

BEFORE THE

INDIANA UTILITY REGULATORY COMMISSION

**VERIFIED PETITION OF CITIZENS WASTEWATER)
OF WESTFIELD, LLC FOR (1) AUTHORITY TO)
INCREASE RATES AND CHARGES FOR)
WASTEWATER UTILITY SERVICE AND)
APPROVAL OF A NEW SCHEDULE OF RATES AND) CAUSE NO. 44835
CHARGES; AND (2) APPROVAL OF CERTAIN)
REVISIONS TO ITS TERMS AND CONDITIONS)
APPLICABLE TO WASTEWATER UTILITY)
SERVICE)**

VERIFIED DIRECT TESTIMONY AND ATTACHMENTS OF

KORLON L. KILPATRICK II

**On
Behalf of
Petitioner,
Citizens Wastewater of Westfield, LLC**

Petitioner's Exhibit 5

Petitioner's Exhibit 5

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TAB 1

BEFORE THE

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**VERIFIED PETITION OF CITIZENS WASTEWATER)
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1 Resources. I prepare, or supervise the preparation of revenue-related adjustments,
2 cost of service studies and rate design testimony for Citizens Energy Group's
3 regulated utilities. Since 2010, I have been responsible for the development and
4 preparation of GCA, FAC and OPERA changes and miscellaneous rate matters.

5 **Q. WHEN WERE YOU EMPLOYED BY CITIZENS?**

6 A. I have been employed by the Board since October of 2010.

7 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

8 A. I hold a Bachelor of Arts degree with a major in Computer Science from Harvard
9 College and a Master of Business Administration degree with a major in Finance
10 from the University of North Carolina at Chapel Hill.

11 **Q. PLEASE DESCRIBE YOUR PRIOR BUSINESS EXPERIENCE.**

12 A. I began my employment with Citizens in 2010 as a Manager, Rates & Business
13 Applications. Prior to joining Citizens, I worked for the Indiana Office of Utility
14 Consumer Counselor ("OUCC") as a Utility Analyst. In that capacity, my work
15 focused on economic and financial analysis of various regulatory issues including
16 demand-side management and energy efficiency issues and cost of equity
17 analysis. I regularly attended Midwest ISO stakeholder committee meetings and
18 served as the Public Consumer Advocate sector representative to the Finance
19 subcommittee. Prior to that, I was part of the senior management team of a start-
20 up business, and before that, I worked for several years as a management

1 consultant performing economic and financial analysis for clients in various
2 industries.

3 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

4 A. Yes. I have testified before this Commission in numerous proceedings.

5 **Q. WHAT HAVE YOU DONE TO PREPARE YOURSELF TO TESTIFY IN**
6 **THIS PROCEEDING?**

7 A. I have read the Verified Petition and am familiar with its contents. I also have
8 read the direct testimony and attachments Petitioner filed in this proceeding, and
9 prepared or reviewed the operating revenues and various revenue requirements of
10 Citizens Wastewater of Westfield for the test year and pro forma period.

11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

12 A. My testimony describes the overall revenue requirements for Citizens Wastewater
13 of Westfield's provision of service (including the underlying adjustments to the
14 financial results for the test year ended December 31, 2015) and Petitioner's
15 proposed Terms and Conditions for Sewage Disposal Service, Rates, and
16 Appendices.

17 **REVENUE REQUIREMENTS OVERVIEW**

18 **Q. PLEASE DESCRIBE PETITIONER'S ATTACHMENT KLK-1, PAGE 1.**

19 A. Petitioner's Attachment KLK-1, page 1 is the Summary of Pro Forma Revenue
20 Requirement beginning with the twelve months ended December 31, 2015 (the
21 test year for this proceeding) and the pro forma revenue requirements for Citizens

1 Wastewater of Westfield's operations. Column A shows Citizens Wastewater of
2 Westfield's actual per books income statement, which is consistent with
3 Petitioner's witness Sabine E. Karner's Attachment SEK-1, page 2. Column B
4 shows the pro forma adjustments made to reflect the going-level of operations at
5 present rates in order to reflect fixed, known, and measurable changes which will
6 occur within twelve months following the end of the test year. Column C shows
7 the pro forma revenue requirements at current rates and charges reflecting the
8 adjustments shown in Column B. Column D contains the total of the pro forma
9 adjustments necessary to produce the proposed revenue requirements and
10 operating income shown in Column E. Accordingly, Column E shows the pro
11 forma statement of operating income after adjusting for the proposed increase in
12 rates and charges. Column F contains references to the pages of Petitioner's
13 Attachment KLK-1 and the attachments of other witnesses containing particular
14 adjustments.

15 **Q. IN YOUR OPINION, DOES COLUMN C OF PETITIONER'S**
16 **ATTACHMENT KLK-1, PAGE 1 ACCURATELY REFLECT CITIZENS**
17 **WASTEWATER OF WESTFIELD'S OPERATIONS DURING THE TEST**
18 **YEAR, AND ITS PROPOSED ANNUAL REVENUE REQUIREMENT**
19 **ADJUSTED FOR FIXED, KNOWN, AND MEASURABLE CHANGES**
20 **WHICH WILL OCCUR WITHIN TWELVE MONTHS FOLLOWING**
21 **THE END OF THE TEST YEAR?**

1 A. Yes.

2 **Q. HOW ARE THE AMOUNTS SHOWN IN PETITIONER'S**
3 **ATTACHMENT KLK-1, PAGE 1, COLUMNS B THROUGH E, USED**
4 **ELSEWHERE IN PETITIONER'S CASE-IN-CHIEF?**

5 A. Columns B through E of Petitioner's Attachment KLK-1, page 1 summarize
6 Petitioner's overall revenue requirements and the adjustments used to arrive at the
7 pro forma revenue requirements. I also will use information from Petitioner's
8 Attachment KLK-1, page 1 to prepare Petitioner's proposed rates and rate design.

9 **Q. PLEASE SUMMARIZE THE PRO FORMA REVENUE REQUIREMENT.**

10 A. As shown on line 11 of Column E, the pro forma revenue requirement for
11 Citizens Wastewater of Westfield totals \$11,952,562. Column D, line 11, of this
12 Attachment indicates that Citizens Wastewater of Westfield requires an increase
13 in total revenues of \$2,412,841 or 25.29 percent (the equivalent of an increase in
14 sales revenues of \$2,412,841 or 25.42 percent) in order to provide it with an
15 opportunity to earn an operating income of \$4,834,471, as indicated on line 31 of
16 Column E. The net operating income from the proposed rates and charges must
17 be sufficient to cover the utility's pro forma revenue requirements, including the
18 proposed rate of return on its investment, as more fully described in the testimony
19 of Petitioner's witness Mr. Adrien M. McKenzie.

1 **DETAILED DESCRIPTION OF ACCOUNTING ADJUSTMENTS**

2 **Q. PLEASE PROVIDE AN OVERVIEW OF PETITIONER'S ATTACHMENT**
3 **KLK-1, PAGES 2 THROUGH 8.**

4 A. Petitioner's Attachment KLK-1, page 2, is a comparison of the test year billing
5 instances, sales volume, and revenue by customer class to the pro forma numbers.
6 Petitioner's Attachment KLK-1, page 3 is the calculation to determine pro forma
7 at present rates revenue. Petitioner's Attachment KLK-1, pages 4 through 7, set
8 forth the various pro forma adjustments to the test year revenue of Citizens
9 Wastewater of Westfield and, in the aggregate, represent a net increase in test
10 year revenue of \$107,651 (see Petitioner's Attachment KLK-1, page 1, column B,
11 line 11).

12 Petitioner's Attachment KLK-1, page 2, Columns D and J reflect, by
13 customer class, the test year and pro forma billing instances, respectively.
14 Columns E and K indicate the ratio of test year and pro forma billing instances for
15 each class to the total billing instances. Columns F and L, respectively, indicate
16 the test year and pro forma sales volume by customer class, while Columns G and
17 M show the ratio of test year and pro forma sales volumes for each class to the
18 total sales volume. Sales volumes are measured in 1,000 gallons.

19 In addition, Attachment KLK-1, page 2, Columns H and N reflect test year
20 and pro forma at present rates revenue, respectively. Revenues are provided by
21 customer class. Columns I and O show the ratio of test year and pro forma at

1 present rates revenue for each class to the total revenue. Columns P and Q reflect
2 the dollar change between test year and pro forma at present rates revenue by
3 customer class and the percent change by customer class, respectively.

4 **OPERATING REVENUES**

5 **Q. WHAT ADJUSTMENTS TO TEST YEAR BILLING INSTANCES AND**
6 **SALES VOLUMES DID PETITIONER MAKE TO ARRIVE AT PRO**
7 **FORMA BILLING INSTANCES AND SALES VOLUMES?**

8 A. Potential new customers who will be joining the system during the twelve months
9 following the test year were added. Additionally, an adjustment was made to the
10 first tier volumes to reflect the inclusion of the volumes associated to the
11 minimum charge. Every customer pays a minimum charge that includes the first
12 5,000 or 12,000 gallons, dependent upon the rate and the customer's meter size.
13 For billing determinant purposes for calculating pro forma revenues, the
14 minimum charge is being reflected through this adjustment.

15 To normalize test year billing instances and sales volumes, starting with
16 the test year billing instances contained in Petitioner's billing system, by:
17 customer class; and test year sales volumes by customer class; and by rate tier,
18 adjustments typically are made for the following circumstances: exclude billing
19 adjustments made during the test year that related to billing instances and sales
20 volumes occurring prior to the test year; include billing adjustments made during
21 the months following the test year that related to billing instances and sales

1 volumes occurring during the test year. In this case, there were no adjustments
2 made for the preceding reasons as there were no customer reclassifications during
3 the test year and there were no billing exceptions in the legacy billing system.

4 **Q. HOW DID PETITIONER USE PRO FORMA BILLING INSTANCES AND**
5 **SALES VOLUMES TO ARRIVE AT PRO FORMA REVENUE AT**
6 **PRESENT RATES?**

7 A. Using the pro forma billing instances and sales volumes from Petitioner's
8 Attachment KLK-1, page 2, the rates approved in Cause No. 44273 were applied
9 to determine the pro forma revenue at present rates, as reflected on Petitioner's
10 Attachment KLK-1, page 3.

11 **Q. PLEASE DESCRIBE PETITIONER'S ATTACHMENT KLK-1, PAGES 4**
12 **AND 5.**

13 A. Petitioner's Attachment KLK-1, pages 4 and 5 are a reconciliation, for each rate
14 class, between test year and pro forma revenue for changes in billing instances
15 and discharge volumes. Page 4 presents the reconciliation for Rate 1 and Page 5
16 presents the same for Rate 2. The test year average treatment charge reflected on
17 line 5 is a variable-rate charge computed by dividing the test year treatment
18 charge revenue by the test year discharge volume for each rate class. Page 4,
19 column C, line 6 reflects an increase in pro forma revenue of \$6,808,110, due to
20 changes in the discharge volume associated with the respective changes in the
21 number of billing instances for Rate 1. Page 5, column H, line 6 reflects an

1 increase in pro forma revenue of \$267,944, due to changes in the discharge
2 volume associated with the respective changes in the number of billing instances
3 for Rate 2. Overall, the total discharge volume increased by 475,071 1,000
4 gallons between the test year and pro forma period between Rates 1 and 2.

5 The test year average base charge reflected on line 2 is a fixed-rate charge
6 computed by dividing the test year base charge revenue by the test year number of
7 billing instances. Page 4, column C, line 3 reflects an increase in pro forma base
8 charge revenue of \$49,927, reflecting changes in the number of billing instances
9 and the effective base charge rate for the test year for Rate 1. Page 5, column H,
10 line 3 reflects an increase in pro forma base charge revenue of \$1,685, reflecting
11 changes in the number of billing instances and the effective base charge rate for
12 the test year for Rate 2. Overall, between the test year and pro forma period, the
13 total number of annual billing instances increased by 2,545.

14 **Q. PLEASE DESCRIBE PETITIONER'S ATTACHMENT KKK-1, PAGES 6**
15 **AND 7.**

16 A. Petitioner's Attachment KKK-1, pages 6 and 7 are calculations, for each rate
17 class, showing the adjustments for the change in average fixed and treatment
18 charges from test year to pro forma. Page 6 presents the calculations for Rate 1
19 and Page 7 presents the same for Rate 2. The fixed charge rate adjustment is a
20 fixed-rate charge computed by multiplying a charge per customer rate by the pro
21 forma customer count for each rate class. Page 6, column C, line 5 reflects a

1 decrease in pro forma revenue of \$508,513, due to changes in the average fixed
2 charge rate for Rate 1. Page 7, column H, line 5 reflects an increase in pro forma
3 revenue of \$23,932, due to changes in the average fixed charge rate for Rate 2.

4 The treatment rate adjustment is a volumetric charge computed by
5 multiplying a rate per 1,000 gallons by the pro forma discharge volumes. Page 6,
6 column C, line 10 reflects a decrease in pro forma revenue of \$6,264,933,
7 reflecting changes in the treatment rate from test year to pro forma for Rate 1.
8 Page 7, column H, line 10 reflects a decrease in pro forma revenue of \$50,839,
9 reflecting changes in the treatment rate from test year to pro forma for Rate 2.

10 **Q. WHAT IS THE PURPOSE OF PETITIONER'S ATTACHMENT KKK-1,**
11 **PAGES 8 AND 9?**

12 A. The purpose of Petitioner's Attachment KKK-1, pages 8 and 9, is to determine pro
13 forma revenues by making other miscellaneous adjustments to test year revenues.
14 Pages 8 and 9 detail the adjustments related to Rate 1 and Rate 2, respectively.
15 The totals for Rate 1 are found on Page 8, column C. The totals for Rate 2 are
16 found on Page 9, column H.

17 Line 6 is to remove the change in unbilled revenue in the test year of
18 \$(237,994) – i.e. \$(188,914) for Rate 1 and \$(49,080) for Rate 2 – because the pro
19 forma revenues reflect a calendar month billed basis, rendering unbilled revenue
20 unnecessary. Line 3 adjusts for test year correction factors revenue.

1 **Q. PLEASE DESCRIBE PETITIONER'S ATTACHMENT KLK-1, PAGE 10.**

2 A. The purpose of Petitioner's Exhibit KLK-1, page 10, is to show the adjustment to
3 "other revenues" included in Petitioner's proposed pro forma revenue
4 requirement. "Other revenues" include all the miscellaneous charges.
5 Specifically, "other revenues" include reconnection and collection fees, returned
6 check charges, late payment charges, and smaller miscellaneous items. No
7 adjustment was made to these items.

8 **Q. WHY DID YOU NOT ADJUST THESE ITEMS OF "OTHER**
9 **REVENUES?"**

10 A. Petitioner's typical approach to determining an adjustment would have been to
11 look at a three-year average compared to the test year numbers. However,
12 Petitioner had had only twenty-one months of operational experience with the
13 utility since acquiring it. As such, Petitioner did not have the thirty-six months of
14 data to perform a typical three-year average to normalize these revenues. At this
15 point, Petitioner believes the test year figures are the best approximation for pro
16 forma results. In future rate cases with benefit of more operational history,
17 Petitioner may take a different approach of normalizing these expenses using a
18 historical average.

1 **OTHER OPERATING EXPENSES**

2 **Q. PLEASE DESCRIBE PETITIONER'S ATTACHMENT KLK-1, PAGE 11.**

3 A. Petitioner's Attachment KLK-1, page 11, is a summary of pro forma adjustments
4 to other operating expenses, including an increase of \$18,434 to adjust net write-
5 offs, an increase of \$63,500 for a three-year amortization of rate case expense,
6 and an increase of \$11,070 to adjust the annual Indiana Utility Regulatory
7 Commission ("IURC") fee. These adjustments, along with several adjustments
8 made by Petitioner's witness Karner, result in pro forma other operating expenses
9 of \$3,606,427.

10 **Q. PLEASE DESCRIBE PETITIONER'S ADJUSTMENT TO NET WRITE-**
11 **OFFS.**

12 A. The test year provision for uncollectible expense was increased by \$18,434 to
13 reflect the combined effect of an increase in total net write-offs commensurate
14 with the proposed revenues at present rates in this case. Citizens Wastewater of
15 Westfield proposes to recover through its base rates its net write-offs at a fixed
16 ratio of 0.5 percent of sales margin. Multiplying the pro forma revenues at
17 present rates of \$9,539,721 by 0.5 percent results in pro forma net write-offs at
18 present rates of \$47,699, which is \$18,434 more than the test year provision for
19 uncollectible expense of \$29,265.

20 **Q. HOW DID PETITIONER DETERMINE THE PROPOSED NET WRITE-**
21 **OFF PERCENT?**

1 A. Because of the limitations of the legacy billing system that was using during the
2 test year, write-offs were not done in the test year. The results of a five-month lag
3 analysis using data from April 2015 to June 2016 show that the write-off percent
4 is 0.5 percent.

5 **Q. PLEASE DESCRIBE PETITIONER'S ATTACHMENT KLK-1, PAGE 12.**

6 A. Petitioner's Attachment KLK-1, page 12 reflects the calculation to determine the
7 pro forma IURC Utility Fee.

8 **INDIANA UTILITY RECEIPTS TAX (IURT)**

9 **Q. PLEASE DESCRIBE PETITIONER'S ATTACHMENT KLK-1, PAGE 13.**

10 A. Petitioner's Attachment KLK-1, page 13, reflects the pro forma increase in IURT
11 expense. The test year IURT expense reflects the tax on the Petitioner's total
12 revenues. The pro forma margin at current rates is reduced by the \$1,000 IURT
13 exemption and pro forma net write-offs. The remaining taxable margin is
14 multiplied by the 1.4 percent utility receipts tax rate to produce a \$2,076 increase
15 in IURT expense at present rates. The pro forma at present rates IURT expense is
16 divided by the pro forma margin at present rates to determine the effective IURT
17 rate that is used in the calculation of the IURT on incremental revenue.

18 **OTHER REQUIREMENTS**

19 **Q. YOU HAVE DESCRIBED THE REVENUE REQUIREMENTS**
20 **CONTAINED IN PETITIONER'S ATTACHMENT KLK-1.**
21 **PETITIONER'S ATTACHMENT KLK-1, PAGE 1 REFLECTS**

1 **ADDITIONAL REVENUE REQUIREMENTS SPONSORED BY OTHER**
2 **WITNESSES. PLEASE SUMMARIZE THOSE ADJUSTMENTS.**

3 A. Several other operating expenses, depreciation and amortization, tax expense and
4 the revenue requirement increase necessary for Petitioner to earn a return on its
5 rate base are set forth on Petitioner's Attachment SEK-4, which is attached to the
6 testimony of Petitioner's witness Karner.

7 **PROPOSED INCREASE IN OPERATING REVENUE**

8 **Q. WHAT IS THE AMOUNT OF THE PROPOSED INCREASE TO**
9 **CITIZENS WASTEWATER OF WESTFIELD'S OPERATING**
10 **REVENUE?**

11 A. Petitioner's Attachment KKK-1, page 14, shows the calculation of the proposed
12 revenue increase from present rates. The total required operating income
13 necessary to cover the utility's pro forma revenue requirements, including the
14 proposed rate of return on its investment, provided by Petitioner's witness Karner
15 of \$4,834,471 is offset by the net operating income produced by the pro forma at
16 present rates revenues of \$2,470,195 (Petitioner's Attachment KKK-1, page 1,
17 column C, line 31) to determine the increase in operating income required to
18 recover pro forma revenue requirements. The increase in operating income
19 required to recover pro forma revenue requirements is grossed up for IURC Fee,
20 IURT, and net write-offs to determine Petitioner's overall required increase in
21 revenue of \$2,412,841.

1 **Q. HOW IS THE ADJUSTMENT FOR NET WRITE-OFFS ON**
2 **INCREMENTAL REVENUE DETERMINED?**

3 A. Petitioner's Attachment KLK-1, page 15, line 3, shows the computation of the net
4 write-off adjustment that will result from Petitioner's request to increase its
5 revenues to recover its pro forma revenue requirement by increasing the pro
6 forma revenue requirement increase by the 0.5 percent net write-off as a percent
7 of revenue. The effect of that change would result in an increase to net write-offs
8 of \$12,064.

9 **Q. HOW IS THE ADJUSTMENT FOR IURC FEE ON INCREMENTAL**
10 **REVENUE DETERMINED?**

11 A. Petitioner's Attachment KLK-1, page 16, line 3, shows the computation of the
12 IURC Fee adjustment that will result from Petitioner's request to increase its
13 revenues to recover its pro forma revenue requirement by increasing the pro
14 forma revenue requirement increase by the 0.1171996 percent IURC Fee rate.
15 The effect of that change would result in an increase to the IURC Fee of \$2,828.

16 **Q. HOW IS THE ADJUSTMENT FOR IURT EXPENSE ON INCREMENTAL**
17 **REVENUE DETERMINED?**

18 A. Petitioner's Attachment KLK-1, page 17, line 3, shows the computation of the
19 IURT adjustment that will result from Petitioner's request to increase its revenues
20 to recover its pro forma revenue requirement by increasing the pro forma revenue

1 requirement increase by the 1.3956 percent IURT effective rate. The effect of
2 that change would result in an increase to IURT of \$33,674.

3 **Q. IN SUMMARY, DO YOU HAVE AN OPINION AS TO THE NECESSITY**
4 **OF THE PRO FORMA ADJUSTMENTS MADE IN PETITIONER'S**
5 **ATTACHMENT KLK-1 AND TO THE RESULTING AGGREGATE**
6 **ANNUAL REVENUE REQUIREMENT FOR PETITIONER?**

7 A. Yes, I do. In my opinion, each of the pro forma adjustments to test year data is
8 necessary in order to properly reflect the appropriate pro forma revenue
9 requirement for the provision of sewage disposal service, including the proposed
10 rate of return on Petitioner's investment.

11 **PROPOSED RATES AND RATE DESIGN**

12 **Q. HOW WERE CITIZENS WASTEWATER OF WESTFIELD'S PROPOSED**
13 **RATES DERIVED?**

14 A. Citizens Wastewater of Westfield's proposed rates were derived by using the
15 approach, as illustrated in Petitioner's Attachment KLK-2. First, the revenue
16 increase as a percent of sales margin was determined. Then, that percent increase
17 in sales margin was applied across the board to Petitioner's current base rates and
18 a revenue proof was prepared to determine the total pro forma margin to be
19 recovered from each rate class.

20 **Q. PLEASE DESCRIBE PETITIONER'S ATTACHMENT KLK-2, PAGE 1.**

1 A. Petitioner's Attachment KLK-2, page 1 determines the revenue increase as a
2 percent of total revenue and sales margin. Although the increase in total revenue
3 is 25.29 percent, Petitioner's base rates are calculated based upon the sales
4 revenue (i.e., total revenue less miscellaneous and other revenue). The pro forma
5 sales revenue increase of \$2,412,841 is 25.42 percent of pro forma at present rates
6 sales revenue (see line 6). The total pro forma sales margin to be recovered
7 through proposed rates is \$11,905,731 (see line 7).

8 **Q. WHAT IS THE PURPOSE OF PETITIONER'S ATTACHMENT KLK-2,**
9 **PAGE 2?**

10 A. Petitioner's Attachment KLK-2, page 2 derives the pro forma rates necessary to
11 produce \$11,905,731 in sales margin, assuming an across the board increase to
12 current rates of 25.42 percent, as determined in KLK-2, page 1, line 6.

13 **Q. HOW WERE THE MINIMUM TREATMENT CHARGES AND THE**
14 **MONTHLY UNMETERED CHARGE DETERMINED?**

15 A. The minimum treatment charge is the minimum charge that a customer will incur
16 on a monthly basis in addition to the base charge. For both Sewer Rates, the
17 charge includes a specific amount of discharge volume. For Sewer Rate No. 1,
18 there are 5,000 gallons included in the minimum treatment charge. The minimum
19 treatment charge of \$43.90 is calculated by multiplying the proposed usage
20 treatment charge of \$8.7794 by 5,000 gallons.

1 For Sewer Rate No. 2, there are two minimum treatment charges
2 differentiated by the size of the customer's water meter. The minimum treatment
3 charge for meters sized 5/8" or 3/4" is \$41.85. It includes 5,000 gallons and is
4 calculated exactly the same as the similar charge for Sewer Rate No. 1. The
5 minimum treatment charge for meters sized 1" or larger is \$105.35. For this
6 charge, there are 12,000 gallons included. The \$105.35 charge is calculated by
7 multiplying the proposed usage treatment charge by 12,000 gallons.

8 The monthly unmetered charge is applicable to those customers who do
9 not have water service. It is presumed that these customers discharge 9,000
10 gallons per month. The monthly unmetered charge of \$99.21 is calculated by
11 multiplying the proposed usage treatment charge by 9,000 gallons. Then, adding
12 the proposed base charge to the resulting product.

13 **Q. WHAT IS THE PURPOSE OF PETITIONER'S ATTACHMENT KLK-2,**
14 **PAGES 3 THROUGH 6?**

15 A. Petitioner's Attachment KLK-2, page 3 is the pro forma revenue proof.
16 Attachment KLK-2, page 4 is a bill impact for Rate 1. Attachment KLK-2, pages
17 5 and 6 are bill impacts for Rate 2.

1 **Q. DO YOU BELIEVE THE PROPOSED RATES ARE FAIR AND**
2 **EQUITABLE AND REPRESENT REASONABLE AND JUST RATES AND**
3 **CHARGES FOR SEWAGE DISPOSAL SERVICE?**

4 A. Yes. As is shown on Attachment KKK-2, Page 3, the proposed rates designed for
5 Citizens Wastewater of Westfield target the recovery of each class' base rate
6 revenue.

7 **TERMS AND CONDITIONS FOR SEWAGE DISPOSAL SERVICE, RATE SCHEDULES AND**
8 **APPENDICES**

9 **Q WHAT IS PETITIONER PROPOSING WITH RESPECT TO ITS TERMS**
10 **AND CONDITIONS FOR SEWAGE DISPOSAL SERVICE?**

11 A. Petitioner is proposing to reorganize its Terms and Conditions for Sewage
12 Disposal Service (“Terms and Conditions”) as a part of a larger initiative to
13 standardize the terms and conditions among the regulated utilities. The
14 overarching philosophy for this standardization is to identify and group rules that
15 are common to each utility at the beginning of the Terms and Conditions. As
16 reorganized, the first 10 rules of each utility’s terms and conditions are the
17 common rules. “Common” means the topics covered by the rules are similar –
18 not necessarily that the rules are identical. In the case of Citizens Wastewater of
19 Westfield, the first 10 rules are common to the other regulated utilities. Utility-
20 specific rules follow the common rules and govern topics specific to each utility
21 (e.g. dewatering discharge is relevant to wastewater, but not steam, gas or water).

1 In Petitioner's proposed Terms and Conditions, rules 11 through 22 are utility-
2 specific rules.

3 **Q. PLEASE DESCRIBE PETITIONER'S ATTACHMENTS KLK-3**
4 **THROUGH KLK-6.**

5 A. Petitioner's Attachment KLK-3 is a matrix detailing the mapping of the
6 realignment changes to the Terms & Conditions for Sewage Disposal Service
7 from the perspective of current-to-proposed and proposed-to-current. Petitioner's
8 Attachment KLK-4 is a red-lined version of the Terms and Conditions in their
9 current state. Petitioner's Attachments KLK-5 and KLK-6 are red-lined and clean
10 versions of Petitioner's proposed Terms and Conditions for Sewage Disposal
11 Service. Both KLK-5 and KLK-6 are reorganized and reflect updated Table of
12 Contents and pagination to align with the reorganized rules. These changes
13 associated with the realignment are not reflected in redline form, but can be
14 followed using Petitioner's Attachment KLK-4.

15 **Q. PLEASE BRIEFLY SUMMARIZE THE PROPOSED CHANGES TO THE**
16 **TERMS AND CONDITIONS FOR SEWAGE DISPOSAL SERVICE.**

17 A. The following are the broad categories of proposed changes to Petitioner's Terms
18 and Conditions for Sewage Disposal Service:

- 19 • Updated the Table of Contents and pagination to align with the re-
20 organized sections;
- 21 • Made changes to the Cause Number and Effective Date;

- 1 • Replaced the word “Section” with “Rule” in a limited number of
- 2 locations;
- 3 • In the definition section, deleted 1.44 the definition of Wastewater Hauler;
- 4 and
- 5 • Added Rule 12.3.

6 **Q. PLEASE DESCRIBE FURTHER THE CHANGE TO RULE 1.44.**

7 A. Rule 1.44 contains the definition of Wastewater Hauler. This definition is being

8 deleted because it is not used in the Terms and Conditions, Rate Schedules or

9 Appendices.

10 **Q. PLEASE DESCRIBE WHY PETITIONER IS PROPOSING TO ADD**

11 **RULE 12.3.**

12 A. Rule 12.3 was added to help Petitioner address its obligations under the federal

13 Clean Water Act with respect to industrial users. Specifically, Petitioner has been

14 issued an National Pollution Discharge Elimination System (“NPDES”) permit by

15 the Indiana Department of Environmental Management (“IDEM”). In order to

16 ensure that industrial users of the system are not discharging wastewater that may

17 create an interference or pass-through of the wastewater system or discharging

18 pollutants that, in combination with other discharges, may create conditions that

19 pose a risk, Petitioner needs to reserve the right to periodically enter customer

20 premises, for purposes of inspection and records review. While Rule 19 addresses

21 Industrial Customer Waste Discharges and details the right inspection, this rule

1 may be interpreted by customers to pertain only to those customers who are
2 performing work on their laterals. The addition to Rule 12 is intended to provide
3 clarity that Petitioner should have the right to inspect to ensure that those
4 customers are not discharging wastewater that warrant a permit or other control
5 mechanism to protect Petitioner's ability to comply with its NPDES permit.

6 **Q. PLEASE DESCRIBE PETITIONER'S ATTACHMENTS KLK-7 AND**
7 **KLK-8.**

8 A. Petitioner's Attachments KLK-7 and KLK-8 are redlined and clean versions of
9 Citizens Wastewater of Westfield's proposed rate schedules and appendices.
10 Citizens Wastewater of Westfield offers the following sewer rate schedules,
11 which reflect the proposed rates in this case:

- 12 • Sewer Rate No. 1 – Residential Sewage Disposal Service, applicable to all
13 residential customers, as defined by the Terms and Conditions.
- 14 • Sewer Rate No. 2 – Non-Residential Sewage Disposal Service, applicable to
15 all non-residential customers, as defined by the Terms and Conditions.

16 **Q. WHAT IS THE SOURCE OF THE RATES AND CHARGES SET FORTH**
17 **IN THE PROPOSED BASE RATES SHOWN IN ATTACHMENTS KLK-7**
18 **AND KLK-8?**

19 A. Petitioner's Attachment KLK-2, page 2 is the source of the proposed rates and
20 charges set forth in Petitioner's Attachments KLK-7 and KLK-8 Sewer Rates 1
21 and 2.

1 **Q. ARE THERE ANY CHANGES BEING MADE TO THE APPENDICES?**

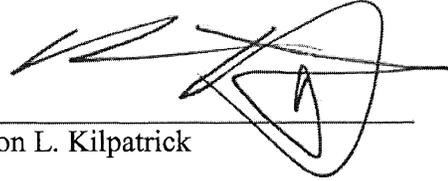
2 A. Yes. There are references to specific rules within the Terms and Conditions that
3 are updated to reflect the re-organization of the Terms and Conditions.

4 **Q. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY IN THIS**
5 **PROCEEDING?**

6 A. Yes, it does.

VERIFICATION

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

A handwritten signature in black ink, consisting of several overlapping loops and lines, positioned above a horizontal line.

Korlon L. Kilpatrick

TAB 2

**Citizens Wastewater of Westfield, LLC
Index of Attachment KLK-1**

Page No.

Page 1	Test Year Statement of Income and Pro Forma Revenue Requirement
Page 2	Test Year and Pro Forma Billing Instances, Sales, and Revenues
Page 3 & 4	Pro Forma Revenue at Present Rates
Page 5 & 6	Change in Billing Instances & Volume Adjustment
Page 7 & 8	Change in Rate Adjustments
Page 9 & 10	Other Adjustments
Page 11	Computation of Pro Forma Other Revenues
Page 12	Computation of Pro Forma Other Operating Expenses
Page 13	Indiana Utility Regulatory Commission Fee Adjustment
Page 14	Indiana Utility Receipts Tax Adjustment
Page 15	Revenue Increase Adjusted for IURC Fee, IURT, and Net Write-Off Non-Gas Cost
Page 16	Net Write-Off Non-Gas Cost on Incremental Revenue
Page 17	Indiana Utility Regulatory Commission Fee on Incremental Revenue
Page 18	Indiana Utility Receipts Tax on Incremental Revenue

**Citizens Wastewater of Westfield, LLC
 Summary of Pro Forma Revenue Requirement**

Line No.	A Actual per Books	B Pro Forma Adjustments Increase (Decrease)	C Pro Forma Results Based on Current Rates	D Pro Forma Adjustments Increase (Decrease)	E Pro Forma Results Based on Proposed Rates	F Reference
<u>Operating Revenues</u>						
1	\$9,432,070					Income Statement
2		\$51,612				page 4 & 5
3		7,076,054				page 4 & 5
4		(484,580)				page 6 & 7
5		(6,315,772)				page 6 & 7
6		(237,994)				page 8 & 9
7		1				-
8		18,330				page 8 & 9
9		0				page 10
10				\$2,412,841		page 14
11	<u>\$9,432,070</u>	<u>\$107,651</u>	<u>\$9,539,721</u>	<u>\$2,412,841</u>	<u>\$11,952,562</u>	
<u>Other Operating Expenses</u>						
12	\$3,520,214					Income Statement
13		63,500				page 11
14		18,434		12,064		page 11 & 15
15		43,175				Attachment SEK-3
16		3,589				Attachment SEK-3
17		35,177				Attachment SEK-3
18		244,007				Attachment SEK-3
19		24,644				Attachment SEK-3
20		(28,361)				Attachment SEK-3
21		(79,710)				Attachment SEK-3
22		(950)				Attachment SEK-3
23		11,070		2,828		page 12 & 16
24	<u>\$3,520,214</u>	<u>\$334,575</u>	<u>\$3,854,789</u>	<u>\$14,892</u>	<u>\$3,869,681</u>	
<u>Depreciation & Amortization</u>						
25	\$2,006,556					Income Statement
26		482,983				Attachment SEK-3
27	<u>\$2,006,556</u>	<u>\$482,983</u>	<u>\$2,489,539</u>	<u>\$0</u>	<u>\$2,489,539</u>	
<u>Taxes</u>						
28	\$723,122					Income Statement
29		\$2,076		\$33,674		page 13 & 17
30	<u>\$723,122</u>	<u>\$2,076</u>	<u>\$725,198</u>	<u>\$33,674</u>	<u>\$758,871</u>	
31	<u>\$3,182,178</u>	<u>(\$711,983)</u>	<u>\$2,470,195</u>	<u>\$2,364,276</u>	<u>\$4,834,471</u>	

Annualized Test Year Revenue at Present Versus Proposed Rates
Summary Schedule of All Rate Class Revenues

(A) Line Number	(B) Class Description	(C) Water Rate No.	(D) Test Year Billing Instances	(E) Test Year Billing Instances To Total	(F) Test Year Billed Volume in 1,000 gallons	(G) Test Year Billed Volume in 1,000 gallons %	(H) Test Year Revenues	(I) Percent of Revenue To Total	(J) Pro Forma Billing Instances	(K) Pro Forma Billing Instances To Total	(L) Pro Forma Billed Volume in 1,000 gallons	(M) Pro Forma Billed Volume in 1,000 gallons %	(N) Pro Forma Revenue	(O) Revenue of Pro Forma To Total	(P) Total Revenue Increase	(Q) Total Revenue Increase %
1	Residential	1	125,008	93.87%	254,733	53.86%	\$ 7,385,560	77.24%	127,462	93.94%	739,462	71.65%	\$ 7,119,865	75.26%	\$ (105,705)	-1.45%
2	Unretired	1	288	0.22%	0	0.00%	21,399	0.23%	788	0.21%	0	0.00%	27,781	0.24%	\$ 1,382	N/A
3	Connection Factor	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	(2,652)	(0.03%)	\$ (2,652)	N/A
4	Total Rate 1		125,296	93.87%	254,733	53.86%	\$ 7,406,959	77.24%	127,780	94.16%	739,462	71.65%	\$ 7,149,344	75.47%	\$ (107,615)	-1.46%
5	Commercial	2	7,871	5.91%	252,494	46.14%	2,051,669	21.86%	7,832	5.84%	289,836	28.35%	2,271,933	23.82%	\$ 210,264	10.20%
6	Multi Family	2	0	0.00%	0	0.00%	16,611	0.18%	0	0.00%	0	0.00%	0	0.00%	\$ (16,611)	-0.0000%
7	Industry	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	\$ 0	0.00%
8	Industry	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	\$ 0	0.00%
9	Connection Factor	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	\$ 0	N/A
10	Total Rate 2		7,871	5.91%	252,494	46.14%	\$ 2,071,260	22.14%	7,832	5.84%	289,836	28.35%	\$ 2,252,346	24.04%	\$ 214,666	10.33%
11	Total Wastewater Billed		133,167	100.00%	547,227	100.00%	\$ 9,478,219	95.00%	135,712	100.00%	1,029,298	100.00%	\$ 9,402,830	95.51%	\$ (107,652)	-1.55%
	Other Revenues:															
12	Force Majeure						\$ 40,669	0.43%					\$ 40,669	0.43%	\$ 0	0.00%
13	Miscellaneous Revenues						6,162	0.07%					6,162	0.05%	\$ (6)	0.00%
14	Total Other Revenues						\$ 46,831	0.50%					\$ 46,831	0.48%	\$ 0	0.00%
15	Pro Forma Total Operating Revenues						\$ 9,432,070	100.00%					\$ 9,599,771	100.00%	\$ (107,621)	-1.15%

Note: Unbilled Revenue is included in the 'F' Revenues

Annualized Test Year Revenues at Present Versus Proposed Rates
Citizens Wastewater of Westfield, LLC
Summary Schedule of all Rate Class Revenues

	(A) Cause No. 44273 Approved Rates	(B) Sources	(C) 2015 - 2016 Number & Type of Units	(D) Pro forma Revenues
Pro Forma Summary at Current Rates				
Sewer Rate 1 - Residential Sewage Disposal Service				
Residential Base Charge Revenue				
1	\$ 16.10 /month		123,329 services	\$ 1,985,597
2	\$ 16.10 /month		4,151 services	\$ 66,831
3	\$ 16.10 /month		12 services	\$ 193
4	\$ 16.10 /month		0 services	\$ -
5	\$ 16.10 /month		0 services	\$ -
6	\$ 16.10 /month		0 services	\$ -
7	\$ 16.10 /month		0 services	\$ -
8	\$ 16.10 /month		0 services	\$ -
9			127,492 services	\$ 2,052,621
Residential Volumetric Revenue				
10	\$ 7.0000 Mgal		637,460 1,000 gal	4,462,220
11	\$ 7.0000 Mgal		95,002 1,000 gal	665,014
12			732,462	\$ 5,127,234
13	\$ 79.10		288	\$22,781
14				\$ 7,202,636
15	0.999626			0.99963
16				\$ 7,199,944
Sewer Rate 2 - Non-Residential Sewage Disposal Service				
Non-Residential Base Charge Revenue				
17	\$ 16.10 /month		3,151 services	\$ 50,731
18	\$ 40.23 /month		2,440 services	\$ 98,161
19	\$ 40.23 /month		141 services	\$ 5,672
20	\$ 40.23 /month		2,152 services	\$ 86,575
21	\$ 40.23 /month		0 services	\$ -
22	\$ 40.23 /month		0 services	\$ -
23	\$ 40.23 /month		0 services	\$ -
24	\$ 40.23 /month		48 services	\$ 1,931
25			7,932	\$ 243,071
Non-Residential Volumetric Revenue				
26	\$ 7.00 Mgal		15,755 services	\$ 110,285
27	\$ 7.00 Mgal		34,879 services	\$ 244,153
28	\$ 7.00 Mgal		57,372 services	\$ 401,604
29	\$ 7.00 Mgal		181,830 services	\$ 1,272,810
30			289,836	\$ 2,028,852
31				2,271,923
32	1.00925			1.00925
33				2,292,946
Miscellaneous Revenue				
34				\$40,669
35				\$6,162
36				\$ 9,539,721

Citizens Wastewater of Westfield, LLC
 Billing Instances/Volume Adjustment

Line No		A	B	C
		521110 Rate 1	522110 Rate 1	Total Rate 1
Customer Change				
1	Net Change in Annual Meter/Billing Instances	-	2,484	2,484
2	Test Year Average Fixed Charge	<u>\$74.30</u>	<u>\$20.10</u>	
3	Fixed Charge Adjustment	<u>\$0</u>	<u>\$49,927</u>	<u>\$49,927</u>
Volumetric Change				
4	Net Change in Annual Treatment CCF	-	437,729	437,729
5	Test Year Average Treatment Charge	<u>\$0.00</u>	<u>\$15.55</u>	
6	Treatment Charge Adjustment	<u>\$0</u>	<u>\$6,808,110</u>	<u>\$6,808,110</u>

Citizens Wastewater of Westfield, LLC
 Billing Instances/Volume Adjustment

Line No	A	B	C	D	E	F	G	H
	521210 Rate 2	521310 Rate 2	521510 Rate 2	522210 Rate 2	522310 Rate 2	522410 Rate 2	522510 Rate 2	Total Rate 2
Customer Change								
1				61				61
	-	-	-					
2	\$0.00	\$0.00	\$0.00	\$27.63	\$0.00	\$0.00	\$0.00	
3	\$0	\$0	\$0	\$1,685	\$0	\$0	\$0	\$1,685
Volumetric Change								
4				37,342				37,342
	-	-	-					
5	\$0.00	\$0.00	\$0.00	\$7.1754061	\$0.0000000	\$0.0000000	\$0.0000000	
6	\$0	\$0	\$0	\$267,944	\$0	\$0	\$0	\$267,944

Citizens Wastewater of Westfield, LLC
 Change in Rate Adjustments

Line No		A	B	C
		521110 Rate 1	522110 Rate 1	Total Rate 1
1	Change in Fixed Charge Revenue: Pro Forma Average Fixed Charge Rate	\$79,100,000	\$16,100,000	
2	Test Year Average Fixed Charge Rate	\$74,302,083	\$20,099,426	
3	Change in Fixed Charge Rate	\$4,797,917	(\$3,999,426)	
4	Pro Forma Bill Counts	288	127,492	-
5	Fixed Charge Rate Adjustment	\$1,382	(\$509,895)	(\$508,513)
Change in Monthly Treatment Rate:				
6	Pro Forma Average Treatment Rate	\$0.000000	\$7.000000	
7	Test Year Average Treatment Rate	\$0.000000	\$15.553253	
8	Change in Treatment Rate	\$0.000000	(\$8.553253)	
9	Pro Forma 1,000 gallons	-	732,462	732,462
10	Treatment Rate Adjustment	\$0	(\$6,264,933)	(\$6,264,933)

Citizens Wastewater of Westfield, LLC
 Change in Rate Adjustments

Line No	A	B	C	D	E	F	G	H
	521210 Rate 2	521310 Rate 2	521510 Rate 2	522210 Rate 2	522310 Rate 2	522410 Rate 2	522510 Rate 2	Total Rate 2
1	Change in Fixed Charge Revenue:							
	Pro Forma Average Fixed Charge Rate							
	\$0.000000	\$0.000000	\$0.000000	\$30.644318	\$0.000000	\$0.000000	\$0.000000	
2	Test Year Average Fixed Charge Rate							
	\$0.000000	\$0.000000	\$0.000000	\$27.627112	\$0.000000	\$0.000000	\$0.000000	
3	Change in Fixed Charge Rate							
	\$0.000000	\$0.000000	\$0.000000	\$3.017206	\$0.000000	\$0.000000	\$0.000000	
4	Pro Forma Bill Counts							
	-	-	-	7,932	-	-	-	-
5	Fixed Charge Rate Adjustment							
	\$0	\$0	\$0	\$23,932	\$0	\$0	\$0	\$23,932
6	Change in Monthly Treatment Rate:							
	Pro Forma Average Treatment Rate							
	\$0.000000	\$0.000000	\$0.000000	\$7.000000	\$0.000000	\$0.000000	\$0.000000	
7	Test Year Average Treatment Rate							
	\$0.000000	\$0.000000	\$0.000000	\$7.175406	\$0.000000	\$0.000000	\$0.000000	
8	Change in Treatment Rate							
	\$0.000000	\$0.000000	\$0.000000	(\$0.175406)	\$0.000000	\$0.000000	\$0.000000	
9	Pro Forma 1,000 gallons							
	-	-	-	289,836	-	-	-	-
10	Treatment Rate Adjustment							
	\$0	\$0	\$0	(\$50,839)	\$0	\$0	\$0	(\$50,839)

Citizens Wastewater of Westfield, LLC
 Other Adjustments

Line No	A 521110 Rate 1	B 522110 Rate 1	C Total Rate 1
1 Pro forma Correction Factor Revenue	\$0	\$0	(\$2,692)
2 Test Year Correction Factor Revenue	0	0	0
3 Correction Factor Adjustment	<u>\$0</u>	<u>\$0</u>	<u>(\$2,692)</u>
4 Pro forma Unbilled Adjustments	\$0	\$0	\$0
5 Test Year Unbilled Adjustments	<u>(242,810)</u>	<u>431,724</u>	<u>188,914</u>
6 Unbilled Adjustment	<u>\$242,810</u>	<u>(\$431,724)</u>	<u>(\$188,914)</u>

Citizens Wastewater of Westfield, LLC
 Other Adjustments

Line No	A	B	C	D	E	F	G	H
	521210 Rate 2	521310 Rate 2	521510 Rate 2	522210 Rate 2	522310 Rate 2	522410 Rate 2	522510 Rate 2	Total Rate 2
1 Pro forma Correction Factor Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$21,022
2 Test Year Correction Factor Revenue	0	0	0	0	0	0	0	0
3 Correction Factor Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$21,022
4 Pro forma Unbilled Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5 Test Year Unbilled Adjustments	(31,459)	0	(5,949)	63,928	0	0	22,560	49,080
6 Unbilled Adjustment	\$31,459	\$0	\$5,949	(\$63,928)	\$0	\$0	(\$22,560)	(\$49,080)

Citizens Wastewater of Westfield, LLC
Computation of Pro Forma Other Revenues

<u>Line No.</u>		
1	Pro Forma Increase/(Decrease) in Other Revenue	\$0
2	Pro Forma Increase/(Decrease) in Late Payment/Reconnect Fees	0
3	Pro Forma Increase/(Decrease) in Return Check Fees	0
4	Pro Forma Increase/(Decrease) in Collections Fees	<u>0</u>
5	Pro Forma Other Revenue Adjustment	<u><u>\$0</u></u>

Citizens Wastewater of Westfield, LLC
Computation of Pro Forma Other Operating Expenses

<u>Line No.</u>		
1	Test Year Other Operating Expenses	\$3,520,214
2	O & M Adjustments per Attachment SEK-3	(6,791)
3	Adjustment for Net Write-Offs	18,434
4	Adjustment for Rate Case Expense	63,500
5	IURC Fee	<u>11,070</u>
6	Pro Forma Other Operating Expenses	<u><u>\$3,606,427</u></u>

Citizens Wastewater of Westfield, LLC
Indiana Utility Regulatory Commission (IURC) Fee Adjustment

<u>Line No.</u>		
1	Pro Forma Revenue at Present Rates	\$9,539,721
2	Less: Pro Forma Miscellaneous Revenue	46,831
3	Less: Pro Forma Net Write-Offs	<u>47,699</u>
4	Pro Forma Revenue at Present Rates Subject to IURC Fee	\$9,445,192
5	IURC Fee Rate	<u>0.001171996</u>
6	IURC Fee	\$11,070
7	Less: Test Year IURC Fee	<u>0</u>
8	Pro Forma IURC Fee Adjustment	<u><u>\$11,070</u></u>

Citizens Wastewater of Westfield, LLC
Indiana Utility Receipts Tax Adjustment

<u>Line No.</u>		
1	Pro Forma Margin Revenue @ Present Rates	\$9,539,721
2	Less: Exemption	1,000
3	Less: Pro Forma Net Write-Offs	<u>29,265</u>
4	Pro Forma Margin Revenue Less Exemption and Net Write-Offs	<u>\$9,509,456</u>
5	IURT Rate	1.4000%
6	Pro Forma IURT at Present Rates	<u>\$133,132</u>
7	Less: Test Year Amount	<u>131,056</u>
8	Adjustment	<u>\$2,076</u>
9	IURT Effective Tax Rate	<u><u>1.39560%</u></u>

Citizens Wastewater of Westfield, LLC
Revenue Increase Adjusted
for IURC Fee, IURT and Net Write-Off Non-Gas Cost

<u>Line No.</u>		
1	Total Required Net Operating Income	\$4,834,471
2	Pro Forma at Present Rates Net Operating Income	<u>2,470,195</u>
3	Increase in Net Operating Income (In 1 - In 2)	\$2,364,276
4	One	1.0000000
5	Less: Indiana Utility Regulatory Commission Fee	0.0011720
6	Less: Indiana Utility Receipts Tax Effective Rate	0.0139560
7	Less: Net Write-Offs	<u>0.0050000</u>
8	Incremental Revenue Conversion Factor (In 4 - In 5 - In 6 - In 7)	<u>0.9798720</u>
9	Total Revenue Requirement Increase (In 3 / In 8)	<u><u>\$2,412,841</u></u>

Citizens Wastewater of Westfield, LLC
Net Write-Offs
on Incremental Revenue

<u>Line No.</u>		
1	Pro Forma Total Revenue Requirement Increase	\$2,412,841
2	Net Write-Offs as % of Revenue	<u>0.500000%</u>
3	Pro Forma Increase in Net Write-Offs	<u><u>\$12,064</u></u>

Citizens Wastewater of Westfield, LLC
Indiana Utility Regulatory Commission Fee
on Incremental Revenue

<u>Line No.</u>		
1	Pro Forma Total Revenue Requirement Increase	\$2,412,841
2	IURC Fee Rate	<u>0.1171996%</u>
3	Pro Forma Increase in IURC Fee	<u><u>\$2,828</u></u>

Citizens Wastewater of Westfield, LLC
Indiana Utility Receipts Tax
on Incremental Revenue

<u>Line No.</u>		
1	Pro Forma Total Revenue Requirement Increase	\$2,412,841
2	Indiana Utility Receipts Tax Effective Rate	<u>1.39560%</u>
3	Pro Forma Increase in Indiana Utility Receipts Tax	<u><u>\$33,674</u></u>

TAB 3

Citizens Wastewater of Westfield
Determination of Revenue Increase as a Percent of
Total Revenue and Sales Revenue

<u>Line No.</u>		
1	Pro forma at present rates total revenue	\$9,539,721
2	Pro forma revenue increase	<u>\$2,412,841</u>
3	Total Revenue Percent Increase	<u>25.29%</u>
4	Pro forma at present rates sales revenue	\$9,492,890
5	Pro forma revenue increase	<u>\$2,412,841</u>
6	Sales Revenue Percent Increase	<u>25.42%</u>
7	Pro forma sales margin	<u>\$11,905,731</u>

Citizens Wastewater of Westfield
 Schedule of Current and Proposed Rates and Charges
 Based on Across the Board Percent Increase to Current Base Rates

<u>Line No.</u>	<u>A</u>	<u>B</u>
	<u>Current Base Rate</u>	<u>Proposed Base Rates - Across the Board Increase</u> <u>(A*B, In 1)</u>
1	Base Rate Percent Increase	
		25.42%
	Sewer Rate No. 1 - Residential Sewage Disposal Service	
2	\$16.10	\$20.19
	Treatment Charges	
3	\$35.00	\$43.90
4	\$7.00	\$8.7794
5	\$79.10	\$99.21
	Sewer Rate No. 2 - Non-Residential Sewage Disposal Service	
	Base Charge	
6	\$16.10	\$20.19
7	\$40.23	\$50.46
8	Treatment Charges	
9	\$35.00	\$43.90
10	\$84.00	\$105.35
11	\$7.00	\$8.7794

¹ Minimum treatment charge calculated by multiplying the included gallons by the per 1,000 gallon usage rate

² Monthly unmetered charge calculated by adding the base charge and the product of the 1,000 gallon usage rate and 9,000 gallons

Citizens Wastewater of Westfield
 Revenue Proof
 Based on Proposed Base Rates

	(A)	(B)	(C)	(D)
Pro Forma Summary at Current Rates	Proposed Rates	Sources	Pro Forma Number & Type of Units	Pro forma Revenues
Sewer Rate 1 - Residential Sewage Disposal Service				
Residential Base Charge Revenue				
1 Residential Base - 5/8" meter	\$ 20.19 /month		123,329 services	\$ 2,490,333
2 Residential Base - 1" meter	\$ 20.19 /month		4,151 services	\$ 83,819
3 Residential Base - 1 1/2" meter	\$ 20.19 /month		12 services	\$ 242
4 Residential Base - 2" meter	\$ 20.19 /month		0 services	\$ -
5 Residential Base - 3" meter	\$ 20.19 /month		0 services	\$ -
6 Residential Base - 4" meter	\$ 20.19 /month		0 services	\$ -
7 Residential Base - 6" meter	\$ 20.19 /month		0 services	\$ -
8 Residential Base - 8" meter	\$ 20.19 /month		0 services	\$ -
9 Total Residential Base Charge Revenue (sum of lines 1 thru 8)			127,492 services	\$ 2,574,395
Residential Volumetric Revenue				
10 First 5,000 gallons	\$ 8.7794 Mgal		637,460 1,000 gal	\$ 5,596,516
11 Over 5,000 gallons	\$ 8.7794 Mgal		95,002 1,000 gal	\$ 834,061
12 Total Residential Volumetric Revenue (line 10 + line 11)			732,462	\$ 6,430,577
13 Unmetered Revenue	\$ 99.21		288	\$ 28,572
14 Total Rate 1 Pro Forma Revenue at Proposed Rates (line 9 + line 12 + line 13)				\$ 9,033,544
Sewer Rate 2 - Non-Residential Sewage Disposal Service				
Non-Residential Base Charge Revenue				
15 Non-Residential Base - 5/8" meter	\$ 20.19 /month		3,151 services	\$ 63,627
16 Non-Residential Base - 1" meter	\$ 50.46 /month		2,440 services	\$ 123,114
17 Non-Residential Base - 1 1/2" meter	\$ 50.46 /month		141 services	\$ 7,114
18 Non-Residential Base - 2" meter	\$ 50.46 /month		2,152 services	\$ 108,582
19 Non-Residential Base - 3" meter	\$ 50.46 /month		0 services	\$ -
20 Non-Residential Base - 4" meter	\$ 50.46 /month		0 services	\$ -
21 Non-Residential Base - 6" meter	\$ 50.46 /month		0 services	\$ -
22 Non-Residential Base - 8" meter	\$ 50.46 /month		48 services	\$ 2,422
23 Total Non-Residential Base Charge Revenue (sum of lines 17 thru 24)			7,932	\$ 304,859
Non-Residential Volumetric Revenue				
24 First 5,000 gallons (5/8" and 3/4" meters)	\$ 8.7794 Mgal		15,755 services	\$ 138,319
25 Over 5,000 gallons (5/8" and 3/4" meters)	\$ 8.7794 Mgal		34,879 services	\$ 306,217
26 First 12,000 gallons (1" and larger meters)	\$ 8.7794 Mgal		57,372 services	\$ 503,692
27 Over 12,000 gallons (1" and larger meters)	\$ 8.7794 Mgal		181,830 services	\$ 1,596,358
28 Total Non-Residential Volumetric Revenue (sum of lines 26 thru 29)			289,836	\$ 2,544,586
29 Total Rate 2 Pro Forma Revenue at Proposed Rates (line 25 + line 30)				\$ 2,849,446
30 Total Pro Forma Revenue at Proposed Rates from base rates				\$ 11,882,989
Miscellaneous Revenue				
31 470010 - Forfeited Discounts				\$ 540,669
32 471010 - Miscellaneous Revenue				\$ 56,162
33 Total Pro forma Revenue at Proposed Rates				\$ 11,929,820

Citizens Wastewater of Westfield
 Comparison of Billings at Present and Proposed Rates and Charges
 Rate 1 - Residential Sewage Disposal Service

	A	B	C	D	E
Line No.	Billed Discharge (1,000 gal)	Bill @ Present Rates	Bill @ Proposed Rates	Variance	%
1	1	\$ 51.10	\$ 64.09	\$ 12.99	25.42%
2	2	51.10	64.09	12.99	25.42%
3	3	51.10	64.09	12.99	25.42%
4	4	51.10	64.09	12.99	25.42%
5	5	51.10	64.09	12.99	25.42%
6	6	58.10	72.87	14.77	25.42%
7	7	65.10	81.65	16.55	25.42%
8	8	72.10	90.43	18.33	25.42%
9	9	79.10	99.21	20.11	25.42%
10	10	86.10	107.99	21.89	25.42%
11	15	121.10	151.88	30.78	25.42%
12	20	156.10	195.78	39.68	25.42%
13	25	191.10	239.68	48.58	25.42%
14	30	226.10	283.57	57.47	25.42%
15	35	261.10	327.47	66.37	25.42%
16	40	296.10	371.37	75.27	25.42%
17	45	331.10	415.27	84.17	25.42%
18	50	366.10	459.16	93.06	25.42%

Citizens Wastewater of Westfield
 Comparison of Billings at Present and Proposed Rates and Charges
 Rate 2 - Non-Residential Sewage Disposal Service
 5/8" and 3/4" Meters

Line No.	A Billed Discharge (1,000 gal)	B Bill @ Present Rates	C Bill @ Proposed Rates	D Variance	E %
1	1	\$ 51.10	\$ 64.09	\$ 12.99	25.42%
2	2	51.10	64.09	12.99	25.42%
3	3	51.10	64.09	12.99	25.42%
4	4	51.10	64.09	12.99	25.42%
5	5	51.10	64.09	12.99	25.42%
6	6	58.10	72.87	14.77	25.42%
7	7	65.10	81.65	16.55	25.42%
8	8	72.10	90.43	18.33	25.42%
9	9	79.10	99.21	20.11	25.42%
10	10	86.10	107.99	21.89	25.42%
11	15	121.10	151.88	30.78	25.42%
12	20	156.10	195.78	39.68	25.42%
13	25	191.10	239.68	48.58	25.42%
14	30	226.10	283.57	57.47	25.42%
15	35	261.10	327.47	66.37	25.42%
16	40	296.10	371.37	75.27	25.42%
17	45	331.10	415.27	84.17	25.42%
18	50	366.10	459.16	93.06	25.42%
19	75	541.10	678.65	137.55	25.42%
20	100	716.10	898.13	182.03	25.42%
21	125	891.10	1,117.62	226.52	25.42%
22	150	1,066.10	1,337.10	271.00	25.42%
23	175	1,241.10	1,556.59	315.49	25.42%
24	200	1,416.10	1,776.07	359.97	25.42%
25	225	1,591.10	1,995.56	404.46	25.42%
26	250	1,766.10	2,215.04	448.94	25.42%
27	275	1,941.10	2,434.53	493.43	25.42%
28	300	2,116.10	2,654.01	537.91	25.42%
29	325	2,291.10	2,873.50	582.40	25.42%
30	350	2,466.10	3,092.98	626.88	25.42%
31	375	2,641.10	3,312.47	671.37	25.42%
32	400	2,816.10	3,531.95	715.85	25.42%
33	425	2,991.10	3,751.44	760.34	25.42%
34	450	3,166.10	3,970.92	804.82	25.42%
35	475	3,341.10	4,190.41	849.31	25.42%
36	500	3,516.10	4,409.89	893.79	25.42%

Citizens Wastewater of Westfield
 Comparison of Billings at Present and Proposed Rates and Charges
 Rate 2 - Non-Residential Sewage Disposal Service
 1" and Larger Meters

Line No.	A Billed Discharge (1,000 gal)	B Bill @ Present Rates	C Bill @ Proposed Rates	D Variance	E %
1	0	\$ 124.23	\$ 155.81	\$ 31.58	25.42%
2	3	124.23	155.81	31.58	25.42%
3	6	124.23	155.81	31.58	25.42%
4	9	124.23	155.81	31.58	25.42%
5	12	124.23	155.81	31.58	25.42%
6	15	145.23	182.15	36.92	25.42%
7	18	166.23	208.49	42.26	25.42%
8	21	187.23	234.82	47.59	25.42%
9	24	208.23	261.16	52.93	25.42%
10	27	229.23	287.50	58.27	25.42%
11	30	250.23	313.84	63.61	25.42%
12	40	320.23	401.63	81.40	25.42%
13	50	390.23	489.43	99.20	25.42%
14	60	460.23	577.22	116.99	25.42%
15	70	530.23	665.01	134.78	25.42%
16	80	600.23	752.81	152.58	25.42%
17	90	670.23	840.60	170.37	25.42%
18	100	740.23	928.40	188.17	25.42%
19	125	915.23	1,147.88	232.65	25.42%
20	150	1,090.23	1,367.37	277.14	25.42%
21	175	1,265.23	1,586.85	321.62	25.42%
22	200	1,440.23	1,806.34	366.11	25.42%
23	225	1,615.23	2,025.82	410.59	25.42%
24	250	1,790.23	2,245.31	455.08	25.42%
25	275	1,965.23	2,464.79	499.56	25.42%
26	300	2,140.23	2,684.28	544.05	25.42%
27	325	2,315.23	2,903.76	588.53	25.42%
28	350	2,490.23	3,123.25	633.02	25.42%
29	375	2,665.23	3,342.73	677.50	25.42%
30	400	2,840.23	3,562.22	721.99	25.42%
31	425	3,015.23	3,781.70	766.47	25.42%
32	450	3,190.23	4,001.19	810.96	25.42%
33	475	3,365.23	4,220.67	855.44	25.42%
34	500	3,540.23	4,440.16	899.93	25.42%
35	750	5,290.23	6,635.01	1,344.78	25.42%
36	1,000	7,016.10	8,799.59	1,783.49	25.42%

TAB 4

Terms and Conditions Realignment

Mapping from Current Terms & Conditions to Proposed

Current Section	Current Rule No.	Proposed Rule No.
Definitions	1	1
Rates and Uniform Conditions of Service	2	2
Written Application or Contract	3	3
Written Application and Permit	4	3
Sewer Construction Requirement	5	11
Mandatory Inspection	6	12
Deposits	7	4
Billing and Payment of Bills	8	5
Billing and Payment of Bills	8.3, 8.4	7
Discontinuance of Service	9	6
Prohibited Disconnections	10	6
Notice of Disconnection	11	6
Reconnection of Service	12	6
Interruption of Service	13	13
Compliance and Review	14	9
Prohibition Against Clear Water Discharge	15	14
Dewatering Discharge	16	15
Sewage Restrictions	17	16
Required Installation of Food Waste Disposer	18	17
Grease Interceptor	19	18
Industrial Customer Waste Discharge	20	19
Accidental Discharge	21	20
Maintenance of Service Pipe	22	21
Main Extensions	23	10
Utility Liability	24	8
Incorporation by Reference	25	22

Terms and Conditions Realignment

Mapping from Proposed Terms & Conditions to Current

Proposed Section	Proposed Rule No.	Current Rule No.
Definitions	1	1
Rates and Uniform Conditions of Service	2	2
Written Application or Contract	3	3, 4
Deposits	4	7
Billing and Payment of Bills	5	8
Disconnection of Service	6	9, 10, 11, 12
Meters	7	8.3, 8.4
Utility Liability	8	24
Compliants and Review	9	14
Main Extensions	10	23
Sewer Construction Requirement	11	5
Mandatory Inspection	12	6
Interruption of Service	13	13
Prohibition Against Clear Water Discharges	14	15
Dewatering Discharge	15	16
Sewage Restrictions	16	17
Required Installation of Food Waste Disposer	17	18
Grease Interceptor	18	19
Industrial Customer Waste Discharge	19	20
Accidental Discharge	20	21
Maintenance of Service Pipe	21	22
Incorporation by Reference	22	25

TAB 5

**SEWAGE DISPOSAL SERVICE TARIFF
RATES, TERMS AND CONDITIONS
FOR SEWAGE DISPOSAL SERVICE WITHIN
WESTFIELD, INDIANA
AND CONTIGUOUS AREAS**

Issued By

Citizens Wastewater of Westfield, LLC

**2020 North Meridian Street
Indianapolis, Indiana 46202**

**Jeffrey A. Harrison
Chairman
Board of Directors**

**Aaron Johnson
President**

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Active Available Sewer Rates

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Appendices

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A Miscellaneous Non-recurring Charges	201-201B

Citizens Wastewater of Westfield, LLC
2020 N. Meridian St.
Indianapolis, IN 46202

~~FIRST REVISED PAGE NO. 2~~
~~SUPERSEDING ORIGINAL PAGE NO. 2~~

RULES APPLICATION

The terms and conditions for service, as set forth here and as amended and supplemented from time to time, shall govern all Sewage Disposal Service rendered or to be rendered by the Utility. They shall be binding upon every Customer and the Utility, and shall constitute a part of the terms and conditions of every contract for Sewage Disposal Service.

1. DEFINITIONS

Except where the context indicates a different meaning or intent, the following terms, when used in any SectionRule of the Utility's Rates and Terms and Conditions for Sewage Disposal Service, shall have the meanings ascribed below:

1.1 ACCIDENTAL DISCHARGE

An unintentional release of a material that could potentially violate the requirements of SectionRule 17 of these Terms and Conditions for Sewage Disposal Service.

1.2 APPLICANT

Any individual, partnership, association, firm, public or private corporation, limited liability company, government agency, institution or group thereof applying to receive or use the Utility's Sewage Disposal Service.

1.3 BIOCHEMICAL OXYGEN DEMAND ("BOD")

The quantity of oxygen used in the biochemical oxidation of organic matter under standard laboratory procedure in five (5) days at 20°C, (68°F) expressed in milligrams per liter. BOD measurements are used as a measure of the organic strength of wastes in water.

1.4 BUILDING DRAIN

That part of the lowest horizontal piping of a drainage system that receives the discharge from solid waste and other drainage pipes inside the walls of the building and conveys it to the Building Sewer, beginning five (5) feet (one and one-half (1.5) meters) outside the inner face of the building wall.

1.5 BUILDING SEWER

The extension from the Building Drain to the Public Sewer or other place of disposal and shall include that portion of the drain within the public right-of-way.

1.6 CITIZENS GAS OF WESTFIELD, LLC

Westfield Gas, LLC, d/b/a Citizens Gas of Westfield for the gas system, 2020 N. Meridian Street, Indianapolis, IN 46202 or any other professional management firm that has been retained by Citizens Gas of Westfield to operate its gas system and that is acting in its capacity as the agent or representative of Citizens Gas of Westfield.

1.7 CITIZENS WATER OF WESTFIELD, LLC

Citizens Water of Westfield, LLC, 2020 N. Meridian Street, Indianapolis, IN 46202, or any professional management firm that has been retained by Citizens Water of Westfield, LLC to operate its water utility facilities and that is acting as the agent or representative of the Citizens Water of Westfield, LLC.

1.8 CLEAN WATER ACT

The primary federal law in the United States governing water pollution, which is codified at 33 U.S.C. § 1251 *et seq.*

- 1.9 COMBINED BILL**
A bill issued to a Customer for any combination of more than one of the Utility Services.
- 1.10 COMMISSION**
The Indiana Utility Regulatory Commission.
- 1.11 COMMISSION'S RULES**
Rules, Regulations and Standards of Service for Utilities Rendering Sewage Disposal Service in Indiana pursuant to 170 IAC 8.5-1 et al, as revised, supplemented and replaced from time to time.
- 1.12 COOLING WATER**
The water discharged from any system of condensation, air conditioning, cooling, refrigeration or other, but which shall be free from odor and oil. Cooling Water shall not contain polluting substances that would produce BOD or Suspended Solids each in excess of ten (10) milligrams per liter.
- 1.13 CUSTOMER**
Any individual, partnership, association, firm, public or private corporation, limited liability company, government agency, institution or group that has agreed, orally or otherwise, to pay for Sewage Disposal Service from the Utility.
- 1.14 DOMESTIC WASTEWATER**
Wastewater of the type commonly introduced into Sewage Disposal System by residential users.
- 1.15 EQUIVALENT DWELLING UNIT ("EDU")**
Shall be determined in accordance with industry standards and shall reflect the greater of the actual daily flow requirements (per 327 IAC 3), the area ratio of the water meter size serving a particular user, or such means of determination deemed appropriate by the Utility. One (1) EDU shall be estimated as equal to three hundred ten (310) gallons per day.
- 1.16 FOUNDATION DRAINS**
Any network of pipes, pumps or drainage mechanism located at, near or under a footing, foundation or floor slab of any building or structure that intentionally or unintentionally conveys groundwater away from a building or structure.
- 1.17 GARBAGE**
Solid wastes from the domestic and commercial preparation, cooking and dispensing of food and from the handling, storage and sale of produce.
- 1.18 HEAT PUMP DISCHARGE**
Water discharged from a heat pump or other device that uses water as a heat source or heat sink.
- 1.19 INDUSTRIAL CUSTOMER**
Any Customer of Utility who discharges, causes or permits the discharge of nondomestic wastewater into the Sewage Disposal System.

1.20 INTERFERENCE

Any discharge that, alone or in conjunction with a discharge or discharges from other sources, both: (1) inhibits or disrupts the Sewage Disposal System, its treatment processes or operations, or its sludge processes, use or disposal; and (2) therefore is a cause of a violation of any requirement of the Sewage Disposal System's National Pollutant Discharge Elimination System ("NPDES") permit (including an increase in the magnitude or duration of a violation) or of the prevention of sewage sludge use or disposal in compliance with the following statutory provisions and regulations or permits issued thereunder (or more stringent state or local regulations): Section 405 of the Clean Water Act, the Solid Waste Disposal Act (SWDA) (including Title II, more commonly referred to as the Resource Conservation and Recovery Act (RCRA), and including state regulations contained in any state sludge management plan prepared pursuant to Subtitle D of the SWDA), the Clean Air Act, the Toxic Substances Control Act, and the Marine Protection, Research and Sanctuaries Act.

1.21 MONTH

One-twelfth (1/12) of a year, or the period between two (2) consecutive readings of the Utility's meters, as nearly every thirty (30) days as practicable.

1.22 NH3-N

Denotes ammonia nitrogen. All of the nitrogen in water, sewage or other liquid waste present in the form of ammonia, ammonia ion or in the equilibrium $\text{NH}_4^+ \rightleftharpoons \text{NH}_3 + \text{H}^+$.

1.23 NON-INDUSTRIAL CUSTOMER

All Customers of the Utility that discharge into the Sewage Disposal System Sewage Normally Discharged by a Residence.

1.24 NON-RESIDENTIAL CUSTOMER

A person being supplied with Sewage Disposal Service by the Utility that is not used for residential purposes.

1.25 NPDES PERMIT

A permit issued under the National Pollutant Discharge Elimination System for discharge of wastewaters to the navigable waters of the United States pursuant to 33USC1251.

1.26 PASS-THROUGH

A discharge that exits the Sewage Disposal System into waters of the State in quantities or concentrations that, alone or in conjunction with a discharge or discharges from other sources, is a cause of a violation of any requirement of the Sewage Disposal System's NPDES Permit (including an increase in the magnitude or duration of a violation).

1.27 PH

The logarithm of the reciprocal of the weight of hydrogen ions in grams per liter of solution.

1.28 POLLUTANT

Includes, but is not limited to, any dredged spoil, solid waste, incinerator residue, sewage, garbage, sewage sludge, munitions, chemical materials, chemical wastes, biological materials, Radioactive Materials, heat, wrecked or discharged equipment, rock, sand, cellar dirt, and industrial, municipal and agricultural waste discharged into water.

- 1.29 PREMISES**
One contiguous piece of property owned by a single Customer, which is not intersected by a public right-of-way or thoroughfare.
- 1.30 PROPERLY SHREDDED GARBAGE**
Wastes from the preparation, cooking and dispensing of food that has been shredded to such a degree that all particles will be carried freely under the flow conditions normally prevailing in Public Sewers, with no particle greater than one-half (½) inch (one and twenty-seven one-hundredths (1.27) centimeters) in any dimension.
- 1.31 PUBLIC SEWER**
Any combined or sanitary sewer or lift station located within the public right-of-way or a dedicated easement.
- 1.32 RADIOACTIVE MATERIAL**
Any material (solid, liquid or gas) that spontaneously emits ionizing radiation and that is regulated by the Nuclear Regulatory Commission or the Indiana State Board of Health. This may include naturally occurring radioactive material, by-product material, accelerator produced material, source material or special nuclear material.
- 1.33 RESIDENTIAL CUSTOMER**
A person being supplied with Sewage Disposal Service by the Utility exclusively for residential purposes and introduces only Domestic Wastewater into the Sewage Disposal System.
- 1.34 SEWAGE DISPOSAL SERVICE**
Utility service whereby liquid and solid waste, sewage, night soil and industrial waste (except as limited by the Rules and Regulations of the Commission) of any single territorial area is collected, treated, purified and disposed of in a sanitary manner, and includes all sewage treatment plant or plants, main Sewers, submain Sewers, local and/or lateral Sewers, intercepting Sewers, outfall Sewers; force mains, pumping stations, ejector stations and all other equipment and appurtenances necessary or useful and convenient for the rendition of such service.
- 1.35 SEWAGE DISPOSAL SYSTEM**
The system by which the Utility provides Sewage Disposal Service, which includes the sewage treatment plant or plants, main Sewers, submain Sewers, local and/or lateral Sewers, intercepting Sewers, outfall Sewers; force mains, pumping stations, ejector stations and all other equipment and appurtenances necessary or useful and convenient for the rendition of such service.
- 1.36 SEWAGE NORMALLY DISCHARGED BY A RESIDENCE**
The liquid waste contributed by a residential living unit and shall not exceed a volume of ten thousand five hundred (10,500) gallons per Month, thirty (30) pounds of BOD per month, and thirty-five (35) pounds of Suspended Solids per Month.
- 1.37 SEWER**
A pipe or conduit for carrying sewage.

- 1.38 SLUG**
Any discharge of wastewater that, in concentrations of any given constituent, as measured by a grab sample, exceeds more than five (5) times the allowable discharge limits as specified in these Terms and Conditions for Sewage Disposal Service and/or in quantity of flow exceeds more than five (5) times the user's average flow rate as authorized in the user's industrial discharge permit, for a period of duration longer than fifteen (15) minutes.
- 1.39 SUSPENDED SOLID ("SS")**
Solids that either float on the surface of, or are in suspension in, water, sewage or other liquids and that are removable by laboratory filtering.
- 1.40 UPSET**
An exceptional incident in an Industrial Customer's facility, in which there is unintentional and temporary noncompliance with applicable pretreatment standards because of factors beyond the reasonable control of the Industrial Customer. An upset does not include noncompliance to the extent caused by operational error, improperly designed treatment facilities, inadequate treatment facilities, lack of preventive maintenance or careless or improper operation.
- 1.41 UTILITY**
Citizens Wastewater of Westfield, LLC, 2020 North Meridian Street, Indianapolis, Indiana 46202 or any professional management firm that has been retained by Citizens Wastewater of Westfield, LLC to operate its Sewage Disposal System and that is acting in its capacity as the agent or representative of the Citizens Wastewater of Westfield, LLC.
- 1.42 UTILITY SERVICES**
Shall include one or more of the following services: (1) sewage disposal service provided by the Utility; (2) water services provided by Citizens Water of Westfield, LLC; and/or (3) gas delivery and gas supply services provided by Citizens Gas of Westfield.
- 1.43 UTILITY'S RATE SCHEDULES**
The Utility's schedules of rates and charges as approved by the Commission and as revised, supplemented, and replaced from time to time. The schedule of rates and charges is available at <http://www.citizensenergygroup.com>.

~~**1.44 WASTEWATER HAULER**~~

~~Any person who engages in the activity, service, business or leasing of vehicles for the purpose of transporting domestic wastewater to another location for disposal.~~

2. RATES AND UNIFORM CONDITIONS OF SERVICE

- 2.1** A copy of all rates and charges and these Terms and Conditions for Sewage Disposal Service is on file with the Commission and may be inspected by the public in the principal office of the Utility at 2020 North Meridian Street, Indianapolis, Indiana 46202 or on the Utility's website at www.citizensenergygroup.com.

- 2.2 All Sewage Disposal Service furnished by the Utility shall be subject to said rates and charges and these Terms and Conditions for Sewage Disposal Service, which are by reference made a part of all standard contracts for service, (except when modified by special contract approved by the Commission or as otherwise provided herein).
- 2.3 The failure of the Utility to enforce any rate and/or provision of these Terms and Conditions for Sewage Disposal Service shall not be deemed a waiver of its rights to do so.

3. WRITTEN APPLICATION OR CONTRACT FOR SERVICE MAY BE REQUIRED

- 3.1 A written application or contract properly executed in a form acceptable to the Utility, may be required from the Customer before the Utility is obligated to supply Sewage Disposal Service to the Customer, or as a condition for the continued supply of Sewage Disposal Service, provided, however, that the Utility shall have the right to reject an application for service if the applicant is unwilling or unable to comply with terms of service required by these rules.
- 3.2 No proposed connection or inlet shall be permitted, if in the opinion of the Utility, such inlet and connection would overburden such sewer. All opinions shall be validated by sound engineering judgment.
- 3.3 The taking of Sewage Disposal Service shall constitute a contract between the Customer and the Utility, obligating the Customer to pay for, and the Utility to furnish, service as specified herein and to comply with all applicable provisions of these Terms and Conditions for Sewage Disposal Service.
- 3.4 Where two or more parties join in one application for Sewage Disposal Service, such parties shall be jointly and severally liable there under, and only one bill shall be rendered for service supplied in accordance therewith.
- 3.5 No promises, agreements or representations of any agent, employee or authorized representative of the Utility, or its predecessor, shall be binding upon the Utility unless the same shall have been incorporated in a written contract or application.
- 3.6 Sewage Disposal Service furnished to any Customer is for the use of that Customer on his or her designated Premises, and shall not be resold or extended by Customer to serve additional lots, Premises or improvements as an alternative to that person or entity receiving Sewage Disposal Service from the Utility, unless otherwise specifically included in its agreement with the Utility for service.
- 3.7 Any contractor, builder or developer shall be liable for the minimum monthly charge from the time of connection until notification of occupancy, if such contractor, builder or developer fails to notify the Utility of such occupancy.

4. **WRITTEN APPLICATION AND PERMIT REQUIRED FOR NEW CONNECTION OR WORK ON LATERALS**

- 4.1 No person shall be allowed to connect to the Utility's system until after he has obtained a permit to do so from the Utility. If any person connects to the Sewage Disposal System without obtaining said permit, the Utility shall have the right to disconnect such Customer from its system and refuse to connect him to the Utility's system until the Utility has been reimbursed for any expense incurred in disconnecting such person from its system.
- 4.2 No person shall do any form of work on or in connection with lines or facilities owned by the Utility until he has received a lateral permit from the Utility to do such work. A lateral permit is required to construct, repair, modify, connect, or abandon any lateral within the Utility's service area. All work must be in compliance with the Utility's Sanitary District Standard Specifications.
- 4.3 An application for a new connection to the Sewage Disposal System shall be made on a form prescribed by the Utility and may require the following information:
- 4.3.1 Name and address of the owner;
- 4.3.2 Name, address and telephone number of the contractor;
- 4.3.3 Address and, if necessary, the legal description of the Premises where the work is to be done;
- 4.3.4 Plans for the Building Sewer and connections, which at a minimum must consist of drawing(s) of the building, the parcel boundaries, the connection detail, including grease interceptor connection detail where applicable, materials of construction and installation method; and
- 4.3.5 Any other information as may be deemed reasonable and necessary by the Utility.
- 4.4 Application for a connection to the Sewage Disposal System shall be made only by a plumbing contractor licensed by the State of Indiana or a contractor bonded to the Utility's satisfaction.
- 4.5 All Sewer work and other construction actually performed on or associated with the Building Drain, Building Sewer and the connection of the Building Sewer to the Sewage Disposal System shall be in accordance with the rules and regulations of the Indiana Fire Prevention and Building Safety Commission and standard specifications of the Utility.
- 4.6 The permit granted by the Utility to connect to the Sewage Disposal System shall be given in writing and expire by operation of law and shall no longer be of any force or effect if work is not initiated within one hundred eighty (180) days from the date thereof. The Utility may, however, for good cause shown in writing, extend the duration of the permit for an additional period that is reasonable under the circumstances to allow commencement of the construction activity. In no event shall the extension exceed a period of sixty (60) days.

If the construction activity has been commenced but only partially completed, and thereafter substantially no construction activity occurs on the construction site over a period of one hundred eighty (180) days, the permit shall expire by operation of law and no longer be of any force or effect; provided, however, the Utility may, for good cause shown in writing, extend the authority to connect to the Sewage Disposal System for an additional period that is reasonable under the circumstances to allow resumption of construction activity. The fee for an extension under this ~~Section-Rule~~ shall be as provided for in Appendix A, and the extension shall be confirmed in writing.

- 4.7 After the Utility has granted the permit, the plumbing contractor or contractor as defined in ~~Section-Rule~~ 4.4 shall give prompt written notice to the Utility of any addition to or change in the information contained in the permit application.
- 4.8 After the Utility has in writing, granted authority to connect to the Sewage Disposal System, any material deviation or change in the information contained in the application or the plans shall be considered an amendment subject to approval by the Utility. Before construction has begun, the contractor shall file with the Utility a written request for amendment, including a detailed statement of the requested change and the submission of any amended plans. The Utility shall give the contractor written notice that the request for amendment has been approved or denied. The fee for the amendment of an application for connection is set forth in Appendix A.
- 4.9 A permit may be transferred with the approval of the Utility to a person, partnership or corporation that would be eligible to obtain such authority in the first instance (hereinafter called "Transferee"), after both the payment of a fee as provided in Appendix A and the execution and filing of a transfer form furnished by the Utility. Such transfer form shall contain, in substance, the following certifications, release and agreement:
- 4.9.1 The person who obtained the original connection approval from the Utility or a person who is employed by and authorized to act for the obtainer (hereinafter called "Transferor") shall:
- a. Certify under penalties for perjury that such person is familiar with the sanitary Sewer construction activity to be accomplished pursuant to the permit; such person is familiar with the construction standards and procedures of the Utility; and to the best of such person's knowledge, information and belief the construction activity, to the extent performed, is in conformity with all standards and procedures required by the Utility; and
 - b. Sign a statement releasing all rights and privileges secured under the permit granted by the Utility to the Transferee.
- 4.9.2 The Transferee shall:
- a. Certify that the Transferee is familiar with the information contained in the original application requesting authority to connect to the Sewage Disposal System, the design plans and specifications, and any other documents filed in support of the application;

- b. Certify that the Transferee is familiar with the present condition of the Premises on which the construction activity is to be accomplished pursuant to the permit; and
- c. Agree to adopt and be bound by the information contained in the original application, the design plans and specifications, and other documents supporting the original application; or in the alternative, agree to be bound by such application plans and documents modified by plan amendments submitted to the Utility for approval.

The Transferee shall assume the responsibilities and obligations of and shall comply with the same procedures required of the Transferor, and shall be subject to any written directives issued by the Utility. Authority granted by the Utility for construction activity at a specified location may not be transferred to construction activity at another location.

4.10 The Utility may revoke a permit when:

4.10.1 The application, plans or supporting documents contain a false statement or misrepresentation as to a material fact; or

4.10.2 The application, plans or supporting documents reflect a lack of compliance with the requirements of these Terms and Conditions for Sewage Disposal Service.

4.11 The Utility may order the suspension of the pertinent construction activity (“Stop-Work Order”) if the Utility determines that:

4.11.1 Construction activity is proceeding in an unsafe manner;

4.11.2 Construction activity is proceeding in violation of a requirement of these Terms and Conditions for Sewage Disposal Service;

4.11.3 Construction activity is proceeding in a manner that is materially different from the application, plans, or supporting documents; or

4.11.4 Construction activity for which Utility authority under this ~~Section-Rule~~ is required is proceeding without such authority having been obtained. In such an instance, the Stop-Work Order shall indicate that the effect of the order terminates when the required authority is obtained.

4.12 The Stop-Work Order shall be in writing and shall state the reason for its issuance. The Stop-Work Order shall be posted on the property in a conspicuous place and, if conveniently possible, shall be given to the person doing the construction and to the owner of the property or his or her agent. The Stop-Work Order shall state the conditions under which construction may be resumed.