

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**

<b>IN THE MATTER OF THE INDIANA UTILITY</b>	)	
<b>REGULATORY COMMISSION’S INVESTIGATION</b>	)	
<b>INTO THE IMPACTS OF THE TAX CUTS AND</b>	)	<b>CAUSE NO. 45032</b>
<b>JOBS ACTS OF 2017 AND POSSIBLE RATE</b>	)	
<b>IMPLICAITONS</b>	)	

<b>RESPONDENTS: ALL JURISDICTIONAL RATE-</b>	)
<b>REGULATED, INVESTOR-OWNED UTILITIES</b>	)

**CITIZENS GAS OF WESTFIELD, LLC, CITIZENS WATER OF WESTFIELD, LLC  
AND CITIZENS WASTEWATER OF WESTFIELD, LLC’S MOTION FOR DISMISSAL  
AS RESPONDENTS**

Citizens Gas of Westfield, LLC (“Westfield Gas”), Citizens Water of Westfield, LLC (“Westfield Water”) and Citizens Wastewater of Westfield, LLC (“Westfield Wastewater”), (collectively “Westfield Respondents”) respectfully request the Indiana Utility Regulatory Commission (the “Commission”) grant their Motion for Dismissal as Respondents in this Cause, and in support thereof, state as follows:

**INTRODUCTION**

1. On January 3, 2018, in response to the Tax Cuts and Jobs Act of 2017 (the “Act”), the Commission issued an Order (the “Order”) in this Cause which commences an investigation by the Commission for the purpose of reviewing and considering the implications of the Act and how any resulting benefits should be realized by utility customers.

2. The Order defines Respondents as “all Indiana jurisdictional rate-regulated, investor-owned utilities.”

3. Westfield Respondents, while being rate regulated investor-owned utilities, are separate limited liability companies and wholly-owned subsidiaries of Westfield Utilities, LLC

(“Westfield Utilities”). Westfield Utilities is a wholly-owned subsidiary of Citizens Energy Services Company, LLC (“CESCO”) which, in turn, is a wholly-owned subsidiary of Citizens Resources. Citizens Resources, wholly-owned by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis, d/b/a Citizens Energy Group, is excluded from the payment of federal income tax. *See, Affidavit of LaTona S. Prentice at ¶4, attached as Exhibit A, (“Affidavit Prentice”).*

#### LEGAL BASIS FOR DISMISSAL

4. Numerical paragraphs 1-3 above are incorporated herein by reference as if set forth fully below.

5. Westfield Respondents should be dismissed as Respondents to this matter because they are excluded from the payment of federal income tax, do not stand to benefit from the Act’s reduction in corporate tax rate and their rates and charges do not include recovery for payment of federal income tax.

I. **Westfield Respondents’ income is excluded from the payment of federal income tax and Westfield Respondents do not stand to benefit from the Act’s reduction in corporate tax rates.**

6. As limited liability companies, Westfield Respondents, their parent (Westfield Utilities), and its parent (CESCO), are treated as disregarded entities for federal income tax purposes and their income is passed through to Citizens Resources. Income of Citizens Resources accrues to Citizens Energy Group and is therefore excluded from the payment of federal income tax. *Affidavit Prentice at ¶5.*

7. Because Westfield Respondents are treated as disregarded entities and Citizens Resources’ income is excludable, Westfield Respondents do not stand to benefit from the Act’s reduction in corporate tax rates. *Affidavit Prentice at ¶6.*

**II. None of the Commission approved rates and charges for Westfield Respondents include recovery for the payment of federal income tax as part of the revenue requirement used to establish their rates and charges.**

8. None of the Commission approved rates and charges for Westfield Respondents include recovery for the payment federal income tax as part of the revenue requirement used to establish their rates and charges. *Affidavit Prentice at ¶7.*

9. On September 30, 2012, Westfield Gas completed its conversion from a C Corporation to a limited liability company. As a result of that conversion, Westfield Gas does not pay federal income tax. *Affidavit Prentice at ¶8.*

10. Westfield Gas's conversion and subsequent exclusion from the payment of federal income tax was addressed by the Commission in Cause Nos. 37389-GCA92 and 37389-GCA92S1. *Affidavit Prentice at ¶8.*

11. More recently, on April 26, 2017, in Cause No. 44731, the Commission approved new rates and charges for Westfield Gas. Recovery for the payment of federal income tax was not included in the revenue requirement used to establish the rates and charges approved in Cause No. 44731. *Affidavit Prentice at ¶9.*

12. On November 25, 2013, in Cause No. 44273, the Commission approved the acquisition of Westfield Water and Westfield Wastewater. In that case, the Commission also approved Westfield Water and Westfield Wastewater's continued use of the rates and charges for services previously put in place by the Westfield City Council in Ordinance No. 12-01. *Affidavit Prentice at ¶10.*

13. The rates and charges approved by the Westfield City Council and subsequently adopted by Westfield Water and Westfield Wastewater do not include recovery for payment of

federal income tax as the City of Westfield is a municipality and is, therefore, excluded from the payment of federal income tax. *Affidavit Prentice at ¶11.*

14. Westfield Water has not sought a rate change from the Commission and still follows the rates and charges established by the Westfield City Council in Ordinance No. 12-01. *Affidavit Prentice at ¶12.*

15. On May 31, 2017, in Cause No. 44835 the Commission approved new rates and charges for Westfield Wastewater. Recovery for federal income tax was not included in Westfield Wastewater's revenue requirement used to establish the rates and charges approved in Cause No. 44835. *Affidavit Prentice at ¶13.*

#### CONCLUSION

16. Numerical paragraphs 1-15 above are incorporated herein by reference as if set forth fully below.

17. Westfield Respondents should be dismissed as Respondents in this Cause because they are excluded from the payment of federal income tax, do not stand to benefit from the Act's reduction in corporate tax rates and their Commission approved rates and charges do not include recovery for the payment of federal income tax.

**WHEREFORE**, Citizens Gas of Westfield, LLC, Citizens Water of Westfield, LLC and Citizens Wastewater of Westfield, LLC respectfully request the Commission grant their Motion for Dismissal as Respondents in this Cause, and grant all other relief just and proper in the premises.

Respectfully submitted,



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Michael E. Allen, No. 20765-49  
Suzanne R. Gaidoo, No. 23724-49  
Counsel for Westfield Respondents

Counsel for Westfield Respondents

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**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of the foregoing Motion was served this

5<sup>th</sup> day of February 2018, to:

Indiana Office of Utility Consumer Counselor  
PNC Center  
115 West Washington Street, Suite 1500 South  
Indianapolis, IN 46204  
infomgt@oucc.in.gov



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Suzanne R. Gaidoo, 23724-49A



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RESPONDENTS: ALL JURISDICTIONAL RATE- )  
REGULATED, INVESTOR-OWNED UTILITIES )

AFFIDAVIT OF LATONA S. PRENTICE

I, LaTona S. Prentice, state as follows:

1. I am over the age of 18 years, competent to testify and have personal knowledge of all matters contained in this Affidavit.
2. I am employed by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis, which does business as Citizens Energy Group. I am currently the Vice President, Regulatory & External Affairs.
3. As Vice President, Regulatory & External Affairs, I am responsible for the development, implementation, and administration of Citizens Energy Group's regulated utilities' rates and charges and Terms and Conditions for Service. I direct the preparation of certain accounting and financial adjustments, cost of service studies, and rate design testimony for Citizens Energy Group's regulated utilities, including Citizens Gas of Westfield, LLC ("Westfield Gas"), Citizens Water of Westfield, LLC ("Westfield Water") and Citizens Wastewater of Westfield, LLC ("Westfield Wastewater") referred to collectively as ("Westfield Respondents").

4. Westfield Respondents are separate limited liability companies and wholly-owned subsidiaries of Westfield Utilities, LLC (“Westfield Utilities”). Westfield Utilities is a wholly-owned subsidiary of Citizens Energy Services Company, LLC (“CESCO”) which, in turn, is a wholly-owned subsidiary of Citizens Resources. Citizens Resources, wholly-owned by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis, d/b/a Citizens Energy Group, is excluded from the payment of federal income tax.

5. As limited liability companies, Westfield Respondents, their parent (Westfield Utilities), and its parent (CESCO), are treated as disregarded entities for federal income tax purposes and their income is passed through to Citizens Resources. Income of Citizens Resources accrues to Citizens Energy Group and is therefore excluded from the payment of federal income tax.

6. Because Westfield Respondents are treated as disregarded entities and Citizens Resources’ income is excludable, Westfield Respondents do not stand to benefit from the Act’s reduction in corporate tax rate.

7. None of the Commission approved rates and charges for Westfield Respondents include recovery for payment of federal income tax as part of the revenue requirement used to establish their rates and charges.

8. On September 30, 2012, Westfield Gas completed its conversion from a C Corporation to a limited liability company. As a result of that conversion, Westfield Gas does not pay federal income tax. Westfield Gas’s conversion and subsequent exclusion from the payment of federal income tax was addressed by the Commission in Cause Nos. 37389-GCA92 and 37389-GCA92S1.

9. On April 26, 2017, in Cause No. 44731, the Commission approved new rates and charges for Westfield Gas. Recovery for the payment of federal income tax was not included in the revenue requirement used to establish the rates and charges approved in Cause No. 44731.

10. On November 25, 2013, in Cause No. 44273, the Commission approved the acquisition of Westfield Water and Westfield Wastewater. In that case, the Commission also approved Westfield Water and Westfield Wastewater's continued use of the rates and charges for services previously put in place by the Westfield City Council in Ordinance No. 12-01.

11. The rates and charges approved by the Westfield City Council and subsequently adopted by Westfield Water and Westfield Wastewater in Cause No. 44273 do not include recovery for payment of federal income tax as the City of Westfield is a municipality and is, therefore, excluded from the payment of federal income tax.

12. Westfield Water has not sought a rate change from the Commission and still follows the rates and charges established by the Westfield City Council in Ordinance No. 12-01.

13. On May 31, 2017, in Cause No. 44835 the Commission approved new rates and charges for Westfield Wastewater. Recovery for federal income tax was not included in Westfield Wastewater's revenue requirement used to establish the rates and charges approved in Cause No. 44835.

Further affiant saith not.

#### VERIFICATION

I affirm under the penalties for perjury, that the foregoing representations are true to the best of my knowledge, information and belief.

  
LaTona S. Prentice



STATE OF INDIANA        )  
                                      ) SS:  
COUNTY OF MARION     )

Subscribed and sworn to before me this 5<sup>th</sup> day of January, 2018.



Mary R. Keane  
Notary Public

My Commission expires: April 12, 2023

My County of residence: Johnson