5-1 and 5-2. In sum, the effect of an order giving the Disputed Area to Crown
2 Point will be positive, while if given to Winfield the effect will be negative.

3 **IV. EFFECT ON ECONOMIC DEVELOPMENT**

4 **Q23. WHAT WOULD BE THE EFFECT ON ECONOMIC DEVELOPMENT IN THE**
5 **DISPUTED AREA FROM CROWN POINT SERVING THE DISPUTED AREA?**

6 A23. Mr. Falkowski details the greater positive impact on area economic development from
7 Crown Point serving the Disputed Area. Based on my years of experience with Crown Point
8 and municipal expansions I totally agree with him. LBL is the initial developer economic
9 stimulus in the Disputed Area. Continued economic development should follow their new
10 development. The Donation Agreement establishes LBL's insistence on Crown Point's
11 sewer service and Crown Point's commitment to provide that service to LBL. In my
12 opinion to ignore that mutual commitment between Crown Point and LBL by giving the
13 Disputed Area to Winfield would seriously set back, if not destroy economic development
14 in the Disputed Area.

15 **V. HISTORY OF SEWER SERVICE AND UTILITY SERVICE CONTRACTS IN THE**
16 **DISPUTED AREA**

17 **Q24. WHAT IS THE HISTORY OF SEWER SERVICE AND CONTRACTUAL**
18 **COMMITMENTS IN THE DISPUTED AREA?**

19 A24. Winfield generally describes the history of service within its Town limits, but no history
20 of service in the Disputed Area. Wilson Direct p.6.

21 Crown Point's history of sewer service in the Disputed Area is it is contractually committed
22 by the Donation Agreement to offer sewer service to LBL Development. LBL is a
23 development of several hundreds of acres, almost half the Disputed Area. LBL has already

1 donated 44 acres to Crown Point to secure the availability of Crown Point's sewer service.

2 In my opinion that is a major contractual commitment in the Disputed Area and a huge stake
3 in the Disputed Area for Crown Point. LBL has intervened in this case and vigorously
4 opposes being forced to take sewer service from Winfield.

5 It is my understanding that Winfield provides no sewer service in the Disputed Area and
6 has not made any commitment to any developer in the Disputed Area to provide service. In
7 my opinion the history of sewer service in the Disputed Area is only that of Crown Point
8 and LBL. I believe the history of sewer service and contractual commitments in the Disputed
9 Area heavily favors Crown Point's service in the Disputed Area.

10 **Q25. DOES THAT CONCLUDE YOUR RESPONSIVE TESTIMONY?**

11 A25. Yes

WINFIELD SEWAGE WORKS

Estimated Property Tax for Lease Rental Payment Rate

	<u>2025</u>
Market Value of Home	\$ 350,000
Equals: Assessed Tax Value	<u>\$ 350,000</u>
Less:	
Homestead Deduction	<u>\$ 48,000</u>
Net Assessed Value	<u><u>\$ 302,000</u></u>
Supplemental Homestead	\$ 113,250
Mortgage Deduction	<u>-</u>
Equals: Adjusted Assessed Value	<u><u>\$ 188,750</u></u>
Assessed Value Divided by 100	\$ 1,888
Times: County Property Tax Rate	<u>0.1418</u>
Total	<u>\$ 268</u>
Less: State PTRC and Homestead Credits	<u>(28)</u>
Equals: Tax Liability to the Town	<u><u>\$ 240</u></u>
Monthly Payment	<u><u>\$ 20.00</u></u>

Prepared by FSG Corp. 08/07/2025

Winfield Sewage Works

Estimated Rate Impacts of Winfield's Construction Plans with 125% Annual Debt Service Coverage

	From Wilson Testimony 2024	With Proposed Bonds to Fund Lotten Service Area	With Proposed Bonds to Fund Convynance only Entire Service Area	With Proposed Bonds to Fund Entire Service Area
Operating Receipts				
Sales and Forfeited Discounts	\$ 1,538,307	\$ 1,538,307	\$ 1,538,307	\$ 1,538,307
Interest Income	139,114	139,114	139,114	139,114
Other Receipts	36,311	36,311	36,311	36,311
Total Receipts	1,713,732	1,713,732	1,713,732	1,713,732
Estimated Increase in Operating Costs (1)	-	950,000	2,200,000	2,200,000
Total Operating Disbursements	\$ 786,779	\$ 1,736,779	\$ 2,986,779	\$ 2,986,779
Net Operating Receipts	\$ 926,953	\$ (23,047)	\$ (1,273,047)	\$ (1,273,047)
Other Disbursements				
Principal Repayment	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000
Interest Expense	261,104	261,104	261,104	261,104
Proposed Bonds (1) (2)	-	2,384,167	-	-
Proposed Bonds (1) (3)	-	-	11,158,225	-
Proposed Bonds (1) (4)	-	-	-	12,844,000
Total Debt Service	521,104	2,905,271	11,679,329	13,365,104
Coverage	1.78			
Estimated Annual Revenue needed For 1.25 Coverage on all Debt		\$ 5,368,368	\$ 17,585,940	\$ 19,693,159
Rate Increase % Needed		313%	1,026%	1,149%
New Flat Rate Required		\$ 246.92	\$ 672.89	\$ 746.36

(1) See Summary of Significant Assumptions.

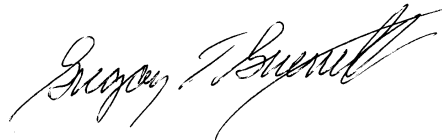
(2) Based on a \$29,700,000 twenty year bond issue at a 5% interest rate.

(3) Based on a \$139,000,000 twenty year bond issue at a 5% interest rate.

(4) Based on a \$160,000,000 twenty year bond issue at a 5% interest rate.

VERIFICATION

The undersigned affirms under the penalties for perjury that the foregoing testimony is true to the best of his knowledge, information and belief.

A handwritten signature in black ink, appearing to read "Gregory T. Guerrettaz", written in a cursive style.

Gregory T. Guerrettaz