

ORIGINAL

Commissioner	Yes	No	Not Participating
Huston	√		
Bennett	√		
Freeman	√		
Veleta	√		
Ziegner	√		

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**VERIFIED PETITION OF THE BOARD OF)
DIRECTORS FOR UTILITIES OF THE)
DEPARTMENT OF PUBLIC UTILITIES OF THE)
CITY OF INDIANAPOLIS, AS TRUSTEE OF A)
PUBLIC CHARITABLE TRUST FOR THE WATER)
SYSTEM, D/B/A CITIZENS WATER, FOR) CAUSE NO. 45767 DSIC 3
APPROVAL OF (A) A NEW DISTRIBUTION SYSTEM)
IMPROVEMENT CHARGE (“DSIC”) PURSUANT TO) APPROVED: NOV 20 2024
IND. CODE CH. 8-1-31; (B) A NEW RATE SCHEDULE)
REFLECTING THE DSIC; AND (C) INCLUSION OF)
THE COST OF ELIGIBLE DISTRIBUTION SYSTEM)
IMPROVEMENTS IN ITS DSIC)**

ORDER OF THE COMMISSION

**Presiding Officers:
David E. Ziegner, Commissioner
Loraine L. Seyfried, Chief Administrative Law Judge**

On September 20, 2024, the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis, as Trustee of a Public Charitable Trust for the Water System d/b/a Citizens Water (“Citizens Water” or “Petitioner”) filed with the Indiana Utility Regulatory Commission (“Commission”) its Verified Petition for approval of a distribution system improvement charge (“DSIC”) pursuant to Ind. Code ch. 8-1-31 and 170 IAC 6-1.1. In support of its Verified Petition, Citizens Water filed the direct testimony of Korlon L. Kilpatrick II, Director of Regulatory & External Affairs for Citizens Energy Group, and Ryan B. Sidler, Manager of Program & Process Controls within Capital Programs & Engineering for Citizens Energy Group.

On October 16, 2024, Citizens Water filed a Notice of Corrections to its direct testimony and attachments. Citizens Water filed a Second Notice of Corrections to its direct testimony and attachments on October 21, 2024.

On October 21, 2024, the Indiana Office of the Utility Consumer Counselor (“OUCC”) filed its Report in response to Citizens Water’s DSIC application, consisting of the testimony of Carla F. Sullivan, Utility Analyst in the OUCC’s Water/Wastewater Division.

On October 22, 2024, Citizens Water filed its Notice of Intent Not to Pre-File Rebuttal Testimony.

The Commission held an Evidentiary Hearing in this Cause on November 1, 2024, at 10:30 a.m. in Room 222 of the PNC Center, 101 W. Washington Street, Indianapolis, Indiana. Petitioner and the OUCC appeared and participated at the hearing at which the testimony and exhibits of Petitioner and the OUCC were admitted into evidence without objection.

Based on the applicable law and evidence presented, the Commission now finds:

1. Notice and Jurisdiction. Due, legal, and timely notice of the public hearing in this Cause was given and published as required by law. Petitioner also provided notice of its filing in this Cause to its wholesale customers pursuant to 170 IAC 6-1.1-4. Pet. Ex. 1, Attach. KLK-4.

Petitioner is an “eligible utility” as defined by Ind. Code § 8-1-31-5.2. By way of its Verified Petition, Citizens Water asserts it is a municipally owned utility, as defined in Ind. Code § 8-1-2-1(h). Pet. Ex. 3, ¶ 3. Although Petitioner is not owned or operated by a municipality and qualifies as a “not-for-profit utility” under Ind. Code § 8-1-31-5.9 as a “utility company owned, operated, or held in trust by a consolidated city,” Petitioner has been regulated consistently by the Commission as a municipally owned utility in accordance with Ind. Code § 8-1-11.1-3(c)(9).¹ Therefore, for purposes of Ind. Code ch. 8-1-31 (the “DSIC Statute”), we consider Petitioner to be a municipally owned utility and, as such, the Commission has jurisdiction over Petitioner and the subject matter of this proceeding.

2. Petitioner’s Characteristics. Citizens Water owns and operates certain water utility assets acquired from the City of Indianapolis, Indiana and its Department of Waterworks pursuant to an Asset Purchase Agreement approved by the Commission’s July 13, 2011 Order in Cause No. 43936. By means of the foregoing water utility plant, properties, equipment, and facilities, Citizens Water provides water utility service to the public in Indianapolis and surrounding communities in Central Indiana. Its principal office is located at 2020 North Meridian Street, Indianapolis, Indiana 46202.

3. Background and Relief Requested. On November 23, 2022, the Commission issued an Order in Cause No. 45767 DSIC 1 (“DSIC 1 Order”), approving cost recovery totaling \$15,049,155 over a four-year period, which resulted in a monthly DSIC 1 surcharge for a typical residential customer of \$0.72 that is still in effect.² On November 22, 2023, the Commission issued an Order in Cause No. 45767 DSIC 2 (“DSIC 2 Order”), approving cost recovery of \$31,283,540, which resulted in a monthly DSIC 2 surcharge for a typical residential customer of \$5.91. Combined with the DSIC 1 surcharge, the DSIC surcharge is \$6.63 for the 12-month period extending from December 2023 to November 2024. The DSIC 2 surcharge will reset to zero at the expiration of the 12-month period, but the DSIC 1 surcharge will remain in effect during the 12-month period that the requested DSIC 3 surcharge would be in effect.

In this proceeding, Petitioner seeks approval of a DSIC 3 surcharge to recover the cost of eligible infrastructure improvements, which are extensions and replacements (“E&R”) that were not included on Citizens Water’s balance sheet as plant in service in its most recent rate case (Cause No. 44644, approved April 20, 2016) and are not infrastructure improvements that are being recovered or have been recovered through rates or another rate adjustment mechanism. Citizens Water requests approval of a DSIC 3 surcharge to generate total revenues in the amount of \$24,527,627 over a 12-month period. The monthly rate adjustment attributable to the DSIC 3

¹ Regardless of whether Petitioner is a municipally owned utility or a not-for-profit utility, Ind. Code ch. 8-1-31 authorizes both types of utilities to seek recovery of infrastructure improvement costs that include adequate money for making extensions and replacements, which are the costs at issue in this proceeding.

² Through the reconciliation of DSIC 1, the DSIC 1 surcharge for a typical residential customer was adjusted to \$0.73 to be in effect until the next reconciliation.

surcharge for a customer with a 5/8-inch meter (the typical size for residential customers) is expected to be \$4.58. Combining the DSIC 1 surcharge and the DSIC 3 surcharge for the 12-month period that the DSIC 3 surcharge will be in effect is expected to result in a monthly DSIC surcharge of \$5.31 for the typical residential customer. This collective monthly DSIC surcharge would be a net decrease of \$1.33 from the current collective monthly DSIC 1 and DSIC 2 surcharge of \$6.64.

4. Petitioner's Direct Evidence.

A. Description of DSIC Improvements. Mr. Sidler sponsored the attachments to Petitioner's Exhibit 2, which included a summary of eligible improvement projects included in this DSIC (Revised Attachment RBS-1), as well as lists of the Public Improvement Projects that are exempt from the 10% cap (Attachment RBS-4) and a list of the eligible infrastructure improvements that are subject to the cap (Revised Attachment RBS-5). Mr. Sidler stated that since its last rate case, Citizens Water consistently has incurred more costs associated with the utility's capital improvement needs than the amount the Commission authorized be included in Citizens Water's E&R revenue requirement. Mr. Sidler stated that Citizens Water's capital investment spend during each fiscal year from 2018 through August 2024 has exceeded the revenue requirement approved in its last rate case. Mr. Sidler stated that per the Commission's Order in Citizens Water's last rate case, Cause No. 44644, only \$42,504,461 of the \$49,504,461 E&R revenue requirement was to be cash-funded and, in the short term, the remaining approximately \$7,000,000 of the E&R revenue requirement was to be funded through debt for a two-year period. Accordingly, Mr. Sidler stated that beginning in approximately mid-2018, Citizens Water's rates have been set at a level that provides it with an opportunity to generate \$42,504,461 to fund the capital needs of its system.

Mr. Sidler testified that all the projects included in this proceeding as eligible infrastructure improvements have been completed and are in service, were not included on the utility's balance sheet as plant in service in its most recent general rate case and are not being recovered through base rates or another rate adjustment mechanism. Mr. Sidler stated the total expected cost of the eligible infrastructure improvements that are included in the calculation of the DSIC 3 surcharge is \$24,527,627. Mr. Sidler sponsored Revised Attachment RBS-1, which shows that approximately \$10.6 million is comprised of Public Improvement Projects. Mr. Sidler explained Public Improvement Projects refer to those projects required to relocate existing water infrastructure due to external projects such as highway, street, and road-related improvements as defined in Ind. Code § 8-23-1-23, including projects under Ind. Code article 8-25. Mr. Sidler stated that Revised Attachment RBS-1 reflects that the remaining approximately \$14.0 million is comprised of projects that were for the replacement of failing meters, valves, hydrants and service lines, and other system improvements.

Mr. Sidler then described the process Citizens Water undertook to ensure that the cost of the projects on Attachment RBS-4 and Revised Attachment RBS-5 was not being recovered or had not already been recovered through rates or some other mechanism. He noted Petitioner engaged in the same multi-step screening process used and approved by the Commission in the DSIC 1 and DSIC 2 proceedings, where Citizens Water must have made investments that exceeded the amount it was authorized to recover through its revenue requirement for that fiscal year and none of the projects could be ones that were identified in the project list included in the last rate case.

Mr. Sidler explained that spending for Public Improvement Projects was included in a single category in Cause No. 44644 and that beginning in mid-2018, Citizens Water was authorized to recover approximately \$1.6 million for Public Improvement Projects through rates. Mr. Sidler stated that Citizens Water only recovers approximately \$3.7 million annually for meter, valve, hydrant, and service line replacements through rates. Mr. Sidler also supported the eligible system improvement projects included in the DSIC. Mr. Sidler explained that under Cause No. 44644, Citizens Water was authorized to recover approximately \$1.5 million for Capital Budget Authorization (“CBA”) 1209 – Boosters, Control Valves & System Wide Improvements through rates beginning in approximately mid-2018. Citizens Water included \$76,454 in this DSIC filing for system improvement projects. Mr. Sidler noted that, to the extent possible, the list provided as Revised Attachment RBS-5 includes an explanation of why each system improvement project is needed, the benefits to the utility and its customers resulting from the project, and the age of the plant retired as required under 170 IAC 6-1.1-5.

Mr. Sidler testified that none of the projects shown on Attachment RBS-4 and Revised Attachment RBS-5 resulted in an increase in revenues resulting from the connection of new customers and Citizens Water has cost support for all projects listed that are extensions and replacements in Attachment RBS-4 and Revised Attachment RBS-5 and none of the projects were completed by an affiliate.

B. Calculation of DSIC. Mr. Kilpatrick supported the calculation of the requested DSIC 3 surcharge to Citizens Water’s basic rates and charges to provide for recovery of the cost of the eligible infrastructure improvements described by Mr. Sidler. Mr. Kilpatrick explained the derivation of the fixed surcharges by meter size. He also provided testimony to show that Citizens Water’s filing meets certain other requirements of the DSIC Statute and sponsored Petitioner’s proposed DSIC rates. Mr. Kilpatrick stated that, in accordance with Ind. Code § 8-1.5-3-8(c)(5), Citizens Water’s adjustment revenues are established to provide adequate money for E&R, to the extent not provided for through depreciation. Mr. Kilpatrick stated that in this case, all of the costs included in Petitioner’s DSIC surcharge are for E&R that have been made.

Mr. Kilpatrick stated that the total expected E&R cost included in the calculation of DSIC 3 surcharge is \$24,527,627. He testified that monthly fixed customer charges as required by Ind. Code § 8-1-31-8 were developed using the meter size method as described in American Water Works Association, Principles of Water, Rates, Fees and Charges Manual where fixed customer charges increase as the size (capacity) of the meter increases. To derive the monthly fixed charges, Mr. Kilpatrick stated that a meter equivalent ratio is developed that expresses the capacity of larger meters in relation to the capacity of the utility’s “base” meter size (e.g., a 5/8-inch meter). Mr. Kilpatrick stated that the methodology used in this DSIC proceeding is the same as approved by the Commission in Petitioner’s prior DSIC cases. Ultimately, Mr. Kilpatrick determined the monthly rate adjustment for a customer with a 5/8-inch meter (the typical size for residential customers) is \$5.31 (DSIC 1 charge of \$0.73 + DSIC 3 charge of \$4.58). The DSIC surcharge for the other meter sizes was set forth in Petitioner’s Exhibit 1, Revised Attachment KLK-2, page 2.

Mr. Kilpatrick noted that in accordance with 170 IAC 6-1.1-8, Petitioner filed its first reconciliation report for DSIC 1 on December 22, 2023, which resulted in a one cent increase to the DSIC 1 surcharge. Accordingly, Mr. Kilpatrick stated that Petitioner’s next reconciliation report for DSICs 1 and 2 will not be due until the expiration of 30 days after November 30, 2024.

Mr. Kilpatrick stated that Citizens Water will reconcile the difference between the adjustment revenues and infrastructure improvement costs during that period and recover or refund the difference, as appropriate, through additional adjustments.

Mr. Kilpatrick testified that the revenues generated by the DSIC that are eligible for the cap calculation do not exceed 10% of Petitioner's base revenue level. He stated that Citizens Water's total base revenue requirement as filed in the July 25, 2016 Compliance Filing in Cause No. 44644 is \$200,083,163 and subsequently updated on July 1, 2022 to remove utility receipts tax to the amount of \$197,313,323. Mr. Kilpatrick stated that if total DSIC revenues subject to the cap of \$17,740,523 are divided by the total base water revenue requirement of \$197,313,323, the resulting percentage is 8.99%, which is below the 10% cap.

Mr. Kilpatrick sponsored Petitioner's Exhibit 1, Attachment KLK-4, which was the notice provided to Citizen Water's sale for resale customers by United States registered mail, informing them of the filing. He also sponsored Petitioner's Exhibit 1, Attachment KLK-5, the Officer Affidavit attesting to the veracity of the statements and information in this filing.

5. The OUCC's Evidence. Ms. Sullivan reported on the OUCC's position and analysis of Citizens Water's requested relief. She stated Petitioner selected certain distribution system project expenditures from October 2019 through August 2024 that had not been included in other DSIC filings or met through Petitioner's current E&R *pro forma* annual revenue requirement of \$8,781,246.³ Ms. Sullivan testified that together, DSIC 1 and Petitioner's proposed DSIC 3 will not exceed the difference between the amount included in Petitioner's E&R revenue requirement as established in the most recent rate order and the higher total amount expended on cash funded capital projects.

Ms. Sullivan testified that she did not identify any distribution system project expenditures that were met by Petitioner's E&R revenue requirement. She stated Petitioner's request for DSIC recovery in this case seemed to exclude \$8,781,246 of otherwise eligible DSIC expenditures, which Petitioner indicates were met by the \$8,781,246 of Petitioner's E&R revenue requirement that was projected to replace distribution system. In other words, she said, Petitioner seeks to include in this DSIC only the amount of distribution system projects in excess of expenditures met through its E&R revenue requirement. Ms. Sullivan noted that it would be helpful in subsequent DSICs if Petitioner provided a workpaper that allows the OUCC to verify what distribution system expenditures were met by the E&R revenue requirement.

Ms. Sullivan stated Citizens Water's proposed distribution system improvement charge does not exceed the 10% rate increase cap imposed by Ind. Code § 8-1-31-13. She testified that of the total expenditures included in this DSIC, only \$13,978,234 are subject to the 10% cap established by Ind. Code § 8-1-31-13(a)(2). Ms. Sullivan stated Petitioner's combined DSIC 1 and DSIC 3 infrastructure expenditures being recovered and subject to the cap represent a 8.99% increase $((\$3,762,289 + \$13,978,234) / \$197,313,323)$ in total operating revenues over the rates approved in Cause No. 44644 as adjusted. Therefore, Ms. Sullivan concluded the charges as proposed would not exceed 10% of Petitioner's base revenue level approved in its last rate case.

³ Ms. Sullivan noted Petitioner's current annual E&R revenue requirement is \$42,504,461, of which \$8,781,246 pertained to DSIC eligible expenditures, including CBA Nos. 1209 (Boosters), 1212 (Tanks), 1221 (Relocations), and 1225 (Meters, Valves, Hydrants).

Ms. Sullivan explained that the OUC accepted Citizens Water’s proposed DSIC, as revised by Petitioner on October 21, 2024, following discussion with the OUC. Ms. Sullivan recommended the Commission authorize a DSIC 3 surcharge of \$4.58 per 5/8-inch meter to generate \$24,527,627 in revenue over a 12-month period.

6. Commission Discussion and Findings.

A. The DSIC Statute. The DSIC Statute was enacted in 2000 as an exception to the traditional ratemaking paradigm to encourage, through an expedited and automatic rate increase, the repair or replacement of a distribution system’s aging and failing infrastructure. *See Indiana-American Water Co., Inc.*, Cause No. 42351 DSIC 1, at 21 (IURC Feb. 27, 2003). Municipally owned utilities have been authorized to petition for a DSIC since the DSIC Statute was enacted. However, in 2022, the Indiana General Assembly amended the DSIC Statute through Senate Enrolled Act 273 to include additional provisions specifically applicable to municipally owned and not-for-profit utilities and again in 2023 through Senate Enrolled Act 298 to further clarify those provisions.

The DSIC Statute authorizes the Commission to approve a DSIC for water or wastewater utilities under the Commission’s jurisdiction to adjust basic rates and charges to recover infrastructure improvement costs associated with eligible infrastructure improvements. Eligible infrastructure improvements, as defined by Ind. Code § 8-1-31-5, include: (1) new water or wastewater utility distribution or collection plant projects or projects to relocate existing utility plant, (2) that do not increase revenues by connecting to new customers, even if the projects provide greater available capacity with respect to an eligible utility’s distribution or collection plant, and (3) for a municipally owned or not-for-profit utility, (a) are or will be extensions or replacements of applicable projects, (b) were not included on the utility’s balance sheet as plant in service in the utility’s most recent general rate case, and (c) are not infrastructure improvements that are being recovered or have been recovered through rates or another rate adjustment mechanism.

An eligible utility that makes such improvements may file a petition setting forth rate schedules establishing an amount that will allow the adjustment of the eligible utility’s basic rates and charges to provide for recovery of the infrastructure improvement costs. Ind. Code § 8-1-31-8(a). With respect to a municipally owned utility, infrastructure improvement costs include:

(A) Depreciation expenses.

(B) Adequate money for making extensions and replacements of eligible infrastructure improvements to the extent not provided for through depreciation, as provided in IC 8-1.5-3-8(c).

(C) Debt service on funds borrowed to pay for eligible infrastructure improvements.

(D) To the extent applicable, property taxes to be paid by the municipally owned utility based upon the first assessment date following placement in service of eligible infrastructure improvements.

Ind. Code § 8-1-31-5.5(2).

The eligible utility's proposed DSIC adjustment is to be calculated as a monthly fixed charge based upon a meter equivalency size. Ind. Code § 8-1-31-8(a)(1). Also, in the case of a municipally owned utility or a not-for-profit utility, the DSIC adjustment shall be recovered over a 12-month period, regardless of the amount of time over which the infrastructure improvement costs were incurred. Ind. Code § 8-1-31-8(a)(3). The revenues that can be recovered through a particular DSIC surcharge by a municipal or not-for-profit utility are limited by Ind. Code § 8-1-31-13(a)(2), which prohibits approval of a petition filed under Ind. Code §§ 8-1-31-8 or -10 to the extent it would produce total adjustment revenues over the course of each 12-month recovery period that exceed 10% of the eligible utility's base revenue level approved by the Commission in the eligible utility's most recent general rate proceeding. However, this 10% cap does not apply to: (1) infrastructure improvement costs associated with eligible infrastructure improvements that are placed in service due to the construction, reconstruction, or improvement of a highway, street, or road (as defined in Ind. Code § 8-23-1-23), including projects under Ind. Code art. 8-25; or (2) property taxes associated with eligible infrastructure improvements. Ind. Code § 8-1-31-13(b).

B. Commission Rules. When an eligible utility files a petition seeking authority to implement a DSIC surcharge, the Commission's rules at 170 IAC 6-1.1-5(a) sets forth the required information to be provided by the utility. After the utility files its petition, the OUCC may submit a report to the Commission indicating its opposition to, or support of, each portion of the petition within 30 days after the petition is filed. The OUCC may examine information of the eligible utility, limited to confirmation that: (1) the infrastructure improvements are in accordance with Ind. Code § 8-1-31-5; and (2) the utility properly calculated the proposed charges. 170 IAC 6-1.1-6(a); *see also* Ind. Code § 8-1-31-9(b).

C. Eligible Infrastructure Improvement Costs. Presented with Citizens Water's request as revised following discussion with the OUCC, the OUCC accepted the amount of Citizens Water's eligible infrastructure improvement costs. The OUCC accepted Citizens Water's proposed recovery in this DSIC of \$24,527,627, and recommended the Commission authorize a DSIC 3 surcharge of \$4.58 per 5/8-inch meter, which would generate \$24,527,627 in revenue over a 12-month period.

The evidence shows that the eligible infrastructure improvements presented by Petitioner fall into the National Association of Regulatory Utility Commissioners' Uniform System of Accounts for Water Utilities Accounts 303, 304, 310, 330, 331, 333, 334, or 335 as required under 170 IAC 6-1.1-2. More specifically, approximately \$14.0 million of the costs included in this proceeding relate to the replacement of service lines, valves, hydrants, and meters and other system improvements and were recorded in Accounts 304, 331, 333, 334, and 335. Additionally, \$10,549,394 of the costs included in this proceeding relate to certain Public Improvement Projects, all of which were relocations due to the construction, reconstruction, or improvement of a highway, street, or road, and therefore, are eligible for DSIC recovery and exemption from the statutory 10% cap.

Petitioner's evidence demonstrates the eligible infrastructure improvements included in this DSIC proceeding represent projects that have been completed and are now in service, or are E&R of applicable projects; were not included on the utility's balance sheet as plant in service in Citizens Water's most recent general rate case; and are not being recovered through rates or another rate adjustment mechanism as required under Ind. Code § 8-1-31-5(3)(B). Mr. Sidler further testified that the eligible infrastructure improvements do not result in the addition of new

customers to Citizens Water's system. The eligible infrastructure improvements were specifically listed on Petitioner's Exhibit 2, Attachment RBS-4 (a list of water utility relocation projects) and Revised Attachment RBS-5 (a list of eligible infrastructure improvement projects subject to the 10% cap). Citizens Water also provided the information required under 170 IAC 6-1.1-5.

Accordingly, based on the evidence of record, we find that the projects presented in Petitioner's exhibits are eligible infrastructure improvements, the cost of which is eligible for inclusion in a DSIC.

D. Calculation of the DSIC Surcharge. In accordance with Ind. Code § 8-1-31-8(a)(3), Citizens Water calculated the DSIC surcharge in this proceeding as a monthly fixed charge based upon meter size to be recovered over a 12-month period. Pet. Ex. 1, Revised Attach. KLK-2. Petitioner used the same methodology to calculate that DSIC charge as was approved by the Commission in Petitioner's prior DSIC cases. Based on the evidence of record, the Commission finds Petitioner has correctly calculated the DSIC surcharges.

E. Revenues from DSIC Surcharge. As discussed by Mr. Sidler, improvements relating to the construction, reconstruction, or improvement of a highway, street, or road have been a significant driver of Citizens Water's E&R costs since Petitioner's last rate case. As a result, of the total \$24,527,627 in the DSIC 3 adjustment amount, Citizens Water included \$10,549,394 for infrastructure improvements that were placed in service due to the construction, reconstruction, or improvement of a highway, street, or road. Pet. Ex. 2 at 14. As authorized by Ind. Code § 8-1-31-13(b), this amount is not included in the calculation of the adjustment revenues for purposes of assessing whether those revenues exceed 10% of the base revenue level approved in the utility's most recent general rate case.

The total adjustment revenues that are subject to the 10% cap as a result of this DSIC filing is \$17,740,523, as shown on Petitioner's Exhibit 1, Revised Attachment KLK-3, Line 4. This includes \$3,762,289 that was approved for recovery in DSIC 1 and \$13,978,234 relating to projects for meter, valve, hydrant and service line replacements and other system improvements in this DSIC. Citizens Water's adjusted operating revenues are \$197,313,323. Pet. Ex. 1 at 13. Therefore, when the total DSIC revenues eligible for the 10% percent cap calculation, or \$17,740,523, are divided by the total base water revenue requirement of \$197,313,323, the resulting percentage is 8.99%, which is below the 10% cap. The OUCC agreed with this calculation that shows Citizens Water's proposed DSIC does not exceed the 10% cap imposed by Ind. Code § 8-1-31-13.

The evidence establishes that the total adjustment revenues that will be provided by Citizens Water's DSIC surcharge do not exceed the 10% cap imposed by the DSIC Statute.

F. Reconciliation of DSIC Surcharge. Petitioner shall reconcile the DSIC approved by this Order in the manner prescribed by Ind. Code § 8-1-31-14 and 170 IAC 6-1.1-8. Under Ind. Code § 8-1-31-14, as described in Mr. Kilpatrick's testimony, Citizens Water shall reconcile the difference between the adjustment revenues and infrastructure improvement costs during that period and recover or refund the difference, as appropriate, through additional adjustments.

G. OUCC’s Request for Additional Workpaper in Future DSIC Filings.

Ms. Sullivan indicated “[i]t would be helpful in subsequent DSICs if Petitioner were to provide a workpaper at the initiation of its DSIC case that allows the OUCC to verify what distribution system expenditures were met by the E&R revenue requirement.” Pub. Ex. 1 at 3. Citizens Water indicated its willingness to provide such a workpaper in subsequent DSIC proceedings in its Notice of Intent Not to File Rebuttal Testimony and we find doing so is consistent with the Commission’s Order in Cause No. 45767 DSIC 2 and will further promote collaboration between Petitioner and the OUCC in future DSIC proceedings.

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. A Distribution System Improvement Charge calculated as a fixed charge by meter size and designed to generate total additional annual DSIC revenues of \$24,527,627 set forth in Rider B attached to Petitioner’s Exhibit 1, Revised Attachment KLK-1 is approved.

2. Prior to implementing the above-authorized DSIC, Citizens Water shall file the Rider B tariff sheet filed as Petitioner’s Exhibit 1, Revised Attachment KLK-1 for approval by the Commission’s Water/Wastewater Division.

3. The above-authorized DSIC shall be subject to reconciliations as described in Paragraph 6.F. above.

4. In accordance with Ind. Code § 8-1-2-70, Citizens Water shall pay the following itemized charges within 20 days from the date of this Order into the Commission public utility fund account described in Ind. Code § 8-1-6-2, through the Secretary of the Commission, as well as any additional costs that were incurred in connection with this Cause:

Commission Charges	\$ 1,115.73
OUCC Charges	\$ 6,240.96
Legal Advertising Charges	\$ <u>29.50</u>
 TOTAL	 \$ 7,386.19

5. This Order shall be effective on and after the date of its approval.

HUSTON, BENNETT, FREEMAN, VELETA, AND ZIEGNER CONCUR:

APPROVED: NOV 20 2024

I hereby certify that the above is a true and correct copy of the Order as approved.

Dana Kosco
Secretary of the Commission