

Summary Of The Reasons Behind Ben Davis Conservancy District's Request For The Authority to Charge A Monthly User Fee In Addition To The Current Assessment Charge.

1. Ben Davis CD provides sanitary sewer service to approximately 4,300 customers on the southwest side of Indianapolis.
2. Ben Davis CD currently bills its customers an assessment based on each customer's property's assessed valuation. These assessments are paid with the County property tax bill twice a year.
3. Ben Davis CD's customer base is primarily residential customers with a small amount of commercial customers.
4. The average commercial customer's assessed value is considerably higher than the average residential customer's assessed value.
5. It is typical in sewage billings for customers to be billed on a monthly basis based on either their monthly flow to be treated or based on an equivalent domestic usage basis.
6. There is a direct relationship between the cost of treating sanitary flows on a per customer basis and the amount of flow that customer discharges to the treatment system.
7. There is not a direct relationship between the assessed value per customer and the cost of treatment per customer.
8. The current assessed value price model causes the commercial customers to subsidize the residential customer's treatment costs.
9. Sanitary sewage waste is a pollutant and it is good public policy to discourage its creation. One way to discourage its creation is through the creation of a price/charge system that assigns greater cost to greater amounts of waste creation. The current assessment based charge system causes commercial customers to pay for the treatment of waste created by the residential customers. This charge system gives bad pricing signals to the residential customers.
10. Ben Davis CD does not own a sanitary sewer treatment facility – instead it owns a collection system and pays Citizens to treat its customer's sanitary waste flows.
11. For various reasons the cost to Ben Davis for sanitary waste treatment is raising precipitously beginning in 2019 (due both to under billing in past years by Citizens and dramatically increasing treatment costs being incurred by Citizens). Treatment costs are projected to double to Ben Davis by 2020 and then double again by 2024. By 2024 the projected annual cost of treatment to be paid to Citizens is greater than the entire 2018 budget.
12. These increasing costs, coupled with the assessed value based cost assignment system of Ben Davis, place an unfair and inequitable burden on Ben Davis' commercial customers.
13. These increasing costs if they continue to be disproportionately assigned to the commercial customers could cause those commercial customers to leave the Ben Davis service area in search of less expensive operating environments. This would then create a cascading effect where more and more commercial customers leave the area until only the residential customers remain and

those remaining residential customers then receive a large and burdensome treatment cost increase due to the absence of the commercial customers.

14. The easiest and simplest method to avoid the unfairness and inequity of the current assessment based billing system is to change that billing system to a flow based or equivalent domestic unit based billing system. This type of system involves charging a monthly user fee and sending out monthly bills to Ben Davis' customers.
15. Ben Davis is requesting the Court's permission to begin billing a monthly user fee to its customers of \$8.00 per month in addition to the assessment charge.
16. This \$8.00 monthly rate is not enough to fund the Ben Davis CD's entire 2018 budget. Ben Davis CD will need to bill both an assessment and a monthly bill to fund its entire 2018 budget. Ben Davis CD has already advertised and submitted its 2018 assessment rate for its 2018 budget to the Indiana Department of Government Finance (DLGF). This 2018 assessment rate was reduced to allow for the projected collections in 2018 from the \$8.00 user fee.
17. Although the use of both a user fee and an assessment rate does not immediately cure the unfairness and inequity of an assessment based sanitary sewage treatment cost assignment system, it does move the CD's cost assignment closer to a fair and equitable system. It is the CD Board's intention to increase the user fee portion of the customer's bill each successive year while decreasing the assessment portion of the customer's bill, so that each year the billing system will move closer to an ultimate fair and equitable system. This conforms to the utility ratemaking theory of gradualism – where changes in utility billing structures should be implemented gradually to avoid “rate shock” and economic hardship.
18. The gradual implementation of the user fee is also fiscally responsible in that it doesn't cause the CD to depend on the receipts from an entirely new and untried billing system in order to fund its 2018 budget.
19. The \$8.00 per customer user fee for 2018 will fund approximately 25% of the CD's 2018 budget. The CD's 2018 budget was submitted to the DLGF assuming that the \$8.00 fee would be billed and collected for 12 months in 2018. Therefore, if the CD is to entirely fund its budget for 2018 it needs to begin billing the \$8.0 user fee no later than the end of December 2017, so that the monthly bills can be paid by the customers and received by the CD each month in 2018.
20. The Ben Davis CD is requesting that the court quickly and speedily approve its request for the implementation of an \$8.00 monthly user fee per customer (in addition to its billed assessment rate) so that the CD can fund its entire 2018 budget and move away from its current unfair and inequitable billing systems and move towards a more fair and more equitable billing system.