STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF WESTFIELD GAS, LLC, D/B/A CITIZENS GAS OF WESTFIELD FOR (1) AUTHORITY TO INCREASE RATES AND CHARGES FOR GAS UTILITY SERVICE AND APPROVAL OF A NEW SCHEDULE OF RATES AND CHARGES; (2) APPROVAL OF CERTAIN REVISIONS TO ITS TERMS AND CONDITIONS APPLICABLE TO GAS UTILITY SERVICE; AND (3) APPROVAL PURSUANT TO INDIANA CODE SECTION 8-1-2.5-6 OF AN ALTERNATIVE REGULATORY PLAN UNDER WHICH IT WOULD CONTINUE ITS ENERGY EFFICIENCY PROGRAM PORTFOLIO AND ENERGY EFFICIENCY RIDER

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

PUBLIC’S EXHIBIT NO. 3

TESTIMONY OF LEJA D. COURTER

SEPTEMBER 28, 2016

Respectfully submitted,

Daniel M. Le Vay
Attorney No. 22184-49
Deputy Consumer Counselor
TESTIMONY OF OUCC WITNESS LEJA D. COURTER
CAUSE NO. 44731
WESTFIELD GAS, LLC D/B/A CITIZENS GAS OF WESTFIELD
("WESTFIELD GAS")

I. INTRODUCTION

1 Q: Please state your name and business address.
2 A: My name is Leja D. Courter. My business address is 115 West Washington
3 Street, Suite 1500 South, Indianapolis, IN 46204.

4 Q: By whom are you employed and in what capacity?
5 A: I am employed by the Indiana Office of Utility Consumer Counselor ("OUCC")
6 as Director of the Natural Gas Division. For a summary of my educational and
7 professional experience, as well as my preparation for presenting testimony in this
8 case, please see Appendix LDC-1 attached to my testimony.

9 Q: What is the purpose of your testimony?
10 A: My testimony discusses my review and analysis of Westfield Gas, LLC's
11 ("Westfield Gas") legal, fair value, and cost of equity rate case expenses. I
12 recommend any rate case expense approved by the Commission in this Cause be
13 shared between Westfield Gas' member and its ratepayers.

14 Q: What do you mean when you refer to Westfield Gas’ “member”?
15 A: Westfield Gas is a limited liability company. Limited liability companies are
16 owned by members, rather than shareholders. Westfield Gas’ sole member, i.e.,
17 100% owner, is Citizens Westfield Utilities, LLC ("CWU").
II. **SHARING OF APPROVED RATE CASE EXPENSES BETWEEN WESTFIELD GAS’ MEMBER AND RATEPAYERS**

1 Q: What are you recommending regarding recovery of rate case expenses in this Cause?
2 A: I recommend the approved rate case expenses in this Cause be shared in some measure between CWU and Westfield Gas’ ratepayers.

5 Q: **What do you mean by “approved rate case expenses”?**
6 A: Westfield Gas has proposed recovery of rate case expenses in this Cause of $265,500. This amount includes $75,000 for its fair value consultant, $70,000 for its cost of equity consultant, $120,000 for its outside legal fees, and $500 for legal notice. These amounts are depicted on Westfield Gas’ workpaper WG800. Attachment LDC-1, page 2. Westfield Gas also proposed a 10% contingency to its rate case expenses, which raises the total proposed rate case expenses to $292,050. *Id.* However, Westfield Gas has not provided any testimony supporting this 10% contingency. Therefore, I recommend the 10% contingency for rate case expenses be disallowed. Furthermore, I recommend total rate case expenses be capped at $265,500, and, before its new base rates are implemented that Westfield Gas be required to true-up its final rate case expense to reflect only rate case expenses actually incurred. The rate case expenses should be amortized over 3 years, and Westfield Gas should file a revised tariff at the end of the three year period to reflect the complete amortization of the rate case expenses.

20 Q: **How has the OUCC accounted for rate case expenses in this Cause?**
21 A: OUCC accounting witness Mark Grosskopf has adjusted rate case expenses to reflect my recommendation as to total rate case expense. For purposes of his
exhibit, I asked him to include one-half, or $132,750, of Westfield Gas’ proposed rate case expense, in his Attachment MHG-1, Schedule 6, which he amortized over three years.

Q: Why should a portion of rate case expenses be paid by CWU?
A: CWU would receive appreciable benefits if Westfield Gas receives the relief it has requested in this rate case. Consequently, the burden of paying rate case expense should be shared between CWU and Westfield Gas’ ratepayers.

Q: Why do you believe CWU would receive appreciable benefits from the filing of this rate case?
A: Presumably, Westfield Gas’ Board of Directors would not have approved the filing of this rate case if the Board didn’t believe CWU would receive benefits from the filing. Under its rate proposal, CWU will receive a revised return on investment in new plant as well as other rate base equipment. In addition, CWU will receive an updated ROE approved by the Commission. Moreover, CWU will receive recovery of reasonable and necessary pro forma operating expenses.

Q: Has CWU received financial benefits from Westfield Gas?
A: Yes. Westfield Gas’ Board of Director minutes indicate in 2015 Westfield Gas paid $775,000 in dividends to CWU: $245,000 on 2/16/15; $145,000 on 5/19/15; $195,000 on 9/15/15; and $190,000 on 12/15/15. OUCC D.R. 1.10, Attachment LDC-2, pages 4, 7, 9, and 14.

Q: Are Westfield Gas’ ratepayers receiving benefits from the filing of this rate case?
A: Westfield Gas’ ratepayers will continue to receive safe, reliable services from Westfield Gas as a result of revenue requirements established in this rate case. However, a significant Westfield Gas request in this rate case is an enhanced
return component that would increase base rates imposed upon all Westfield Gas’
ratepayers. This enhanced return would inure to the benefit of CWU.
Consequently, Westfield Gas’ ratepayers should not bear 100% of the burden of
responsibility for paying rate case expenses where CWU derives benefits from the
filing of this rate case.

Q: Did Westfield Gas send requests for proposals ("RFPs") to consultants for rate case expenses in this Cause?
A: No. Westfield Gas did not send RFPs to consultants. OUCC D.R. 2.5. Attachment LDC-3. Westfield Gas did not provide any explanation for not sending RFPs to consultants.

Q: Do you agree with Westfield Gas’ decision for not sending RFPs to its rate case consultants?
A: No. Westfield Gas’ decision is troublesome, especially when the utility is asking its ratepayers to pay the entire amount of rate case expenses which Westfield Gas implicitly claims to be prudently incurred, and therefore reasonable, without providing a documented basis for asserting such claims. If the Commission requires CWU to be responsible for some portion of the rate case expenses in this Cause, Westfield Gas’ management would be incented to send RFPs to consultants when it brings a future rate case before the Commission.

Q: Have you reviewed rate case consultant contracts in this Cause?
A: Yes. Through discovery, the OUCC asked Westfield Gas to provide any contracts for the consultants (legal, fair value, return on equity) that are performing services in this rate case. Westfield Gas provided those contracts pursuant to a confidentiality agreement.

Q: Have you reviewed any rate case expense invoices in this Cause?
A: Yes. I reviewed rate case expense invoices for Westfield Gas’ legal and cost of equity consultants. The OUCC has not received any invoices for Westfield Gas’ fair value consultant. The rate case expense invoices the OUCC has received were initially marked confidential. These invoices were received in response to OUCC D.R. 2.4 and 12.1, Attachments LDC-4 and LDC-5, respectively. Westfield Gas’ counsel has informed OUCC counsel that these particular invoices are no longer considered confidential.

Q: What comments do you have regarding the rate case expense invoices?

A: I will first address two invoices from Westfield Gas’ cost of equity consultant, Financial Concepts and Applications, Inc. (“FinCap”). Attachment LDC-4, page 1, and Attachment LDC-5, page 1. One invoice is dated May 31, 2016 for $22,247. The second invoice is dated June 30, 2016 for $6,900. There are hourly rates for individuals on each invoice. However, these invoices lack the level of detail to permit a conclusion as to the reasonableness and relatedness of the charges. Such absence of detail is woefully inadequate, particularly when Westfield Gas is asking its ratepayers to pay all, or even a portion, of the rate case expenses in this Cause.

Q: What level of detail should these invoices contain?

A: At a minimum, the invoices should contain each date when work was performed, the name of the consultant performing the work, a description of the work performed, and the time spent performing the work. Only when this level of billing detail is provided is it possible for the OUCC and the Commission to determine the reasonableness of rate case expenses. Furthermore, this is the level
of billing detail Westfield Gas' management should be requiring from its
consultants before paying such invoices.

Q: What comments do you have regarding Westfield Gas' rate case expense
derived from legal services invoices?

A: Westfield Gas' legal consultant is Ice Miller. These invoices provide even less
detail than the FinCap invoices. Attachment LDC-4, pages 2-4, Attachment
LDC-5, page 2. These bills simply describe the work performed as Professional
Services, and then state an amount payable. Similar to the discussion above, at a
minimum, the invoices should contain each date when work was performed, the
name of the attorney performing the work, the attorney's hourly rate, a description
of the work performed, and the time spent performing the work.

Q: Are you aware of any Indiana statutory law which prohibits the Commission
from approving the sharing of Westfield Gas' reasonable rate case expenses
between CWU and Westfield Gas' ratepayers?

A: No. Ind. Code § 8-1-2-61 provides the Commission with jurisdiction over utility
rate case proceedings. The language of that statute does not prohibit the
Commission from requiring a utility's owners (members or shareholders) to
shoulder a portion of rate case expenses.

Q: Are you aware of any cases in which the Commission has addressed the issue
of sharing rate case expenses between a utility and its members or
shareholders?

A: I am only aware of one case in which the Commission has addressed this issue.
That case is Kokomo Gas and Fuel Company ("Kokomo Gas"), Cause No. 38096.
The Order was approved on July 29, 1987.

Q: What did the OUCC recommend in that case?
A:  The OUCC recommended the rate case expenses be shared equally between Kokomo Gas' shareholders and ratepayers. Order at 12.

Q:  Did the Commission agree with the OUCC's recommendation?

A:  No. The Commission did not accept the OUCC's recommendation, and required Kokomo Gas' ratepayers to pay the entire rate case expense. *Id.* at 13.

Q:  Why did the Commission reject the OUCC's recommendation regarding the sharing of rate case expense in the Kokomo Gas case?

A:  The Commission indicated the receipt of benefits as a theoretical basis of the proposed adjustment is not adequate. The Commission also indicated the Public's proposal to divide Petitioner's rate case expense 50-50 on the basis that there is no way to measure the relative benefits of rate case expenses to shareholders and ratepayers amounts to the arbitrary disallowance of a portion of Petitioner's known, fixed and measurable rate case expense. *Id.*

Q:  Do you agree with this rationale for rejecting the sharing of rate case expense?

A:  No. I do not agree the receipt of benefits is a "theoretical" basis for the OUCC's proposed adjustment. A utility's shareholders receive "actual" benefits, as outlined above, from a new base rate case. With regard to the sharing of rate case expenses, the Commission constantly weighs the evidence in rate cases and makes findings and conclusions that fall between the parties' recommendations. The most common example is when the Commission determines the return on equity. Rarely, does the Commission find the return on equity should be the exact return proposed by one of the parties. Most common is when the Commission weighs all the return on equity evidence and concludes the appropriate return on equity
should be set between the parties’ proposals. Similarly, in this case, the Commission can make a determination as to the extent of the rate case benefits received by CWU and Westfield Gas’ ratepayers, respectively, and decide the appropriate level of equitable sharing of the rate case expenses.

Q: What other rationale did the Commission give for rejecting the OUCC’s rate case expense sharing proposal in the Kokomo Gas case?

A: The Commission indicated the OUCC’s proposal appears to be peculiarly disadvantageous to small public utilities in Indiana. The Commission indicated that small public utilities may not have in-house personnel to handle their rate cases, and may be more adversely affected by the shift of a portion of the rate case expenses below-the-line to the shareholders in that larger utilities “may already have” in-house personnel and attorneys to handle their rate cases and recover the cost of those personnel through allowable utility labor expenses. *Id.*

Q: What is your response to the 1987 Commission’s statement that small public utilities would be disadvantaged by the OUCC’s rate case expense sharing proposal?

A: Small public utilities may not have in-house attorneys, and some of the other consultants that utilities hire to prepare a rate case. But I don’t believe small public utilities will hire in-house attorneys and rate case consultants as permanent employees just so they don’t have to share rate case expenses with the utility’s ratepayers as the Kokomo Gas decision speculated.

Q: Why don’t you believe small public utilities would hire these in-house consultants in order to avoid sharing rate case expenses with the utility’s ratepayers?
A: First, I believe if the small public utilities thought they needed these consultants to work in-house, then the utilities would have previously placed them on their regular payroll. Second, the amount of money spent in bringing these consultants in-house would far exceed the amount saved by not sharing the rate case expense with the utility’s ratepayers. For example, one-half of the proposed rate case expense in this Cause is $132,750 amortized over 3 years, or approximately $44,250 per year. I don’t believe a small public utility would be able to hire even one full-time consultant, with benefits, for that annual amount.

Q: The Commission also stated on page 13 of the 1987 Kokomo Gas Order that the rate making process is not an appropriate forum to award fees and expenses to a winner, or to the party which receives the benefit. Do you agree?

A: I certainly wouldn’t characterize a utility and its ratepayers as winners or losers. And I also wouldn’t characterize the sharing of rate case expenses as an award of fees and expenses to a “winner.” However, the practice of requiring a utility’s ratepayers to pay the entire amount of rate case expense is inequitable when the utility’s ownership stands to derive substantial benefits from the outcome of a new base rate case.

Q: Are you aware of any cases where the Commission has approved the sharing of rate case expenses between a utility’s member(s)/shareholders and the utility’s ratepayers?

A: No. However, as I previously mentioned, I also am not aware of any statutory prohibition against the Commission concluding that a utility’s ownership should be responsible for a portion of rate case expenses. Moreover, I am not aware that in every rate case order the Commission has permitted utilities petitioning for a rate increase to recover every component of their rate case expense. In such
cases, the owners of the public utility can be considered to have paid those rate
case expense costs to the extent such costs were incurred and paid by the utility
and recovery of those costs were not included in rates. A utility may seek many
kinds of relief under the framework of a rate case and not all of those costs
associated with all such requests should be considered necessarily reasonable and
therefore recoverable. The Commission has the discretion in this case to conclude
not all rate case expenses associated with Westfield Gas’ efforts to impose a
disputed rate of return on a fair value estimate to thereby increase its return should
be solely borne by the ratepayers.

III. RECOMMENDATIONS

Q: Please summarize your recommendations to the Commission in this Cause.
A: I recommend the Commission disallow Westfield Gas’ 10% contingency for rate
case expenses. I further recommend total rate case expense be capped at
$265,500. I also recommend Westfield Gas’ approved rate case expenses be
shared in some measure between Westfield Gas’ member, CWU, and Westfield
Gas’ ratepayers. Finally, I recommend the rate case expense be amortized over 3
years, and Westfield Gas file a revised tariff at the end of the three year period to
reflect the complete amortization of the rate case expense.

Q: Does this conclude your testimony?
A: Yes, it does.
AFFIRMATION

I affirm, under the penalties for perjury, that the foregoing representations are true.

[Signature]
Leja D. Courter
Director, Natural Gas Division
Indiana Office of Utility Consumer Counselor
Cause No. 44731
Westfield Gas, LLC

9/28/2016
Date
Q: Please describe your educational background and experience.
A: I graduated from Ball State University in Muncie, Indiana with Bachelor of Science degrees in Finance and Economics. I received my Juris Doctorate from the University of Dayton. In previous years, I have been engaged in the private practice of law, and I also served as an in-house counsel at Indiana Gas Company. I have been an attorney at the OUCC for over twenty years. I became Director of the OUCC’s Natural Gas Division in October 2009.

Q: Have you previously testified before the Indiana Utility Regulatory Commission?
A: Yes.

Q: Please describe the review and analysis you conducted in order to prepare your testimony.
A: I reviewed Westfield Gas’ petition, testimony, exhibits, and supporting documentation submitted in this Cause. I reviewed Westfield Gas’ responses to OUCC discovery requests.
170 IAC 1-5-8 Working Papers and Data: Revenues, Expenses, and Taxes

Sec. 8. (a) An electing utility shall submit the following information:

(24) A schedule of estimated rate case expenses, including supporting detail, for the following:

(A) Outside services to be rendered.
(B) The expected costs of those services.
## Westfield Gas, LLC
### Amortization of Rate Case Expenses

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<th>Ln</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>TY Amortization Rate Case Expense</td>
<td>$ -</td>
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<tr>
<td>2</td>
<td>Westfield Gas Fair Value consultant</td>
<td>$ 75,000</td>
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<tr>
<td>3</td>
<td>Westfield Cost of Equity consultant</td>
<td>$ 70,000</td>
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<tr>
<td>4</td>
<td>Legal Notice</td>
<td>$ 500</td>
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<tr>
<td>5</td>
<td>Outside Legal Costs</td>
<td>$ 120,000</td>
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<tr>
<td>6</td>
<td>Sub-Total</td>
<td>$ 265,500</td>
</tr>
<tr>
<td>7</td>
<td>10% Contingency</td>
<td>$ 26,550</td>
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<tr>
<td>8</td>
<td>Total Rate Case Expense</td>
<td>$ 292,050</td>
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<tr>
<td>9</td>
<td>3-Year Amortization</td>
<td>$ 75,000</td>
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<tr>
<td>10</td>
<td>Total Proforma Rate Case Expense</td>
<td>$ 97,350</td>
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<tr>
<td>11</td>
<td>Amortization Rate Case Expense Adjustment</td>
<td>$ 97,350</td>
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</table>

**Account No. 928040**

**Sum of Ln 2 to Ln 5**

**In 6 * 10%**

**In 6 + In 7**

**In 8 / In 9**

**In 10 - In 1**

**Attachment LDC-1**

**Cause No. 44731**

**Page 2 of 2**
CONSENT OF THE MEMBER AND BOARD OF DIRECTORS
OF WESTFIELD GAS, LLC d/b/a CITIZENS GAS OF WESTFIELD
TO ACTION WITHOUT A MEETING

Effective November 17, 2014

The undersigned, being the sole member of and all the members of the board of directors (the “Board”) of Westfield Gas, LLC d/b/a/ Citizens Gas of Westfield, an Indiana limited liability company (the “Company”), hereby consent and agree that the following action may be and the same hereby is taken without a meeting of either the sole member or the Board:

RESOLVED, the Board considers it appropriate for the Company to issue to its sole member, Citizens Westfield Utilities, LLC ("CWU"), a dividend in the amount of Ninety-Six Thousand Dollars ($96,000), based on review of the Company’s operational results, interim financial statements and budget, fair valuation of assets and liabilities and outstanding commitments and obligations, among other things, and the purposes and structure of the Company, and its determination and finding that upon such review and recommendation of the Officers of the Company, that after giving effect to the dividend, (1) the Company would continue to be able to pay its debts as the debts become due in the usual course of business, and (2) its total assets would remain greater than the sum of its total liabilities; and

RESOLVED, FURTHER, a dividend in the in the amount of Ninety-Six Thousand Dollars ($96,000) is hereby declared, approved and ratified as of November 17, 2014, the effective date hereof, and payable to Company’s sole member, Citizens Westfield Utilities, LLC, no later than December 15, 2014.
Dated as of the 17th day of November, 2014.

Sole Member the Company:

CITIZENS WESTFIELD UTILITIES, LLC

By:  

Aaron Johnson, President

Board of Directors of the Company:

Carey B. Lykins  
Jeff A. Harrison  
M. Jean Richereek  
William A. Tracy

John R. Brehm  
Jennett M. Hill  
Michael D. Strohl
A Regular Meeting of the Board of Directors of Westfield Gas, LLC dba Citizens Gas of Westfield, LLC (CGW) (the Board), held in conjunction with the Boards of Directors Citizens Wastewater of Westfield, LLC (CWWW), Citizens Water of Westfield, LLC (CWW), Citizens Westfield Utilities, LLC (CWU), and LNG Indy, LLC dba Kinetrex Energy convened at 3:00 p.m. EST, Monday, November 17, 2014, at 2020 North Meridian Street, Indianapolis, Indiana.

Board members present: Carey B. Lykins, John R. Brehm, Jennett M. Hill, Jeffrey A. Harrison, M. Jean Richcreek, Michael D. Strohl, and William A. Tracy.

Others present: Aaron D. Johnson, President; Craig Moore, Vice President.

The meeting was called to order by Mr. Lykins, who was designated as Chairman of the Board.

The Board reviewed fiscal year 2014 financial highlights including the capital budget for CGW. In addition, Mr. Johnson discussed market growth statistics for CGW and addressed questions posed by the Board.

There being no further business, the meeting adjourned at 9:00 a.m.
MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF CITIZENS GAS OF WESTFIELD, LLC HELD ON FEBRUARY 16, 2015

A Regular Meeting of the Board of Directors of Westfield Gas, LLC dba Citizens Gas of Westfield, LLC (CGW), held in conjunction with the Boards of Directors of Citizens Wastewater of Westfield, LLC (CWWW), Citizens Water of Westfield, LLC (CWW), Citizens Westfield Utilities, LLC, Kinetrex Energy Liquefaction Company, LLC, Kinetrex Energy Exploration & Production Company, LLC (KEEP), and Southern Madison Utilities, LLC dba Citizens of South Madison, LLC, convened at 3:00 p.m. EST, Monday, February 16, 2015, at the principal offices of the Corporation, 2020 North Meridian Street, Indianapolis, Indiana.

Board members present: John R. Brehm, Jennett M. Hill, and Michael D. Strohl.

Others present: Aaron D. Johnson, President of the Company and Craig Moore, Vice President of the Company.

The meeting was called to order by John Brehm, who was designated as Chairman of the Board.

Mr. Johnson then recommended the Board authorize CGW to approve a dividend payable to Citizens Westfield Utilities, LLC of $245,000 from CGW based on financial review and performance of the Gas subsidiary. The Board approved and authorized approval of the dividend.

There being no further business, the meeting adjourned at 5:00 p.m.

Craig Moore, Secretary
MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF
CITIZENS GAS OF WESTFIELD, LLC
HELD ON MARCH 16, 2015

A Regular Meeting of the Board of Directors of Westfield Gas, LLC dba Citizens Gas of Westfield, LLC (CGW), held in conjunction with the Boards of Directors of Citizens Wastewater of Westfield, LLC (CWWW), Citizens Water of Westfield, LLC (CWW), Citizens Westfield Utilities, LLC, Kinetrex Energy Liquefaction Company, LLC, and Kinetrex Energy Exploration & Production Company, LLC (KEEP), convened at 3:00 p.m. EST, Monday, March 16, 2015, at the principal offices of the Corporation, 2020 North Meridian Street, Indianapolis, Indiana.

Board members present: Carey B. Lykins, Jeffrey A. Harrison, John R. Brehm, Jennett M. Hill, and Michael D. Strohl.

Others present: Aaron D. Johnson, President of the Company and Craig Moore, Vice President of the Company.

The meeting was called to order by Carey Lykins, who was designated as Chairman of the Board.

Mr. Johnson reviewed the gas metrics as of January 2015, attached as exhibit “A” and addressed questions posed by the Board.

There being no further business, the meeting adjourned at 5:00 p.m.

Craig Moore, Secretary
## Westfield Metrics – As of January

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<th>YTD vs. Budget</th>
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<td>Actual</td>
</tr>
<tr>
<td><strong>Westfield Water</strong></td>
<td></td>
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<tr>
<td>Revenue</td>
<td>$ 2,201</td>
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<tr>
<td>Net Income</td>
<td>$ 962</td>
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<tr>
<td><strong>Westfield Wastewater</strong></td>
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<tr>
<td>Revenue</td>
<td>$ 3,000</td>
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<td>Net Income</td>
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<td><strong>Westfield Gas</strong></td>
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<tr>
<td>Revenue</td>
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<tr>
<td>Net Income</td>
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<th>Projections</th>
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<tr>
<td><strong>Westfield Water</strong></td>
<td>$ 3,741</td>
<td>$ 496</td>
<td>$ 2,858</td>
<td>$ 3,354</td>
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<tr>
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<td>$ 549</td>
<td>$ 4,544</td>
<td>$ 5,093</td>
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<tr>
<td>Westfield Gas</td>
<td>$ 313</td>
<td>$ 233</td>
<td>$ 356</td>
<td>$ 589</td>
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MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF
CITIZENS GAS OF WESTFIELD, LLC
HELD ON MAY 19, 2015

A Regular Meeting of the Board of Directors of Westfield Gas, LLC dba Citizens Gas of Westfield, LLC (CGW) (the Board), held in conjunction with the Boards of Directors of Citizens Westfield Utilities, LLC (CWU), Citizens Wastewater of Westfield, LLC (CWWW), Citizens Water of Westfield, LLC (CWW), Kinetrex Energy Exploration & Production Company, LLC (KEEP), and Kinetrex Energy Liquefaction Company, LLC (Kinetrex) convened at 10:00 a.m. EST, Tuesday, May 19, 2015, at 2020 North Meridian Street, Indianapolis, Indiana.

Board members present: Carey B. Lykins, Jeffrey A. Harrison, John R. Brehm, Jennett M. Hill, and Michael D Strohl.

Others present: Aaron D. Johnson, President and Chief Executive Officer and Craig Moore, Vice President.

The meeting was called to order by Mr. Lykins, who was designated as Chairman of the Board.

Mr. Johnson recommended the Board authorize direction for CGW to approve a dividend payable to Citizens Westfield Utilities, LLC of $145K based on financial review and performance of the Gas subsidiary. The Board approved and authorized approval of the dividend.

There being no further business, the meeting adjourned at 12:00 p.m.

Craig Moore, Secretary
MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF
CITIZENS GAS OF WESTFIELD, LLC
HELD ON JULY 21, 2015

A Regular Meeting of the Board of Directors of Westfield Gas, LLC dba Citizens Gas of Westfield, LLC (CGW) (the Board), held in conjunction with the Boards of Directors of Citizens Wastewater of Westfield, LLC (CWWW), Citizens Water of Westfield, LLC (CWW), Citizens Westfield Utilities, LLC (CWU), Kinetrex Energy Exploration & Production Company, LLC (KEEP), and Kinetrex Energy Liquefaction Company, LLC (Kinetrex) convened at 3:30 p.m. EST, Tuesday, July 21, 2015, at 2020 North Meridian Street, Indianapolis, Indiana.

Board members present: Jeffrey A. Harrison, Jennett M. Hill, Michael D Strohl; John Brehm was absent.

Others present: Aaron D. Johnson, President and Chief Executive Officer.

The meeting was called to order by Mr. Harrison, who was designated as Chairman of the Board.

The Board discussed the 2015 – 2016 proposed capital budget and forecast for CGW. In addition, Mr. Johnson explained the Gas utility's budget variance compared to the 2016 projection and addressed questions posed by the Board.

There being no further business, the meeting adjourned at 5:00 p.m.

Craig Moore, Secretary
CONSENT OF THE MEMBERS AND BOARD OF DIRECTORS
OF CITIZENS GAS OF WESTFIELD, LLC
TO ACTION WITHOUT A MEETING

The undersigned, being the sole member of and all the members of the board of
directors (the "Board") of Citizens Gas of Westfield, LLC, an Indiana limited liability
company (the "Company"), hereby consent and agree that the following action may be
and the same hereby is taken without a meeting of either the sole member or the Board:

RESOLVED, that a dividend in the amount of One Hundred Ninety Five
Thousand Dollars ($195,000) is hereby declared as of the date hereof and payable to
Company’s sole member, Citizens Westfield Utilities, LLC, no later than September 15,
2015.

Dated this 28th day of August, 2015.

Sole Member:

CITIZENS WESTFIELD UTILITIES, LLC

By:  

Aaron Johnson, President

Board of Directors:

Jeff A. Harrison

John R. Brehm

Jennifer M. Hill

Michael D. Strohl
MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF
CITIZENS GAS OF WESTFIELD, LLC
HELD ON SEPTEMBER 14, 2015

A Regular Meeting of the Board of Directors of Westfield Gas, LLC dba Citizens Gas of Westfield, LLC (CGW) (the Board), held in conjunction with the Boards of Directors Citizens Wastewater of Westfield, LLC (CWWW), Citizens Water of Westfield, LLC (CWW), Citizens Westfield Utilities, LLC (CWU), Kinetrex Energy Liquefaction Company, LLC, Kinetrex Energy Exploration & Production Company, LLC (KEEP), and Southern Madison Utilities, LLC dba Citizens of South Madison, LLC, convened at 8:00 a.m. EST, Monday, September 14, 2015, at 2020 North Meridian Street, Indianapolis, Indiana.

Board members present: Jeffrey A. Harrison, John R. Brehm, Michael D Strohl; Jennett M. Hill was absent.

Others present: Aaron D. Johnson, President; Craig Moore, Vice President.

The meeting was called to order by Mr. Harrison, who was designated as Chairman of the Board.

The Board discussed financial results for CGW noting that the Gas utility had generated a net loss of $94K in July, resulting in a year-to-date total of $922K (budgeted $858K).

Next, Mr. Johnson presented an update regarding CGW capital projects noting that CGW is working to provide gas service to the Sports Complex in Grand Park as well as other developments. ~$275K annual revenue (projected) to the Grand Park Field House Building.

Mr. Johnson discussed rate case planning in late 2015 for CGW with a projected increase in NOI ±$150,000 from 2010 rate case.

There being no further business, the meeting adjourned at 9:00 a.m.
Craig Moore, Secretary
A Regular Meeting of the Board of Directors of Westfield Gas, LLC dba Citizens Gas of Westfield, LLC (the Board), held in conjunction with the Boards of Directors of Citizens Wastewater of Westfield, LLC (CWWW), Citizens Water of Westfield, LLC (CWW), Citizens Westfield Utilities, LLC (CWU), Kinetrex Energy Exploration & Production Company, LLC (KEEP), Kinetrex Energy Liquefaction Company, LLC, and Southern Madison Utilities, LLC dba Citizens of South Madison convened at 3:00 p.m. EST, Monday, November 16, 2015, at 2020 North Meridian Street, Indianapolis, Indiana.

All Board members were present: Jeffrey A. Harrison, John R. Brehm, Jennett M. Hill, and Michael D Strohl.

Officers present: Aaron D. Johnson, President and Chief Executive Officer.

The meeting was called to order by Mr. Harrison, who was designated as Chairman of the Board.

The Board discussed financial results for CGW. Mr. Johnson noted that CGW generated a net loss of $41K in September, resulting in a year-to-date total of $780K (budgeted $714K) a favorable increase of $66K for the fiscal year.

Next, Mr. Johnson presented an update regarding CGW capital projects noting that CGW had begun work on servicing two hotels, two large sports facilities, servicing these commercial customers which will allow for expanding the system to the north limits of the CTA. ~$250K

Then, the Board reviewed the key initiatives as presented for CGW. Mr. Johnson also discussed rate case planning in late 2015 for CGW with a projected increase in NOI ±$150,000 from 2010 rate case but ±$150,000 decrease from budgeted 2016.
Following discussion, and there being no further business, the meeting adjourned at 4:00 p.m.

Craig Moore, Secretary
CONSENT OF THE MEMBERS AND BOARD OF DIRECTORS
OF CITIZENS GAS OF WESTFIELD, LLC
TO ACTION WITHOUT A MEETING

The undersigned, being the sole member of and all the members of the board of
directors (the “Board”) of Citizens Gas of Westfield, LLC, an Indiana limited liability
company (the “Company”), hereby consent and agree that the following action may be
and the same hereby is taken without a meeting of either the sole member or the Board:

RESOLVED, that a dividend in the amount of One Hundred Ninety Thousand
Dollars ($190,000) is hereby declared as of the date hereof and payable to Company’s
sole member, Citizens Westfield Utilities, LLC, no later than December 15, 2015.

Dated this 1st day of December, 2015.

Sole Member:

CITIZENS WESTFIELD UTILITIES, LLC

By: Aaron Johnson, President

Board of Directors:

Jeff A. Harrison

John R. Brehm

Jennett M. Hill

Michael D. Stroh
DATA REQUEST NO. 5:

Please provide a copy of all Requests for Proposals that were issued in relation to obtaining services for this rate case. Please include all requests for legal, regulatory, fair value, and cost of equity services, along with any other requests that were issued.

RESPONSE:

No RFPs were issued.

WITNESS:

N/A
May 31, 2016

Mr. Kofon L. Kilpatrick II
Director, Regulatory Affairs
Citizens Energy Group
2020 N. Meridian Street
Indianapolis, Indiana 46202

DUE ON RECEIPT

JUN 28, 2016
Reference No.: 02044
Taxpayer ID No.: 74-2058652

Consulting Services:
Return on Equity and Weighted Cost of Capital Calculations in 2015 Citizens Gas of Westfield Rate Case
For the Period: Through May 31, 2016

**Professional Time:**

<table>
<thead>
<tr>
<th>Name</th>
<th>Hours</th>
<th>Rate</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>William E. Avera</td>
<td>1 hour</td>
<td>$500</td>
<td>$500</td>
</tr>
<tr>
<td>Adrian M. McFann</td>
<td>55 hours</td>
<td>$300</td>
<td>$16,500</td>
</tr>
<tr>
<td>Brent Hildebrandt</td>
<td>16 hours</td>
<td>$250</td>
<td>$4,000</td>
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**Expenses:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Travel</td>
<td>$780</td>
</tr>
<tr>
<td>Lodging</td>
<td>$142</td>
</tr>
<tr>
<td>Taxi &amp; Parking</td>
<td>$25</td>
</tr>
</tbody>
</table>

**Total**

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$22,247</td>
</tr>
</tbody>
</table>

Bruce H. Fairchild

[Attachment LDC-4
Cause No. 44731
Page 1 of 5]
INVOICE SUMMARY

For Services rendered through March 31, 2016

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Professional Services</td>
<td>$462.00</td>
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<tr>
<td>Total Current Invoice</td>
<td>$462.00</td>
</tr>
<tr>
<td>Previous Balance Due</td>
<td>$6,800.70</td>
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<tr>
<td>Total Balance Due</td>
<td>$7,352.70</td>
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</table>

Payment Options

Online Payments: ClientPay

Wire/ACH Instructions:
- Huntington Bank
- ABA for ACH 074000078
- ABA for Wire 044000024
- Account No. 01401048453
- Swift Code: HUNTUS33
- Please Reference Invoice No. 1411941

Payment by check

Remit to: Ice Miller LLP
P.O. Box 68
Indianapolis, IN 46206-068
Please include remittance or reference Invoice No. 1411941

Questions or concerns, please email payIce@icemiller.com

Payment Terms: Net 30
Tax ID: 35-0874357
Invoice No. 1407163  
February 29, 2016

INVOICE SUMMARY

For Services rendered through January 31, 2016

<table>
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<td>Professional Services</td>
<td>$1,030.80</td>
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<td>Disbursements</td>
<td>$12.30</td>
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<td>$1,043.10</td>
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<td>Previous Balance Due</td>
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<tr>
<td>Total Balance Due</td>
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</table>

Payment Terms: Net 30
Tax ID: 35-0874357

Amount MC9 5-3-16

40012. 1.3003
One American Square | Suite 2900 | Indianapolis, IN 46282-0200

Invoice No. 1408880
December 31, 2015

INVOICE SUMMARY

For Services rendered through December 31, 2015

Professional Services
$2,556.00

Total Current Invoice
$2,556.00

Payment Options

Online Payments: ClientPay

Wire/ACH Instructions:
Huntington Bank
ABA for ACH 074000078
ABA for Wire 044000024
Account No. 01401048453
Swift Code: HUNTUS33

Please Reference Invoice No. 1400880

Payment by check
Remit to: Ice Miller LLP
P.O. Box 68
Indianapolis, IN 46206-0068

Please include remittance or reference Invoice No. 1400880

Questions or concerns, please email paylee@icemiller.com

Payment Terms: Net 30
Tax ID: 35-0874357
<table>
<thead>
<tr>
<th>Date</th>
<th>Reference</th>
<th>Description</th>
<th>Billed Size</th>
<th>Runs</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>12/29</td>
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<td>BALANCE FORWARD</td>
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<td>01/12</td>
<td>9001002498</td>
<td>CCC Lockbox PAYMENTS</td>
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<td>1,441.94</td>
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<tr>
<td>01/22</td>
<td>9001003156</td>
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<td>164.00</td>
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<td>3691-LEGAL NOTICES</td>
<td>2X 48.00</td>
<td>196.00</td>
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<tr>
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<td>SALESPERSON: DOLPH</td>
<td></td>
<td></td>
<td>752.46</td>
</tr>
</tbody>
</table>

**Acme Gas & Electric Co.**

**INVOICE / STATEMENT:**

- **Current Net Amount Due:** $1,390.98
- **Over 30 Days:** $0.00
- **Over 60 Days:** $0.00
- **Over 90 Days:** $0.00
- **Total Amount Due:** $2,054.82

**INVOICE / BILLING PERIOD:**

- **Invoice Number:** 0000134849
- **Billing Period:** 12/28/15 - 01/31/16
- **Account Number:** 246426
- **Advertiser Information:**
  - **Advertiser Name:** CITIZENS ENERGY GROUP

**Note:**

- On 02/20/16, the amount for the balance forward was updated to $1,441.94.
FINANCIAL CONCEPTS AND APPLICATIONS, INC.
3907 RIO RIVIER
AUSTIN, TEXAS 78751

(512) 459-4644

February 9, 2016

Mr. Kerlon L. Kilpatrick II
Director, Regulatory Affairs
Citizens Energy Group
2020 N. Meridian Street
Indianapolis, Indiana 46222

JUL 29 2016

Consulting Services:

Return on Equity and Weighted Cost of Capital Calculations in 2015 Citizens Gas of Westfield Rate Case

For the Period:
June 1 through June 30, 2016

Professional Time:

Adrian M. McKenkle
20 hours @ $ 300 $ 6,000

Total

$ 6,000

Bonnie M. Hefley

Bryce H. Feehaid
INVOICE SUMMARY

For Services rendered through May 31, 2016

Professional Services

Total Current Invoice $9,179.00

Previous Balance Due

Total Balance Due $14,298.10

Invoice No. 1421187
June 13, 2016

Attachment LDC-5
Cause No. 44731
Page 2 of 2
CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing Indiana Office of Utility Consumer Counselor Public's Exhibit No. 3 Testimony of Leja D. Courter has been served upon the following counsel of record in the captioned proceeding by electronic service on September 26, 2016.

Michael E. Allen
Lauren Toppen
LaTona S. Prentice
CITIZENS ENERGY GROUP
2020 N. Meridian Street
Indianapolis, IN 46202
mallen@citizensenergygroup.com
ltoppen@citizensenergygroup.com
lprentice@citizensenergygroup.com

Michael B. Cracraft
Steven W. Krohne
ICE MILLER LLP
One American Square, Suite 2900
Indianapolis, IN 46282-0200
Michael.cracraft@icemiller.com
Steven.krohne@icemiller.com

Daniel M. Le Vay
Deputy Consumer Counselor

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR
115 West Washington Street
Suite 1500 South
Indianapolis, IN 46204
info@oucc.in.gov
317/232-2494 – Phone
317/232-5923 – Facsimile