

FILED
SEPTEMBER 28, 2016
INDIANA UTILITY
REGULATORY COMMISSION

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)

CAUSE NO. 44731

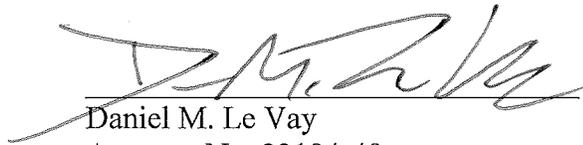
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

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**
2 **Cause?**

3 A: I recommend the approved rate case expenses in this Cause be shared in some
4 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
7 \$265,500. This amount includes \$75,000 for its fair value consultant, \$70,000 for
8 its cost of equity consultant, \$120,000 for its outside legal fees, and \$500 for legal
9 notice. These amounts are depicted on Westfield Gas' workpaper WG800.
10 Attachment LDC-1, page 2. Westfield Gas also proposed a 10% contingency to
11 its rate case expenses, which raises the total proposed rate case expenses to
12 \$292,050. *Id.* However, Westfield Gas has not provided any testimony
13 supporting this 10% contingency. Therefore, I recommend the 10% contingency
14 for rate case expenses be disallowed. Furthermore, I recommend total rate case
15 expenses be capped at \$265,500, and, before its new base rates are implemented
16 that Westfield Gas be required to true-up its final rate case expense to reflect only
17 rate case expenses actually incurred. The rate case expenses should be amortized
18 over 3 years, and Westfield Gas should file a revised tariff at the end of the three
19 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
22 reflect my recommendation as to total rate case expense. For purposes of his

1 exhibit, I asked him to include one-half, or \$132,750, of Westfield Gas' proposed
2 rate case expense, in his Attachment MHG-1, Schedule 6, which he amortized
3 over three years.

4 **Q: Why should a portion of rate case expenses be paid by CWU?**

5 A: CWU would receive appreciable benefits if Westfield Gas receives the relief it
6 has requested in this rate case. Consequently, the burden of paying rate case
7 expense should be shared between CWU and Westfield Gas' ratepayers.

8 **Q: Why do you believe CWU would receive appreciable benefits from the filing**
9 **of this rate case?**

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

16 **Q: Has CWU received financial benefits from Westfield Gas?**

17 A: Yes. Westfield Gas' Board of Director minutes indicate in 2015 Westfield Gas
18 paid \$775,000 in dividends to CWU: \$245,000 on 2/16/15; \$145,000 on 5/19/15;
19 \$195,000 on 9/15/15; and \$190,000 on 12/15/15. OUCC D.R. 1.10, Attachment
20 LDC-2, pages 4, 7, 9, and 14.

21 **Q: Are Westfield Gas' ratepayers receiving benefits from the filing of this rate**
22 **case?**

23 A: Westfield Gas' ratepayers will continue to receive safe, reliable services from
24 Westfield Gas as a result of revenue requirements established in this rate case.
25 However, a significant Westfield Gas request in this rate case is an enhanced

1 return component that would increase base rates imposed upon all Westfield Gas'
2 ratepayers. This enhanced return would inure to the benefit of CWU.
3 Consequently, Westfield Gas' ratepayers should not bear 100% of the burden of
4 responsibility for paying rate case expenses where CWU derives benefits from the
5 filing of this rate case.

6 **Q: Did Westfield Gas send requests for proposals ("RFPs") to consultants for**
7 **rate case expenses in this Cause?**

8 A: No. Westfield Gas did not send RFPs to consultants. OUCC D.R. 2.5.
9 Attachment LDC-3. Westfield Gas did not provide any explanation for not
10 sending RFPs to consultants.

11 **Q: Do you agree with Westfield Gas' decision for not sending RFPs to its rate**
12 **case consultants?**

13 A: No. Westfield Gas' decision is troublesome, especially when the utility is asking
14 its ratepayers to pay the entire amount of rate case expenses which Westfield Gas
15 implicitly claims to be prudently incurred, and therefore reasonable, without
16 providing a documented basis for asserting such claims. If the Commission
17 requires CWU to be responsible for some portion of the rate case expenses in this
18 Cause, Westfield Gas' management would be incented to send RFPs to
19 consultants when it brings a future rate case before the Commission.

20 **Q: Have you reviewed rate case consultant contracts in this Cause?**

21 A: Yes. Through discovery, the OUCC asked Westfield Gas to provide any contracts
22 for the consultants (legal, fair value, return on equity) that are performing services
23 in this rate case. Westfield Gas provided those contracts pursuant to a
24 confidentiality agreement.

25 **Q: Have you reviewed any rate case expense invoices in this Cause?**

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

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

9 A: I will first address two invoices from Westfield Gas' cost of equity consultant,
10 Financial Concepts and Applications, Inc. ("FinCap"). Attachment LDC-4, page
11 1, and Attachment LDC-5, page 1. One invoice is dated May 31, 2016 for
12 \$22,247. The second invoice is dated June 30, 2016 for \$6,900. There are hourly
13 rates for individuals on each invoice. However, these invoices lack the level of
14 detail to permit a conclusion as to the reasonableness and relatedness of the
15 charges. Such absence of detail is woefully inadequate, particularly when
16 Westfield Gas is asking its ratepayers to pay all, or even a portion, of the rate case
17 expenses in this Cause.

18 **Q: What level of detail should these invoices contain?**

19 A: At a minimum, the invoices should contain each date when work was performed,
20 the name of the consultant performing the work, a description of the work
21 performed, and the time spent performing the work. Only when this level of
22 billing detail is provided is it possible for the OUCC and the Commission to
23 determine the reasonableness of rate case expenses. Furthermore, this is the level

1 of billing detail Westfield Gas' management should be requiring from its
2 consultants before paying such invoices.

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

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

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

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

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

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

25 **Q: What did the OUCC recommend in that case?**

1 A: The OUCC recommended the rate case expenses be shared equally between
2 Kokomo Gas' shareholders and ratepayers. Order at 12.

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

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

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

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

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

16 A: No. I do not agree the receipt of benefits is a "theoretical" basis for the OUCC's
17 proposed adjustment. A utility's shareholders receive "actual" benefits, as
18 outlined above, from a new base rate case. With regard to the sharing of rate case
19 expenses, the Commission constantly weighs the evidence in rate cases and makes
20 findings and conclusions that fall between the parties' recommendations. The
21 most common example is when the Commission determines the return on equity.
22 Rarely, does the Commission find the return on equity should be the exact return
23 proposed by one of the parties. Most common is when the Commission weighs
24 all the return on equity evidence and concludes the appropriate return on equity

1 should be set between the parties' proposals. Similarly, in this case, the
2 Commission can make a determination as to the extent of the rate case benefits
3 received by CWU and Westfield Gas' ratepayers, respectively, and decide the
4 appropriate level of equitable sharing of the rate case expenses.

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

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

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

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

22 **Q: Why don't you believe small public utilities would hire these in-house**
23 **consultants in order to avoid sharing rate case expenses with the utility's**
24 **ratepayers?**

1 A: First, I believe if the small public utilities thought they needed these consultants to
2 work in-house, then the utilities would have previously placed them on their
3 regular payroll. Second, the amount of money spent in bringing these consultants
4 in-house would far exceed the amount saved by not sharing the rate case expense
5 with the utility's ratepayers. For example, one-half of the proposed rate case
6 expense in this Cause is \$132,750 amortized over 3 years, or approximately
7 \$44,250 per year. I don't believe a small public utility would be able to hire even
8 one full-time consultant, with benefits, for that annual amount.

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

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

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

22 A: No. However, as I previously mentioned, I also am not aware of any statutory
23 prohibition against the Commission concluding that a utility's ownership should
24 be responsible for a portion of rate case expenses. Moreover, I am not aware that
25 in every rate case order the Commission has permitted utilities petitioning for a
26 rate increase to recover every component of their rate case expense. In such

1 cases, the owners of the public utility can be considered to have paid those rate
2 case expense costs to the extent such costs were incurred and paid by the utility
3 and recovery of those costs were not included in rates. A utility may seek many
4 kinds of relief under the framework of a rate case and not all of those costs
5 associated with all such requests should be considered necessarily reasonable and
6 therefore recoverable. The Commission has the discretion in this case to conclude
7 not all rate case expenses associated with Westfield Gas' efforts to impose a
8 disputed rate of return on a fair value estimate to thereby increase its return should
9 be solely borne by the ratepayers.

III. RECOMMENDATIONS

10 **Q: Please summarize your recommendations to the Commission in this Cause.**

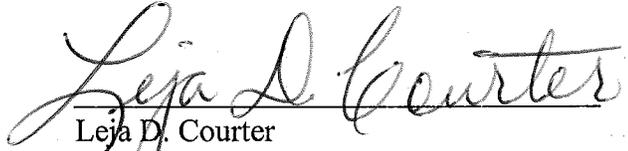
11 A: I recommend the Commission disallow Westfield Gas' 10% contingency for rate
12 case expenses. I further recommend total rate case expense be capped at
13 \$265,500. I also recommend Westfield Gas' approved rate case expenses be
14 shared in some measure between Westfield Gas' member, CWU, and Westfield
15 Gas' ratepayers. Finally, I recommend the rate case expense be amortized over 3
16 years, and Westfield Gas file a revised tariff at the end of the three year period to
17 reflect the complete amortization of the rate case expense.

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

19 A: Yes, it does.

AFFIRMATION

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



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

9/28/2016

Date

APPENDIX LDC-1 TO TESTIMONY OF
OUCC WITNESS LEJA D. COURTER

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

wp WG800

Ln			
1	TY Amortization Rate Case Expense	\$ -	Account No. 928040
2	Westfield Gas Fair Value consultant	\$ 75,000	
3	Westfield Cost of Equity consultant	\$ 70,000	
4	Legal Notice	\$ 500	
5	Outside Legal Costs	<u>\$ 120,000</u>	
6	Sub-Total	\$ 265,500	Sum of ln 2 to ln 5
7	10% Contingency	<u>\$ 26,550</u>	ln 6 * 10%
8	Total Rate Case Expense	\$ 292,050	ln 6 + ln 7
9	3-Year Amortization	<u>3</u>	
10	Total Proforma Rate Case Expense	<u>\$ 97,350</u>	ln 8 / ln 9
11	Amortization Rate Case Expense Adjustment	<u>\$ 97,350</u>	ln 10 - ln 1

**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:

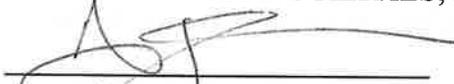
RESOLVED, the Board considers it appropriate for the Company to issue to its sole member, Citizens Westfield Utilities, LLC ("CWU"), a dividend in the amount of Ninety- Six Thousand Dollars (\$96,000), based on review of the Company's operational results, interim financial statements and budget, fair 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

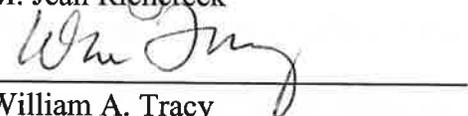
By: 
Aaron Johnson, President

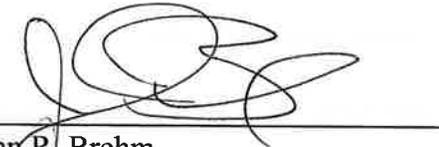
Board of Directors of the Company:

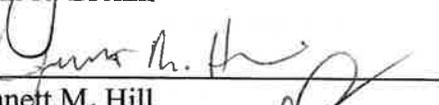

Carey B. Lykins

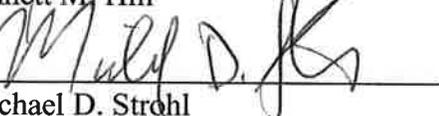

Jeff A. Harrison


M. Jean Richcreek


William A. Tracy


John R. Brehm


Jennett M. Hill


Michael D. Strohl

**MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF
WESTFIELD GAS, LLC DBA
CITIZENS GAS OF WESTFIELD, LLC
HELD ON NOVEMBER 17, 2014**

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.



Craig Moore, Secretary

**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 (CGW), 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.

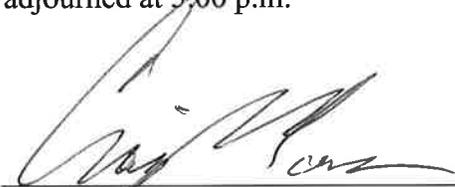
Board members present: John R. Brehm, Jennett M. Hill, and Michael D. Strohl.

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 (CGW), 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

		YTD vs. Budget	
Westfield Water		Actual	Var.
Revenue	\$	2,201	\$ (133)
Net Income	\$	962	\$ 105
Westfield Wastewater		Actual	Var.
Revenue	\$	3,000	\$ 42
Net Income	\$	1,094	\$ 100
Westfield Gas		Actual	Var.
Revenue	\$	2,387	\$ (22)
Net Income	\$	636	\$ 76

Customer Growth Stats.	YTD	YE FCST	Model
Westfield Water	0.6%	5.6%	5.0%
Westfield Wastewater	1.2%	5.9%	5.0%
Westfield Gas	2.9%	3.0%	N.A.

Capex	Budget	Actuals	Projections	Actuals + Projections	Model
Westfield Water	\$ 3,741	\$ 496	\$ 2,858	\$ 3,354	\$ (387)
Westfield Wastewater	\$ 5,526	\$ 549	\$ 4,544	\$ 5,093	\$ (433)
Westfield Gas	\$ 313	\$ 233	\$ 356	\$ 589	\$ 276

**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**

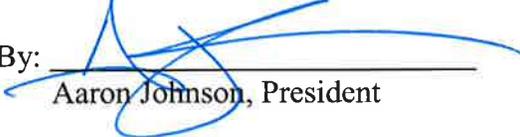
The undersigned, being the sole member of and all the members of the board of directors (the "Board") of Citizens Gas of Westfield, LLC, an Indiana limited liability company (the "Company"), hereby consent and agree that the following action may be and the same hereby is taken without a meeting of either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



Jennett M. Hill



Michael D. Stronk

**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 \pm \$150,000 from 2010 rate case.

There being no further business, the meeting adjourned at 9:00 a.m.



Craig Moore, Secretary

**MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF
CITIZENS GAS OF WESTFIELD, LLC
HELD ON NOVEMBER 16, 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), 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 \pm \$150,000 from 2010 rate case but \pm \$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**

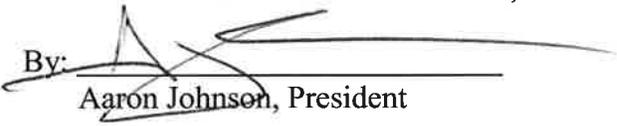
The undersigned, being the sole member of and all the members of the board of directors (the "Board") of Citizens Gas of Westfield, LLC, an Indiana limited liability company (the "Company"), hereby consent and agree that the following action may be and the same hereby is taken without a meeting of either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

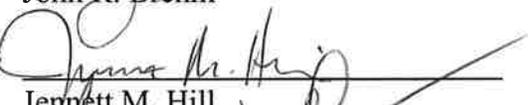
Aaron Johnson, President

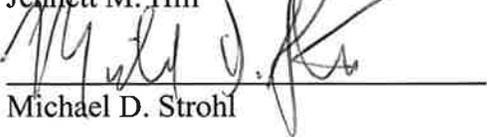
Board of Directors:


Jeff A. Harrison

11-30-15


John R. Brehm


Jennett M. Hill


Michael D. Strohl

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

PO 177446

FINANCIAL CONCEPTS AND APPLICATIONS, INC.
3907 RED RIVER
AUSTIN, TEXAS 78751

(512) 458-4644

fincap2@texas.net
Fax (512) 458-4768

May 31, 2016

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

DUE ON RECEIPT

RECEIVED
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:

William E. Avera			
1 hour @ \$ 500	\$	500	
Adrian M. McKenzie			
58 hours @ \$ 300		16,800	
Brent Heldebrecht			
16 hours @ \$ 250		4,000	

Expenses:

Travel	780
Lodging	142
Taxi & Parking	25

Total

\$ 22,247

Bruce H. Fairchild
Bruce H. Fairchild



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

Via Email: MKapp@citizensenergygroup.com
Citizens Westfield
c/o Citizens Energy Group
Attn: Mr. Michael E. Allen

Invoice No. 1411941
April 8, 2016

Re: 2016 Gas Rate Case
Our Matter No. 32525.0013

INVOICE SUMMARY

For Services rendered through March 31, 2016

Professional Services	\$462.00
Total Current Invoice	\$462.00
Previous Balance Due	\$6,890.70
Total Balance Due	\$7,352.70

Payment Options

Online Payments:
ClientPay
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**

*Approved
M.E.A.
5-3-16
70012.1.3003*

Payment by check

Remit to : Ice Miller LLP
P.O. Box 68

Indianapolis, IN 46206-0068

Please include remittance or reference **Invoice No. 1411941**

Questions or concerns, please email payice@icemiller.com



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

Citizens Westfield
c/o Citizens Energy Group
Attn: Mr. Michael E. Allen
2020 N. Meridian Street
Indianapolis, IN 46202-1393

Invoice No. 1407163
February 29, 2016

Re: 2016 Gas Rate Case
Our Matter No. 32525.0013

INVOICE SUMMARY

For Services rendered through January 31, 2016

Professional Services	\$1,030.80
Disbursements	\$12.30
Total Current Invoice	\$1,043.10
Previous Balance Due	\$2,556.00
Total Balance Due	\$3,599.10

Approved MCA
5-3-16

40012.1.3003



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

Citizens Westfield
c/o Citizens Energy Group
Attn: Mr. Michael E. Allen
2020 N. Meridian Street
Indianapolis, IN 46202-1393

Invoice No. 1400880
December 31, 2015

Re: 2016 Gas Rate Case
Our Matter No. 32525.0013

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
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**

*Approved
MSA
5-3-16
70012.1.3003*

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 payice@icemiller.com

FINANCIAL CONCEPTS AND APPLICATIONS, INC.

3907 RED RIVER
AUSTIN, TEXAS 78751

(512) 458-4644

fincap2@texas.net
Fax (512) 458-4768

June 30, 2016

PO 178939

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

DUE ON RECEIPT.

JUL 29 2016

Reference No.: 02044
Taxpayer ID No.: 74-2058652

Consulting Services:

Return on Equity and Weighted Cost of Capital
Calculations in 2016 Citizens Gas of Westfield
Rate Case

For the Period:
June 1 through June 30, 2016

Professional Time:

Adrien M. McKenzie
23 hours @ \$ 300 \$ 6,900

Total

\$ 6,900

Bruce H. Fairchild



One American Square | Suite 2800 | Indianapolis, IN 46282-0200

Invoice No. 1421187
June 13, 2016

Via Email: MKApps@citizensenergygroup.com
Citizens Westfield
c/o Citizens Energy Group
Attn: Mr. Michael E. Allen

Re: 2016 Gas Rate Case
Our Matter No. 32525.0013

INVOICE SUMMARY

For Services rendered through May 31, 2016

Professional Services

\$9,179.00

Total Current Invoice

\$9,179.00

Previous Balance Due

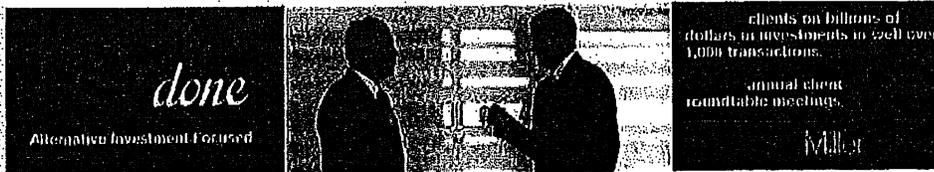
~~\$5,119.10~~

Total Balance Due

~~\$14,298.10~~

*Approved
MGA
7-26-16*

70012.1.3003

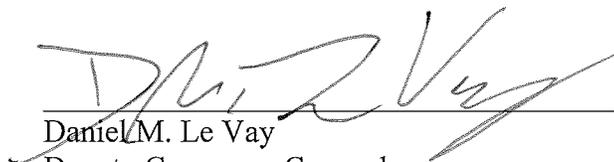


CERTIFICATE OF SERVICE

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
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mallen@citizensenergygroup.com
ltoppen@citizensenergygroup.com
lprentice@citizensenergygroup.com

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Michael.cracraft@icemiller.com
Steven.krohne@icemiller.com



Daniel M. Le Vay
Deputy Consumer Counselor

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infomgt@oucc.in.gov
317/232-2494 – Phone
317/232-5923 – Facsimile