

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

JOINT PETITION OF CITIZENS REGIONAL WATER)
RESOURCES, LLC, OR “CRW,” THE BOARD OF DIRECTORS)
FOR UTILITIES OF THE DEPARTMENT OF PUBLIC)
UTILITIES OF THE CITY OF INDIANAPOLIS, OR THE)
“BOARD,” AS TRUSTEE OF THE PUBLIC CHARITABLE)
TRUST FOR THE WATER SYSTEM, D/B/A CITIZENS WATER,)
AND CITIZENS WATER OF WESTFIELD, LLC, FOR: (1))
APPROVAL OF WHOLESALE WATER SUPPLY AGREEMENT)
BETWEEN CRW AND CITY OF LEBANON UTILITIES,)
INCLUDING APPROVAL OF CRW TO OPERATE AS A PUBLIC)
UTILITY IN CONNECTION WITH SUCH SUPPLY)
AGREEMENT; (2) APPROVAL OF WHOLESALE WATER)
SUPPLY AGREEMENT BETWEEN CRW AND CITIZENS)
WATER, USING CITIZENS WATER’S CURRENT WHOLESALE)
RATE; (3) GRANTING TO CRW ALL NECESSARY AUTHORITY)
IN CONNECTION WITH THE ISSUANCE OF LONG-TERM)
DEBT IN AN AGGREGATE PRINCIPAL AMOUNT OF UP TO)
\$200,000,000.00 IN THE FORM OF AN INDIANA FINANCE)
AUTHORITY STATE REVOLVING FUND LOAN, TOGETHER)
WITH APPROVAL OF A DIRECT FUNDING AND GUARANTY)
AGREEMENT BETWEEN CRW AND THE INDIANA)
ECONOMIC DEVELOPMENT CORPORATION, OR “IEDC,”)
WHEREBY IEDC RETAINS FULL RESPONSIBILITY FOR)
REPAYMENT OF THE LOAN; (4) APPROVAL OF)
AGREEMENTS ANCILLARY TO THE TRANSACTION)
INCLUDING A MANAGEMENT AND OPERATING)
AGREEMENT BETWEEN CRW AND THE BOARD, AND AN)
ASSET USE AGREEMENT BETWEEN AND AMONG CRW,)
CITIZENS WATER AND CITIZENS WATER OF WESTFIELD,)
LLC; (5) APPROVAL OF PROPOSED ALLOCATION OF)
CORPORATE SHARED SERVICES COSTS TO CRW; (6))
APPROVAL OF DEPRECIATION RATES FOR USE BY CRW;)
AND (7) GRANTING OF THE COMMISSION’S CONSENT FOR)
CRW TO USE PROPERTY OWNED BY BOONE COUNTY,)
INDIANA, PURSUANT TO IND. CODE § 36-2-2-23)

CAUSE NO. 45896

VERIFIED JOINT PETITION

Citizens Regional Water Resources, LLC (“CRW”), the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis (the “Board”), in its capacity as trustee of the public charitable trust for the Water System, d/b/a Citizens Water (“Citizens Water”) and Citizens Water of Westfield, LLC (“Westfield Water”) (hereinafter, collectively, the “Joint

Petitioners”), by their counsel, hereby respectfully request from the Indiana Utility Regulatory Commission (“Commission”): (1) approval of a wholesale water supply agreement between CRW and the City of Lebanon Utilities, or “Lebanon Utilities” (the “Lebanon Supply Agreement”), along with authorization for CRW to enter into such Lebanon Supply Agreement and operate as a public utility; (2) approval of a wholesale water supply agreement between CRW and Citizens Water (the “Citizens Water Supply Agreement”), whereby Citizens Water shall sell water on a wholesale basis to CRW at Citizens Water’s Commission approved wholesale rate; (3) granting to CRW all necessary authority in connection with the issuance of long-term debt in an aggregate principal amount of up to \$200,000,000.00 in the form of an Indiana Finance Authority (“IFA”) State Revolving Fund (“SRF”) loan (the “SRF Loan”), together with approval of a Direct Funding and Guaranty Agreement (the “Guaranty”) between CRW and the Indiana Economic Development Corporation (“IEDC”), whereby IEDC “absolutely and unconditionally promises and guarantees” to CRW to retain full responsibility for repayment of the SRF Loan; (4) approval of ancillary agreements including a Management and Operating Agreement between CRW and the Board (the “Service Agreement”), and an asset use agreement between and among CRW, Citizens Water and Westfield Water (the “Asset Use Agreement”), whereby CRW will use certain assets of Citizens Water and Westfield Water, respectively, to serve Lebanon Utilities under the Lebanon Supply Agreement in exchange for a contribution of SRF Loan proceeds from CRW for necessary system upgrades; (5) approval of the allocation of certain corporate shared services costs to CRW; (6) approval of depreciation rates for use by CRW; and (7) granting of the Commission’s consent for CRW to use property owned by Boone County, Indiana, pursuant to Ind. Code § 36-2-2-23. In support of this Verified Joint Petition (hereinafter, “Petition”), the Joint Petitioners state the following:

1. **Joint Petitioner CRW's Characteristics.** Joint Petitioner CRW is an Indiana limited liability company and a public utility as defined in Indiana Code § 8-1-2-1, with its principal office and place of business at 2020 N. Meridian St., Indianapolis, IN 46202. CRW seeks to own, operate, and control utility plant, property and equipment for the distribution and delivery of water utility service within Boone County, Indiana. CRW is a subsidiary of Citizens Water Resources Holdings, LLC ("CW Holdings,"), which itself is wholly-owned by Citizens By-Products Coal Company, d/b/a Citizens Resources ("Citizens Resources"), a direct subsidiary of the Board. CRW seeks to obtain its water for resale from Citizens Water, pursuant to the Citizens Water Supply Agreement, and utilize corporate services support from employees of the Board through the Services Agreement. CRW's funding to develop its water utility system is proposed to come from the SRF Loan subject to the IEDC's Guaranty. As a public utility, CRW is subject to the jurisdiction of the Commission, as and to the extent permitted by law, and seeks the Commission's approval for the rates and charges and terms of service proposed for the Lebanon Supply Agreement, and the other relief sought in the Cause.

2. **Joint Petitioner Citizens Water's Characteristics.** Joint Petitioner Citizens Water owns and operates certain water utility assets acquired from the City of Indianapolis, Indiana (the "City") and the City's Department of Waterworks (the "DOW") pursuant to an Asset Purchase Agreement approved by the Commission's July 13, 2011 Order in Cause No. 43936. By means of the foregoing water utility plant, properties, equipment, and facilities, Citizens Water provides water utility service to the public in the City and in surrounding communities within Central Indiana. Its principal office is located at 2020 N. Meridian St., Indianapolis, IN 46202. It is subject to the jurisdiction of the Commission in the manner and to the extent provided by the laws of the State of Indiana, including with respect to the establishment of rates and charges under Indiana

Code § 8-1-11.1-3(c)(9). Citizens Water is a municipally owned water utility as defined in Indiana Code § 8-1-2-1(h).

3. Joint Petitioner Westfield Water’s Characteristics. Joint Petitioner Westfield Water is an Indiana limited liability company and a public utility as defined in Indiana Code § 8-1-2-1, with its principal office and place of business at 2020 N. Meridian St., Indianapolis, IN 46202. Westfield Water owns, operates and controls utility plant, property and equipment for the production, distribution and delivery of water utility service including within Hamilton County, Indiana. Westfield Water is a subsidiary of Citizens Westfield Utilities, LLC, which itself is a wholly-owned subsidiary of Citizens Energy Services Company, LLC, a direct subsidiary of Citizens Resources. CRW proposes to use certain of Westfield Water’s water utility assets pursuant to the Asset Use Agreement in connection with providing water utility services to Lebanon Utilities, and for this purpose intends to contribute certain of the proceeds from the SRF Loan to Westfield Water so that Westfield Water can make certain system upgrades necessary to allow the delivery of water utility service from CRW to Lebanon Utilities.

4. The Proposed Transaction. The IEDC, responsible for promoting the State of Indiana’s economic development goals, approached the Board in 2022 with regard to a proposed Innovation Development District being developed in Boone County, Indiana, pursuant to Indiana Code ch. 36-7-32.5, known -as the Limitless Exploration/Advanced Pace, or “LEAP” District, in order to promote the State’s economic development goals to attract job-producing commercial ventures in the area. IEDC asked the Board to consider options for supplying treated water to serve the anticipated need in the area, specifically 6.0 million gallons per day (“MGD”) by 2026, and 10.0 MGD by 2027. IEDC’s request was that water be supplied on a wholesale basis to

Lebanon Utilities, who would then serve the LEAP District as part of Lebanon Utilities' distribution system.

a. Basic Structure of the Proposed Transaction. The proposed solution identified by IEDC, the Board and Lebanon Utilities was for the Board to create a new public utility, i.e., CRW, to supply treated water on a wholesale basis to Lebanon Utilities in an amount sufficient to serve the LEAP District. CRW is a subsidiary of Citizens Resources, through CW Holdings, and will purchase water from Citizens Water at Citizens Water's approved wholesale rate, to then sell to Lebanon Utilities. Delivery of the requested amounts of water will require installation of new infrastructure in Boone County which will be owned and operated by CRW, as well as system upgrades in Marion and Hamilton Counties to the existing water utility systems owned and operated by Citizens Water and Westfield Water, respectively. Funding for the total set of related projects, currently estimated to total up to \$200,000,000.00, will come from the SRF Loan to CRW, which is to be fully repaid by the IEDC pursuant to the Guaranty.

b. Fundamental Legal Authority for the Proposed Transaction. CRW and CW Holdings are assets held in trust by Citizens Resources, as a trustee delegate of the Board acting in its capacity as trustee of the Water Trust, and in this fiduciary capacity these assets are to be held and used for the sole and exclusive benefit of the Water Trust's beneficiaries, who are the inhabitants of the City. The Board has the statutory authority under Indiana Code § 8-1-11.1-3(a) to own and operate the waterworks utility, Citizens Water, and the statutory authority under Indiana Code § 8-1-11.1-3(c)(8) to use Citizens Resources as a trustee delegate for the Water Trust as described above.

c. General Benefits of the Proposed Transaction. The infrastructure to be installed with the SRF Loan proceeds, to be fully paid back by IEDC, will be contributed property, and CRW therefore does not anticipate earning a return on the infrastructure installed using these funds. Nevertheless, the proposed transaction described in this Petition (the “Proposed Transaction”) does have the benefit of aiding the State to promote its economic development goals by providing a portion of the needed water supply to promote job creation and other economic benefits in the LEAP District area, while at the same time promoting the State’s policy of encouraging regionalization of utility services to promote affordability (pursuant to Indiana Code § 8-1-2-0.5), while also not unnecessarily exposing the existing customers and beneficiaries of the Board. Moreover, the revenue generated through the Citizens Water Supply Agreement will help to offset Citizens Water’s revenue requirement and thus provide benefit to the Water Trust’s beneficiaries. No unfavorable rate impact to existing customers of Citizens Water or Westfield Water is anticipated. Benefits are also anticipated for the City of Lebanon from proceeding in the manner proposed, to advance the goals and satisfy this request from the State of Indiana.

5. **Relief Requested.** Joint Petitioners seek Commission approval of the Proposed Transaction, discrete elements of which include the following, each of which the Joint Petitioners request be authorized by the Commission at the conclusion of this Cause.

a. The Lebanon Supply Agreement and its rates and charges pursuant to Indiana Code § 8-1-2-4, including a finding from the Commission that CRW has the lawful authority and the technical, financial and managerial ability to be a party to the Lebanon Supply Agreement;

b. The Citizens Water Supply Agreement, by which CRW will obtain its water for delivery to Lebanon Utilities, at Citizens Water's standard wholesale rates previously approved by the Commission pursuant to Indiana Code § 8-1-11.1-3(c)(9);

c. The SRF Loan, pursuant to Indiana Code §§ 8-1-2-76 through 8-1-2-80, and Indiana Code § 8-1-4-1, and in particular the Financial Assistance Agreement ("FAA") which CRW intends to seek with IFA, and the Guaranty by which IEDC will fund the debt service and guaranty the full repayment of the approximately \$200,000,000.00 loan amount set forth in the FAA;

d. The Services Agreement between CRW and the Board;

e. The Asset Use Agreement, by which CRW will contribute SRF Loan proceeds to Citizens Water and Westfield Water for their respective water utility system upgrades, in exchange for CRW's right to use the improved assets for the provision of CRW's own water utility services, pursuant to Indiana Code § 8-1-2-84;

f. The allocation of certain corporate shared services costs to CRW;

g. The approval of depreciation rates for use by CRW; and

h. Pursuant to Indiana Code § 36-2-2-23, consent for CRW to use property owned by Boone County, Indiana, for its water utility infrastructure.

6. Applicable Statutes. Joint Petitioners believe Indiana Code §§ 8-1-2-0.5, 8-1-2-1, 8-1-2-1(h)-(i), 8-1-2-4, 8-1-2-19, 8-1-2-76 through -80, 8-1-2-84, 8-1-2-92, 8-1-4-1, 8-1-11.1-3(a), 8-1-11.1-3(c)(8)-(9), 36-2-2-23 and 36-7-32.5, as well as other sections of Ind. Code 8-1-2, may be applicable to this Cause.

7. Joint Petitioners' Counsel. The following attorneys are counsel for Joint Petitioners in this proceeding and are authorized to accept service of papers on behalf of such Joint

- Evidentiary Hearing

Week of July 31, 2023 (2 days)

WHEREFORE, Joint Petitioners respectfully request that the Commission, after an evidentiary hearing and consideration of any evidence presented by Joint Petitioners, the Indiana Office of Utility Consumer Counselor and any intervening parties, enter an Order (1) approving the Lebanon Supply Agreement, the Citizens Water Supply Agreement, the Services Agreement, the Asset Use Agreement, and the SRF Loan, including the FAA and the Guaranty, (2) finding that CRW has the legal authority and technical, financial and managerial ability to enter into the Lebanon Supply Agreement and operate as a public utility, (3) granting CRW all necessary authority to issue debt in connection with the SRF Loan, (4) approving the allocation of certain corporate shared services costs to CRW, (5) approving CRW's adoption of depreciation rates, (6) granting CRW the Commission's consent to use property owned by Boone County, Indiana, pursuant to Indiana Code § 36-2-2-23, and (7) granting all other relief appropriate in the premises.

[Signature Page Follows]

Dated: May 26, 2023

Respectfully submitted,

JOINT PETITIONERS:

CITIZENS REGIONAL WATER RESOURCES, LLC;
CITIZENS WATER; and
CITIZENS WATER OF WESTFIELD, LLC



Michael E. Allen
Attorney for Joint Petitioners

Michael Allen (20768-49)
Lauren Toppen (23778-49)
Alejandro Valle (22863-49)
S. Dear Schramm-Satayathum (26576-49)
Scott Franson (27839-49)
Citizens Energy Group
2020 N. Meridian Street
Indianapolis, IN 46202
Telephone: (317) 927-4318
Facsimile: (317) 927-4318
mallen@citizensenergygroup.com
ltoppen@citizensenergygroup.com
avalle@citizensenergygroup.com
dschramm@citizensenergygroup.com
sfranson@citizensenergygroup.com

Steven W. Krohne (20969-49)
Ice Miller LLP
One American Square, Suite 2900
Indianapolis, IN 46282-0200
Telephone: (317) 236-2294
Facsimile: (317) 592-4211
E-mail: steven.krohne@icemiller.com

VERIFICATION

The undersigned affirms under the penalties for perjury that the foregoing representations are true to the best of the undersigned's knowledge, information and belief.



Jeffrey A. Harrison
President & CEO, Citizens Water

VERIFICATION

The undersigned affirms under the penalties for perjury that the foregoing representations are true to the best of the undersigned's knowledge, information and belief.



Jeffrey A. Willman
*Vice President – Water Operations, Citizens Water
President, Citizens Regional Water Resources, LLC
President, Citizens Water of Westfield, LLC*

VERIFICATION

The undersigned affirms under the penalties for perjury that the foregoing representations are true to the best of the undersigned's knowledge, information and belief.



Joseph M. Perkins
*Senior Vice President-General Counsel, Citizens Water
Secretary, Citizens Regional Water Resources, LLC
Secretary, Citizens Water of Westfield, LLC*

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Verified Joint Petition was served this 26th day of May, 2023, to:

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



Attorney for Joint Petitioners