

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

JOINT PETITION OF CITIZENS WATER OF)
WESTFIELD, LLC, CITIZENS WASTEWATER OF)
WESTFIELD, LLC AND THE CITY OF)
WESTFIELD, INDIANA FOR APPROVALS IN)
CONNECTION WITH THE PROPOSED TRANSFER)
OF CERTAIN WATER UTILITY ASSETS TO)
CITIZENS WATER OF WESTFIELD, LLC AND)
THE PROPOSED TRANSFER OF CERTAIN)
WASTEWATER UTILITY ASSETS TO CITIZENS)
WASTEWATER OF WESTFIELD, LLC,)
INCLUDING: (1) APPROVAL OF THE)
ACQUISITION BY CITIZENS WATER OF)
WESTFIELD, LLC AND CITIZENS WASTEWATER)
OF WESTFIELD, LLC OF CERTAIN WATER AND)
WASTEWATER UTILITY ASSETS; (2) APPROVAL)
OF ACCOUNTING AND RATE BASE TREATMENT)
OF THE WATER AND WASTEWATER ASSETS; (3))
APPROVAL OF THE ISSUANCE OF DEBT AND)
EQUITY BY CITIZENS WATER OF WESTFIELD,)
LLC AND CITIZENS WASTEWATER OF)
WESTFIELD, LLC; (4) APPROVAL OF INITIAL)
RATES AND RULES FOR WATER AND)
WASTEWATER SERVICE; (5) TO THE EXTENT)
NECESSARY, APPROVAL OF CERTAIN)
OPERATING AND AFFILIATE AGREEMENTS; (6))
APPROVAL OF DEPRECIATION RATES; (7))
APPROVAL OF A CERTIFICATE OF)
TERRITORIAL AUTHORITY FOR THE)
PROVISION OF WASTEWATER UTILITY)
SERVICE BY CITIZENS WASTEWATER OF)
WESTFIELD, LLC TO CUSTOMERS LOCATED IN)
RURAL AREAS; AND (8) ANY OTHER)
APPROVALS NEEDED IN CONNECTION)
THEREWITH)

CAUSE NO. 44273

APPROVED:

NOV 25 2013

ORDER OF THE COMMISSION

Presiding Officers:
James D. Atterholt, Chairman
Lorraine L. Seyfried, Chief Administrative Law Judge

On November 20, 2012, the City of Westfield (“Westfield” or “City”), Citizens Water of Westfield, LLC (“Citizens Water of Westfield”) and Citizens Wastewater of Westfield, LLC (“Citizens Wastewater of Westfield”) (collectively referred to herein as the “Joint Petitioners”) filed a Verified Joint Petition with the Indiana Utility Regulatory Commission (“Commission”). The Verified Joint Petition requested approvals relating to the proposed acquisitions of certain water and wastewater utility assets by Citizens Water of Westfield and Citizens Wastewater of Westfield (sometimes referred to herein as the “Citizens Joint Petitioners”) from Westfield.

Indiana American petitioned to intervene in this proceeding, which intervention was opposed by the Indiana Office of Utility Consumer Counselor (“OUCC”). By docket entry dated January 10, 2013, Indiana American’s petition to intervene was denied. On February 20, 2013, JLB Development, Inc. (“JLB”) filed an unopposed petition to intervene, which was granted by docket entry dated February 22, 2013.

Pursuant to proper notice given, as provided by law, a public field hearing was held at 6:00 p.m. on April 9, 2013 at Westfield High School, Westfield, Indiana. Several members of the public appeared and offered comments.

Pursuant to proper notice given, as provided by law, an evidentiary hearing was held on June 24 and 25, 2013, in Room 222, 101 W. Washington Street, Indianapolis, Indiana. Joint Petitioners, the OUCC and JLB participated at the hearing.

Subsequent to the hearing, Joint Petitioners filed on September 4, 2013, a Motion to Suspend the Briefing Schedule and a Verified Petition to Reopen the Record and for Leave to Submit a Stipulation and Settlement Agreement and Evidence in Support of the Proposed Resolution of All Issues in this Proceeding. By docket entry dated September 24, 2013, the Presiding Officers granted the Petition to Reopen the Record and established a procedural schedule. Pursuant to proper notice given as required by law, an evidentiary hearing was held at 2:30 p.m. on October 31, 2013, in Room 222, 101 West Washington Street, Indianapolis, Indiana. Joint Petitioners and the OUCC participated at the hearing.

Based upon the applicable law and the evidence presented herein, the Commission now finds:

1. Commission Notice and Jurisdiction. Due, legal and timely notice of the hearings conducted by the Commission in this Cause was given as provided by law. Citizens Joint Petitioners are limited liability corporations formed for the purpose of owning and operating a public utility as defined in Ind. Code § 8-1-2-1. Pursuant to various provisions of Ind. Code ch. 8-1-2, including Ind. Code §§ 8-1-2-4, 6, 12, 19, 24, 38-42, 61, 76-81, 83 and 89, the Commission has authority over a public utility’s rates and charges, terms of service and financing. Thus, this Commission has jurisdiction over Citizens Joint Petitioners and the subject matter of this proceeding.

2. Joint Petitioners’ Characteristics. Westfield is a municipality located in Hamilton County, Indiana. Westfield owns and operates, by and through its Public Works Department: (a) a water system pursuant to the provisions of Ind. Code ch. 8-1.5-3 and related

statutes; and (b) a wastewater collection and treatment system, pursuant to the provisions of Ind. Code ch. 36-9-23 and related statutes. The City's water system consists of plant used and useful for the production, transportation, delivering and furnishing of water utility service to approximately 10,600 residential and commercial customers in and around Westfield. Westfield currently pumps from 11 wells, located within two aquifers, a combined production capacity of approximately 18,000,000 gallons per day. Westfield's wastewater system consists of plant and equipment used and useful for the provision of wastewater collection and treatment service to approximately 9,600 residential and commercial customers in and around Westfield. The wastewater system includes approximately 110 miles of sewer line, 23 lift stations, mains and associated wastewater treatment facilities.

The Common Council of the City of Westfield ("City Council") withdrew the City's water utility from Commission jurisdiction with respect to the approval of rates and charges in 1989. Accordingly, the City's existing rates and charges for water service are lawfully approved by the City Council pursuant to Ind. Code § 8-1.5-3-8. The City's current water user rates and charges were adopted by the Westfield City Council. These rates and charges provide for annual increases to the City's water user rates and charges effective January 1, 2013 through January 1, 2016.

Pursuant to Ind. Code § 8-1-2-1(g), the term "utility" does not include "a municipality that may acquire, own or operate facilities for the collection, treatment, purification and disposal in a sanitary manner, of liquid and solid waste, sewage, night soil and industrial waste." Accordingly, Westfield's rates and terms and conditions for the provision of wastewater service are not subject to approval of the Commission. The City's existing rates and charges for wastewater service were adopted by the City Council. These rates and charges provide for annual increases to the City's rates and charges for wastewater service effective January 1, 2013 through January 1, 2016.

Citizens Water of Westfield and Citizens Wastewater of Westfield, are separate, limited liability companies organized and existing under the laws of the State of Indiana. Citizens Water of Westfield and Citizens Wastewater of Westfield are wholly-owned subsidiaries of Citizens Energy Services Company, LLC ("CESCO"), which in turn is a wholly-owned subsidiary of Citizens By-Products Coal Company, d/b/a Citizens Resources. Citizens Resources is a wholly-owned subsidiary of the Board of Directors for Utilities of the Department of Utilities of the City of Indianapolis d/b/a Citizens Energy Group ("CEG").

3. Proposed Transactions. On April 17, 2012, the City issued a request for proposal ("RFP") seeking proposals from firms capable of providing the City with a creative solution to pay for the necessary upgrades to the City's basic utility infrastructure, while maintaining the City's competitive cost structure relative to its peer cities in central Indiana and reducing utility rates for the City's utility customers. On May 25, 2012, three parties responded to the City's RFP. Citizens Energy Group, on behalf of its affiliate, CESCO, submitted a proposal to acquire the City's water and wastewater utilities through subsidiaries to be created for the purposes of the potential transaction with Westfield. After reviewing the proposals and interviewing each of the parties, Westfield determined to engage in arms-length negotiations with CEG concerning its proposal to acquire the City's water and wastewater utilities.

In accordance with Ind. Code § 8-1.5-2-5(d), the City Council held a hearing on October 29, 2012, to receive public comments on the proposed sale of the water and wastewater system assets. No petition opposing the sale of the water and wastewater system assets was presented to the City Council within 30 days after notice of the hearing.

On November 5, 2012, the City Council adopted Ordinance 12-32 authorizing the sale and disposition of the City's water and wastewater utilities to Citizens Water of Westfield and Citizens Wastewater of Westfield. In accordance with Ordinance 12-32, Westfield, as seller, and Citizens Water of Westfield, as purchaser, entered into the Water Asset Purchase Agreement whereby the City will sell and transfer to Citizens Water of Westfield water utility assets currently owned and operated by Westfield subject to certain condition precedents, including Commission approval of the relief requested in this proceeding. In parallel, Westfield, as seller, and Citizens Wastewater of Westfield, as purchaser, entered into the Wastewater Asset Purchase Agreement whereby the City will sell and transfer to Citizens Wastewater of Westfield wastewater utility assets currently owned and operated by Westfield subject to certain condition precedents, including Commission approval of the relief requested in this proceeding. Both the Water Asset Purchase Agreement and the Wastewater Asset Purchase Agreement contain provisions describing the transferred and excluded assets and liabilities, the purchase price and other financial arrangements, representations, warranties, indemnification obligations, pre-closing conditions and post-closing agreements and covenants.

4. **Relief Requested.** The Verified Joint Petition requested an order from the Commission:

- (a) approving the Water Asset Purchase Agreement and the Wastewater Asset Purchase Agreement as reasonable and in the public interest;
- (b) approving accounting and rate base treatment of certain utility plant in a manner consistent with the Asset Purchase Agreements;
- (c) to the extent necessary, approving the issuance of debt and equity by Citizens Water of Westfield and Citizens Wastewater of Westfield;
- (d) approving Citizens Water of Westfield's (i) use of the rates and charges for services approved by the City Council in Ordinance 12-01 and the rules and regulations for the provision of water service as proposed by Citizens Water of Westfield and (ii) provision of water utility service to Westfield under the terms of the Water System Agreement;
- (e) approving Citizens Wastewater of Westfield's (i) use of the rates and charges for services approved by the City Council in Ordinance 12-02 and the rules and regulations for the provision of wastewater service as proposed by Citizens Wastewater of Westfield and (ii) provision of wastewater utility service to Westfield under the terms of the Wastewater Asset Purchase Agreement;

(f) to the extent necessary approving operating and affiliate agreements entered into by Citizens Water of Westfield and Citizens Wastewater of Westfield;

(g) approving the depreciation rates proposed for use by Citizens Water of Westfield and Citizens Wastewater of Westfield;

(h) approving a Certificate of Territorial Authority (“CTA”) for the provision of wastewater service by Citizens Wastewater of Westfield to any customers located in rural areas;

(i) consenting to Hamilton County’s granting Citizens Water of Westfield and Citizens Wastewater of Westfield licenses, permits or franchises for the use of county-owned property; and

(j) granting all other relief necessary or appropriate.

5. Evidence presented at the June 2013 Hearing.

A. Joint Petitioners’ Case-in-Chief. Joint Petitioners provided testimony in support of its requested relief, which included the strategic rationale for the proposed transactions; the Citizens Joint Petitioners’ financial, technical and managerial ability to own and operate the water and wastewater utilities serving Westfield; the regional water supply planning benefits Joint Petitioners expect to be achieved as a result of the acquisitions; Citizens Joint Petitioners’ financing plans for the proposed acquisitions as well as future capital improvements; an overview of the utility assets to be acquired and an explanation of certain findings the Joint Petitioners are requesting related to the value of certain acquired assets; and support for the rates and charges, terms and conditions for service and depreciation rates the Citizens Joint Petitioners request the Commission approve.

Mr. Todd Burtron, Chief of Staff for Mayor Andrew Cook of the City, explained the funding challenges facing the City and its decision to sell the water and wastewater utilities. He explained the RFP process undertaken, which resulted in the execution of the Asset Purchase Agreements with Citizens Joint Petitioners. He testified that the transfer of the utilities will meet the City’s goals for high level customer service, ensure development of utility infrastructure, access to water to match the growth of the community, and low predictable rates.

Ms. Diana Hamilton, President of Sycamore Advisors, LLC, provided an estimate of the Contributions in Aid of Construction (“CIAC”) for the water and wastewater systems and prepared a report to be used by the appraisers. Ms. Hamilton estimated the net CIAC was \$16,057,912 for the water utility and \$19,124,913 for the wastewater utility. Mr. Michael G. Lane, Executive Consultant and Accredited Senior Appraiser with NewGen Strategies and Solutions, LLC, sponsored the appraisal that was performed by Westfield, which concluded that the total fair market value for the water and wastewater system is estimated to be \$74,424,000.

Michael D. Strohl, Senior Vice President, Customer Relationships and Corporate Affairs for CEG, provided an overview of the relief being sought. He explained that the transaction as

structured provides an opportunity for CEG to satisfy Westfield's stated goals and further a number of Citizens Energy Group's strategic objectives, including creating an integrated gas, water and wastewater utility in Westfield that produces system efficiencies; furthering a regional, integrated approach to long-term water resource planning; delivering excellent customer service; and allowing CEG an opportunity to earn a reasonable return on its investment.

Mr. Lindsay Lindgren, CEG's Vice President, Water Operations, explained the technical and managerial capabilities of CEG to operate Westfield's water and wastewater utilities. He sponsored the proposed Management and Operating Agreement of CEG and the Citizens Joint Petitioners, explained the proposed assignment of the raw water supply contract from Westfield to Citizens Water of Westfield for purposes of regional water resource planning, and testified concerning the need for a certificate of territorial authority to provide wastewater service within any rural area that Westfield currently serves and the use of county rights-of-way.

Mr. Aaron D. Johnson, Vice President Corporate Development for CEG, described the relationship of CEG to Citizens Joint Petitioners. He also sponsored the Water and Wastewater Asset Purchase Agreements and provided an overview of the assets being acquired from the City, as well as the excluded assets. He noted that the acquired assets include the water treatment plants, water distribution assets, wells and water withdrawal rights of the water system, and the wastewater treatment plant and collection system. He also addressed the subsequent amendments to the Asset Purchase Agreements concerning the conveyance of certain property adjacent to the City's well fields and a capital lease agreement related to the City's Public Works Building.

Donald S. Lukes, Director of Treasury for CEG, explained the financial expertise of the Citizens Joint Petitioners to manage the water and wastewater systems. He sponsored pro forma balance sheet and operating income statement projects to demonstrate Citizens Joint Petitioners have the financial ability to own and operate the utilities. He also addressed Citizens Joint Petitioners' request for approval to issue debt to fund a portion of the utilities' projected capital expenditures, including the amounts and general terms of borrowing.

Daniel F. Haddock, Operations Manager of Layne Hydro, a division of Layne Christenson, described the condition of Central Indiana's general water supply and explained why the acquisition will benefit the Westfield community. He stated the surface water supplies are about equal to demand during peak use, but additional supplies and resources are limited. He noted that because there are many users with different needs and capabilities, there is no water management plan for Central Indiana or a regional plan for groundwater development. Mr. Haddock testified that at least three other water utilities rely on the same aquifer as the City, but there is no coordination among the utilities for peak demands. Because utility ownership more effectively ensures regional planning, Citizens Water of Westfield, as part of CEG, will be in a better position to coordinate the aquifer's use and to benefit from regional efforts to add water supply as the demand for water in Central Indiana continues to grow.

LaTona S. Prentice, CEG's Vice President, Regulatory Affairs, testified concerning the Citizens Joint Petitioners' proposed terms and conditions of utility service, as well as the proposed rate schedules for the water and wastewater utilities. She noted that the proposed terms

and conditions for Citizens Water of Westfield were modeled after those approved for Citizens Water, and the proposed terms and conditions for Citizens Wastewater of Westfield were modeled after the CWA Authority's approved terms and conditions. With regard to the Citizens Joint Petitioners proposed rates, she stated they are the same as those adopted by the City, which includes annual rate increases each year through 2016.

B. OUCC's Case-in-Chief. The OUCC provided testimony indicating that it did not oppose the proposed acquisitions, but raised several issues and recommended a number of conditions and safeguards to ensure ratepayers' interests are protected in the consummation of the transactions. Specifically, the OUCC took issue with Citizens Joint Petitioners' financing plan; the net original cost of certain water and wastewater utility assets owned by the City of Westfield, which includes the calculation of CIAC; the Citizens Joint Petitioners' proposed rates and charges and terms and conditions for service; Citizens Wastewater of Westfield's request for a certificate of territorial authority; certain agreements related to the acquisitions that the Citizens Joint Petitioners' request the Commission approve; and the Citizens Joint Petitioners' capital improvement plans.

Edward R. Kaufman, the OUCC's Chief Technical Advisor with the Water-Wastewater Division, testified that Citizens Joint Petitioners should have the financial capacity to own and operate the utilities, but that the evidence demonstrates CEG is paying an approximate \$16.5 million premium for the City's assets, which should not be included in any future determination of fair value rate base. He also testified that the terms of the proposed debt issuances by Citizens Joint Petitioners were not sufficiently defined and that any approved financing authority should not continue indefinitely. Mr. Kaufman also raised concerns with Joint Petitioners' evidence concerning the resulting cost savings from the acquisition, the proposed capital structure of the utilities, the lack of a dividend policy, and the Joint Petitioners' agreement concerning cell tower rental and free services.

Margaret A. Stull, Senior Utility Analyst in the Water-Wastewater Division of the OUCC, addressed Joint Petitioners' calculation of original cost rate base by citing several errors and omissions, including the valuation of the South Assets, the addition of assets being retained by the City, the overstated amortization of CIAC and the exclusion of 2011 contributions of plant. She also expressed concern with the necessity for Citizens Joint Petitioners' proposed annual rate increases and the possibility of rate shock for certain wastewater customers. Ms. Stull testified that because the Citizens Joint Petitioners' proposed terms and conditions of service are based on a municipal utility model, they may be inappropriate for an investor-owned utility and should be addressed in a separate proceeding. She also addressed issues the OUCC had regarding cell tower rental, costs related to the Citizens Public Charitable Trust, the proposed depreciation rates and working capital.

Larry W. McIntosh, Utility Analyst in the Water-Wastewater Division of the OUCC, recommended a CTA be issued to Citizens Wastewater of Westfield, except for the area previously certificated to JLB, and that Citizens Joint Petitioners be granted approval to use county property pursuant to Ind. Code § 36-2-2-23. He noted that the utility assets were in good condition, but noted that the communication antennas on several of the water tanks may increase maintenance costs and that the revenue from the antennas should go to Citizens Water of

Westfield, rather than the City. Mr. McIntosh also recommended that Citizens Water and Citizens Water of Westfield enter into a new Raw Water Agreement; certain revisions be made to the Citizens Joint Petitioners proposed terms and conditions of service relating to the water conversion factor, combined billing, customer hook-up and lawn irrigation; separate management and operating agreements be entered into between the Citizens Joint Petitioners and CEG; and disapproval of certain capital expenditures.

C. Joint Petitioners' Rebuttal. Joint Petitioners offered testimony and exhibits in response to the concerns raised by the OUCC. Mr. Burton expressed his belief that the transaction would not close if the OUCC's position concerning CIAC and net original cost rate base was accepted and explained why he believed this would have negative consequences to the City and its ratepayers. With regard to the scheduled annual rate increases, he noted the increases were modest and provided reasonable assurance that rates will not be raised further for the next several years absent an emergency. He also indicated the City agreed to adopt an ordinance to address Ms. Stull's concerns with rate shock for certain wastewater customers.

Ms. Hamilton responded to Ms. Stull's recommendations concerning the original cost rate base of the utilities. She testified that Joint Petitioners' treatment of net interest expense is consistent with the National Association of Regulatory Utility Commissioners' definition, which requires that availability and tap fees be included in CIAC if used for construction of utility assets. In addition, while she agreed that repayment of principal adds value to utility assets, she disagreed that the payment of related interest adds value to the assets. Hence, she believed it appropriate to remove interest expense from inclusion as CIAC. Ms. Hamilton also disagreed that Joint Petitioners had overstated the accumulated amortization of CIAC for the North Assets.

James W. Treat, Partner with O.W. Krohn & Associates, and Jack E. Stowe, President of J. Stowe & Company, explained why availability and tap fees are not the same as system development charges for purposes of calculating CIAC. They also addressed the appropriateness of Joint Petitioners' depreciation and amortization rates used in the CIAC analysis. Mr. Treat also provided the history of how the City recorded the acquisition of Hamilton Western Utilities.

Mr. Strohl emphasized that the Citizens Joint Petitioners were not seeking a finding that the purchase price of the utilities constitutes their fair value for ratemaking purposes or a determination on each utility's rate of return. He also addressed the OUCC's recommendations concerning CIAC and expressed concern that such recommendations may have on future similar transactions.

Mr. Johnson, in addition to explaining why he disagreed with the OUCC's recommendations concerning CIAC, testified that the Asset Purchase Agreements provide the parties intent for the Citizens Joint Petitioners to be subject to Commission jurisdiction, including jurisdiction over any future sale of utility plant. He also expressed agreement with Ms. Stull's recommendations concerning the acquisition adjustments related to the Hamilton Western Utilities.

Mr. Lindgren explained that although the savings from the proposed transaction were not explicitly calculated, the acquisition has broader value and benefits, which include regional

supply planning, integrated capital planning and operation, and enhanced customer service. He also testified that there was no overlap in service territory between Citizens Wastewater of Westfield and JLB. Mr. Lindgren also addressed the OUCC's concern with possible increased maintenance costs due to the cell tower equipment, the raw water purchase agreement, and proposed capital projects. He also agreed with the OUCC's recommendations concerning separate management and operating agreements that include a list and definition of services and that Citizens Joint Petitioners would hire the City's certified operators.

Mr. Haddock testified that the City's supply wells provide an operational benefit to Westfield and explained why Mr. McIntosh's recommendation that Citizens Water of Westfield sell its supply wells to Citizens Water is not reasonable.

Mr. Lukes provided additional information concerning the Citizens Joint Petitioners' proposed debt issuances and explained why he believes the utilities' initial capital structure is appropriate.

Finally, Ms. Prentice testified that many of the issues raised by Ms. Stull are future rate case issues and not ripe for consideration in this Cause. Specifically, she noted that the cell tower rental income belongs to the City pursuant to the Asset Purchase Agreement, the Citizens Joint Petitioners' operating costs do not include the operating expenses and charitable or other contributions made by CEG, and the proposed depreciation rates are consistent with Commission guidance. She also responded to the OUCC's recommendations concerning Citizens Joint Petitioners' terms and conditions of service, including combined billing, the appropriate water billing conversion factor, lawn irrigation charges, and sanitary sewer connections.

6. The Stipulation and Settlement Agreement. As noted above, on October 15, 2013, Joint Petitioners and the OUCC (the "Settling Parties") presented a Stipulation and Settlement Agreement ("Settlement Agreement") resolving all issues raised in this Cause. The Settlement Agreement, a copy of which is attached, was filed as Joint Petitioners' Exhibit MDS-SA-1. Paragraph A sets forth the agreements regarding the net original cost of certain utility plant and a fair value increment for each utility. Paragraph B discusses the recommended rates and charges, when Citizens Joint Petitioners may implement new rates and the assignment of cell tower revenues. Paragraph C contains the Settling Parties' agreements as to the public interests of the transaction, financing authority, the Certificate of Territorial Authority and the Commission's consent to Hamilton County authorization. Paragraph D concerns the filing and approval of affiliate agreements. Paragraph E sets forth the water and wastewater depreciation rates that are recommended for approval. Finally, Paragraph F contains miscellaneous provisions, including the general terms and conditions of service for the Citizens Joint Petitioners.

7. Evidence Presented at the October 2013 Hearing.

A. Joint Petitioners' Evidence. Mr. Burtron explained the settlement process employed by the parties and discussed several of the Settlement Agreement's provisions. He stated that the Settling Parties agreed the Citizens Joint Petitioners would implement the rate schedules adopted by the City and in effect at the time of closing the transaction. He noted there

were five separate ordinances that lead to the agreed-upon rates: Ordinances 12-01, 12-02, 13-20, 13-27 and 13-28. Mr. Burtron also sponsored Exhibit TB-S6 wherein he collected the pertinent provisions from each ordinance to develop an exhibit which listed all of the rates and charges for which the Settling Parties are seeking approval.

Mr. Burtron testified that pursuant to Paragraph B.4 of the Settlement Agreement, Westfield will assign its cell tower contracts to Citizens Water of Westfield on the date of closing. He stated this concession was made in order to reach a comprehensive settlement. Mr. Burtron also testified that Westfield will refund certain water meter deposits as recommended by Ms. Stull and agreed to by Mr. Treat in his rebuttal testimony.

Mr. Burtron expressed his belief that Commission approval of the Settlement Agreement would be in the public interest. He stated the purchase price as contemplated in the Water and Wastewater Asset Purchase Agreements is preserved by the Agreement, which will enable Westfield to retire immediately \$42.3 million of utility related debt and make significant infrastructure improvements. In addition, the structured rates that will be effective until at least December 31, 2016 are the same as those adopted by the City Council and can only be changed with Commission approval. He also noted the strong commitment of Citizens Water of Westfield and other affiliated water companies to engage in regional water supply planning.

Mr. Strohl explained that the five primary components of the Settlement Agreement include: (1) net original cost of utility plant as of December 31, 2011, (2) recognition of a fair value increment on utility plant, (3) cell tower revenues, (4) adoption of existing rates and charges approved by the City Council and (5) public interest of the transactions.

As to the net original cost component, Mr. Strohl stated the Settling Parties agreed that the net original cost of certain utility plant as of December 31, 2011, should be deemed to be \$12,470,000 for the water system and \$30,530,000 for the wastewater system. He noted that the actual utility plant conveyed to the Citizens Joint Petitioners will change as a result of additions and retirements after December 31, 2011 and, as a result, within 60 days of closing, Citizens Water of Westfield and Citizens Wastewater of Westfield will each file a report with the Commission listing the utility plant conveyed as part of the transactions. Additionally, within one year of closing, the Citizens Joint Petitioners will each provide an opening balance sheet to the Commission and the OUCC.

Mr. Strohl testified that in addition to the net original cost findings, the Settling Parties agreed that the Citizens Joint Petitioners will be allowed in future rate cases to earn a return on, but not of, a fair value increment of \$6,960,000 for Citizens Water of Westfield and \$17,040,000 for Citizens Wastewater of Westfield. He noted that the Settlement Agreement does not establish a methodology for determining the rate of return that will be applied to the fair value increments, but does establish amounts of the fair value increments and that the fair value increments will be amortized over 40 years from the date of closing.

Mr. Strohl said that Westfield currently receives revenue from cell tower rental contracts through third party cell towers installed on utility facilities. As part of the Settlement Agreement, Westfield agreed to assign these contracts to Citizens Water of Westfield and

Citizens has agreed that all revenues received under these contracts will be used to offset revenue requirements in future rate cases.

With respect to utility rates, Mr. Strohl stated that the Settling Parties agreed that the Citizens Joint Petitioners will adopt rates and charges that are based on the rates and charges in effect at closing for both utilities, including increases established in ordinances through 2016. In addition, the Citizens Joint Petitioners agree that they will not seek other rate increases prior to 2017 except in the case of an emergency as set forth in Ind. Code § 8-1-2-113, including rate increases necessary to avoid failure to make bond payments.

Lastly, Mr. Strohl explained why he believes the Settlement Agreement is in the public interest. He stated that the Settlement Agreement strikes a fair balance for all parties and provides an appropriate framework to close the transactions. He stated the evidence indicates the many benefits and efficiencies that Joint Petitioners believe will result from the transaction, including regional water supply planning, water supply diversity for Westfield, system efficiencies, capital planning synergies, and excellent customer service.

Ms. Prentice also submitted testimony in support of the Settling Parties' agreement concerning Citizens Joint Petitioners' rates and charges, terms of service and the ratemaking treatment of the fair value increment. She said that the Citizens Joint Petitioners will implement the rates and charges enacted by the City Council, which are consistent with the Asset Purchase Agreements. In addition, the Citizens Joint Petitioners may not implement new rates prior to January 1, 2017, except in a case of an emergency as set forth in Ind. Code § 8-1-2-113. Ms. Prentice noted that Citizens Water of Westfield has agreed not to file for a Distribution System Improvement Charge prior to January 1, 2018 and that at closing Westfield will assign its cell tower rental contracts to Citizens Water of Westfield. In subsequent general rate case proceedings, Citizens Water of Westfield will recognize the cell tower rental revenues and use these revenues to offset its revenue requirement.

Ms. Prentice testified that the Settlement Agreement addresses certain agreed-upon changes to Citizens Joint Petitioners proposed terms and conditions of service. She said that Citizens Water of Westfield will remove the reference to the Lawn Irrigation Permit fee from its tariff and terms and conditions, and Citizens Wastewater of Westfield will remove from its terms and conditions language that indicates it may compel homeowners to connect to its sewer system. Ms. Prentice sponsored Exhibits LSP-S1 and LSP-S2 setting forth the revised terms and conditions of service.

Ms. Prentice then discussed the fair value increment that is called for in the Settlement Agreement. She stated the agreed-upon fair value increment will provide Citizens Joint Petitioners an opportunity to realize a return on at least a portion of its investment in the water and wastewater utilities. She said that an acquisition adjustment will be recorded for each system in an amount that far exceeds the fair value increment on which the OUCC and Joint Petitioners have agreed each utility should be permitted to earn a return. In other words, the Settlement Agreement does not authorize, and Citizens Joint Petitioners are not requesting, authority to earn a return on or of the acquisition adjustments that will be recorded in connection with the acquisitions. Finally, Ms. Prentice stated the return on the fair value increment will

calculated by multiplying the fair value increment, net of accumulated amortization, by a rate of return that will be established in each rate case. She said that the Settlement Agreement provides that the Settling Parties are not requesting a Commission finding in this Cause regarding the methodology for determining the rate of return that will be applied to the fair value increment to calculate the return. Ms. Prentice concluded with her opinion that the Settlement Agreement represents a reasonable resolution of the issues raised by the Parties in this proceeding.

B. Docket Entry Response. In response to an October 25, 2013 Docket Entry requesting the OUCC explain why the Settlement Agreement is a reasonable resolution to the issues raised and should be approved, the Settling Parties explained that the OUCC did not oppose the Citizens Joint Petitioners' proposed acquisitions, but wanted to ensure that the transaction's transparency and framework protected the City's ratepayers by providing for continued safe, adequate and reliable service at a reasonable price. The Settling Parties believe that the terms of their agreement, including the utility plant and fair value increment stipulations, utility rates and charges and terms of service, cell tower contract revenue and debt issuance requirements achieve the desired transparency and transactional framework goals.

8. Commission Discussion and Findings. Settlements presented to the Commission are not ordinary contracts between private parties. *United States Gypsum, Inc. v. Ind. Gas Co.*, 735 N.E.2d 790, 803 (Ind. 2000). When the Commission approves a settlement, that settlement "loses its status as a strictly private contract and takes on a public interest gloss." *Id.* (quoting *Citizens Action Coalition of Ind., Inc. v. PSI Energy, Inc.*, 664 N.E.2d 401, 406 (Ind. Ct. App. 1996)). Thus, the Commission "may not accept a settlement merely because the private parties are satisfied; rather [the Commission] must consider whether the public interest will be served by accepting the settlement." *Citizens Action Coalition*, 664 N.E.2d at 406.

Further, any Commission decision, ruling, or order – including the approval of a settlement – must be supported by specific findings of fact and sufficient evidence. *United States Gypsum*, 735 N.E.2d at 795 (citing *Citizens Action Coalition of Ind., Inc. v. Public Service Co. of Ind., Inc.*, 582 N.E.2d 330, 331 (Ind. 1991)). The Commission's own procedural rules require that settlements be supported by probative evidence. 170 IAC 1-1.1-17(d). Therefore, before the Commission can approve the Settlement Agreement, we must determine whether the evidence in this Cause sufficiently supports the conclusions that the Settlement Agreement is reasonable, just, and consistent with the purpose of Indiana Code ch. 8-1-2, and that such agreement serves the public interest.

In this case, the Commission has before it a large body of evidence – principally due to the fact that the Settling Parties did not reach a settlement until after the contested evidentiary hearing held in June 2013. Although the Commission has generally encouraged parties' efforts to settle their disputes, the parties must present sufficient evidence to support any agreement reached if the Commission is to approve the settlement. We have previously expressed our concern with the support offered, or the lack thereof, for settlement agreements. *See Ind. Michigan Power Co.*, Cause Nos. 43992 S1 and 43992 ECCR 1 (IURC May 23, 2012). Just as a settlement agreement cannot speak for itself, the fact that the agreement reached falls within the range of possibilities advocated does not constitute evidence that the agreement is reasonable or in the public interest. It is incumbent upon the settling parties to provide the Commission with

sufficient evidence, through testimony and exhibits, upon which it may approve the settlement. Accordingly, we encourage the parties to enhance their efforts in this regard in the future.

A. The Financial, Managerial and Technical Ability of the Citizens Joint Petitioners. Paragraph C.1 of the Settlement Agreement recommends that the Commission find that the Citizens Joint Petitioners have the technical, managerial, operational and financial capabilities to own and operate successfully the Westfield water and wastewater utilities. Mr. Lindgren provided testimony explaining the technical and managerial capability of Citizens Water of Westfield and Citizens Wastewater of Westfield to operate and manage the Westfield water and wastewater utilities. He also sponsored an Operating and Management Agreement pursuant to which CEG will provide operational services to the Citizens Joint Petitioners, including the use of CEG employees to operate the systems. Mr. Lindgren also testified that the experience of Westfield water and wastewater utility employees will be retained under the new ownership structure and is further evidence of the technical and managerial ability CEG possesses to operate and manage the acquired utilities.

Mr. Lukes provided detailed testimony supporting the Citizens Joint Petitioners' financial ability to own and operate the City's water and wastewater utilities. Specifically, Mr. Lukes presented pro forma balance sheet and operating income statement projections that show the utilities under the new ownership structure will have the capital, revenues and financing capacity needed to meet ongoing expenses and debt service.

In addition to the OUCC's recommendations concerning the Citizens Joint Petitioners' financing and separate operating and management agreements, which are discussed further below, the OUCC's witness Mr. McIntosh noted that the current certified operators of the Westfield assets have considerable knowledge regarding the water and wastewater systems and recommended the Citizens Joint Petitioners consider retaining those operators as well as other "key employees." OUCC's Exhibit 3 at 18. In his rebuttal testimony, Mr. Lindgren stated that the Citizens Joint Petitioners agreed with Mr. McIntosh and noted that the Asset Purchase Agreements identify employees of the Westfield utilities that will be retained, which include the certified operators. Joint Petitioners' Exhibit LCL-R at 8 - 9.

Based on the evidence presented as discussed herein and further below, we find that Citizens Water of Westfield and Citizens Wastewater of Westfield have the technical, managerial, operational and financial capabilities to own and successfully operate the City's water and wastewater utilities.

B. Accounting and Rate Base Treatment of Certain Acquired Assets. Paragraph A of the Settlement Agreement resolves issues raised in this proceeding regarding Joint Petitioners' requested net original cost findings. In Paragraph A.1, the Settling Parties agree that the net original cost of Utility Plant that existed as of December 31, 2011, as set forth on Part (a) of Schedule 12.10(b) of each asset purchase agreement, shall be deemed to be \$12,470,000 for the water utility and \$30,530,000 for the wastewater utility.

The net original cost levels reflected in Paragraph A.1 are sufficiently supported by the evidence presented in this proceeding by the Settling Parties in their respective cases-in-chief

and testimony filed in support of the Settlement Agreement. The case-in-chief evidence presented by the Joint Petitioners' indicated that the net original cost of utility plant was \$15.9 million and \$49.2 million for the water and wastewater utilities, respectively. However, Ms. Stull testified that as of December 31, 2011, the net original cost of utility plant was \$9.8 million for the water utility and \$25.1 million for the wastewater utility. The Settling Parties explained that sufficient evidence exists to support the parties' positions, but the agreed-upon net original cost values were negotiated for the purpose of reaching a settlement on all issues in controversy and are supported by the entirety of the evidence presented in this proceeding. Accordingly, we find the stipulations set forth in Paragraph A.1 regarding the net original cost of the utility plant in existence as of December 31, 2011, represent a reasonable compromise by the Settling Parties that is sufficiently supported by the evidence of record and therefore should be approved.

Pursuant to Paragraph A.2, within 60 days of the Closing Date, Citizens Water of Westfield and Citizens Wastewater of Westfield shall each file in this Cause a report listing the Utility Plant conveyed to Citizens Water of Westfield and Citizens Wastewater of Westfield respectively pursuant to the applicable Asset Purchase Agreement. The report shall identify the Utility Plant conveyed that existed as of December 31, 2011 and included in the Utility Plant for purposes of Part (a) of Schedule 12.10(b) of the applicable Asset Purchase Agreement. This paragraph also provides that the Citizens Joint Petitioners shall have until one year from the closing date to prepare and submit their respective opening balance sheets to the OUCC. The Commission finds that these opening balance sheets should also be filed with the Commission under this Cause.

The evidence presented by several witnesses testifying on behalf of both the Citizens Joint Petitioners and the OUCC show that as a result of ongoing utility plant additions and retirements and for other reasons, the specific utility plant actually conveyed from Westfield to the Citizens Joint Petitioners will not be known with certainty until the acquisitions are closed. Paragraph A.2 will permit the Commission and the OUCC to be informed as to all items conveyed at closing. We find that this required information is justified by the record, as well as the need for regulatory oversight of such a large acquisition by jurisdictional utilities, is reasonable for all parties and in the public interest.

In Paragraph A.3, the Settling Parties agreed that Citizens Water of Westfield and Citizens Wastewater of Westfield shall be allowed to earn a return on, but not of, fair value increments of \$6,960,000 and \$17,040,000, respectively. The methodology used to establish the rate of return that will be applied to the fair value increment will be determined in each utility's first rate case. Pursuant to Paragraph A.4, the Citizens Joint Petitioners will amortize the fair value increments over forty years and the return on fair value increment authorized in each rate case will be based on the then unamortized portion of the utility's fair value increment.

Under Paragraph A.5, if the Citizens Joint Petitioners seek a fair value in excess of that stipulated in Paragraph A.3 for the December 31, 2011 property, the OUCC is not prohibited from presenting evidence as to any fair value. Paragraph A.5 further provides that the sum of the fair value increments in Paragraph A.3 and the net original costs levels contained in Paragraph A.1 shall not be greater than \$21,581,000 or less than \$19,430,000 for the water utility assets and not greater than \$52,838,200 or less than \$47,570,000 for the wastewater utility assets. The total

plant values in Paragraph A.5 are supported by the testimony and exhibits submitted by the OUCC's and Joint Petitioners' witnesses. Thus, we find that the provisions of Paragraph A.5 are reasonable and should be approved.

C. Rates and Terms and Conditions for Citizens Water of Westfield and Citizens Wastewater of Westfield. Joint Petitioners presented evidence that the City Council passed ordinances approving water and wastewater rates with annual rate increases through 2016. Those increases are 5%, 3%, and 2% respectively from 2014 to 2016 for water and 4.0%, 3.0%, and 2.0% for wastewater. Mr. Burtron's testimony in support of the Settlement Agreement described, in detail, the pertinent provisions of five separate ordinances that constitute the rates for which the Settling Parties seek Commission approval. The pertinent provisions are reflected in Joint Petitioners' Exhibit TB-S6. The Citizens Joint Petitioners agreed to abide by these rate schedules as part of the Water and Wastewater Asset Purchase Agreements. And, Paragraph B.1 of the Settlement Agreement recommends continuation of these lawfully enacted rates.

In Paragraph B.2 of the Settlement Agreement, Citizens Water of Westfield agrees not to file a request seeking approval of a Distribution System Improvement Charge prior to January 1, 2018. In Paragraph B.3, the Citizens Joint Petitioners agree not to implement new rates prior to January 1, 2017 except in the case of an emergency as defined in Ind. Code § 8-1-2-113, which the Settling Parties agree may include the inability to meet necessary debt payments. Pursuant to Paragraph B.4, Westfield will assign its cell tower contracts to Citizens Water of Westfield. And, in subsequent general rate proceedings, Citizens Water of Westfield will recognize the cell tower revenue it receives from those contracts as an offset to its revenue requirement.

We understand that the Settling Parties consider the guaranteed rate schedule and the rate stability provided by Paragraphs B.2 and B.3 to be part of the bargain and, with the safeguards agreed to by the Citizens Joint Petitioners, will provide a significant benefit to the utilities' customers. Joint Petitioners provided additional supporting evidence with the 2012 study prepared by O.W. Krohn & Associates that is the predicate for the rates enacted by the City Council. See Joint Petitioners' Late Filed Exhibit 3. The Settlement Agreement's treatment of cell tower revenues will also provide additional benefits to future ratepayers. Based on the evidence presented, we see no reason to disturb the existing schedule of rates, which provide certainty along with limited increases for customers, especially when those rates are accompanied by a three year moratorium on general rate increases and the implementation of a Distribution System Improvement Charge. Accordingly, we approve Citizens Joint Petitioners' use of the rates set forth in Supplemental Exhibit TB-S6 and the provisions contained in Paragraphs B.3 and B.4 of the Settlement Agreement.

With respect to the terms and conditions for service of Citizens Water of Westfield and Citizens Wastewater of Westfield, Paragraph F.1 recommends that the Commission approve the general terms and conditions subject to (1) eliminating from the wastewater general terms and conditions any language that indicates that Citizens Wastewater of Westfield may compel homeowners to connect to the wastewater system, and (2) elimination of any reference to the Lawn Irrigation Permit Fee from Citizens Water of Westfield's general terms and conditions.

Witnesses Prentice, Stull and McIntosh provided extensive testimony on the Citizens Joint Petitioners' general terms and conditions. Both Ms. Stull and Mr. McIntosh recommended the changes agreed upon in Paragraph F.1 of the Settlement Agreement. Mr. Burtron sponsored Joint Petitioners' Exhibit TB-S7, which contains Ordinance 13-28 as enacted on October 15, 2013 by the City and authorizes the elimination of the Lawn Irrigation Permit fee. Ms. Prentice sponsored the proposed wastewater terms and conditions that eliminates the provision allowing the utility to compel homeowners to connect to the wastewater system. Joint Petitioners' Exhibit LSP-S2. We note that the Settling Parties, in Paragraph F.3, also agreed with Ms. Stull's recommendation that the City refund all customer deposits held by it as of the closing date or turn the deposits over to the Citizens Joint Petitioners to be held as customer deposits. Therefore, based on the record evidence, we approve the terms and conditions of the Citizens Joint Petitioners, subject to the changes called for in Paragraph F.

D. Authorization to Issue Debt and Equity. Paragraph C.2 of the Settlement Agreement recommends that the Commission authorize, as in the public interest, the issuance of equity and debt (debt to be issued in the amount of \$7.5 million for the water utility and \$15.25 for the wastewater utility at an interest rate not to exceed 5.5 percent) as proposed by the Citizens Joint Petitioners to fund the acquisitions. Citizens Water of Westfield also seeks authority to issue total debt in the amount of \$4.5 million to finance, in part, projected capital expenditures that will be made post-closing. Likewise, Citizens Wastewater of Westfield seeks authority to issue total debt in the amount of \$1.55 million to fund, in part, projected capital expenditures that will be made post-closing. Both entities seek authorization to issue this debt in one or more debt issuances at any time within two years of closing. In Paragraph F.2 of the Settlement Agreement, the OUCC agrees the Citizens Joint Petitioners' capital plans provide sufficient support for the requested authority for financing post-closing capital expenditures.

Although the OUCC initially expressed concern with the lack of information provided by Joint Petitioners concerning the proposed debt issuances, the Citizens Joint Petitioners provided in its rebuttal testimony additional information concerning the expected rates of interest, maturities, structure, and class of potential lenders. Citizens Joint Petitioners also provided additional information concerning its proposed capital projects to be completed. Based on the evidence presented, the Commission finds that the debt and equity issuances described by Mr. Lukes in his case-in-chief and rebuttal testimonies are reasonable and should be authorized. The debt issuances shall be authorized for an interest rate not to exceed 5.50%. The authorizations for debt issuances for future capital improvements shall terminate two years after closing. The financing authorized herein is contingent upon the Citizens Joint Petitioners filing a written report in this Cause within thirty days of any debt issuance made pursuant to this authority that provides the amount of debt issued, the interest rate and terms and conditions of the issuance and other information the Citizens Joint Petitioners believe should be included.

E. Approval of Operating and Management Agreement and Raw Water Purchase Agreement. Paragraph D. of the Settlement Agreement recommends that the Commission approve (1) a Management and Operating Agreement by and between CEG, Citizens Water of Westfield, and Citizens Wastewater of Westfield, and (2) the assignment from Westfield to Citizens Water of Westfield of a Raw Water Purchase Agreement with Citizens Water. Paragraph D also provides that the separate agreements will include services similar to

the list contained in the operating agreement between Citizens Gas of Westfield and CEG. These agreements, and any updates to them, must be filed with the Commission and the OUCC.

1. Operating and Management Agreement. Rather than having a single Management and Operating Agreement, the OUCC requested that Citizens Water of Westfield and Citizens Wastewater of Westfield each have their own operating and management agreement with CEG that contains a detailed list and definition of services, and that updates to those agreements be filed with the Commission and provided to the OUCC. In rebuttal testimony, Joint Petitioners' witness Mr. Lindgren agreed that the utilities would follow this approach. We approve this approach and direct Citizens Water of Westfield and Citizens Wastewater of Westfield to file updated management and operating agreements with a list and definition of services upon closing of the proposed acquisition.

2. Raw Water Purchase Agreement. Westfield currently has a Raw Water Purchase Agreement with Citizens Water, whereby it provides 5 million gallons per day raw water to Citizens Water. Paragraph D of the Settlement Agreement recommends Commission approval of Joint Petitioners' request that this Agreement be assigned from Westfield to Citizens Water of Westfield. While Mr. McIntosh initially raised concerns with Joint Petitioners' proposal, Mr. Lindgren provided additional testimony on rebuttal addressing the OUCC's concerns and supporting the assignment of the Raw Water Purchase Agreement. We also note that Joint Petitioners clarified in their response to the October 25, 2013 Docket Entry that Westfield will not retain ownership of the raw water wells, but will instead convey those wells to Citizens Water of Westfield pursuant to the Asset Purchase Agreement. Therefore, we find that the assignment of the Raw Water Purchase Agreement from Westfield to Citizens Water of Westfield should be approved.

F. Approval of Depreciation Rates. Paragraph E of the Settlement Agreement recommends approval of Citizens Water of Westfield's requested authorization to utilize a 2.0% depreciation rate and Citizens Wastewater of Westfield's requested authorization to use a 2.5% depreciation rate. Ms. Prentice provided testimony supporting these proposed depreciation rates and Ms. Stull noted that these requested rates are consistent with the Commission's guidance for depreciation rates for a water and wastewater utility that owns a treatment plant.

Based on the evidence of record, the Commission finds for purposes of this proceeding that Citizens Water of Westfield is authorized to use a 2.0% depreciation rate for water utility plant in service until such time as the Commission may order or authorize the use of a different depreciation rate for ratemaking purposes. Likewise, Citizens Wastewater of Westfield is authorized to use a 2.5% depreciation rate for wastewater utility plant in service until such time as the Commission may order or authorize the use of a different depreciation rate for ratemaking purposes. Both of these rates are consistent with the Commission depreciation guidelines and rates previously approved by the Commission.

G. Public Interest of the Transaction. In Paragraph A.3 of the Settlement Agreement, the Settling Parties agree that the proposed acquisitions are reasonable and in the public interest. Mr. Burtron described the benefits the City will realize as a result of the utility

transfer and, in addition to those benefits, expressed the City's belief that "the utilities will be improved as well with this transfer." Joint Petitioners' Exhibit TB at 10. Mr. Burtron described the benefits and improvements to the utilities that will be realized as a result of the acquisitions, including an enhanced level of service under CEG's experienced management, increased efficiencies through the combination of water, wastewater and the gas utility operations, and the interconnection of the Westfield water system with the system serving Indianapolis for regional water supply planning and management. Mr. Burtron emphasized that the transaction was endorsed by the Mayor and approved by the City Council.

Mr. Strohl described the operational, capital planning and long-term water supply planning benefits that will be realized as a result of integrating the Westfield water and wastewater systems with the water and wastewater systems currently managed by CEG. With respect to long-term water supply planning, Mr. Strohl explained, "a regionalized approach will improve the ability of the aquifer to meet system demands during peak production and allow improved utilization of the available flow into the White River to meet demands for both systems." Joint Petitioners' Exhibit MDS at 15. Mr. Haddock, an independent consultant with Layne Hydro, described how the acquisitions will improve the optimization of the water resources currently used to serve water customers in Westfield as well as Indianapolis and other Central Indiana communities served by Citizens Water. He stated that CEG has the expertise and experience necessary to successfully manage the water supply resources and is committed to responsibly managing and ensuring the sustainability of the water supply resources with which it is entrusted.

The evidence presented in this Cause demonstrates that the transfer of the Westfield utilities to Citizens Water of Westfield and Citizens Wastewater of Westfield is expected to promote regional water supply planning and result in other benefits. Based on the foregoing and all the evidence presented in this proceeding, we find the proposed acquisitions are in the public interest.

H. Certificate of Territorial Authority. Paragraph C.3 of the Settlement Agreement recommends that the Commission issue to Citizens Wastewater of Westfield a CTA consistent with Westfield's existing wastewater service area. The existing wastewater service area for the City of Westfield is all of Washington Township in Hamilton County excepting an area within the municipal boundaries of Westfield that JLB has been authorized to serve. Citizens Wastewater of Westfield requested a CTA to provide wastewater service within any "rural area" the City of Westfield serves, i.e., areas in Washington Township outside the incorporated city limits, which does not include the area served by JLB. Joint Petitioners provided a description and map for this area. See Joint Petitioners' Exhibits LCL-5 through LCL-9.

With the clarifications regarding the service area of JLB, no party has objected to the requested CTA. It is clear from the record that the authorizations sought by the Settlement Agreement will have no impact on the authorizations granted JLB in Cause Nos. 39868 and 43916. In fact, the OUCC recommended that "the Commission grant approval of the requested CTA, omitting the already certificated area granted to JLB." OUCC's Exhibit 3 at 6. In light of the evidence presented, we find that the requirements for the issuance of a CTA set forth at Ind.

Code § 8-1-2-89 and 170 IAC 8.5-3 have been satisfied. Citizens Wastewater of Westfield has shown itself to have the lawful power and authority to apply for the CTA and to provide sewage disposal in the area, as well as the financial ability to install, commence, and maintain sewage disposal service to the area. Further, the evidence supports a conclusion that public convenience and necessity requires service by Citizens Wastewater of Westfield. Accordingly, we find that the requested CTA, as described in Joint Petitioners' Exhibit LCL-9 and replicated below, should be granted to Citizens Wastewater of Westfield.

The portion of Washington Township, Hamilton County, Indiana located outside of the corporate boundaries of the City of Westfield, Indiana and within Sections 13 through 35 of Township 19N, Range 3E, Sections 17 through 20 of Township 19N, Range 4E, Sections 29 through 32 of Township 19N, Range 4E, Sections 4 through 8 of Township 18N, Range 3E, Section 18 of Township 18N, Range 3E, and Sections 5 and 6 of Township 18N, Range 4E, encompassing 27.46 sq. mi. ± .

I. Use of County-Owned Property. Paragraph C.4 of the Settlement Agreement recommends that the Commission consent to Hamilton County granting the Citizens Joint Petitioners permits or franchises for use of county-owned property in connection with the provision of water and wastewater utility service. The evidence supports that Joint Petitioners will require the use of county highway rights-of-way, and possibly other county-owned property in connection with providing services within Washington Township. Pursuant to Ind. Code § 36-2-2-23, the Commission determines that public convenience and necessity require Citizens Water of Westfield and Citizens Wastewater of Westfield to provide utility services within Washington Township, and the Commission consents to Hamilton County granting the Citizens Joint Petitioners permits or franchises for the use of county-owned property in connection with those services.

J. Effect of Settlement Agreement. The parties agree that the Settlement Agreement should not be used as precedent in any other proceeding or for any other purpose, except to the extent necessary to implement or enforce its terms. Consequently, with regard to future citation of the Settlement Agreement, we find that our approval herein should be construed in a manner consistent with our finding in *Richmond Power & Light*, Cause No. 40434, 1997 Ind. PUC LEXIS 459, at *19-22 (IURC March 19, 1997).

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. The Settlement Agreement shall be and hereby is approved, as in the public interest.

2. To the extent necessary to support the findings and approvals made in this order, the Water Asset Purchase Agreement and Wastewater Asset Purchase Agreement and their respective terms and acquisitions contemplated therein are found to be reasonable and in the public interest. Joint Petitioners are authorized to take all necessary action to effect such agreements.

3. The net original cost of Utility Plant that existed on December 31, 2011 as set forth on Part (a) of Schedule 12.10(b) in each asset purchase agreement shall be accounted for as \$12,470,000 and \$30,530,000 for the water utility and wastewater utility, respectively. Citizens Joint Petitioners are authorized in future rate cases to earn a return on, but not of, the unamortized amounts of the fair value increments of \$6,960,000 and \$17,040,000 for the water utility and wastewater utility, respectively. Citizens Joint Petitioners shall amortize the fair value increments over forty years from the date of closing. Within sixty days of closing, Citizens Joint Petitioners shall each file a report listing the Utility Plant conveyed by Westfield to Citizens Joint Petitioners. The reports shall also particularly identify the Utility Plant conveyed by Westfield that existed as of December 31, 2011. Within one year of closing, Citizens Joint Petitioners shall provide opening balance sheets to the OUCC and file a copy with the Commission under this Cause.

4. The issuance of debt and equity by Citizens Water of Westfield and Citizens Wastewater of Westfield is approved consistent with the conditions set forth in Finding Paragraph 7.D.

5. Citizens Water of Westfield's (i) use of the rates and charges for services approved by the City Council as reflected in Joint Petitioners' Exhibit TB-S6 and the terms and conditions for the provision of water service proposed by Citizens Water of Westfield as modified by Paragraph F of the Settlement Agreement; and (ii) provision of water utility service to the City under the terms set forth in Schedule 7.05 of the Water Asset Purchase Agreement are hereby approved.

6. Citizens Wastewater of Westfield's (i) use of the rates and charges for services approved by the City Council as reflected in Joint Petitioners' Exhibit TB-S6 and the terms and conditions for the provision of wastewater service proposed by Citizens Wastewater of Westfield as modified by Paragraph F of the Settlement Agreement; and (ii) provision of wastewater utility service to the City under the terms set forth in Schedule 7.05 of the Wastewater Asset Purchase Agreement are hereby approved.

7. The Citizens Joint Petitioners shall file with the Water/Sewer Division tariffs reflecting the current rates and charges as set forth in Joint Petitioners' Exhibit TB-S6 and the terms and conditions of service effective on the date of closing. The Citizens Joint Petitioners schedule of rates and charges and terms and conditions of service shall be effective upon filing with, and approval by, the Water/Sewer Division and shall apply to water and wastewater usage after the date of closing.

8. Citizens Water of Westfield and Citizens Wastewater of Westfield are authorized to enter into affiliate and operating agreements to the extent necessary or desirable; specifically, (1) Citizens Water of Westfield and Citizens Wastewater of Westfield are authorized to execute separate operating and management agreements with Citizens Energy Group, and the utilities are directed to file updates to such agreements with the Commission after closing; and (2) the assignment of the Raw Water Purchase Agreement from Westfield to Citizens Water of Westfield is hereby approved.

9. Citizens Water of Westfield is authorized to use 2% as its depreciation rate for all of its water utility plant in service until such time as the Commission orders a different depreciation rate for ratemaking purposes. Citizens Wastewater of Westfield is authorized to use 2.5% as its depreciation rate for all of its wastewater utility plant in service until such time as the Commission orders a different depreciation rate for ratemaking purposes.

10. A certificate of territorial authority for the provision of wastewater utility service by Citizens Wastewater of Westfield as described in Finding Paragraph 7.H is approved.

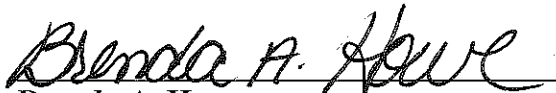
11. The Commission finds that public convenience and necessity requires Citizens Water of Westfield and Citizens Wastewater of Westfield to provide service in Hamilton County and consents to Hamilton County's granting Citizens Water of Westfield and Citizens Wastewater of Westfield licenses, permits, or franchises for the use of county-owned property.

ATTERHOLT, MAYS AND ZIEGNER CONCUR; MAYS NOT PARTICIPATING:

APPROVED:

NOV 25 2013

**I hereby certify that the above is a true
and correct copy of the Order as approved.**



**Brenda A. Howe
Secretary to the Commission**

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

JOINT PETITION OF CITIZENS WATER OF)
WESTFIELD, LLC, CITIZENS WASTEWATER OF)
WESTFIELD, LLC AND THE CITY OF WESTFIELD,)
INDIANA FOR APPROVALS IN CONNECTION)
WITH THE PROPOSED TRANSFER OF CERTAIN)
WATER UTILITY ASSETS TO CITIZENS WATER)
OF WESTFIELD, LLC AND THE PROPOSED)
TRANSFER OF CERTAIN WASTEWATER UTILITY)
ASSETS TO CITIZENS WASTEWATER OF)
WESTFIELD, LLC, INCLUDING: (1) APPROVAL OF)
THE ACQUISITION BY CITIZENS WATER OF)
WESTFIELD, LLC AND CITIZENS WASTEWATER)
OF WESTFIELD, LLC OF CERTAIN WATER AND)
WASTEWATER UTILITY ASSETS; (2) APPROVAL)
OF ACCOUNTING AND RATE BASE TREATMENT)
OF THE WATER AND WASTEWATER ASSETS; (3))
APPROVAL OF THE ISSUANCE OF DEBT AND)
EQUITY BY CITIZENS WATER OF WESTFIELD,)
LLC AND CITIZENS WASTEWATER OF)
WESTFIELD, LLC; (4) APPROVAL OF INITIAL)
RATES AND RULES FOR WATER AND)
WASTEWATER SERVICE; (5) TO THE EXTENT)
NECESSARY, APPROVAL OF CERTAIN)
OPERATING AND AFFILIATE AGREEMENTS; (6))
APPROVAL OF DEPRECIATION RATES; (7))
APPROVAL OF A CERTIFICATE OF)
TERRITORIAL AUTHORITY FOR THE PROVISION)
OF WASTEWATER UTILITY SERVICE BY)
CITIZENS WASTEWATER OF WESTFIELD, LLC)
TO CUSTOMERS LOCATED IN RURAL AREAS;)
AND (8) ANY OTHER APPROVALS NEEDED IN)
CONNECTION THEREWITH)

OFFICIAL EXHIBITS

CAUSE NO. 44273

IURC
JOINT PETITIONER'S - Citizens
EXHIBIT NO. MDS-SA-1
1031-13
DATE REPORTER UR

STIPULATION AND SETTLEMENT AGREEMENT

This Stipulation and Settlement Agreement ("Settlement Agreement") is made as of this
15th day of October, 2013 and entered into by and among the City of Westfield ("Westfield"),
Citizens Water of Westfield, LLC ("Citizens Water of Westfield"), Citizens Wastewater of

Westfield, LLC ("Citizens Wastewater of Westfield"), and the Indiana Office of Utility Consumer Counselor ("OUCC") (collectively the "Settling Parties"). Westfield, Citizens Water of Westfield and Citizens Wastewater of Westfield are sometimes referred to collectively herein as the "Joint Petitioners." Citizens Water of Westfield and Citizens Wastewater of Westfield are sometimes referred to collectively herein as the Citizens Joint Petitioners.

WHEREAS, on November 20, 2012, in Cause No. 44273 the Joint Petitioners filed their Verified Joint Petition requesting approvals from the Indiana Utility Regulatory Commission ("Commission") relating to the proposed acquisition of certain Westfield water and wastewater utility assets by Citizens Water of Westfield and Citizens Wastewater of Westfield pursuant to Asset Purchase Agreements that were admitted into evidence as Joint Petitioners' Exhibit ADJ-2 ("Water Asset Purchase Agreement") and ADJ-3 ("Wastewater Asset Purchase Agreement") (collectively the "Asset Purchase Agreements");

WHEREAS, the Settling Parties have engaged in communications and exchanged information related to the relief requested by Joint Petitioners in the Verified Joint Petition and other matters; and

WHEREAS, as a result of communication and negotiations, the Settling Parties agree that the Terms and Conditions set forth in this Settlement Agreement represent a fair, just and reasonable resolution of the issues raised in this Cause;

NOW THEREFORE, subject to the Commission's approval of this Settlement Agreement in its entirety without modification, or imposition of any other term or condition that is unacceptable to any Settling Party, the Settling Parties agree as follows:

A. NET ORIGINAL COST OF CERTAIN UTILITY PLANT AND FAIR VALUE INCREMENT

1. The Settling Parties stipulate and agree that the net original cost of Utility Plant that will be conveyed to Citizens Water of Westfield and Citizens Wastewater of Westfield, respectively, as it existed as of December 31, 2011, as set forth on Part (a) of Schedule 12.10(b) of each Asset Purchase Agreement, is deemed to be \$12,470,000 for the water utility and \$30,530,000 for the wastewater utility net of contributions of plant or cash (contributions-in-aid of construction or "CIAC") and net of accumulated depreciation. The foregoing stipulation is for purposes of this Settlement Agreement and for ratemaking purposes in the future. The Settling Parties further agree that the foregoing stipulation will not constitute an acceptance by any party of any other party's methodology for defining and accounting of items as contributions-in-aid of construction or contributed property. The Settling Parties further agree that no determination will be made in this proceeding regarding whether Citizens Water of Westfield's or Citizens Wastewater of Westfield's contributions-in-aid of construction ("CIAC") should be amortized or how any such amortization would affect ratemaking.

2. Within 60 days of the Closing Date, Citizens Water of Westfield and Citizens Wastewater of Westfield shall each file in this Cause a report listing the Utility Plant conveyed to Citizens Water of Westfield and Citizens Wastewater of Westfield respectively pursuant to the applicable Asset Purchase Agreement. The report shall also identify the Utility Plant conveyed that existed as of December 31, 2011 and included in the Utility Plant for purposes of Part (a) of Schedule 12.10(b) of the applicable Asset Purchase Agreement. Citizens Water of Westfield and Citizens Wastewater of Westfield shall have one year from the date of closing within which to prepare their opening balance sheets, which shall be provided to the OUCC within 10 days of completion.

3. The Settling Parties agree that the acquisitions are reasonable and in the public interest. The Settling Parties stipulate and agree that in addition to any return Citizens Water of Westfield and Citizens Wastewater of Westfield are authorized in future rate cases to earn on their respective utility plant, each utility should be allowed to earn a return on, but not of, a fair value increment in the amount of \$6,960,000 for the water utility and \$17,040,000 for the wastewater utility. The Settling Parties agree that no determination shall be made in this proceeding as to a methodology to be used to establish a rate of return to be applied to the fair value increment agreed to herein.

4. Citizens Water of Westfield and Citizens Wastewater of Westfield will each amortize its fair value increment over 40 years from the date of closing. Until the end of the foregoing amortization period, Citizens Water of Westfield and Citizens Wastewater of Westfield will each be authorized to earn a return on, but not of, the unamortized portion of its fair value increment.

5. With respect to the fair value increments agreed to in this Cause, the OUCC acknowledges Citizens Water of Westfield and Citizens Wastewater of Westfield may seek a fair rate of return in future rate cases. However, the Settling Parties agree that if either utility seeks a finding that the fair value of the Utility Plant set forth on Part (a) of Schedule 12.10(b) of the applicable Asset Purchase Agreement as of December 31, 2011 exceeds the amounts stipulated to in Paragraph A.3 above, the OUCC shall not be precluded from providing evidence as to any fair value of the utility's rate base. Notwithstanding the preceding sentence, the Settling Parties agree that before depreciation and amortization, (a) the sum of the net original cost of Utility Plant that will be conveyed to Citizens Water of Westfield as of December 31, 2011, as set forth on Part(a) of Schedule 12.10(b) of the Water Asset Purchase Agreement and the fair value

increment for Citizens Water of Westfield will not be greater than \$21,581,800 or less than \$19,430,000; and (b) the sum of the net original cost of Utility Plant that will be conveyed to Citizens Wastewater of Westfield, respectively, as of December 31, 2011, as set forth on Part(a) of Schedule 12.10(b) of the Wastewater Asset Purchase Agreement, and the fair value increment for Citizens Wastewater of Westfield will not be greater than \$52,838,200 or less than \$47,570,000.

B. RATE PROVISIONS

1. The Settling Parties recommend that the Commission authorize, as just and reasonable, Citizens Water of Westfield's and Citizens Wastewater of Westfield's implementation of the schedules rates and charges as approved by the Westfield City Council and effective on the date of closing. Westfield will include all applicable rate ordinances in its supplemental testimony to be filed in support of the Settlement Agreement.

2. Citizens Water of Westfield agrees not to file for a Distribution System Improvement Charge prior to January 1, 2018.

3. Prior to January 1, 2017, Citizens Water of Westfield and Citizens Wastewater of Westfield may not implement new rates other than the rates referenced in Paragraph B.1 above except in the case of an emergency as set forth in I.C. §8-1-2-113 including for instance rate increases necessary to make make bond payments to avoid a default.

4. At closing, Westfield will assign its cell tower rental contracts to Citizens Water of Westfield. In subsequent general rate case proceedings, Citizens Water of Westfield will recognize cell tower rental revenue and use such revenue to offset the Utility's revenue requirement.

C. PUBLIC INTEREST OF TRANSACTIONS

1. The Settling Parties recommend that the Commission find that Citizens Water of Westfield and Citizens Wastewater of Westfield have the technical, managerial, operational and financial capabilities to own and operate successfully the Westfield water and wastewater utilities and therefore approve, as in the public interest, the proposed acquisitions as reflected in the Water and Wastewater Asset Purchase Agreements.

2. The Settling Parties recommend that the Commission authorize, as in the public interest, the issuance of equity and debt (debt to be issued at an interest rate not to exceed 5.5 percent) as proposed by the Citizens Joint Petitioners to fund the acquisitions. Citizens Water of Westfield and Citizens Wastewater of Westfield each will file a written report in this Cause within thirty (30) days of any debt issuance it makes to fund the acquisitions that provides the debt amount, interest rate, terms and conditions and other information the Citizens Joint Petitioners deem relevant.

3. The Settling Parties recommend that the Commission issue to Citizens Wastewater of Westfield a Certificate of Territorial Authority to provide wastewater service within any "rural area" that Westfield serves, i.e., areas in Washington Township outside the incorporated city limits, which do not include the area served by Intervenor JLB Development, Inc. as authorized by the Commission in Cause Nos. 39868 and 43916.

4. The Settling Parties recommend that the Commission consent to Hamilton County granting the Citizens Joint Petitioners permits or franchises or licenses for the use of county-owned property in connection with the provision of water and wastewater utility service.

D. APPROVAL OF OPERATING AND RAW WATER PURCHASE AGREEMENTS

1. Within 30 days of closing, Citizens Water of Westfield and Citizens Wastewater of Westfield both agree to have separate Management and Operating Agreements with Citizens Energy Group ("CEG") and file such agreements, each of which will include a list and definition of services, which list will be similar to the list included in the service agreement between Citizens Gas of Westfield, LLC and CEG, and which it will file with the Commission along with any updates or amendments and provide copies of the same to the OUCC. Citizens Water currently purchases raw water from the City of Westfield. Joint Petitioners have requested that this agreement be transferred from the City of Westfield to Citizens Water of Westfield. The OUCC agrees the proposed transfer of the Raw Water Purchase Agreement should be approved.

E. DEPRECIATION RATES

1. The Settling Parties recommend the Commission authorize Citizens Water of Westfield to use, for ratemaking purposes, a two (2) percent depreciation rate for water utility plant in service until such time as the Commission orders a different depreciation rate for ratemaking purposes. However, the depreciation rate recommended by this paragraph shall, once approved, remain effective until at least implementation of rates following Citizens Water of Westfield's first rate case.

2. The Settling Parties recommend the Commission authorize Citizens Wastewater of Westfield to use, for ratemaking purposes, a two and one-half (2.5) percent depreciation rate for wastewater utility plant in service until such time as the Commission orders a different depreciation rate for ratemaking purposes. However, the depreciation rate recommended by this

paragraph shall, once approved, remain effective until at least implementation of rates following Citizens Wastewater of Westfield's first rate case.

F. MISCELLANEOUS PROVISIONS

1. Subject to the modifications discussed below, the Settling Parties recommend the Commission authorize Citizens Water of Westfield and Citizens Wastewater of Westfield to implement the Terms and Conditions for water and wastewater utility service proposed by the Citizens Joint Petitioners in their case-in-chief testimony until such time as the Commission approves revised Terms and Conditions for service. Citizens Wastewater of Westfield will modify its Terms and Conditions by eliminating language that indicates the utility may compel homeowners to connect to the utility system. Citizens Water of Westfield shall modify its tariff and Terms and Conditions by eliminating any reference to the Lawn Irrigation Permit Fee.

2. For purposes of the Joint Petitioners' requests for approval of financing, the OUCC agrees the capital plans of Citizens Water of Westfield and Citizens Wastewater of Westfield provide sufficient support for the requested authority for financing.

3. Within thirty days of closing, Westfield shall refund customer deposits held by Westfield as of the closing date to those respective customers or turned over to Citizens Joint Petitioners to be held as deposits on the respective customers' accounts.

G. PRESENTATION OF THE SETTLEMENT AGREEMENT TO THE COMMISSION

1. The Settling Parties shall support this Settlement Agreement before the Commission and request that the Commission expeditiously accept and approve the Settlement Agreement. Evidence shall be offered into the record of this proceeding without objection and

subject to agreement on the settlement testimony to be offered, the Settling Parties hereby waive cross-examination of each others' witnesses. The Settling Parties propose to submit this Settlement Agreement and the supporting evidence conditionally, and if the Commission fails to approve this Settlement Agreement in its entirety without any change or with condition(s) unacceptable to any Party, the Settlement Agreement and supporting evidence shall be withdrawn and the proceedings in Cause No. 44273 shall resume at the point they were suspended by the filing of this Settlement Agreement.

2. The Settling Parties shall prepare and file an agreed order with the Commission. This Settlement Agreement is contingent upon the filing of said order. If the Settling Parties do not submit an agreed order in this proceeding, the Settlement Agreement and supporting evidence shall be withdrawn and the proceedings in Cause No. 44273 shall resume at the point they were suspended by the filing of this Settlement Agreement.

3. A Final Order approving this Settlement Agreement shall be effective immediately, and the agreements contained herein shall be unconditional, effective and binding on all Settling Parties as an Order of the Commission.

H. The Settling Parties shall jointly agree or coordinate on the form, wording and timing of any public/media announcements of this Settlement Agreement and the terms thereof. No Party shall release any information to the public or media prior to the aforementioned announcement or coordination. However, the parties may post on their respective websites without delay this executed stipulation and any settlement documents filed with the Commission. The Settling Parties may respond individually without prior approval of the other Settling Parties to questions from the public or media, provided that such responses are consistent with such announcement and do not disparage any of the Settling Parties.

I. EFFECT AND USE OF SETTLEMENT AGREEMENT

1. It is understood that this Settlement Agreement is reflective of a negotiated settlement and neither the making of this Settlement Agreement nor any of its provisions shall constitute an admission by any Party to this Settlement Agreement in this or any other litigation or proceeding. It is also understood that each and every term of this Settlement Agreement is in consideration and support of each and every other term.

2. This Settlement Agreement shall not constitute and shall not be used as precedent by any person in any other proceeding or for any other purpose, except to the extent necessary to implement or enforce the terms of this Settlement Agreement.

3. This Settlement Agreement is solely the result of compromise in the settlement process and except as provided herein, is without prejudice to and shall not constitute a waiver of any position that any of the Parties may take with respect to any or all of the items resolved here and in any future regulatory or other proceedings.

4. The Settling Parties agree that the evidence in support of this Settlement Agreement constitutes substantial evidence sufficient to support this Settlement Agreement and provides an adequate evidentiary basis upon which the Commission can make any findings of fact and conclusions of law necessary for the approval of this Settlement Agreement, as filed.

5. The communications and discussions during the negotiations and conferences and any materials produced and exchanged concerning this Settlement Agreement all relate to offers of settlement and shall be privileged and confidential, without prejudice to the position of any Party, and are not to be used in any manner in connection with any other proceeding or otherwise.

6. The undersigned Settling Parties have represented and agreed that they are fully authorized to execute the Settlement Agreement on behalf of their designated clients, and their successors and assigns, who shall be bound thereby.


7. The Settling Parties shall not appeal or seek rehearing, reconsideration or a stay of the Final Order approving this Settlement Agreement in its entirety and without change or condition(s) unacceptable to any Party (or related orders to the extent such orders are specifically implementing the provisions of this Settlement Agreement). The Settling Parties shall support or not oppose this Settlement Agreement in the event of any appeal or a request for a stay by a person not a party to this Settlement Agreement if this Settlement Agreement is the subject matter of any other state or federal proceeding.

8. The provisions of this Settlement Agreement shall be enforceable by any Party before the Commission and thereafter in any state court of competent jurisdiction as necessary.

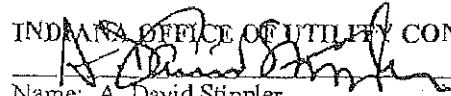
9. This Settlement Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

ACCEPTED and AGREED as of the 15th day of October, 2013.

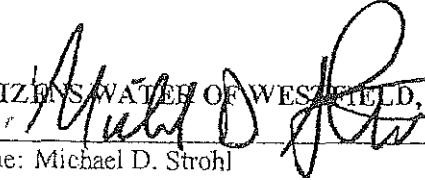
CITY OF WESTFIELD, INDIANA


Name: Todd Burtron
Its: Chief of Staff

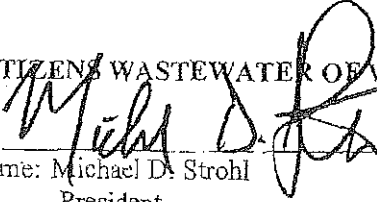
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR


Name: A. David Stippler
Its: Utility Consumer Counselor

CITIZENS WATER OF WESTFIELD, LLC


Name: Michael D. Strohl
Its: President

CITIZENS WASTEWATER OF WESTFIELD, LLC


Name: Michael D. Strohl
Its: President