

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF THE BOARD OF )  
DIRECTORS FOR UTILITIES OF THE )  
DEPARTMENT OF PUBLIC UTILITIES OF THE )  
CITY OF INDIANAPOLIS, D/B/A CITIZENS )  
THERMAL, FOR (1) AUTHORITY TO ADJUST ITS )  
RATES AND CHARGES FOR STEAM UTILITY )  
SERVICE, (2) APPROVAL OF A NEW SCHEDULE OF )  
RATES AND CHARGES, AND (3) APPROVAL OF )  
CERTAIN REVISIONS TO ITS TERMS AND )  
CONDITIONS APPLICABLE TO STEAM UTILITY )  
SERVICE )

CAUSE NO. 45855

IURC  
PETITIONER'S 7  
EXHIBIT NO. 8-23-83  
DATE REPORTER

VERIFIED DIRECT TESTIMONY  
of  
JODI L. WHITNEY

On  
Behalf of  
Petitioner,  
CITIZENS THERMAL

OFFICIAL  
EXHIBITS

Petitioner's Exhibit No. 7

**INTRODUCTION AND BACKGROUND**

**Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

A1. My name is Jodi L. Whitney. My business address is 2020 North Meridian Street, Indianapolis, Indiana.

**Q2. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

A2. I am employed by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis (the "Board of Directors" or "Board"), which does business as Citizens Energy Group. Citizens Energy Group owns and/or operates a number of businesses, including the gas (Citizens Gas), water (Citizens Water), wastewater (CWA Authority), and steam (Citizens Thermal) utilities that provide essential utility services to the residential, commercial, industrial, and other customers in the City of Indianapolis and surrounding communities in Central Indiana. The steam utility owned and operated by the Board, which does business as Citizens Thermal, is the Petitioner in this proceeding and is referred to in my testimony as Petitioner, Citizens Thermal, or the Steam Utility. I am Vice President, Human Resources and Chief Diversity Officer of Citizens Energy Group.

**Q3. PLEASE DESCRIBE THE DUTIES AND RESPONSIBILITIES OF YOUR PRESENT POSITION.**

A3. I am responsible for overseeing and coordinating the attraction and retention of all Citizens Energy Group employees; executive and non-executive total compensation; oversight of diversity and inclusion initiatives; employee development and training; succession planning; union relations and negotiations; payroll; employee relations; safety programs and compliance; and security programs and compliance.

1 **Q4. HOW LONG HAVE YOU BEEN EMPLOYED BY CITIZENS ENERGY GROUP?**

2 A4. I began my employment with Citizens Energy Group in 2000 as a Customer Service  
3 Supervisor. In 2003, I was promoted to Manager of Customer Services and served in that  
4 position for five years. In 2008, I was named Director of Human Resources. I was  
5 appointed Vice President, Human Resources in 2013. My title changed to Vice President,  
6 Human Resources and Chief Diversity Officer in January 2018, in recognition of my  
7 additional duties and responsibilities.

8 **Q5. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

9 A5. I received a Bachelor of Science degree in Business Administration from Indiana  
10 University, Indianapolis in 1994. Additionally, I received an MBA from the University of  
11 Indianapolis in 2012. In 2013, I was certified as a Senior Professional in Human Resources  
12 by the Human Resources Certification Institute (HRCI®) and continue to be certified by  
13 the Society for Human Resource Management (SHRM) as a Senior Certified Professional  
14 (SHRM-SCP®).

15 **Q6. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

16 A6. Yes. I prepared testimony and exhibits in Cause No. 44462 on behalf of Respondents,  
17 Citizens Energy Group and CWA Authority, Inc. ("CWA") (the Indianapolis wastewater  
18 utility operated by Citizens Energy Group). I also provided testimony in Cause No. 44644  
19 for Citizens Water and in Cause No. 45151 for CWA.

20 **Q7. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

21 A7. The primary purpose of my testimony is to demonstrate Petitioner's compliance with the  
22 Commission's directive in Cause No. 45151 that the Steam Utility in its next rate case

1 “shall include with its case-in-chief an updated compensation study of executive salaries  
2 that includes distinct municipal utilities.” (Cause No. 45151, July 29, 2019 Order at page  
3 35, 47). I also provide an overview of how the Board carries out its statutory authority to  
4 establish the amount of compensation paid to Citizens Energy Group’s executive  
5 management employees. Finally, I discuss the reasonableness of the amount of executive  
6 compensation allocated to the Steam Utility and included in its *pro forma* revenue  
7 requirement in this proceeding.

8 **COMPLIANCE WITH DIRECTIVE IN CAUSE NO. 45151**

9 **Q8. PLEASE DESCRIBE THE COMMISSION’S DIRECTIVE IN CAUSE NO. 45151**  
10 **FOR THE STEAM UTILITY TO INCLUDE AN UPDATED COMPENSATION**  
11 **STUDY WITH ITS CASE-IN-CHIEF IN THIS PROCEEDING.**

12 A8. Cause No. 45151 was CWA’s last rate case. In that case, the Commission directed CWA  
13 in its next rate case to “include with its case-in-chief an updated compensation study of  
14 executive salaries that includes distinct municipal utilities.” The foregoing directive also  
15 applies to the Steam Utility. (Cause No. 45151, July 29, 2019 Order at page 35, 47).

16 **Q9. HAS THE STEAM UTILITY COMPLIED WITH THE FOREGOING DIRECTIVE**  
17 **IN THIS CASE?**

18 A9. Yes. Petitioner engaged David Wathen, Managing Director with WTW (formerly Willis  
19 Towers Watson), a leading global advisory firm that, among other things, provides  
20 executive compensation consulting services. At Petitioner’s request, Mr. Wathen  
21 conducted an executive compensation study. Mr. Wathen provides testimony describing  
22 that study, which is identified as Attachment DJW-2 to his testimony.

1 **Q10. DOES THE STUDY MR. WATHEN CONDUCTED INCLUDE “DISTINCT**  
2 **MUNICIPAL UTILITIES” AS PART OF ITS ANALYSIS?**

3 A10. Yes. As Mr. Wathen discusses in more detail, the group of peer companies analyzed in the  
4 study provided with the Steam Utility's case-in-chief includes comparably sized utilities  
5 that are owned by municipalities.

6 **THE BOARD'S EXECUTIVE COMPENSATION PHILOSOPHY AND REASONABLENESS OF AMOUNT**  
7 **ALLOCATED TO THE STEAM UTILITY**

8 **Q11. MS. WHITNEY, EARLIER YOU MENTIONED THE BOARD'S STATUTORY**  
9 **AUTHORITY TO ESTABLISH THE AMOUNT OF COMPENSATION PAID TO**  
10 **CITIZENS ENERGY GROUP'S EXECUTIVE EMPLOYEES. CAN YOU PLEASE**  
11 **BRIEFLY DESCRIBE THAT STATUTORY AUTHORITY AND HOW IT IS**  
12 **CARRIED OUT BY THE BOARD?**

13 A11. Yes. In Indiana Code Section 8-1-11.1-3(c)(4), the Indiana General Assembly vested in  
14 the Board the power to “fix the compensation” of all employees “necessary for the proper  
15 carrying on and operation” of the municipally owned utilities under its ownership and  
16 control. In exercising its statutory authority to fix the compensation of its executive  
17 management, each year, the Board retains and works with an experienced and independent  
18 compensation consultant, which for the last several years has been Mr. Wathen of WTW.  
19 WTW provides to the Board comparative market data from a peer group to benchmark the  
20 level of target total direct compensation for each executive position. Consideration of the  
21 appropriate market data is necessary to provide executive compensation for Citizens

1 Energy Group's officers that is comparable to and competitive with other firms competing  
2 for talent.

3 **Q12. WHAT IS THE MARKET IN WHICH CITIZENS ENERGY GROUP COMPETES**  
4 **FOR EXECUTIVE TALENT?**

5 A12. Citizen Energy Group's executive team is charged with developing, coordinating, and  
6 managing the implementation of long-term strategic objectives, financial objectives,  
7 regulatory initiatives, and overall operations for Citizens Energy Group's seven regulated  
8 utilities. Those utilities include the State's largest water and wastewater utilities, the  
9 State's third largest gas utility, and, the Petitioner in this proceeding, the nation's second  
10 largest steam utility. It is the Board's judgment that in order to attract and retain the quality  
11 of executive talent needed to effectively manage those, as well as other critical utilities  
12 owned and operated by Citizens Energy Group, it must be prepared to compete for talent  
13 against comparably sized investor-owned and public power utilities as well as general  
14 industry (*i.e.*, companies outside the utility industry). Indeed, most of Citizens Energy  
15 Group's officers previously held positions with investor-owned utilities or with for-profit  
16 general industry companies. The hiring of our three newest officers demonstrates that the  
17 Citizens Energy Group market for executive talent continues to include investor-owned  
18 utilities and the general industry: Citizens Energy Group's Senior Vice President and Chief  
19 Financial Officer formerly held a number of executive positions in general industry and  
20 with one of the world's largest investor owned utility companies; Citizens Energy Group's  
21 Senior Vice President and General Counsel formerly held a number of executive positions  
22 in general industry, including positions with Allison Transmission Inc., NIBCO, Inc., and

Cummins Inc.; and Citizens Energy Group's Vice President of Energy Operations had over 25 years of experience in the energy industry prior to joining Citizens, including experience as an executive with state regulated investor-owned utilities outside Indiana.

**Q13. WHAT IS THE TOTAL AMOUNT OF EXECUTIVE COMPENSATION THAT IS INCLUDED IN THE STEAM UTILITY'S *PRO FORMA* REVENUE REQUIREMENT IN THIS CASE?**

A13. According to the workpapers prepared by Petitioner's witness Sabine E. Karner, Citizens Energy Group's Vice President & Controller, the total amount of executive compensation included in the Steam Utility's *pro forma* revenue requirement is approximately \$330 thousand, as shown below.

Title	% to Steam	
	Utility	Total
President & Chief Executive Officer	4.49%	\$73,785
VP Energy Operations	15.00%	\$65,594
Senior VP & General Counsel	4.40%	\$27,462
Senior VP & CFO	4.40%	\$27,432
Senior VP & Chief Customer Officer	4.40%	\$27,405
VP Capital Programs & Engineering	4.38%	\$19,672
VP Human Resources & Chief Diversity Officer	4.38%	\$19,073
VP Information Technology	4.38%	\$18,919
VP Customer Operations	4.38%	\$18,031
VP & Controller	4.38%	\$16,874
VP Regulatory & External Affairs	4.38%	\$15,601
VP Water Operations	0.00%	\$0
<b>Total</b>		<b>\$329,848</b>

1 Q14. MS. WHITNEY, IN YOUR PROFESSIONAL OPINION AS A SENIOR  
2 CERTIFIED PROFESSIONAL IN HUMAN RESOURCES AND AS CITIZENS  
3 ENERGY GROUP'S VICE PRESIDENT OF HUMAN RESOURCES, DO YOU  
4 BELIEVE THE MANNER IN WHICH THE BOARD FULFILLS ITS STATUTORY  
5 OBLIGATION TO FIX THE COMPENSATION OF CITIZENS ENERGY  
6 GROUP'S OFFICERS IS APPROPRIATE AND RESULTS IN A REASONABLE  
7 AMOUNT OF EXECUTIVE COMPENSATION BEING ALLOCATED TO  
8 PETITIONER?

9 A14. Yes, I do. The amount of officer compensation approved by the Board is needed to attract  
10 and retain officers with the qualifications and experience required to effectively manage  
11 the Citizens Energy Group family of utilities. For over 20 years, the Board has engaged  
12 qualified compensation consultants and utilized a benchmarking process to establish an  
13 appropriate level of executive compensation. That process has consistently resulted in  
14 Citizens Energy Group's ability to attract and retain qualified and capable executive  
15 employees and, in turn, provide safe and reliable utility services for our customers and the  
16 communities we serve. Moreover, the total amount of executive compensation allocated  
17 to Petitioner and included in its *pro forma* revenue requirement is less than ½ percent of  
18 the Steam Utility's total *pro forma* revenue requirement of \$89,172,474 as shown in the  
19 testimony of Petitioner's witness Korlon L. Kilpatrick, which further demonstrates the  
20 amount of executive compensation at issue in this case is reasonable.



1 **CONCLUSION**

2 **Q15. DO YOU HAVE ANY CONCLUDING REMARKS?**

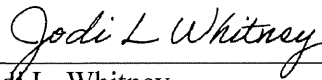
3 A15. Yes. The Steam Utility has complied with the Commission's directive from Cause No.  
4 45151 to include with its case-in-chief an executive compensation study that includes  
5 distinct municipal utilities. That study, and the testimony Mr. Wathen and I present,  
6 demonstrate that the Board's benchmarking approach results in an appropriate amount of  
7 executive compensation being allocated to Citizens Energy Group's municipally owned  
8 utilities, including the amount that has been allocated to the Steam Utility for purposes of  
9 establishing the revenue requirement in this case.

10 **Q16. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY?**

11 A16. Yes.

**VERIFICATION**

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

  
\_\_\_\_\_  
Jodi L. Whitney