

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**

**PETITION OF COMMUNITY UTILITIES OF )**  
**INDIANA, INC. FOR: AUTHORITY TO )**  
**INCREASE ITS RATES AND CHARGES FOR )**  
**WATER AND WASTEWATER UTILITY )**  
**SERVICE; APPROVAL OF NEW SCHEDULES )**  
**OF RATES AND CHARGES APPLICABLE )**  
**THERE TO; AUTHORITY TO RECOVER )**  
**CERTAIN COSTS INCURRED IN )**  
**CONNECTION WITH CAUSE NOS. 44724, )**  
**45342 AND 45389; AUTHORITY TO )**  
**RECOVER COSTS INCURRED AND )**  
**DEFERRED IN CONNECTION WITH THE )**  
**COVID-19 PANDEMIC; APPROVAL OF A )**  
**NEW RESIDENTIAL LOW-INCOME RATE )**  
**FOR WATER AND WASTEWATER SERVICE; )**  
**AND OTHER APPROPRIATE RELIEF )**

CAUSE NO. 45651

**VERIFIED PETITION**

Community Utilities of Indiana, Inc. (“Petitioner,” “CUII,” or “Company”) respectfully requests authority to increase its rates and charges for water and wastewater utility service and approval of new schedules of rates and charges applicable to such water and wastewater utility service. Petitioner also requests authority to recover certain costs incurred in connection with Cause Nos. 44724, 45342 and 45389; authority to recover deferred costs associated with the COVID-19 pandemic; approval of a new low-income rate for qualifying residential water and wastewater customers; and approval of certain tariff changes. In support of this request, Petitioner shows the Commission:

1. Petitioner’s Corporate and Regulated Status. CUII is a public utility incorporated under the laws of Indiana with its principal office address located at 500 W. Monroe, Suite 3600, Chicago, IL 60661. Petitioner is a “public utility” as defined in Ind. Code § 8-1-2-1 and is subject

to the jurisdiction of this Commission in the manner and to the extent provided by the laws of the State of Indiana.

2. Petitioner's Operations. CUII was created in 2015 in order to implement a merger into a single entity of the three separate wholly-owned Indiana subsidiaries of Corix Regulated Utilities (US), Inc. ("CRU") that provided water and sewer services in Indiana. Those subsidiaries were Twin Lakes Utilities, Inc., Water Service Company of Indiana, Inc., and Indiana Water Service, Inc. The merger was approved by the Commission's July 8, 2015 Order in Cause No. 44587.

CUII provides water service to approximately 5,300 equivalent residential connections ("ERCs") and wastewater service to approximately 3,500 ERCs. Petitioner renders such water and wastewater utility service by means of utility plant, property, equipment, and related facilities owned, operated, managed, and controlled by it (collectively referred to as the "Utility Properties"), which are used and useful for the convenience of the public in the provision of water and wastewater service. Petitioner's service area includes portions of Jasper, Lake, Newton, and Porter counties.

3. Petitioner's Utility Properties. Petitioner has maintained, and continues to maintain, its Utility Properties in a good state of operating condition, substantially complying with all state and federal regulatory requirements and standards applicable to water and wastewater utility operations. In order to safely and reliably serve the public located in its service area and to discharge its duties as a public utility, Petitioner is continuing to make numerous additions, replacements, and improvements to its utility systems. Among other things, Petitioner continues to complete Sewer Capital Improvement Plan ("SCIP") projects designed to improve the sewer systems, including sewer main repairs, sewer main lining, manhole rehabilitation, and other

miscellaneous improvements. Petitioner also is continuing to replace existing water meters with Automatic Meter Reading (“AMR”) meters and to replace watermains and service lines identified by reviewing historical line breaks.

4. Petitioner’s Existing Rates. CUII’s existing basic rates for water and wastewater utility service were approved by the Commission in January 2018 in Cause No. 44724. In that case, the Commission also approved single-tariff pricing for CUII. CUII’s petition initiating Cause No. 44724 was filed with the Commission on December 15, 2015. Therefore, in accordance with Ind. Code § 8-1-2-42(a), more than 15 months have passed since the filing date of CUII’s most recent request for a general increase in its basic rates and charges.

5. Petitioner’s Operating Results Under Existing Rates. Since its basic rates and charges for water and wastewater service were last established, Petitioner has continued to make substantial capital expenditures for additions, replacements, and improvements to its Utility Properties. At the same time, Petitioner has seen rising costs and a continuing decline in consumption among its customers. As a result, under present rates, the Company is not able to meet its operating costs and earn a reasonable return on its investment. Without appropriate rate relief, CUII’s ability to continue to provide environmentally safe, reliable, and efficient water and wastewater utility services to its customers and meet its financial obligations will be jeopardized. The existing rates of Petitioner, therefore, are unjust, unreasonable, insufficient, and confiscatory and should be increased.

6. Test Period. Pursuant to Ind. Code § 8-1-2-42.7(d)(1), Petitioner designates a forward-looking test period to be used in this proceeding on the basis of projected data for the twelve-month period ending September 30, 2023. As required by Ind. Code § 8-1-2-42.7(d)(1), this

forward-looking test period begins not later than 24 months after the date on which this Verified Petition is filed.

7. Petitioner's Proposed Rates and Charges. Petitioner requests that new rates and charges be authorized which will enable Petitioner to realize a proper and adequate utility operating income, assure confidence in its financial soundness, and allow Petitioner to earn a return equal to that available on other investments of comparable risk so as to enable Petitioner to continue to render safe, adequate and reliable water and wastewater service to the public. Petitioner proposes that the new rates and charges maintain the current rate design (a combination of a base facility charge and a volumetric charge for both water and wastewater), along with a declining usage adjustment. Petitioner proposes that new rates and charges be implemented in two steps, as described in the section below.

Consistent with GAO 2020-5, Attachment A to this Petition shows the estimated total dollar amount and estimated percentage of Petitioner's requested increase in rates, in total and for each step of the proposed two-step rate increase. Attachment A also shows how Petitioner's various customer classes will be affected for the proposed rate increase.

8. Implementation of Proposed Increase in Steps. Pursuant to Ind. Code § 8-1-2-42.7, Petitioner is designating a forward-looking test period ending September 30, 2023, in order to allow for rates that reflect the significant capital investments under construction or planned by Petitioner through the end of the test year. Petitioner proposes to implement changes in its rates approved in this proceeding in two steps, with a true-up process after each step.

As a first step, Petitioner proposes to file proposed rates to be effective on or about October 1, 2022, within 45 days of the Commission's issuance of its final order in this Cause. These first step rates will be based on CUII's proposed rates to be implemented at the end of the test period,

adjusted for actual net plant in service as of September 30, 2022, along with CUII's actual capital structure and cost of debt as of that date. Petitioner further proposes that the OUCC and intervenors be given 30 days to review such proposed step one rates, and that such rates be placed into effect after such 30-day period, retroactive to October 1, 2022.

The second step rates would reflect actual net plant in service as of September 30, 2023, along with CUII's actual capital structure and cost of debt as of that date. Petitioner proposes that it file proposed second step rates, to be effective on or about October 1, 2023, within 45 days of the end of the test period. For this second step, the OUCC and intervenors would be given 30 days to review the step two rates, and such rates would be placed into effect after the 30-day period, retroactive to October 1, 2023.

Petitioner considers its proposed phased approach for the proposed increase in rates to be in the best interest of Petitioner and its customers. The proposed rates for each step are set forth in the exhibits that Petitioner is filing herewith and will be offered into evidence in this proceeding.

9. Request for Authority to Recover Certain Costs Incurred in Connection with Cause Nos. 44724, 45342 and 45389. In addition to seeking to reflect the Iron Filter Replacement Project in its base rates, Petitioner also requests authority to recover through rates approved in this proceeding certain costs incurred in connection with Cause Nos. 45342 and 45389. These costs were incurred in order to comply with Commission directives issued in Cause No. 44724 where, among other things, the Commission directed Petitioner to develop a System Improvement Plan. Specifically, Petitioner seeks to recover engineering costs associated with developing its wastewater System Improvement Plan, as well as regulatory and legal expenses associated with presenting its cases to the Commission in Cause Nos. 45342 and 45389.

10. Request for Authority to Recover Previously-Deferred COVID-19 Costs. Petitioner has deferred certain costs it incurred in connection with the COVID-19 pandemic – specifically costs related to late payments, reconnection charges, legal fees, and customer communications. Petitioner seeks to recover these deferred COVID-19 costs in this proceeding, over a reasonable period of time.

11. Proposed Low-Income Rate. Indiana Code § 8-1-2-46 provides the Commission statutory authority to approve a water and wastewater utility’s establishment of a customer assistance program that provides financial relief to residential customers who qualify for income-related assistance. Section 46(c) provides that “[u]pon request by a water or wastewater utility in a general rate case, the commission may allow, but may not require, a water or wastewater utility to establish a customer assistance program that: . . . provides financial relief to residential customers who qualify for income related assistance.” A customer assistance program established under Indiana Code § 8-1-2-46 is “not discriminatory for purposes of this chapter or any other law regulating rates and charges for service.” Petitioner is requesting approval of a new residential low-income rate for qualifying water and wastewater customers, as discussed by Petitioner’s witness Mr. Dickson. The purpose of the low-income rate is to help Petitioner’s most at-risk customers maintain continued access to water and wastewater service, which is essential for public health and sanitary needs, and to reduce the amount of costs other customers bear as a result of arrearages, bad debt expense and disconnections of service.

12. Proposed Tariff Changes. Petitioner requests approval of certain changes in its water and wastewater tariffs – specifically, changes to comply with Commission rules, updated charges to reflect updated costs, and certain streamlining and simplifying changes.

13. Notice of Intent to File Information Required Under the Minimum Standard Filing Requirements (“MSFRs”). Petitioner hereby files its notice of intent to file the information required under the MSFRs set forth in the Commission’s rules on MSFRs, 170 IAC 1-5-1 *et seq.*, as modified where appropriate to conform with the forward-looking test period authorized by Ind. Code § 8-1-2-42.7. Excel copies of the workpapers are being submitted to the Commission on CD-ROM pursuant to the best practices set forth in GAO 2013-5 and the Commission’s electronic document submission guidelines set forth in GAO 2015-1.

14. Prehearing Conference and Preliminary Hearing Requested. Pursuant to the best practices set forth in the Commission’s GAO 2013-5, Petitioner has been working with the Indiana Office of Utility Consumer Counselor (“OUCC”) as well as potential intervenor Lakes of the Four Seasons Property Owners’ Association (“LOFS”) to reach agreement on a proposed procedural schedule for this case and expects to be able to file a proposed schedule shortly after filing of this Verified Petition. Pursuant to 170 IAC 1-1.1-15(b) of the Commission’s Rules of Practice and Procedure, Petitioner requests that a date be promptly fixed for a prehearing conference and preliminary hearing for the purpose of establishing a procedural schedule in this proceeding and considering other procedural matters.

15. Customer Notification. Petitioner will provide its customers with a notice summarizing the nature and extent of the proposed changes as required by the Commission’s rules. Petitioner will also publish notice of the filing of this Verified Petition and the requested rate increase pursuant to Ind. Code § 8-1-2-61. The notices will be late-filed as attachments.

16. Confidential Information. Petitioner will be submitting certain information in its testimony, attachments, workpapers, and/or as part of its MSFRs that is confidential and trade secret information. Petitioner is filing a motion for protective order in accordance with 170 IAC

1-1.1-4 and to otherwise comply with 170 IAC 1-5-3 contemporaneous with this Petition. In addition, Petitioner has or will enter into a nondisclosure agreement with the OUCC and will work with any intervenors to negotiate an acceptable nondisclosure agreement to facilitate the production of the confidential information as appropriate.

17. Applicable Statutory Provisions. Petitioner considers that the provisions of Ind. Code §§ 8-1-2-0.5, 4, 6, 7, 9, 10, 12, 14, 19-21, 29, 38, 39, 42, 42.7, 46, 61, 68 and 71, and Ind. Code § 5-14-3-4, among others, are or may be applicable to the subject matter of this Petition.

18. Attorneys for Petitioner. Kay E. Pashos, Steven W. Krohne, Mark R. Alson, and Kelly M. Beyrer of Ice Miller LLP, One American Square, Indianapolis, Indiana 46282-0200, are counsel for Petitioner and are duly authorized to accept service of papers in this Cause on Petitioner's behalf.

WHEREFORE, Petitioner respectfully requests that the Commission promptly conduct a prehearing conference and preliminary hearing in this proceeding; make such investigation and hold such hearings as are necessary or advisable; and thereafter issue an Order in this Cause:

(a) finding that Petitioner's existing rates for water and wastewater utility service are unjust, unreasonable, insufficient, confiscatory, and inadequate to provide a fair return on the fair value of Petitioner's Utility Properties used and useful for the convenience of the public in rendering water and wastewater utility service;

(b) determining, and by order fixing, increased water and wastewater service rates and charges to be imposed, observed, and followed in the future by Petitioner in lieu of those found to be unjust, unreasonable, insufficient, and confiscatory;



(c) authorizing and approving the filing by Petitioner of new schedules of rates and charges applicable to the water and wastewater utility service rendered by Petitioner so as to provide just, reasonable, sufficient, and non-confiscatory rates;

(d) authorizing Petitioner to recover certain engineering, legal and regulatory costs incurred in connection with Cause Nos. 44724, 45342 and 45389;

(e) authorizing Petitioner to recover previously-deferred costs related to the COVID-19 pandemic over a reasonable period of time;

(f) approving a new low-income rate for residential water and wastewater customers, as set forth in Petitioner's evidence;

(g) approving certain changes to its water and wastewater tariffs; and

(h) granting to Petitioner such other and further relief as may be appropriate and proper.

Dated this 7<sup>th</sup> day of December, 2021

Respectfully submitted,

Community Utilities of Indiana, Inc.

By:   
\_\_\_\_\_  
Steven Lubertozzi, President

**VERIFICATION**

COMES NOW Steven M. Lubertozi, having been first duly sworn, deposes and says that he is the President of Community Utilities of Indiana, Inc., the Petitioner in the foregoing Petition; and as such he has executed the foregoing Petition and has the authority to do so; that he has read said Petition and knows the contents thereof; and that the statements contained therein are true to the best of his knowledge, information, and belief.

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



\_\_\_\_\_  
Steven M. Lubertozi, President  
Community Utilities of Indiana, Inc.

STATE OF ILLINOIS )  
                                      ) SS:  
COUNTY OF DUPAGE )

Subscribed and sworn to before me this 6<sup>th</sup> day of December, 2021.



\_\_\_\_\_  
Notary Public Signature

My Commission Expires: 10-28-2023  
County of Residence: DUPAGE



**CERTIFICATE OF SERVICE**


The undersigned certifies that a copy of the foregoing was served this 7th day of December 2021, via email transmission to the following:

Indiana Office of Utility Consumer Counselor  
PNC Center  
115 W. Washington St., Suite 1500 South  
Indianapolis, IN 46204  
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With a courtesy copy to:

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*Attorneys for Community Utilities of Indiana, Inc.*

**ATTACHMENT A TO VERIFIED PETITION**

**Estimated Water Rate Increase by Major Rate Class**

<b>Major Tariff Groups -- Water</b>	<b>Average Step 1 Rate Increase (\$ and %)</b>	<b>Incremental Average Step Rate 2 Increase (\$ and %)</b>	<b>Average Total Rate Increase (\$ and %)</b>
Residential Customer (5/8" Regular Income)	\$33.81 (79.66%)	\$6.35 (8.34%)	\$40.16 (94.63%)
Residential Customer (5/8" Low Income)	\$2.96 (6.99%)	\$3.79 (8.34%)	\$6.75 (15.90%)
Commercial Customer	\$35.63 (73.16%)	\$7.03 (8.34%)	\$42.66 (87.59%)
<b>Overall System Increase</b>	<b>\$1,810,747 (73.16%)</b>	<b>\$357,269 (8.34%)</b>	<b>\$2,168,016 (87.59%)</b>

*Notes: (1) Because this chart shows the incremental change from Step 1 to Step 2, the Step 1 and Step 2 percentages do not add together to equal the total percentage rate increases. (2) The Step 2 percentage increases are all the same because CUII is proposing across-the-board increases in Step 2.*

**Estimated Wastewater Rate Increase by Major Rate Class**

<b>Major Tariff Groups -- Wastewater</b>	<b>Average Step 1 Rate Increase (\$ and %)</b>	<b>Incremental Average Step Rate 2 Increase (\$ and %)</b>	<b>Average Total Rate Increase (\$ and %)</b>
Residential Customer (5/8" Regular Income)	\$24.99 (40.73%)	\$9.50 (11.01%)	\$34.49 (56.23%)
Residential Customer (5/8" Low Income)	-\$3.07 (-5.01%)	\$6.42 (11.01%)	\$3.35 (5.45%)
Commercial Customer	\$25.11 (36.45%)	\$10.36 (11.01%)	\$35.47 (51.47%)
<b>Overall System Increase</b>	<b>\$880,453 (36.45%)</b>	<b>\$363,020 (11.01%)</b>	<b>\$1,243,473 (51.47%)</b>

*Notes: (1) Because this chart shows the incremental change from Step 1 to Step 2, the Step 1 and Step 2 percentages do not add together to equal the total percentage rate increases. (2) The Step 2 percentage increases are all the same because CUII is proposing across-the-board increases in Step 2.*