

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**

**VERIFIED PETITION OF THE BOARD OF )  
DIRECTORS FOR UTILITIES OF THE )  
DEPARTMENT OF PUBLIC UTILITIES OF )  
THE CITY OF INDIANAPOLIS, AS TRUSTEE )  
OF A PUBLIC CHARITABLE TRUST FOR )  
THE WATER SYSTEM, D/B/A CITIZENS )  
WATER, FOR APPROVAL OF (A) A NEW )  
DISTRIBUTION SYSTEM IMPROVEMENT )  
CHARGE (“DSIC”) PURSUANT TO IND. )  
CODE CH. 8-1-31; (B) A NEW RATE )  
SCHEDULE REFLECTING THE DSIC; AND )  
(C) INCLUSION OF THE COST OF ELIGIBLE )  
DISTRIBUTION SYSTEM IMPROVEMENTS )  
IN ITS DSIC )**

**CAUSE NO. 45767 DSIC-3**

**REPORT**

**OF**

**THE INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR**

**CONSISTING OF THE TESTIMONY**

**OF**

**CARLA F. SULLIVAN**

**PUBLIC’S EXHIBIT NO. 1**

**October 21, 2024**

Respectfully submitted,

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR



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**CERTIFICATE OF SERVICE**

This is to certify that a copy of the *Report of the OUCC Consisting of the Testimony of Carla F. Sullivan - Public's Exhibit No. 1* has been served upon the following captioned proceeding by electronic service October 21, 2024.

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**TESTIMONY OF OUCC WITNESS CARLA F. SULLIVAN**  
**CAUSE NO. 45767 DSIC-3**  
**CITIZENS WATER**

**I. INTRODUCTION**

1 **Q: Please state your name and business address.**

2 A: My name is Carla F. Sullivan, and my business address is 115 W. Washington St.,  
3 Suite 1500 South, Indianapolis, Indiana, 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”) as  
6 a Utility Analyst in the Water/Wastewater Division. My qualifications are set forth  
7 in Appendix “A” attached to this testimony.

8 **Q: What is the purpose of your testimony?**

9 A: The purpose of my testimony is to report the OUCC’s position and analysis of  
10 Citizens Water’s (“Citizens” or “Petitioner”) request to recover \$24,527,627, as  
11 revised on October 21, 2024, of infrastructure improvement expenditures through  
12 a distribution system improvement charge (“DSIC-3”).

13 **Q: What review and analysis did you perform to prepare your testimony?**

14 A: I read Citizens Water’s verified petition and case-in-chief testimony and reviewed  
15 the attachments and workpapers filed in this case. I reviewed all the documents  
16 provided in Citizens Water’s DSIC-1 and DSIC-2 filings. I reviewed Petitioner’s  
17 IURC annual reports for calendar years 2016 through 2023. I prepared discovery  
18 questions and reviewed Citizens Water’s responses. I reviewed Petitioner’s  
19 revisions to its case-in-chief filed on October 16, 2024. Finally, I reviewed  
20 Petitioner’s revisions to its case-in-chief filed on October 21, 2024.

1 **Q: If you do not discuss a specific topic or adjustment, does that mean you agree**  
2 **with Petitioner's proposal?**

3 A: No. My silence in response to any proposals, adjustments, or requested relief should  
4 not be construed as assent or agreement to that proposal, adjustment, or request.  
5 Rather, my opinions and the OUCC's positions related to the topics I address are  
6 limited to those affirmatively expressed in this testimony.

## II. PROPOSED DSIC

7 **Q: Please describe the relief requested by Citizens.**

8 A: Petitioner proposes a DSIC-3 surcharge, as revised, of \$4.58 per 5/8" meter, which  
9 would generate \$24,527,627 in revenue over a twelve (12) month period. Combined  
10 with the DSIC-1 surcharge, which is being recovered over a four-year period,  
11 Petitioner proposes to impose a total monthly DSIC surcharge of \$5.31 per 5/8"  
12 meter.

13 **Q: How did Petitioner determine the distribution system project expenditures it**  
14 **seeks to recover in this case (\$24,527,627)?**

15 A: Petitioner selected certain distribution system project expenditures from October  
16 2019 through August 2024 that had not been included in other DSIC filings or met  
17 through Petitioner's current E&R *pro forma* annual revenue requirement of  
18 \$8,781,246.<sup>1</sup> Together, DSIC-1 and Petitioner's proposed DSIC-3 will not exceed  
19 the difference between the amount included in Petitioner's E&R revenue

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<sup>1</sup> Petitioner's current annual E&R revenue requirement is \$42,504,461. Of that amount, \$8,781,246 pertained to DSIC eligible expenditures, including capital budgeting accounts ("CBA") Nos. 1209 (Boosters), 1212 (Tanks), 1221 (Relocations), and 1225 (Meters, Valves, Hydrants). See Petitioner's Attachment RBS-3.

1 requirement as established in the most recent rate order and the higher total amount  
2 expended on cash funded capital projects.

3 **Q: Did the OUCC identify distribution system project expenditures included in**  
4 **DSIC-3 that were already recovered through Petitioner's DSIC-1 or DSIC-2?**

5 A: No. No such projects were identified.

6 **Q: Did you identify any distribution system project expenditures that were met**  
7 **by Petitioner's E&R revenue requirement?**

8 A: No. Petitioner's request for DSIC recovery in this case seemed to exclude  
9 \$8,781,246 of otherwise eligible DSIC expenditures, which Petitioner indicates  
10 were met by the \$8,781,246 of Petitioner's E&R revenue requirement that was  
11 projected to replace distribution system. In other words, as presented, Petitioner  
12 seeks to include in this DSIC only the amount of distribution system projects in  
13 excess of expenditures met through its E&R revenue requirement. It would be  
14 helpful in subsequent DSICs if Petitioner were to provide a workpaper at the  
15 initiation of its DSIC case that allows the OUCC to verify what distribution system  
16 expenditures were met by the E&R revenue requirement.

17 **Q: Does Citizens Water's proposed distribution system improvement charge**  
18 **exceed the ten percent rate increase cap imposed by IC § 8-1-31-13?**

19 A: No. Of the total expenditures included in this DSIC, only \$13,978,234 are subject  
20 to the ten percent cap established by IC § 8-1-31-13(a)(2). Petitioner's combined  
21 DSIC-1 and DSIC-3 infrastructure expenditures being recovered and subject to the  
22 cap represent a 8.99% increase  $((\$3,762,289 + \$13,978,234) / \$197,313,323)$  in  
23 total operating revenues over the rates approved in Cause No. 44644 as adjusted.

1           Therefore, the charge as proposed would not exceed ten percent of Petitioner's base  
2           revenue level approved in its last rate case.

### III. OUCC'S RECOMMENDATION

3   **Q: Do you accept Citizens Water's proposed recovery in this DSIC of**  
4   **\$24,527,627?**

5   A: Yes. The OUCC accepts Citizens Water's DSIC, as revised on October 21, 2024  
6   following discussion with the OUCC.

### IV. CONCLUSION

7   **Q: Please summarize your recommendations to the Commission.**

8   A: I recommend the Commission authorize a DSIC-3 surcharge of \$4.58 per 5/8"  
9   meter, which would generate \$24,527,627 in revenue over a twelve (12) month  
10   period.

11   **Q: Does this conclude your testimony?**

12   A: Yes.

**APPENDIX A - QUALIFICATIONS**

1 **Q: Please describe your educational background and experience.**

2 A: I graduated from Lipscomb University in June 1989 and received a Bachelor of  
3 Science degree in business management. I earned a Master's degree in Business  
4 Administration from Phoenix University in 2011 and a Master's degree in  
5 Accounting and Financial Management from the Keller Graduate School in 2014.  
6 Beginning in 2014, I worked as a balance sheet and payroll accountant for the State  
7 of Wisconsin's Department of Health Services. In April of 2019, I joined the staff  
8 of the Indiana Office of Utility Consumer Counselor as a Utility Analyst II.

9 **Q: Have you previously testified before the Indiana Utility Regulatory**  
10 **Commission?**

11 A: Yes.



**AFFIRMATION**

I affirm the representations I made in the foregoing testimony are true to the best of my knowledge, information, and belief.



By: Carla F. Sullivan, Utility Analyst  
Cause No. 45767 DSIC-3

Office of Utility Consumer Counselor (OUCC)

Date: October 21, 2024