

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF CITIZENS WATER OF)
WESTFIELD, LLC FOR (1) AUTHORITY TO)
INCREASE RATES AND CHARGES FOR WATER)
UTILITY SERVICE AND APPROVAL OF A NEW)
SCHEDULE OF RATES AND CHARGES; (2)) CAUSE NO. 46020
AUTHORITY TO IMPLEMENT AND APPROVAL OF)
A SYSTEM DEVELOPMENT CHARGE; AND (3))
APPROVAL OF CERTAIN REVISIONS TO ITS)
TERMS AND CONDITIONS APPLICABLE TO)
WATER UTILITY SERVICE)

VERIFIED PETITION

Citizens Water of Westfield, LLC (“Petitioner” or “Westfield Water”) respectfully petitions the Indiana Utility Regulatory Commission (“Commission”) for: (i) authority to increase its rates and charges for water utility service rendered by it and approval of a new schedule of rates and charges applicable thereto; (ii) authority to implement and approval of a system development charge (“SDC”); and (iii) approval of certain revisions to its terms and conditions for water utility service. This filing is made pursuant to Indiana Code § 8-1-2-42.7. In accordance with the Commission’s Recommended Best Practices for Rate Cases (GAO 2013-5), Petitioner is contemporaneously submitting to the Commission working papers required by the Commission’s Rules on Minimum Standard Filing Requirements (“MSFRs”), 170 IAC 1-5-1 *et seq.* In support of its Verified Petition, Petitioner states as follows:

Nature of Petitioner and Regulatory Status

1. Petitioner is an Indiana limited liability company with its principal office at 2020 North Meridian Street, Indianapolis, Indiana 46202.

2. Petitioner is a public utility within the meaning of that term in the Indiana Public Service Commission Act, Indiana Code §§ 8-1-2-1 *et seq.*, and is subject to the jurisdiction of the Commission in the manner and to the extent provided by the laws of the State of Indiana.

3. Petitioner owns, operates, manages and controls plant, property and equipment used and useful to provide water utility service to more than 21,000 customers in and around the city of Westfield, Indiana.

Petitioner's Present Rates and Charges

4. On October 15, 2013, in Cause No. 44273, Petitioner, the City of Westfield, Indiana and the Indiana Office of Utility Consumer Counselor ("OUCC") presented a Stipulation and Settlement Agreement ("Settlement Agreement") to the Commission, in which those parties, among other things, recommended the Commission find Petitioner's acquisition of the water utility assets formerly owned by the City of Westfield to be in the public interest. On November 25, 2013, the Commission entered an Order approving the Settlement Agreement and finding, among other things, that the acquisition was in the public interest.

5. In its Order in Cause No. 44273, the Commission also authorized Petitioner's use of the rates and charges for services previously approved by the Common Council for the City of Westfield and the terms and conditions for the provision of water service proposed by Petitioner as modified in the Settlement Agreement.

6. Petitioner's current base rates and charges were placed into effect on March 22, 2014, contemporaneous with closing of the acquisition of the water utility assets in accordance with the Order in Cause No. 44273.

Petitioner's Operating Results Under Existing Rates

7. Since Petitioner's existing rates and charges for utility service became effective, it has made and continues to make significant capital expenditures for additions, replacements, and improvements to its utility properties. Petitioner's operating expenses also have increased since that time.

8. Consequently, Petitioner's existing rates and charges are and will continue to be insufficient to produce revenues adequate to cover its necessary and reasonable operating expenses and provide it an opportunity to earn a fair return on the fair value of its utility properties. Petitioner's existing rates and charges are therefore unjust, unreasonable, insufficient, and confiscatory and should be increased.

Petitioner's Proposed Rates and Charges and Terms and Conditions for Service

9. Petitioner requests approval of an increase of its rates and charges for water utility service that will enable it to realize net operating income adequate to provide safe, reliable, efficient and economical water service and an opportunity to earn a fair return on the fair value of utility properties used to provide such service. Petitioner proposes to cancel its existing rate schedules governing utility service rendered by it and to file with the Commission in lieu thereof new schedules of rates and charges, which are set forth in the Verified Direct Testimony and attachments of Debi Bardhan-Akala and will be offered as evidence in this proceeding.

10. Petitioner is proposing and requests authority from the Commission to include a new, non-recurring SDC of \$2,300 as a part of its tariff, which will be phased-in. Upon issuance of an Order in this Cause, the SDC would be \$1,150, and increase to \$2,300 upon implementation of Phase 2 rates as described below. The SDC would be paid by new connections to the water

system for system capacity. The SDC has been designed to work similarly to the SDC currently in place for Citizens Wastewater of Westfield, LLC, as approved in Cause No. 44968.

11. Petitioner is proposing certain revisions to its terms and conditions for water service, which are described in the Verified Direct Testimony and attachments of Debi Bardhan-Akala.

Rate Base Calculation

12. In Cause No. 44273, there were two primary components in the Settlement Agreement related to rate base: (1) Net Original Cost of Utility Plant in Service as of December 31, 2011, and (2) Recognition of a Fair Value Increment on Utility Plant. In particular, the OUCC and Petitioner agreed that the net original cost of the water utility plant that existed as of December 31, 2011, and conveyed to Petitioner should be deemed to be \$12,470,000. The OUCC and Petitioner also agreed that Petitioner, “should be allowed to earn a return on, but not of, a fair value increment in the amount of \$6,960,000 for the water utility,” and that such increment would be amortized over 40 years from the closing date of the acquisition, which occurred in 2014. Per the Settlement Agreement, for purposes of this case, before depreciation and amortization, the sum of the net original cost of utility plant as of December 31, 2011 and the fair value increment (the “Pre-2012 Assets”) would not be less than \$19,430,000. Since December 31, 2011, Petitioner has placed in service a significant amount of utility plant that is used and useful for the provision of water utility service (the “Post-2011 Assets”).

13. For ratemaking purposes in this proceeding, Petitioner has valued its utility properties in accordance with the Settlement Agreement, using (a) the stipulated net original cost value of the Pre-2012 Assets, including the agreed to fair value increment, adjusted for depreciation and amortization; and (b) the fair value of utility plant for the Post-2011 Assets.

14. Given that this proceeding is based on a forward test year, which is comprised of three (3) distinct time periods as identified in Section 15 below, Petitioner has provided the fair value rate base that corresponds to each of those time periods of the forward test year. Westfield Water's total fair value rate bases, taking into account the stipulations from the Settlement Agreement, are as follows:

- Base Period: \$82,057,254;
- Link period: \$88,355,069; and
- Test period: \$89,890,020.

Proposed Test Year and Implementation of Proposed Increase in Phases

15. Pursuant to Indiana Code § 8-1-2-42.7(d)(1), Petitioner designates a forward test year to be used in this proceeding. The forward test period is comprised of the following three (3) distinct time periods:

- Base Period, which reflects the actual 12 months ending June 30, 2023;
- Link Period, which reflects the pro forma 12 months ending June 30, 2024;
- Test Period, which reflects the pro forma 12 months ending June 30, 2025.

As required by Indiana Code § 8-1-2-42.7(d)(1), this forward test period begins not later than twenty-four (24) months after the date on which the petition is filed.

16. Petitioner is designating a forward test year ending June 30, 2025, in order to allow for rates that reflect the significant capital investments under construction or planned by Petitioner through the end of the test period. Petitioner proposes to implement the requested rate increase in two (2) phases. Petitioner proposes to implement Phase 1 rates upon issuance of an Order in this Cause, which will be based on Petitioner's revenue requirement for the end of the link period, adjusted for net plant in service as of June 30, 2024, along with Petitioner's actual capital structure

as of that date. Consistent with other Commission Orders involving future test year cases, the Phase 2 rates will take effect on an interim basis subject to refund upon submission of the compliance filing and a review process as further described by Petitioner’s witness Debi Bardhan-Akala, and that such rates would be based on actual plant in service as of June 30, 2025, along with Petitioner’s actual capital structure and cost of debt as of that date.

17. In accordance with GAO 2020-5, Petitioner states that the total increase after both phases is projected to be \$3,780,221 or approximately 26.57% from present rate revenues. The Phase 1 increase is projected to be \$3,076,070, or approximately 21.62%; and the Phase 2 increase is projected to be \$704,151, or approximately 3.99% from Phase 1. The estimated impact of Petitioner’s proposed rate increase on the average residential customer with less than 1” meter and consuming an average of 5 thousand gallons per month, inclusive of public fire protection, is as follows:

	Estimated Phase 1 Increase	Estimated Phase 2 Increase	Estimated Total Rate Increase
Residential Customer (5/8” Meter)	\$7.05	\$1.26	\$8.31

Procedural Matters

18. Petitioner will publish notice to its customers of the filing of this Verified Petition pursuant to Indiana Code § 8-1-2-61. The notice will be late filed as an attachment. Petitioner will give its residential customers further notice of the precise extent of the requested rate adjustments.

19. Petitioner hereby files its notice of intent to file the information required under the MSFRs set forth in the Commission’s rules on MSFRs, 170 IAC 1-5-1 *et seq.*, as modified where appropriate to conform with the forward-looking test period authorized by Indiana Code § 8-1-2-42.7. Excel copies of the workpapers are being submitted to the Commission on CD-ROM

pursuant to the best practices set forth in GAO 2013-5 and the Commission’s electronic document submission guidelines set forth in GAO 2015-1.

20. In accordance with 170 IAC 1-1.1-9(a)(8), Petitioner requests that the Commission approve a procedural schedule agreed to by Petitioner and the OUCC and dispense with conducting a prehearing conference. The agreed upon schedule is as follows:

Date	Event
June 21, 2024	OUCC/Intervenors File Cases-in-Chief
July 22, 2024	Petitioner Files Rebuttal Testimony
August 12-14, 2024	Evidentiary Hearing
September 4, 2024	Petitioner’s Proposed Order
September 25, 2024	OUCC’s/Intervenors’ Proposed Order
October 2, 2024	Petitioner’s Reply to Proposed Order

Discovery will be conducted on an informal basis with responses due within ten (10) calendar days until Petitioner files its rebuttal testimony. Thereafter, responses will be due within five (5) business days. Discovery served after 5 PM Monday through Thursday or 1 PM on Friday or the day proceeding a legal holiday will be deemed served the following business day. To the extent the Presiding Officers are unable to approve the foregoing schedule, Petitioner and the OUCC request the Presiding Officers convene a Prehearing Conference or attorneys’ conference to revise the schedule.

21. Petitioner will be submitting certain information in its testimony, attachments, workpapers, and/or as part of its MSFRs that is confidential and trade secret information. Petitioner is filing a motion for protective order in accordance with 170 IAC 1-1.1-4 and to otherwise comply

with 170 IAC 1-5-3 contemporaneous with this Petition. In addition, Petitioner has entered or will enter into a nondisclosure agreement with the OUCC to facilitate the production of the confidential information as appropriate.

22. This Verified Petition is filed pursuant to Indiana Code § 8-1-2-42.7. Other provisions of the Public Service Commission Act, as amended, Indiana Code § 8-1-2-1 *et seq.*, that may be applicable to the subject matter of this proceeding, include, but are not limited to: Indiana Code §§ 8-1-2-4, 6, 7, 19, 39, 42, 42.7, 61, 68, and 71.

23. The names and addresses of Westfield Water's attorneys in this matter, to whom all correspondence and communications in this Cause should be sent, are:

Lauren Toppen, Atty. No. 23778-49
Michael E. Allen, Atty. No. 20768-49
Alex Valle, Atty. No. 22863-49
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Said attorneys are counsel for Westfield Water and are duly authorized to accept service of papers in this Cause on behalf of Petitioner.

24. In addition, papers filed in this proceeding should be served on:

Joseph M. Sutherland
Vice President, Regulatory & External Affairs
Citizens Energy Group
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Debi Bardhan-Akala
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WHEREFORE, Westfield Water respectfully requests that the Indiana Utility Regulatory Commission make an investigation and hold such hearings as it shall deem necessary and advisable in this proceeding and thereafter make and enter an Order in this Cause:

- (i) Finding that Petitioner's existing rates and charges for water utility service are unjust, unreasonable, insufficient and confiscatory and inadequate to provide a fair return on the fair value of utility properties used and useful to provide water utility service to customers;
- (ii) Determining, and by Order authorizing and approving, just, reasonable, and sufficient rates and charges to be imposed by Westfield Water as set forth above, in lieu of such present rates and charges;
- (iii) Authorizing and approving the filing of a revised schedule of rates and charges and terms and conditions of service applicable to the water utility service rendered by Westfield Water, embodying the just and reasonable rates and charges and terms and conditions of service;
- (iv) Authorizing and approving the implementation of an SDC as described herein and in Petitioner's case-in-chief;
- (v) Approving various changes in Westfield Water's terms and conditions of service; and

- (vi) Granting such other and further relief as the Commission may deem necessary and appropriate in the premises.

[Signature page follows]

DATED this 6th day of March, 2024.

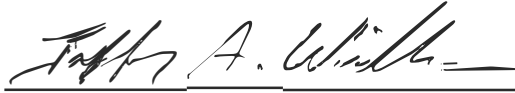
CITIZENS WATER OF WESTFIELD, LLC

By: 

Jeffrey A. Willman, President

VERIFICATION

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

Handwritten signature of Jeffrey A. Willman in black ink, written over a horizontal line.

Jeffrey A. Willman, President Citizens
Water of Westfield, LLC

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing “Verified Petition” of Citizens Water of Westfield, LLC was served on the Indiana Office of Utility Consumer Counselor by electronic mail on this 6th day of March, 2024.



An Attorney for Petitioner,
Citizens Water of Westfield, LLC

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