

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

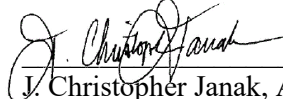
IN THE MATTER OF THE PETITION OF THE  
TOWN OF WINFIELD, LAKE COUNTY,  
INDIANA, FOR APPROVAL OF A  
REGULATORY ORDINANCE ESTABLISHING A  
SERVICE TERRITORY FOR THE TOWN'S  
MUNICIPAL SEWER SYSTEM PURSUANT TO  
IND. CODE § 8-1.5-6 *ET SEQ.*

CAUSE NO. 45992

PREFILED DIRECT TESTIMONY AND EXHIBITS  
OF JENNIFER Z. WILSON

Prefiled Direct Testimony of Jennifer Z. Wilson	<u>Petitioner's Exhibit 11</u>
Financial Analysis Report	<u>Petitioner's Exhibit 12</u>
Ordinance No. 143-F, Ordinance amending monthly user rates	<u>Petitioner's Exhibit 13</u>
Ordinance No. 143-G, Ordinance amending system development charges	<u>Petitioner's Exhibit 14</u>

Respectfully submitted,



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**OF**  
**JENNIFER Z. WILSON**

**ON BEHALF OF**  
**THE TOWN OF WINFIELD, LAKE COUNTY, INDIANA**

I.

INTRODUCTION

1  
2  
3 **1. Q PLEASE STATE YOUR NAME AND ON WHOSE BEHALF, YOU ARE**  
4 **TESTIFYING.**

5 A My name is Jennifer Z. Wilson, and I am testifying on behalf of the Petitioner, the Town  
6 of Winfield, Indiana ("Winfield" or "Petitioner").

7 **2. Q BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

8 A I am a Consulting Director with Crowe LLP ("Crowe"), a certified public accounting  
9 and consulting firm. Crowe's Consulting Public Sector Municipal Advisory practice  
10 and its predecessor, Municipal Consultants, have been providing rate and financial  
11 consulting services to governmental units and various types of utility companies for over  
12 fifty-five years. My business address is 3815 River Crossing Parkway, Suite 300,  
13 Indianapolis, Indiana 46240.

14 **3. Q PLEASE SUMMARIZE YOUR EDUCATIONAL AND PROFESSIONAL**  
15 **QUALIFICATIONS.**

16 A I received a bachelor's degree in accounting from Indiana University in 1992. During  
17 my employment, I have attended numerous seminars and conferences pertaining to  
18 accounting, utility, and rate issues. Universities, utility associations, accounting  
19 organizations, state regulatory associations, governmental entities, and other  
20 organizations sponsored these seminars. I am a Certified Public Accountant licensed in  
21 the State of Indiana and am a member of the Indiana CPA Society and the American  
22 Institute of Certified Public Accountants. I am designated by the Municipal Securities

1 Rulemaking Board ("MSRB") as a Municipal Advisor Representative and a Municipal  
2 Advisor Principal.

3 **4. Q WHAT IS A DESIGNATION OF MUNICIPAL ADVISOR BY THE MSRB?**

4 A As part of its expanded mandate under the Dodd-Frank Wall Street Reform and  
5 Consumer Protection Act, the MSRB implemented the first qualifying examination for  
6 municipal advisors. MSRB Rule G-3, effective April 27, 2015, created two  
7 classifications of municipal advisor professionals, representative and principal, with  
8 firms required to designate at least one principal to oversee the municipal advisory  
9 activities of the firm. All municipal advisor representatives and principals are required  
10 to take and pass the Series 50 exam to demonstrate the level of knowledge needed to be  
11 sufficiently qualified to perform municipal advisory activities. Furthermore, the MSRB  
12 restricts any party from providing advice concerning the issuance of debt to only those  
13 qualified as a municipal advisor representative or municipal advisor principal. I passed  
14 the Series 50 Pilot exam in 2016 and, because of that, am a Series 50-qualified municipal  
15 advisor representative. I passed the Series 54 Pilot exam in 2019 to demonstrate the  
16 level of knowledge to serve as a municipal advisor principal. My firm has designated  
17 me as a municipal advisor principal.

18 **5. Q HOW LONG HAVE YOU BEEN EMPLOYED BY CROWE AND IN WHAT**  
19 **CAPACITIES?**

20 A I have been employed by Crowe since 1992 after graduating from Indiana University.  
21 During my employment, I have been responsible for supervising and performing  
22 numerous projects including utility rate engagements, feasibility studies, cost of service

1 studies, utility financial analysis, rate evaluation, revenue sufficiency reviews, and other  
2 projects related to a variety of utility issues.

3 I have served as a municipal advisor on both competitive and negotiated bond sales  
4 including debt issuance through agencies of the State of Indiana by the Indiana Bond  
5 Bank and by the Indiana Finance Authority through the State Revolving Fund Loan  
6 Program. While at Crowe, the engagements that I have worked on and been responsible  
7 for have included water, sewer, stormwater, and electric utilities that were established  
8 as not-for-profit, for-profit, governmental, or quasi-governmental entities. I have  
9 prefiled and given oral testimony before the Indiana Utility Regulatory Commission  
10 ("Commission").

11 **6. Q HAVE YOU TESTIFIED BEFORE THE COMMISSION IN THE PAST?**

12 A Yes, I testified on behalf of the City of Fort Wayne in its water rate case and financing  
13 cases, Cause Nos. 42979 and 42724. I have also testified on behalf of the City of South  
14 Bend in Cause No. 42779, the City of New Castle Water Utility in Cause No. 42984,  
15 the City of Lafayette in Cause No. 45006, the Crawfordsville Electric Light & Power in  
16 Cause No. 45420, the City of Bloomington Water Utility in Cause No. 45533, the  
17 Granger Water Utility LLC in Cause No. 45568, and the City of Marion Municipal  
18 Water Utility in Cause No. 45838.

19 **7. Q MS. WILSON, PLEASE DESCRIBE YOUR AND YOUR FIRM'S**  
20 **RELATIONSHIP AND INVOLVEMENT WITH WINFIELD.**

21 A Crowe has been the municipal advisor for Winfield since 2021. During this time, Crowe  
22 has performed a number of engagements for Winfield, including, but not limited to, the

1 issuance of debt, continuing disclosure filings, utility rate analysis, and other utility  
2 related projects. I have been the primary contact for all utility revenue related  
3 engagements.

4 **8. Q WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS CAUSE?**

5 A The purpose of my testimony is to support Winfield's request for approval of Ordinance  
6 No. 358 ("Regulatory Ordinance"). Specifically, I will address the financial status of  
7 Winfield's sewer utility and the effect of the Commission's order in this proceeding on  
8 the: (i) customer rates and charges for service provided in the proposed service area  
9 ("Winfield Service Area"); and (ii) present and future economic development in the  
10 Winfield Service Area.

11 **II.**  
12 **FINANCIAL STATUS OF WINFIELD'S MUNICIPAL SEWER UTILITY AND**  
13 **RATES AND CHARGES IN THE WINFIELD SERVICE AREA**  
14

15 **9. Q PLEASE GENERALLY DESCRIBE THE HISTORY OF WINFIELD'S SEWER**  
16 **UTILITY.**

17 A The Town Sewer Board oversees management of the Winfield Municipal Sewer Utility  
18 ("Utility") and the Town Counsel establishes rates and charges for municipal utility  
19 services. The elected Clerk-Treasurer is responsible for the financial records of the  
20 sewage works. The day-to-day operation of the sewage works is provided by an outside  
21 contract operator. The Town's existing sewage works system consists of a mechanical  
22 treatment plant and collection system apprising of 120,000 feet of gravity and force  
23 main and ten lift stations. Winfield was incorporated in 1993. The sewage treatment

1 plant was built in four (4) phases; the first phase was built in 1996 with major expansions  
2 completed in 2007 and 2022 to increase treatment capacity from 300,000 gallons per  
3 day to 800,000 gallons per day. On December 21, 2023, the Building Corporation of  
4 the Town of Winfield issued bonds to fund the further expansion of the treatment plant  
5 to 1.6 million gallons per day capacity for treatment as well as other improvements.  
6 The Utility has grown from 42 connections in the year 1997 to 2,217 as of September  
7 2023. In the past five years the Utility has averaged 95 new customers per year. The  
8 following table shows the number of customers as of September 2023 and at year end for  
9 2018 through 2022.

<u>Year</u>	<u>Total Number of Customers</u>
September, 2023	2,217
2022	2,109
2021	1,954
2020	1,868
2019	1,808
2018	1,743

10  
11 **10. Q DO YOU HAVE AN OPINION ON THE FINANCIAL STATUS OF**  
12 **WINFIELD'S MUNICIPAL SEWER UTILITY?**

13 A Yes, I do. Winfield's municipal sewer utility is in excellent financial condition. The  
14 rates and charges that are currently in place provide adequate revenues for Winfield to  
15 address its operation and maintenance expenses, taxes other than income taxes, debt  
16 service, and debt service reserve funding. The Utility has substantial coverage on the

1           outstanding debt issuance to allow for annual capital improvement or the buildup of  
2           funds for future capital improvements.

3       **11. Q HAVE YOU RECENTLY PREPARED A FINANCIAL ANALYSIS THAT**  
4           **SUMMARIZES THE CURRENT STATUS OF WINFIELD'S MUNICIPAL**  
5           **SEWER UTILITY AND ITS CURRENT RATES AND CHARGES?**

6       A   Yes, I have. For the Commission's reference, I am attaching as Petitioner's Exhibit 12  
7           a copy of a financial analysis that I, along with other members of my firm that I  
8           supervised, have recently prepared for Winfield.

9       **12. Q CAN YOU DESCRIBE THE CONTENTS OF PETITIONER'S EXHIBIT 12?**

10      A   Petitioner's Exhibit 12 is the Financial Analysis Report for the Town of Winfield  
11           Sewage Works dated December 22, 2023 ("Report"). The purpose of the Report was to  
12           calculate the debt service coverage of the Utility for current debt service payments. The  
13           Report is based on data for the twelve months ended September 30, 2023, December 31,  
14           2022, and December 31, 2021. The operating receipts were \$1,472,521 for the test year  
15           ended September 30, 2023, \$1,389,794 for the year ended December 31, 2022, and  
16           \$1,358,241 for the year ended December 31, 2021. The operating disbursements ranged  
17           between \$722,000 and \$733,100 resulting in net operating receipts of \$632,854 in 2021,  
18           \$656,695 in 2022, and \$750,291 for the test year ending September 30, 2023. The  
19           Utility has four series of bonds outstanding; the Sewage Works Refunding Revenue  
20           Bonds of 2013, Series A ("2013A Bonds"), the Sewage Works Refunding Revenue  
21           Bonds of 2013, Series B ("2013B Bonds"), the Sewage Works Revenue Bonds of 2022,  
22           Series A ("2022A Bonds"), and the Sewage Works Revenue Bonds of 2022, Series B (



1           “2022B Bonds”)(together, the “Outstanding Bonds”). The combined maximum annual  
2           debt service on the Outstanding Bonds is \$521,104. Including the interest income and  
3           the System Development Charges, debt service coverage. using the maximum annual  
4           debt service on the Outstanding Bonds, is \$420,247 or 181% in the year 2021, \$680,803  
5           or 231% in the year 2022, and \$1,002,429 or 292% in the test year ending September  
6           30, 2023. The coverage amount is available for the funding of the debt service reserve,  
7           funding capital projects, or retaining for funding of future capital projects.

8       **13. Q TO YOUR KNOWLEDGE, HAS WINFIELD RECENTLY ISSUED BONDS**  
9           **FOR THE PURPOSE OF FINANCING THE CONSTRUCTION OF FACILITIES**  
10          **WITH SUFFICIENT CAPACITY TO SERVE THE WINFIELD SERVICE**  
11          **AREA?**

12       A Yes, it has. In fact, Winfield completed the issuance of the \$8,600,000 Town of  
13       Winfield, Indiana Building Corporation Lease Rental Revenue Bonds of 2023 (“2023  
14       Building Corporation Bonds”) on December 21, 2023, and is expected to issue a notice  
15       to proceed to its contractor this week. The contractor will be constructing a wastewater  
16       treatment plant expansion which will be used to treat sewage originating from, among  
17       other areas, the Winfield Service Area.

18       The principal and interest on the 2023 Building Corporation Bonds are payable from  
19       lease rental payments due from the Town of Winfield to the Building Corporation and  
20       are payable solely from and secured exclusively by the trust estate, which includes the  
21       rent received by the Building Corporation. The 2023 Building Corporation Bonds are  
22       not secured or payable by the revenues of the Utility.

1     **14. Q WHY DIDN'T WINFIELD USE THE REVENUES OF THE UTILITY TO**  
2           **SECURE THE RECENT BOND ISSUANCE THAT FUNDS THE EXPANSION**  
3           **TO THE TREATMENT PLANT?**

4           The Utility has excellent coverage as I previously explained with the inclusion of the  
5           SDC revenues it has collected (please see Petitioner's Exhibit 12, p.11). However, for  
6           the purposes of issuing debt on parity with the Outstanding Bonds, SDC revenues are  
7           not included in the parity coverage calculation. The parity coverage calculation requires  
8           that the coverage on the Outstanding Bonds and the bonds proposed to be issued on  
9           parity with the Outstanding Bonds have Net Revenues in excess of 125% of the  
10          maximum annual debt service on the Outstanding Bonds and the bonds proposed to be  
11          issued on parity with the Outstanding Bonds. Net Revenues for the Utility are defined  
12          as gross revenues after deduction only for the payment of the reasonable expenses of  
13          operation, repair, and maintenance. The coverage excluding the SDC charges was  
14          \$133,413 or 126% for the year 2021, \$206,971 or 140% for the year 2022, and \$316,579  
15          or 161% for the test year ending September 30, 2023. The parity provisions require that  
16          the prior calendar year be used in the calculation. Using the year 2022 for the parity  
17          coverage calculation, the Utility did not have the capacity to fund the additional debt  
18          service for the issuance of the debt without an increase to its monthly user rates. Rather  
19          than raise monthly user rates and issue sewer revenue bonds, the Town Council made  
20          the decision to finance the wastewater treatment plant expansion by issuing bonds  
21          through the Building Corporation and using \$818,624 in SDC funds towards the project

1           so that the Utility could maintain its highly competitive user rates, avoid rate shock to  
2           its customers, and encourage economic development.

3   **15. Q DID WINFIELD RECEIVE OTHER BENEFITS BY USING THE BUILDING**  
4   **CORPORATION FINANCING MODEL?**

5   A Yes, it did. By using the Building Corporation financing approach, Winfield provided  
6   its sewer utility with borrowing flexibility. As it continues to grow and add customers,  
7   Winfield will have more revenues and increased borrowing power to issue new debt to  
8   construct sewer improvements with the goal of avoiding a significant spike in monthly  
9   user rates. For these reasons, Winfield is in a good position to be able to finance the  
10   improvements necessary to serve customers both inside its municipal limits and the  
11   Winfield Service Area.

12   **16. Q ARE YOU FAMILIAR WITH WINFIELD'S CURRENT RATES AND**  
13   **CHARGES FOR SEWER SERVICE?**

14   A Yes, I am. For the Commission's convenience, a copy of Winfield's ordinance,  
15   Ordinance No. 143-F, that amended its monthly service charges is attached as  
16   Petitioner's Exhibit 13. In addition, I am attaching as Petitioner's Exhibit 14 a copy of  
17   Ordinance No. 143-G, which amended Winfield's system development charges.  
18   These two ordinances set forth rates and charges that are imposed on users within the  
19   Winfield Service Area.

1     **17. Q DOES WINFIELD HAVE HIGHER RATES FOR CUSTOMERS LOCATED**  
2             **OUTSIDE OF ITS MUNICIPAL BOUNDARIES?**

3             A No, it does not.

4     **18. Q MS. WILSON, DO YOU HAVE AN OPINION ON WHETHER THE**  
5             **COMMISSION ORDER AUTHORIZING WINFIELD TO SERVE THE**  
6             **WINFIELD SERVICE AREA WILL HAVE A POSITIVE EFFECT ON**  
7             **WINFIELD'S RATES AND CHARGES FOR SERVICE?**

8             A Yes, I do. Winfield has already planned, designed, and is in the process of constructing  
9             facilities with sufficient capacity to serve inside its municipal boundaries and to areas  
10            within the proposed Winfield Service Area. Assuming Winfield is authorized to serve  
11            the Winfield Service Area, Winfield will be able to spread its fixed costs over a larger  
12            customer base which will allow Winfield to achieve greater economies of scale and  
13            maintain the lowest possible rates for its existing and future customers. I believe a  
14            Commission order granting Winfield the authority to be the exclusive provider to the  
15            Winfield Service area would have a positive impact on rates and charges for service in  
16            the area.

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**III.**

**IMPACT OF APPROVAL OF WINFIELD SERVICE AREA ON  
PRESENT AND FUTURE ECONOMIC DEVELOPMENT**

19. Q MS. WILSON, DO YOU BELIEVE APPROVAL OF WINFIELD'S SERVICE  
AREA WILL HAVE AN IMPACT ON PRESENT AND FUTURE ECONOMIC  
DEVELOPMENT IN THE AREA?

A Yes, I do. As I discussed above, the approval of the Winfield Service Area will allow  
Winfield to extend service to areas that otherwise are not currently being served. The  
extension of sewer service to this area should facilitate new economic development in  
the area and allow existing homes the option of connecting to the sewer system. Over  
the course of time (and assuming approval of the Winfield Service Area), Winfield will  
be able to extend service, achieve economies of scale, and offer competitive rates for all  
customers, all of which will be beneficial to present and future economic development in  
the area.

**IV.**  
**CONCLUSION**

20. Q DOES THIS CONCLUDE YOUR TESTIMONY?

A Yes.

**VERIFICATION**

I affirm under the penalties for perjury that the foregoing testimony is true to the best of my knowledge, information, and belief.

  
\_\_\_\_\_  
Jennifer Z. Wilson

## **CERTIFICATE OF SERVICE**

I certify that a copy of the foregoing was served upon the following by electronic mail this  
26th day of December, 2023:

**Indiana Office of Utility Consumer Counselor**

[infomgt@oucc.in.gov](mailto:infomgt@oucc.in.gov)

  
\_\_\_\_\_  
J. Christopher Janak