

**ORIGINAL**

Commissioner	Yes	No	Not Participating
Huston	√		
Bennett	√		
Freeman	√		
Veleta	√		
Ziegner	√		

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**

**VERIFIED PETITION OF CITIZENS WATER OF )  
WESTFIELD, LLC FOR (1) AUTHORITY TO )  
INCREASE RATES AND CHARGES FOR WATER )  
UTILITY SERVICE AND APPROVAL OF A NEW )  
SCHEDULE OF RATES AND CHARGES; (2) )  
AUTHORITY TO IMPLEMENT AND APPROVAL )  
OF A SYSTEM DEVELOPMENT CHARGE; AND (3) )  
APPROVAL OF CERTAIN REVISIONS TO ITS )  
TERMS AND CONDITIONS APPLICABLE TO )  
WATER UTILITY SERVICE )**

**CAUSE NO. 46020**

**APPROVED: NOV 27 2024**

**ORDER OF THE COMMISSION**

**Presiding Officers:**

**Wesley R. Bennett, Commissioner**

**Kristin E. Kresge, Administrative Law Judge**

On March 6, 2024, Citizens Water of Westfield, LLC, (“Westfield Water” or “Petitioner”) filed its Verified Petition with the Indiana Utility Regulatory Commission (“Commission”) seeking: (i) authority to increase its rates and charges for water utility service rendered by it and approval of a new schedule of rates and charges applicable thereto; (ii) authority to implement and approval of a system development charge (“SDC”); and (iii) approval of certain revisions to its terms and conditions for water utility service. Also on March 6, 2024, Petitioner filed the direct testimony and attachments of the following witnesses:

- Jeffrey A. Willman, Vice President of Water Operations for Citizens Energy Group and President of Westfield Water;
- Craig Jackson, Senior Vice President and Chief Financial Officer of Citizens Energy Group;
- R. Jeffrey Malinak, Managing Principal in the Washington D.C. office of the Analysis Group;
- Edward J. Bukovac, Director of Citizens Westfield Utilities at Citizens Energy Group and Vice President of Westfield Water;
- Camela A. Johnson, Senior Accounting Manager, Shared Services and Financial Planning of Citizens Energy Group;
- Sabine E. Karner, Vice President and Controller of Citizens Energy Group;
- Ann Bui, Senior Managing Director with Black & Veatch Management Consulting LLC; and
- Debi Bardhan-Akala, Director, Regulatory Affairs of Citizens Energy Group.

On March 6, 2024, Petitioner also filed a Motion for Protection and Nondisclosure of Confidential and Proprietary Information. Confidential treatment was approved on a preliminary

basis by Docket Entry dated March 20, 2024.

On June 17, 2024, the Commission held a field hearing in the Main Level Media Room of the Westfield City Services Center, 2728 E. 171<sup>st</sup> Street, Westfield, Indiana 46074.

On June 21, 2024, the Indiana Office of Utility Consumer Counselor (“OUCC”) filed the direct testimony and attachments of the following witnesses:

- Carla F. Sullivan, Utility Analyst in the OUCC’s Water/Wastewater Division;
- Jason T. Compton, Utility Analyst in the OUCC’s Water/Wastewater Division;
- Shawn Dellinger, Senior Utility Analyst in the OUCC’s Water/Wastewater Division; and
- Carl N. Seals, Assistant Director in the OUCC’s Water/Wastewater Division.

On July 22, 2024, Petitioner filed the rebuttal testimony and attachments of the following witnesses:

- Jeffrey A. Willman;
- Craig Jackson;
- R. Jeffrey Malinak;
- Edward J. Bukovac;
- Camela A. Johnson;
- Ann Bui; and
- Debi Bardhan-Akala.

On July 23, 2024, Petitioner filed a Second Motion for Protection and Nondisclosure of Confidential and Proprietary Information seeking confidential treatment of certain portions of the OUCC testimony and attachments. Confidential treatment was approved on a preliminary basis by Docket Entry dated July 24, 2024.

On August 8, 2024, the Petitioner and the OUCC (collectively, the “Settling Parties”) jointly filed a Notice of Settlement and Joint Motion to Modify Procedural Schedule (the “Joint Motion”) notifying the Commission that they had reached a settlement and requesting that the Commission modify the procedural schedule. In the Joint Motion, the Settling Parties requested the evidentiary hearing be continued so the settlement could be reduced to writing and filed with the Commission, along with supportive testimony. On August 12, 2024, the Commission issued a Docket Entry continuing the evidentiary hearing to August 26, 2024 and establishing a schedule for submission of a formal settlement agreement and supporting testimony.

On August 14, 2024, the Settling Parties filed their Stipulation and Settlement Agreement (the “Settlement Agreement”). Also on August 14, 2024, Petitioner filed the settlement testimony of Jeffrey A. Willman and Debi Bardhan-Akala, and the OUCC filed the settlement testimony of Margaret A. Stull.

On August 26, 2024, the Commission held a settlement hearing at 10:45 a.m. in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis Indiana. Petitioner and the OUCC appeared, by counsel, and participated in the hearing. The cases-in-chief of Petitioner and the

OUCCs were admitted into the record without objection along with Petitioner's rebuttal testimony, the Settlement Agreement, and the Settlement Testimony. The Settling Parties mutually waived cross-examination of each other's witnesses.

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

**1. Notice and Commission Jurisdiction.** Due, legal and timely notice of the filing of the Verified Petition in this Cause was published by Petitioner, as required by law. Notice of the hearing was published as required by law. Petitioner is a public utility as defined in Ind. Code § 8-1-2-1(a). The Commission has jurisdiction over Petitioner's rates and charges under Ind. Code § 8-1-2-42. Therefore, the Commission has jurisdiction over Petitioner and the subject matter of this Cause.

**2. Petitioner's Characteristics.** Petitioner is a limited liability company organized and existing under Indiana law, with its principal office located at 2020 North Meridian Street, Indianapolis, Indiana 46202. Petitioner owns, operates, manages and controls plant, property, and equipment used and useful to provide water utility service to approximately 21,600 customers in and around the City of Westfield, Indiana.

**3. Test Year.** As authorized by Ind. Code § 8-1-2-42.7(d)(1), Petitioner proposed a forward-looking test period using projected data, with the test year used for determining Petitioner's projected operating revenues, expenses and operating income being the 12-month period ending June 30, 2025. Petitioner is utilizing the test year end, June 30, 2025, as the general rate base cutoff date. The historical base period is the 12-month period ending June 30, 2023.

**4. Background and Relief Requested.** Petitioner's current base rates and charges were approved by the Commission in Cause No. 44273 by Order issued November 25, 2013, which approved Petitioner's acquisition of the water utility assets formerly owned by the City of Westfield, Indiana. In its Order in Cause No. 44273, the Commission also authorized Petitioner's use of the rates and charges for services previously approved by the Common Council for the City of Westfield. Petitioner's current schedule of rates and charges were placed into effect on March 22, 2014 contemporaneous with closing of the acquisition of the water utility assets in accordance with the Order in Cause No. 44273.

Under the Petition, Petitioner proposes to cancel its existing rate schedules and to file with the Commission new schedules of rates and charges. Petitioner proposes the authorized rate increase be implemented in two phases. The projected Phase 1 rate increase of 21.62% (additional revenue of \$3,076,070) would be implemented upon the Commission's issuance of a final Order in this Cause and be based upon actual rate base and capital structure as of June 30, 2024. The projected Phase 2 rate increase of 3.99% (additional revenue of \$704,151) would be based upon actual rate base and capital structure as of the end of the test year.

Petitioner also proposes to implement a new, non-recurring system development charge ("SDC") of \$2,300 per equivalent dwelling unit ("EDU") as a part of its tariff, which will be phased-in. Upon issuance of an Order in this Cause, the SDC would be \$1,150, and increase to

\$2,300 upon implementation of Phase 2 rates. Petitioner also seeks approval of certain changes to its terms and conditions for water service.

## **5. Petitioner's Evidence.**

**A. Jeffrey A. Willman.** Mr. Willman testified that over the last 10 years, Petitioner has invested over \$50 million in water utility infrastructure and facilities to support Westfield's growth and maintain system safety and reliability. Mr. Willman stated these investments have been integral to the rapid growth of the City of Westfield. He explained that while Petitioner has not sought a rate increase since 2014, it is now faced with worsening debt capitalization, interest coverage ratios, and rising costs. Mr. Willman stated if not addressed, these circumstances could impact Petitioner's ability to continue to provide safe and reliable service to customers.

Mr. Willman noted that as of June 30, 2023, Petitioner provided service to more than 21,000 customers, which is a 98% increase in customers post-acquisition. Mr. Willman stated the major factor driving Petitioner's need for rate relief is the City of Westfield's population growth of 81.6% <sup>1</sup> since 2010. Mr. Willman testified that to keep pace with the on-going growth in Westfield and to continue providing safe and reliable service to Westfield customers, Petitioner is requesting the proposed rate increase.

Mr. Willman stated Petitioner has taken steps to enhance system reliability, improve operational flexibility, control costs, and maintain affordable service for customers. Mr. Willman testified that to maintain reasonable and affordable rates for customers, Petitioner is proposing an SDC. Mr. Willman testified Petitioner's rates will remain affordable even with the rate increase, noting Petitioner's bills will rank sixth lowest amongst the 23 investor owned utilities.

**B. Craig Jackson.** Mr. Jackson explained credit ratings are an important element of a utility's financial integrity. Mr. Jackson noted a downgrade in Petitioner's credit rating would lead to an increase in financing costs, resulting in a higher cost of capital, and limiting access to capital markets under certain economic conditions.

Mr. Jackson testified credit risk can be mitigated. First, he testified a balanced capital funding plan will minimize the impact on Petitioner's capitalization ratios. Second, Mr. Jackson stated Commission approval of Petitioner's filing in this proceeding would mitigate credit risk.

Mr. Jackson calculated Petitioner's total fair value rate base for the test period to be \$89,890,020. Mr. Jackson testified Petitioner's estimated pro forma capital structure has an appropriate equity component. Mr. Jackson noted Petitioner has restrictive covenants with respect to debt capitalization and interest coverage. Mr. Jackson stated in the event of a default, the lenders would no longer be obligated to make loans under the agreement and the issuing lender would have no obligation to issue letters of credit.

Mr. Jackson testified if the fair value of Petitioner's property exceeds its original cost, the

---

<sup>1</sup> Mr. Willman noted the figure of 81.6% represents population growth from April 2010 to July 2022 as reported by the U.S. Census Bureau. <https://www.census.gov/quickfacts/fact/table/westfieldcityindiana,IN/PST045222>.

fair rate of return should not result in the same return that would be allowed if the rate base was valued at its original cost. Mr. Jackson testified that Petitioner's proposed fair rate of return is 7.79% at June 30, 2024 (Link Period) and 7.866% at June 30, 2025 (Test Period). Mr. Jackson provided Petitioner's proposed fair return is \$6,883,137 for the Link Period and \$7,070,404 for the Test Period.

C. **R. Jeffrey Malinak.** Mr. Malinak provided an estimate of Petitioner's cost of equity capital to use in determining its allowed rate of return following this proceeding. Mr. Malinak reviewed and opined on the economic principles underlying the "fair value" utility ratemaking paradigm. He also evaluated the roles of the utility cost of equity capital and of the historical and future inflation, in setting a fair rate of return on a fair value rate base. Mr. Malinak relied on cost of capital models that have support in the finance field, including the Capital Asset Pricing Model ("CAPM") and the Constant Growth and Multi-Stage versions of the Discounted Cash Flow ("DCF") Model ("CGDCF" and "MSDCF") to determine Petitioner's cost of equity capital.

Based on his findings, Mr. Malinak testified that 10.2% to 10.9% is a reasonable range for Petitioner's cost of equity capital. He stated the low end gives significant weight to the MSDCF results; 10.2% is below all four of his reported CAPM results. However, Mr. Malinak testified the single best point estimate in his opinion is 10.9%, which is based on the median CAPM results for the firms in his sample, and a beta based on all measures, including both "raw" and "adjusted" measures, and both Value Line and Bloomberg betas calculated over various time periods. Mr. Malinak opined CAPM results should be given more weight than the DCF results for both theoretical and empirical reasons.

Mr. Malinak testified the Commission should not remove a measure of inflation from the nominal cost of capital due to the fact the competitive market value ("CMV") reflects past inflation, and the Commission should not reduce Petitioner's cost of equity capital to reflect expected future inflation.

D. **Edward Bukovac.** Mr. Bukovac noted in general, Petitioner's customers typically have a much higher usage in the summer than in the winter, and the peak days and total usage is increasing each year. Mr. Bukovac also discussed the day-to-day operations, inspection, and maintenance programs that keep the system in good operating order. Further, he noted Petitioner has experienced increases in operating expenses. Mr. Bukovac testified chemical and electrical costs have increased significantly in the last two years due not only to adding new facilities but also an increase in unit costs.

Mr. Bukovac testified that since the acquisition, over \$50 million has been invested into Petitioner's facilities and system. He stated the investments were made to enhance system reliability and redundancy and to add additional capacity, supply, storage, and pumping. Mr. Bukovac additionally addressed the capital improvements Petitioner has made since the acquisition and future investments it plans for the forward test year, including projects that increase system redundancy, storage, supply, and capacity. Mr. Bukovac testified these critical improvement projects are required over the next few years to continue to provide safe and reliable service and to meet the demands of growth within the Westfield area.

**E. Camela Johnson.** Ms. Johnson explained the Shared Services allocation methodology used to allocate costs amongst Citizens Energy Group’s various business units, including how shared services costs are assigned to the various business units that are served by and benefit from the activities of shared services personnel. Ms. Johnson identified the types of cost drivers used in allocating costs. She sponsored pro forma adjustments related to property taxes and depreciation and amortization expense and provided information regarding pro forma changes to depreciation rates. Johnson described Petitioner’s use of pro forma depreciation rates, noting Petitioner currently uses a composite depreciation rate of 2% for all its water utility plant in service, which was approved in Cause No. 44273. Ms. Johnson further supported the original cost net plant in service and original cost rate base through the end of the future test year.

**F. Sabine Karner.** Ms. Karner provided Petitioner’s financial statements for the base period ending June 30, 2023, the link period ending June 30, 2024, and the future test year. Ms. Karner provided a description of the financial system that generates the amounts on the financial statements and stated that the financial records of Petitioner are subject to regular audits by an independent firm of certified public accountants.

Ms. Karner provided forecasted financial statements for the forward test year and explained her method of projecting financial statements for the link period and forward test year. Ms. Karner highlighted the major changes in the projected financial statements compared to the base period, noting that the balance sheet changes in the projected periods are characterized by the significant investment in plant, property, and equipment. She testified that by the end of the forward test year, net utility plant is projected to have increased by \$60 million or 40% compared to the base period. Ms. Karner stated a portion of this growth stems from contributed property, and the contributions in aid of construction (“CIAC”) liability, net of amortization, is forecast to increase by \$20 million or 32%. Ms. Karner testified long-term debt increases by 56% to \$56 million, and equity by 29% to \$65 million.

Ms. Karner also sponsored pro forma adjustments to certain operating expenses, including employee-related costs, other operations and maintenance expenses, and expenses related to conservation and safety messaging. Ms. Karner testified adjustments made obtain representative level costs. She stated the adjustments are reasonable and in accordance with acceptable standards, laws, and prior Commission rulings.

**G. Ann Bui.** Ms. Bui testified, based on her fair value analyses, the best evidence of the fair value of Petitioner’s utility plant is consistent with the Commission’s statement in Cause No. 39314 that the fair value of a utility’s property is comparable to the current worth of that property.

Ms. Bui also sponsored a class cost of service study (“COSS”) based on Petitioner’s cost of providing water utility service through the link period and future test year. Ms. Bui testified that the COSS in this proceeding is consistent with generally accepted industry guidelines and stated the cost-of-service analysis conducted by Black & Veatch utilizes a cost-causative approach endorsed by the American Water Works Association’s (“AWWA’s”) Principles of Water Rates, Fees, and Charges, Manual of Water Supply Practices M1 (“M1 Manual”). Ms. Bui testified the

results of the COSS indicate a revenue increase over present rates of 21.7% for the Link Period and 26.6% for the Test Year Period. Ms. Bui stated the COSS shows that under the current rate structure inherited from the City of Westfield and approved in Cause No. 44273 as a part of the acquisition, a subsidy exists whereby the residential class is subsidizing the non-residential class in the amount of \$257,497 during the Link Period and \$287,320 during the Test Year Period under present rates.

**H. Debi Bardhan-Akala.** Ms. Bardhan-Akala sponsored and described the overall revenue requirements for Petitioner, including the underlying adjustments to the financial result for the future test year. Ms. Bardhan-Akala noted that since its acquisition of the water utility assets from the City of Westfield in 2014, Petitioner has not filed a general rate case. Ms. Bardhan-Akala stated that for the test year period, the total grossed up revenue requirement is calculated to be \$18,340,252. Ms. Bardhan-Akala stated the overall rate increase that Petitioner is requesting is 26.57% over two phases. She stated the Phase 1 increase is 21.62% and the Phase 2 increase is 3.99%.

Ms. Bardhan-Akala stated Petitioner plans to implement its proposed rate increase over two phases, including Petitioner's proposed true-up process following the end of the future test year. Ms. Bardhan-Akala provided a detailed description of accounting adjustments. She stated to normalize the base period to be reflective of operating results going-forward, Petitioner made adjustments, which can be classified into one of the following six categories: (1) Billing Exceptions; (2) Cancel-Rebill; (3) Growth Normalization; (4) New and Departing Customers; (5) Billing Determinant; and (6) Indiana Utility Receipts Tax Removal. Ms. Bardhan-Akala explained Petitioner's proposed increase in operating revenue, and how Petitioner's proposed total grossed up revenue requirement is calculated.

Ms. Bardhan-Akala testified Petitioner proposes an SDC in the amount of \$2,300 per EDU for the Commission's approval in this case and discussed the purpose and impact of the proposed SDC. Ms. Bardhan-Akala testified Petitioner utilized the buy-in method as described in the AWWA M1 Manual and the Water Environment Federation's Financing and Charges for Wastewater Systems, Manual of Practice 27 and as approved by the Commission in Westfield Wastewater's case seeking approval for an SDC charge in 2017 to calculate the SDC amount of \$2,300 per EDU. She explained the proposed SDC would be implemented in two phases to allow the developer community to step into the new rate. Ms. Bardhan-Akala briefly summarized the proposed changes to Petitioner's Terms and Conditions for Water Service, Rates, and Appendices.

## **6. OUC's Evidence.**

**A. Carla F. Sullivan.** Ms. Sullivan presented the overall results of the OUC's analysis of Petitioner's proposed revenue increase. Ms. Sullivan testified the OUC does not accept Petitioner's proposed fair value rate base. While the OUC generally accepted Petitioner's methodology for determining the fair value of its assets, the OUC disagreed with Petitioner's determination of accumulated depreciation on the assets included in its Replacement Cost New Less Depreciation study. Ms. Sullivan also disagreed with Petitioner's inclusion in rate base certain capital asset projects Petitioner added during the linking period and the forward-looking test year. As a result of these disagreements, Ms. Sullivan recommended a fair value rate base of

\$66,287,377 for the base period, \$71,318,550 for Phase 1, and \$71,465,528 for Phase 2. Ms. Sullivan testified that based on Petitioner's proposal to utilize a fair value rate base, the OUCC determined that if fair value ratemaking is properly applied, the result is an overall decrease of \$681,042, a 4.80% rate decrease.

Ms. Sullivan calculated an original cost rate base as of June 30, 2025 of \$70,805,503 and explained that in such case the OUCC would recommend an overall \$1,351,424 revenue increase, or a 9.53% rate increase based on that original cost rate base.

Ms. Sullivan also presented the OUCC's recommended capital structure for Petitioner. Ms. Sullivan explained the OUCC's recommended fair rate of return on Petitioner's fair value rate base using the weighted average cost of capital ("WACC") adjusted to remove the doubling effects of inflation. She testified the OUCC accepts Petitioner's proposed Phase 1 and Phase 2 capital structures but recommends a different WACC than Petitioner proposed due to the different cost of equity recommendations. Ms. Sullivan stated the OUCC recommends a 9.3% cost of equity compared to Petitioner's proposed 10.9%. Ms. Sullivan testified the OUCC further recommends an adjustment to remove inflation from its recommended WACC to be applied to Petitioner's proposed fair value rate base. Ms. Sullivan recommended a Phase 1 WACC of 6.95% for pre-2012 assets and future additions and a 3.39% WACC for post-2011 assets. For Phase 2, the OUCC recommends a 7.01% WACC for pre-2012 assets and future additions and a 3.45% WACC for post-2011 assets.

Ms. Sullivan explained the OUCC's recommended depreciation expense. Ms. Sullivan accepted Petitioner's proposal to exclude the amortization of CIAC for ratemaking purposes and discussed the OUCC's recommended process to implement the proposed phased-in rate increases, including the OUCC's specific requests regarding what Petitioner should include in its compliance filing.

Ms. Sullivan also explained and presented the OUCC's recommended \$1,650 SDC. Ms. Sullivan explained that while she accepted Petitioner's use of the capacity buy-in method, she does not agree with the system value or the system capacity Petitioner used to calculate its SDC, resulting in the OUCC's differing SDC recommendation. Ms. Sullivan additionally recommended that Petitioner conduct a periodic review of the SDC assumptions and calculations at least once every five years and provide the results of this analysis to the Commission and OUCC as a compliance filing under this Cause number.

**B. Jason T. Compton.** Mr. Compton explained the OUCC's disagreement with Petitioner's purchased water adjustment and proposed a lower pro forma purchased water expense. Mr. Compton stated he found the purchased water adjustment for the linking period should be a decrease of \$434,077, and the test year should be an increase of \$14,295 for a pro forma purchased water expense of \$38,855. Mr. Compton recommended the Commission approve a pro forma purchased water expense of \$24,561 for the linking period and a pro forma purchased water expense of \$38,855 for the test year.



Mr. Compton disagreed with Petitioner's proposed pro forma miscellaneous revenues because Petitioner's three-year average included July 2020 through June 2021. Mr. Compton stated this period includes the COVID-19 pandemic, which resulted in abnormally low miscellaneous revenues for utilities due to a government-mandated pause on miscellaneous charges such as late fees and disconnections. Mr. Compton stated no adjustment to the historical base year is necessary to establish Petitioner's test year miscellaneous revenues.

Mr. Compton testified Petitioner's base period general ledger includes three transactions with a vendor for hosting and network management services related to Advanced Metering Infrastructure ("AMI") meter reading and other services. Mr. Compton stated his review of the associated invoices revealed these expenses were overstated as Petitioner recorded more than 12 months of expense during the base period. Mr. Compton recommended a decrease to Petitioner's base period operating expenses to remove the excessive expense recorded during the base period, as well as the inflation adjustment associated with this expense.

Mr. Compton opposed the amount of rate case expense Petitioner seeks to recover from its ratepayers. Mr. Compton stated Petitioner incurred an excessive amount to retain its consultant to testify about Return on Equity ("ROE"). Mr. Compton's Attachment JTC-1 provided invoices through April 2024 which showed Mr. Malinak, billed Petitioner \$1,303,844. Mr. Compton argued costs incurred over \$120,000 in this Cause for an ROE consultant should not be endorsed and should be disallowed. Mr. Compton also stated Petitioner's inclusion of a 10% contingency in rate case expense is unreasonable. Mr. Compton proposed a five-year amortization period for the recovery of rate case expense. In total, Mr. Compton recommended Petitioner be allowed to recover \$805,700 in total rate case expense over a five-year amortization period for rate case expenses.

C. **Shawn Dellinger**. Mr. Dellinger recommended a ROE of 9.3%. Mr. Dellinger testified that to analyze the ROE component of Petitioner's WACC, he ran multiple models to arrive at a recommendation of 9.3%. Mr. Dellinger described various methods and models that may be used to calculate a ROE. After summarizing his findings, Mr. Dellinger testified that a 9.3% ROE is reasonable in this case. Mr. Dellinger noted this recommendation is close to the recommendation of Petitioner's witness Malinak, if you remove the liquidity premium adjustment of 1.48% (range of 8.71%-9.41% with a recommendation of 9.41%). Mr. Dellinger discussed how appropriately assessing risk when establishing the rate of return helps maintain the affordability of utility services in Indiana. Mr. Dellinger noted the Commission has acknowledged the reduced risk associated with increased use of tracking mechanisms, a future/forecasted test year, and the potential for the preapproval of major capital projects.

Mr. Dellinger opposed Petitioner's proposed liquidity premium adjustment. Mr. Dellinger testified that, based on what Petitioner maintains qualifies it for this premium, every Indiana investor owned utility would also qualify for this same liquidity premium. He further stated that he is not aware of an instance in which the Commission has found a liquidity premium should be quantified and added to an otherwise complete ROE recommendation.

Mr. Dellinger testified Petitioner's proposed WACC applied to its proposed fair value rate base has the effect of double-counting inflation, and he recommended a WACC that has been appropriately adjusted to remove historical inflation in accordance with Commission practice. Mr. Dellinger recommended a weighted inflation rate suitable to apply to the non-cost base rate is 3.56%, and all other assets that are being valued at original cost do not need to be concerned with double counting of the inflationary impacts.

**D. Carl N. Seals.** Mr. Seals described capital improvement projects Petitioner plans to complete and explained why certain costs should not be included in Petitioner's rate base. Specifically, Mr. Seals argued that his review of data request responses and additional research into the need for the River Road Well No. 17 ("Well No. 17") project and the Cherry Tree Clearwell Extension ("Cherry Tree") project show Petitioner completed these projects without adequate analysis supporting their need and efficacy. Mr. Seals testified Petitioner did not perform or conduct any cost-benefit analyses or lifecycle cost analyses regarding Well No. 17 comparing the cost of constructing and operating Well No. 17 to purchasing additional water from its affiliate, Citizens Water. Mr. Seals noted the Indiana Department of Environmental Management ("IDEM") requires water and wastewater utilities to prepare a lifecycle cost-benefit analysis when obtaining a permit to expand their water or wastewater treatment plants and argued such an analysis is a best practice that provides benefits to ratepayers that should have been employed before constructing Well No. 17. Based on these concerns, Mr. Seals recommends Petitioner perform a lifecycle cost analysis to compare the cost of the new well versus the cost of purchased water prior to adding additional wells and that Petitioner update the 2013 Aquifer Study to determine its capabilities before adding new wells.

Mr. Seals testified that while he supports the expansion of the Cherry Tree project, he does not believe Petitioner has adequately shown the scope or need for the 146<sup>th</sup> Street extension component of the Cherry Tree project. Mr. Seals argued that, given the highly interconnected nature of Westfield Water's system, including both wells and treated water, it remains unclear why the 146<sup>th</sup> Street extension is reasonably necessary for continued reliable operations. Mr. Seals argued that since Petitioner has not adequately supported the need for the 146<sup>th</sup> Street extension, the cost of this project, which totals \$903,000 according to Petitioner's response to an OUCC data request, should be excluded from rate base additions.

## **7. Petitioner's Rebuttal Evidence.**

**A. Jeffrey A. Willman.** Mr. Willman discussed the severe consequences the OUCC's proposed decrease would have on Petitioner, both financially and operationally, and the Westfield community in general. Mr. Willman stated the two most significant areas of disagreement between the OUCC and Petitioner are (1) the fair value rate base valuation; and (2) cost of capital. Mr. Willman stated the negative impact of the OUCC's proposed rate decrease is compounded by its recommendation to decrease Petitioner's proposed SDC of \$2,300 per EDU that is to be paid by developers for each new system connection to \$1,650 per EDU. Mr. Willman stated the proposed reduction would reduce the amount of capital available outside of capital markets to meet infrastructure needs, and therefore, could contribute to higher customer rates in the future.

**B. Craig Jackson.** Mr. Jackson testified approval of the OUCC's recommendations would do significant financial harm to Petitioner. Mr. Jackson explained the OUCC's proposed revenue decrease of \$681,042 would result in Petitioner being in default on its line of credit agreement and at significant risk of a credit downgrade. Mr. Jackson testified that a downgrade in Petitioner's credit rating would lead to an increase in overall financing costs, result in a higher cost of capital, and could limit access to the capital markets under certain conditions.

Mr. Jackson testified the OUCC's recommended fair value return does not follow logic, as the OUCC's recommended fair value return is less than its calculated original cost return, despite the fact that its recommended fair value rate base is \$660,025 higher than its calculated original cost rate base. Therefore, Mr. Jackson argued the OUCC's conclusions regarding fair value return cannot be relied upon by the Commission in this proceeding. Mr. Jackson pointed out the OUCC's fair value recommendations would violate not only precedent from Indiana courts and the Commission,<sup>2</sup> but fundamental principles of finance, and would result in rates that are confiscatory and therefore unconstitutional.

**C. R. Jeffrey Malinak.** Mr. Malinak addressed OUCC witness Dellinger's recommendations regarding cost of equity and an inflation adjustment and concluded that those recommendations would result in economic losses to Petitioner, and, therefore, violate fundamental principles of finance and established ratemaking precedent. Mr. Malinak testified he and Mr. Dellinger agree on the core models to use in estimating Petitioner's cost of equity capital, the CAPM and the DCF Model. Mr. Malinak noted that while they have several significant technical and methodological disagreements regarding the application of these models in this case, the net economic effect of those disagreements on the cost of equity (before adjustments for liquidity differences or inflation) ultimately is not material.

Mr. Malinak stated Mr. Dellinger's main arguments against adding a liquidity premium in this case are not grounded in economic reasoning. Further, Mr. Malinak noted Mr. Dellinger does not identify any ruling in which the Commission has ruled against the application of a liquidity premium. Regarding Mr. Dellinger's recommendation that Petitioner's WACC be adjusted by subtracting historical inflation of 3.56% when calculating the allowed rate of return on a fair value rate base, Mr. Malinak stated Mr. Dellinger's recommendation would cause Petitioner to under-recover its capital costs from an economic perspective, thereby imposing an economic loss on Petitioner. As a result, Mr. Malinak concluded that Mr. Dellinger's recommendation would violate fundamental regulatory finance principles.

**D. Edward Bukovac.** Mr. Bukovac testified the 146<sup>th</sup> Street Main Extension and Cherry Tree Clear Well expansion were completed as one project and both are used and useful, with both components of the project being required to achieve optimal system performance. Mr. Bukovac stated the Cherry Tree Clear Well expansion project depends on the 146<sup>th</sup> Main Extension project to provide maximum value to the Westfield Water system, meaning both the 146<sup>th</sup> Street Main Extension project and the Cherry Tree Clear Well expansion project should be included in rate base. Mr. Bukovac provided a summary of how the 146<sup>th</sup> Street Main Extension is currently

---

<sup>2</sup> Mr. Jackson cited to the Commission's decision in *Indiana-Michigan Power Company*, IURC Cause No. 39314 at 43-44 (Nov. 12, 1993), wherein the Commission explicitly rejected an intervenor's proposal to essentially ignore fair value and the increase in the worth of the utility's rate base by "backing into" a return based on original cost.

being used.

Mr. Bukovac testified he did not agree with Mr. Seals' recommendation that Petitioner be required to perform a cost-benefit analysis or a lifecycle cost analysis before constructing new wells or undertaking water supply projects. Mr. Bukovac stated certain flaws exist with lifecycle cost analyses and stated IDEM does not require a lifecycle cost analysis when permitting new wells. Mr. Bukovac testified IDEM issued Petitioner a permit for the construction of Well 17 without a lifecycle cost analysis. Mr. Bukovac testified there are a variety of reasons why a new well may be drilled and that there are other things typically done to determine the viability of a new well.

**E. Camela Johnson.** Ms. Johnson addressed the OUCC's proposals related to pro forma depreciation expense and original cost rate base. Ms. Johnson testified she cannot agree with the OUCC's proposed adjustment to Phase 1 pro forma depreciation expense because it contains depreciation rate errors. However, Ms. Johnson testified Petitioner accepts the OUCC's proposal to use the pending Cause No. 45988 depreciation accrual rates for Phase 2 in this case.<sup>3</sup> Ms. Johnson noted the OUCC has not opposed Petitioner's depreciation accrual rates in the pending Cause No. 45988 and stated it's a reasonable approach to use the pending rates in this petition. Ms. Johnson testified use of the pending depreciation accrual rates would lead to a higher pro forma depreciation expense adjustment for the test year.

Ms. Johnson testified Petitioner and the OUCC agree on the separation of Pre-2012 and Post-2011 assets for rate base presentation, and that Petitioner largely agrees with the OUCC's revised filing of original cost rate base for the historical base period, excluding some minor calculation differences. Ms. Johnson noted the OUCC has already largely corrected their initial errors related to the CIAC reduction in rate base. Ms. Johnson testified Petitioner does not, however, accept the OUCC's revised calculations of original cost rate base for the link period and test year. Ms. Johnson testified Petitioner's revised original cost rate base for the test year is \$75,802,463, which is a decrease of \$690,686 from the original cost rate base filed in direct testimony of \$76,493,149. She stated this decrease is due to the change in the accumulated depreciation account from implementing the pending depreciation accrual rates in Cause No. 45988 for the test year.

**F. Ann Bui.** Ms. Bui responded to OUCC witness Sullivan's testimony regarding Petitioner's fair value proposal. Ms. Bui concurs with Ms. Sullivan's use of the Handy-Whitman Index to establish the fair use of Petitioner's assets. Ms. Bui disagrees with Ms. Sullivan regarding how depreciation should be calculated when used in a fair value analysis.

**G. Debi Bardhan-Akala.** Ms. Bardhan-Akala addressed various recommendations made by OUCC witnesses, including those regarding adjustments to miscellaneous revenues, purchased water, out-of-period expenses, the amount of Petitioner's proposed SDC, and rate case expenses. Ms. Bardhan-Akala testified Petitioner accepts the OUCC's adjustment to purchased water expense and the elimination of an out-of-period expense.

---

<sup>3</sup> The depreciation accrual rates proposed by Petitioner in Cause No. 45988 were used by both the OUCC and Petitioner in their revenue requirement calculations. These rates will be updated to the depreciation accrual rates authorized by the Commission as part of Petitioner's Phase 2 compliance filing.

Ms. Bardhan-Akala testified Petitioner disagrees with OUCC witness Compton's recommended calculations regarding miscellaneous revenues. Ms. Bardhan-Akala stated data from the COVID-19 months should be included, stating her proposed normalization methodology produces a going level of revenue associated with these fees that is reasonable.

Ms. Bardhan-Akala testified the OUCC calculation of the SDC in this case represents a reversal in position related to the treatment of CIAC in calculating an SDC, citing the methodology the OUCC proposed be used by Citizens Wastewater of Westfield in Cause No. 44835, which Citizens Wastewater of Westfield ultimately followed and was approved by the Commission on December 28, 2017 in Cause No. 44968. Ms. Bardhan-Akala testified Petitioner agrees to review its SDC periodically, but believes it is appropriate to do so when it files its base rate cases.

Ms. Bardhan-Akala testified she does not believe it is appropriate to limit expenses for the cost of equity consultant based on what other utilities may have paid their consultants as the OUCC suggests, especially since this is Petitioner's first rate case since its acquisition of the water system from the City of Westfield ten years ago. Ms. Bardhan-Akala noted the Commission has consistently rejected OUCC recommendations that expenses associated with the cost of equity witness should be borne by shareholders, and argued the OUCC's contention that cost of equity consultant costs be disallowed because they are imprudent is another way to attempt to shift the burden for the costs that must be incurred in the preparation of rate case expenses. Ms. Bardhan-Akala further noted Petitioner excluded certain costs incurred by the cost of equity consultant from regulatory expense that were estimated to represent one-time costs. Ms. Bardhan-Akala testified she does not agree with the OUCC's recommended 5-year amortization period, arguing that a 3-year amortization period will accurately align with the period rates in effect. Ms. Bardhan-Akala further stated Petitioner agrees to amend its base rate tariffs once the authorized rate case expenses have been amortized.

**8. Settlement Agreement.** The following summarizes the terms of the Settlement Agreement, a copy of which is attached to this Order:

**A. Phased Rate Increases and Rate Base Update Mechanism.** The Settling Parties agreed Petitioner will implement Phase 1 rates upon issuance of an Order in this Cause, based on Petitioner's revenue requirement for the end of the link period, adjusted for actual net rate base as of June 30, 2024, along with Petitioner's actual capital structure as of that date, as well as the depreciation rates approved in Cause No. 45039. The Phase 1 rates will go into effect after the new tariff has been approved by the Commission's Water Division, on an interim subject-to-refund basis, pending a 30-day review process under which the OUCC shall have to review and present any objections.

Petitioner will implement the Phase 2 rates no sooner than January 1, 2026, or 12 months after implementation of the Phase 1 rates, whichever is later. The Phase 2 rates would be based on actual net rate base as of June 30, 2025, along with Petitioner's actual capital structure and cost of debt as of that date, as well as the depreciation rates approved in Cause No. 45988. Under the Settlement Agreement, Phase 2 rates will take effect after the submitted Phase 2 rates have been approved by the Commission's Water Division, on an interim-subject-to-refund basis, with the

OUCC having a period of 60 days to review and present any objections. The Settling Parties agreed that, if needed to resolve any objections, the Commission will conduct a hearing, and rates will be trued up, retroactive to the date such rates were put into place.

**B. Revenue Requirement and Net Operating Income.** Subject to the rate base update mechanism described above in 8.A. (“Rate Base Update Mechanism”), the Settling Parties agreed Petitioner’s base rates will be designed to produce revenue at proposed rates of \$17,253,732 in Phase 2, which represents an 18.85% overall increase of \$2,683,513 over existing rates. Petitioner’s base rates will be designed to produce estimated revenue at proposed rates of \$15,478,356 in Phase 1, which represents an increase of \$1,240,871 over present rates. Subject to the above Rate Base Mechanism, the Settling Parties agreed that Petitioner’s Revenue Requirement noted above results in a proposed authorized net operating income of \$5,227,690 in Phase 1 and \$5,420,822 in Phase 2.

**C. Original Cost Rate Base, Capital Structure, and Return.** Solely for purposes of settlement, Petitioner agreed that its weighted cost of capital multiplied by its original cost rate base yields a fair return for the purposes of this case. Based upon the Settlement Agreement and the Rate Base Update Mechanism set forth in the Settlement Agreement, the Settling Parties agreed Petitioner should be authorized a fair return of \$5,227,690 in Phase 1 and \$5,420,822 in Phase 2 yielding a respective overall return of 7.2050% in Phase 1 and 7.2650% in Phase 2, based upon: (a) a Net Original Cost Rate Base of \$72,556,414 (Phase 1) and \$74,615,577 (Phase 2); and (b) Petitioner’s forecasted capital structure, including an authorized return on equity (“ROE”) of 9.70%.

**D. Depreciation Expense.** The Settling Parties agreed Petitioner should use the depreciation accrual rates as authorized in Cause No. 45039 (Order approved December 27, 2018) to calculate Petitioner’s depreciation expense for Phase 1. Thereafter, Petitioner should use the depreciation accrual rates, currently pending approval in Cause No. 45988, to calculate Petitioner’s depreciation expense for Phase 2. The Settling Parties further agreed Phase 2 depreciation expense should include an annual amount of \$203,316, representing an amortization of depreciation reserve adjustments of \$609,948. After three years of implementation of Phase 2 rates, Petitioner will amend its Schedule of rates and charges to remove the \$203,316 from its revenue requirement. The Settling Parties’ agreement to the foregoing results in pro forma depreciation expense of \$3,155,342 and \$4,136,988 for Phase 1 and Phase 2, respectively.

**E. Operating Revenues.** The Settling Parties agreed Petitioner’s pro forma present rate Operating Revenues should reflect acceptance of all of Petitioner’s proposed revenue adjustments except its \$10,188 reduction to miscellaneous revenues as presented in OUCC witness Compton’s testimony.

**F. O&M Expenses.** The Settling Parties stipulated that Petitioner’s forecasted pro forma O&M Expenses should be decreased by \$360,628 and agreed to adjustments for: rate case expenses, purchased water expense and removal of an out-of-period adjustment. The Settling Parties agreed rate case expenses would be amortized over four years and after four years of implementation of rates Petitioner will amend its Schedule of rates and charges to remove annual rate case expense from its revenue requirement.

**G. Allowed Increases.** The Settling Parties agreed Petitioner's rates would increase by \$2,683,513, or 18.85%, and the Settlement Agreement includes tables showing projected revenue increases for each of the two phases.

**H. Allocation of Agreed Upon Increase in Operating Revenues.** The Settling Parties stipulated to the allocation of the agreed revenue increase between classes as reflected in the cost-of-service study and rate design supported by Petitioner's witness Bui except for any changes resulting from the Revenue Adjustment mechanism, which would be applied across the board.

**I. Completion of Lifecycle Cost Analysis.** Petitioner agreed that prior to adding additional wells, Petitioner will perform a lifecycle cost analysis that compares the cost of the new well or wells with the cost of purchasing water. However, the Settling Parties agreed the results of such an analysis are just one factor that might influence the need to add a well and Petitioner is not precluded from adding wells based on the results of any such analyses.

**J. Terms and Conditions for Service.** The Settling Parties agreed the miscellaneous revisions to Petitioner's General Terms and Conditions for Water Service set forth in Petitioner's Attachments DBA-2 and DBA-4 and described in the direct testimony of Debi Bardhan-Akala should be approved by the Commission.

**K. System Development Charge.** The Settling Parties agreed Petitioner should be authorized to charge a \$2,000 SDC to customers making a new connection to Petitioner's system. Upon issuance of an Order in this Cause, the SDC would be \$1,000, and increase to \$2,000 upon implementation of Phase 2 rates. Petitioner agreed to conduct a periodic review of its SDC assumptions and calculations at least once every five years and provide the results of this analysis to the Commission and OUCC as a compliance filing.

**L. Other Provisions.** The Settlement Agreement provides that it shall not be deemed and does not constitute an admission by any party in any other proceeding except as necessary to enforce its terms. The Settling Parties agreed the Settlement Agreement is without prejudice to, and will not constitute a waiver of, any position that any of the Settling Parties may take with respect to any or all the issues resolved therein in any future regulatory or other proceeding. The Settling Parties agreed and asked the Commission to incorporate as part of its Final Order that Settlement Agreement, or the Order approving it, not be cited as precedent by any person or deemed an admission by any party in any other proceeding except as necessary to enforce its terms.

**9. Evidence Supporting Settlement Agreement.**

**A. Petitioner's Evidence in Support of the Settlement Agreement.**

**i. Jeffrey Willman.** Mr. Willman testified that two primary areas of disagreement accounted for approximately 93% of the divergence in the revenue requirement in this case: (1) cost of capital; and (2) rate base. Mr. Willman stated that in order to facilitate a

settlement and for purposes of settlement only, the Settling Parties agreed using the original cost rate base as presented in Petitioner's rebuttal filing with certain adjustments related to depreciation discussed in the settlement of Ms. Bardhan-Akala and multiplying it by a weighted cost of capital of 7.2050%, which is based on a cost of equity of 9.7%, yields a fair return for purposes of this case.

Mr. Willman stated the Settlement Agreement provides that Petitioner's annual pro forma operating revenues from recurring monthly rates and charges should be increased by \$2,683,513 over existing rates. Mr. Willman stated this increase represents an approximately 18.85% increase in total operating revenues from Petitioner's recurring monthly rates and charges. He testified that upon implementation of Phase 2 rates, the rates for a typical residential customer would increase by approximately \$6.00 per month, for a total bill of about \$39.00 per month.

Mr. Willman stated that from his perspective, the Settlement Agreement is a reasonable and acceptable outcome in this proceeding. Mr. Willman testified that to maintain its financial integrity, address rising costs due to inflation, and continue investments to support on-going growth in Westfield, Petitioner needs a reasonable rate increase, which Mr. Willman believes is achieved in the Settlement Agreement. Mr. Willman stated the Settlement Agreement will provide Petitioner an opportunity to earn a return that will allow Petitioner to keep providing safe and reliable service and support the ongoing growth of the Westfield community and reasonably compensate Petitioner for its investment. Importantly, Mr. Willman stated the agreed upon rate increase will result in debt service interest coverages that will help maintain Petitioner's credit worthiness and access to capital needed for making infrastructure investments. Additionally, Mr. Willman testified that the agreed upon SDC of \$2,000 per EDU will also provide an additional source of capital to be used for certain infrastructure investments.

**ii. Debi Bardhan-Akala.** Ms. Bardhan-Akala testified the Settlement Agreement provides that Petitioner's annual pro forma operating revenues from recurring monthly rates and charges should be increased by \$2,683,513 over existing rates. She stated this increase represents an approximately 18.85% increase in total operating revenues from Petitioner's recurring monthly rates and charges. Ms. Bardhan-Akala noted in its case-in-chief, Petitioner proposed an overall operating revenue increase of \$3,780,221, or an increase of 26.57%, based on a fair value rate base. She noted that in the OUCC's revised testimony, the OUCC recommended an overall operating revenue decrease of \$681,042, or a decrease of 4.80%, based on a fair value rate base.

Ms. Bardhan-Akala noted the original cost rate base amount includes capital spending for the two projects that were previously in dispute in the Settling Parties' respective testimony. Ms. Bardhan-Akala stated the Settling Parties agreed to adjust the accumulated depreciation amount in original cost rate base to reflect the use of Petitioner's current composite depreciation rate of 2% until such time that new customer rates and charges for Phase 1 are approved for implementation, which will also authorize Petitioner to begin use of the depreciation accrual rates approved in Cause No. 45039 for its books and records.

Ms. Bardhan-Akala noted, the Settling Parties agreed to adjust the accumulated depreciation amount in original cost rate base for Phase 2 to reflect the use of the depreciation



accrual rates approved in Cause No. 45039, which are the rates that Petitioner would be using for its books and records as of the test year ending date of June 30, 2025.

Ms. Bardhan-Akala next provided the rate of return that the Settling Parties agreed should be applied to Petitioner's original cost rate base (7.2650%, generating a fair return of \$5,420,822 for purposes of this proceeding, which translates to a \$2,683,513 increase over Petitioner's pro forma net operating income under present rates). Ms. Bardhan-Akala testified the Settling Parties reached an agreement as to the components of the WACC. She stated the Settling Parties agreed on an ROE of 9.70% and cost of long-term debt of 4.45%. Ms. Bardhan-Akala noted that, from Petitioner's perspective, the authorized ROE is an important part of the overall settlement to ensure Citizens Water of Westfield's continued financial health. She stated that if Petitioner's ROE is set too low, it could lead to financial insecurity that would place increased risk on Petitioner and challenge its ability to continue to provide safe, reliable, affordable service to its water customers.

Ms. Bardhan-Akala testified the Settling Parties agreed Petitioner's pro forma operating revenues should not reflect Petitioner's proposed reduction of \$10,188 to miscellaneous revenues as presented in OUCC witness Compton's testimony. Ms. Bardhan-Akala noted she agreed to removal of \$45,669 of expenses recorded in the base period which represent more than 12 months of service for hosting and network management services related to AMI in her rebuttal testimony. Ms. Bardhan-Akala testified that the Settling Parties agreed Petitioner's Base Period purchased water expense of \$458,638 should be reduced by \$394,077, resulting in \$64,561 of Phase 1 purchased water expense. She stated the Settling Parties further agreed that Phase 1 purchased water expense of \$64,561 should be increased by \$54,294, resulting in \$118,855 of Phase 2 purchased water expense. Ms. Bardhan-Akala stated the Settling Parties' agreement with respect to purchased water expense reflects Petitioner's ongoing expense level.

Ms. Bardhan-Akala stated the Settling Parties agreed Petitioner should be permitted to recover rate case expense of \$1,250,000 to be amortized over four years as opposed to Petitioner's proposal to recover \$1,472,304 over three years. Ms. Bardhan-Akala testified this represents a reduction in O&M expenses of \$178,268. Ms. Bardhan-Akala opined the foregoing terms are a reasonable resolution of the Settling Parties' respective positions regarding rate case expenses. She stated a four-year amortization period represents a reasonable compromise between Petitioner's proposed three-year amortization period and the OUCC's proposed five-year period.

Ms. Bardhan-Akala testified that in her opinion the agreement reached between the Settling Parties regarding the SDC is reasonable. She noted the compromised SDC of \$2,000 is within the range of evidence presented by Petitioner and the OUCC and represents a reasonable compromise between the Settling Parties' respective positions. Further, she noted that the SDC agreed to between the Settling Parties is consistent with the SDC approved by the Commission for Citizens Wastewater of Westfield, LLC in Cause No. 44968.

Ms. Bardhan-Akala further testified that pursuant to OUCC witness Seals' recommendation in his direct testimony, Petitioner agreed that prior to adding additional wells, Petitioner will perform a lifecycle cost analysis which compares the cost of the new well[s] with the cost of purchasing water. Ms. Bardhan-Akala stated the Settling Parties agreed Petitioner

would consider the results of the lifecycle analysis as one factor that might influence the need to add a well[s]. However, Ms. Bardhan-Akala testified Petitioner is not precluded from adding wells based on the results of any such analyses.

**B. OUCC's Evidence in Support of the Settlement Agreement.**

**i. Margaret A. Stull.** Ms. Stull testified the Settling Parties agreed to an overall 18.85% revenue increase to provide additional revenues of \$2,683,513. Ms. Stull stated the Settling Parties also agreed to an original cost rate base of \$74,615,577 as of June 30, 2025 and a cost of equity of 9.7%. Ms. Stull testified the Settling Parties agree the agreed revenue increases will be allocated among customer classes in accordance with Petitioner's proposed cost of service study. Ms. Stull stated to the extent the actual revenue requirement resulting from Paragraph 2 of the Settlement Agreement, the Rate Base Update Mechanism, is different from the amounts set forth therein, the difference shall be reflected by changing the rates set forth in Joint Settlement Attachment C in an across-the-board fashion.

Ms. Stull testified the Settling Parties agree Petitioner should be authorized to charge a \$2,000 SDC to customers making a new connection to Petitioner's system. Ms. Stull stated that upon issuance of an Order in this Cause, the SDC would be \$1,000 and increase to \$2,000 upon implementation of Phase 2 rates. Ms. Stull noted Petitioner will conduct a periodic review of its SDC assumptions and calculations at least once every five years and provide the results of this analysis to the Commission and OUCC as a compliance filing under this Cause number.

Ms. Stull opined the Settlement Agreement is in the public interest. Ms. Stull stated there are several customer benefits generated by the Settlement Agreement, not least of which is a substantive reduction to the overall rate increase sought by Petitioner. Ms. Stull stated the Settlement Agreement is a product of intense, arms-length negotiations, requiring each party to compromise on difficult issues. She stated that to make such compromises, each party must assess its litigation risk that the Commission will find the other side's case more compelling. Ms. Stull testified the Settlement Agreement strikes an appropriate balance between the interests of the ratepayer and of Petitioner. Ms. Stull stated the customer benefits outlined in the Settlement Agreement lead the OUCC, the statutory representative of all ratepayers, to conclude the Settlement Agreement is an equitable resolution, supported by the evidence, and should be approved.

In addition to summarizing the terms of the Settlement Agreement, Ms. Stull highlighted various customer benefits generated by the Settlement Agreement throughout her testimony. For instance, Ms. Stull noted the Settlement Agreement reduces Petitioner's proposed cost of common equity by 120 basis points and serves to reduce Petitioner's overall revenue increase and in the OUCC's view produces more reasonable results. Ms. Stull additionally noted the Settlement Agreement terms on rate base garner customer benefits. She noted Petitioner did not propose to limit its rate base to an amount forecasted in its testimony. Rather, it proposed to base its Phase 2 rates on actual utility plant in service as of June 30, 2025, which could have exceeded the forecasted rate base amount included in Petitioner's testimony. Ms. Stull stated the Phase 2 Rate Base Cap provides certainty to customers by way of setting a limit on Petitioner's utility plant upon which it can earn a return. Ms. Stull further testified the public interest is served by the rate

base terms in the Settlement Agreement by noting the Phase 1 and Phase 2 rate base certification process provides for a transparent review of Petitioner's rate base, including plant in service and related calculations. Ms. Stull stated this process serves as an incentive for timely, thorough review of the assets Petitioner has certified are in service and used and useful.

Ms. Stull stated the Settlement Agreement represents a compromise the OUCC supports as fair, reasonable, and beneficial to both the utility and customers. Ms. Stull testified the Settling Parties value the certainty and speed of implementing negotiated outcomes such as this. Ms. Stull concluded the Settlement is in the public interest, supported by the evidence, and should be approved.

## **10. Commission Discussion and Findings.**

**A. Commission Review of Settlement Agreements.** Settlement is a reasonable means of resolving a controversial proceeding in a manner that is fair and balanced to all concerned. The Settlement Agreement represents the Settling Parties' proposed resolution of the issues in this Cause. As the Commission has previously discussed, settlements presented to the Commission are not ordinary contracts between private parties. *U.S. 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 Coal. 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 Coal.*, 664 N.E.2d at 406.

Further, any Commission decision, ruling, or order, including approval of a settlement, must be supported by specific findings of fact and sufficient evidence. *U.S. Gypsum*, 735 N.E.2d at 795 (citing *Citizens Action Coal. v. Public Service Co.*, 582 N.E.2d 330 (Ind. 1991)). 170 IAC 1-1.1-17(d) requires that settlement be supported by probative evidence. Before the Commission can approve the Settlement Agreement, the Commission must determine whether the evidence in this Cause sufficiently supports the conclusion that the Settlement Agreement is reasonable, just, and consistent with the purpose of Ind. Code ch. 8-1-2 and that such agreements serve the public interest.

The Commission has before it substantial evidence from which to determine the reasonableness of the terms of the Settlement Agreement, including Petitioner's rate base, the methodology to be used in determining Petitioner's rate increase, agreed allocation of the increase, agreement on ROE and capital structure, and the other terms of the Settlement Agreement. The Settlement Agreement is supported by the Settlement Agreement attachments, as well as explanatory testimony of OUCC and Petitioner's witnesses. Therefore, as further explained below, we have substantive information from which to discern the basis for the components of the increase in Westfield Water's base rates and charges under the Settlement Agreement and find the evidence supports that they are reasonable.

**B. Revenue Requirement.** The Settling Parties agreed for purposes of settlement that Petitioner's base rates will be designed to produce revenue at proposed rates of \$17,253,732 in Phase 2. This Revenue Requirement represents an 18.85% increase of \$2,683,513 over existing rates, which is a decrease of \$1,096,708 (29%) from the amount Proposed by Petitioner in its case-in-chief. The Settling Parties further agree Petitioner's base rates will be designed to produce estimated revenue at proposed rates of \$15,478,356 in Phase 1, which represents an increase of \$1,240,871 over present rates. Petitioner will implement the Phase 1 rates upon issuance this Order subject to the Rate Base Update Mechanism. The Settling Parties' agreement is based on their concurrence regarding Petitioner's original cost rate base, a fair rate of return, and operating revenue and expenses.

As discussed in detail below, we find the Settlement Agreement regarding Petitioner's revenue requirement is reasonable, supported by evidence of record, and should be approved.

**i. Rate Base.** For purposes of settlement, the Settling Parties agreed to use original cost rate base to calculate Petitioner's fair return in the revenue requirement. The original cost rate base amount includes capital spending for the two projects previously in dispute in the Settling Parties' respective testimonies. The inclusion of those projects in rate base is supported by the rebuttal testimony of Petitioner's witness Bukovac. Mr. Bukovac presented evidence that both disputed projects were used and useful in the provision of water service. Additionally, the original cost rate base agreed upon by the Settling Parties includes net cash payments for the link period and test year that were previously in dispute.

As further discussed below, the Settling Parties agreed to adjust the accumulated depreciation amount in original cost rate base to reflect the use of Petitioner's current composite depreciation rate of 2% until such time new customer rates and charges for Phase 1 are approved for implementation, which will authorize Petitioner to begin use of the depreciation accrual rates approved in Cause No. 45039 for its books and records. Similarly, the Settling Parties agreed to adjust the accumulated depreciation amount in original cost rate base for Phase 2 to reflect the use of the depreciation accrual rates approved in Cause No. 45039, which are the rates that Petitioner would be using for its books and records as of the test year ending date of June 30, 2025.

The Settling Parties agreed on an estimated original cost rate base amount of \$72,556,414 as of June 30, 2024, for Phase 1 subject to the Rate Base Update Mechanism. The Settling Parties agreed on an original cost rate base amount of \$74,615,577 as of June 30, 2025, for Phase 2 subject to the Rate Base Update Mechanism. The projected components of rate base for Phase 1 and Phase 2 are set out in the Settlement Testimony of Petitioner's witness Bardhan-Akala. For ratemaking purposes, the Settling Parties agreed that the rate base through Phase 2 shall not exceed \$74,615,577.

The agreed upon original cost rate base is supported by Petitioner's initial, rebuttal, and settlement testimony, as well as by the OUCC's direct testimony and settlement testimony.

Accordingly, we approve the terms of the Settlement Agreement relating to the determination of Petitioner's original cost rate base.

ii. **Fair Rate of Return.** We are charged with providing the utility with the opportunity to earn a fair return on the fair value of its property. An accepted way of doing so is to determine Petitioner's capital structure and determine the cost of the various components of its capital. The Settling Parties' agreement with respect to Petitioner's capital structure at Phase 1 and Phase 2 is set forth in Paragraph 4(b) of the Settlement Agreement. The Settling Parties agreed on a fair rate of return of 7.2650%, which includes an agreed ROE of 9.70% and cost of long-term debt of 4.45%.

The agreed upon ROE of 9.70% represents a compromise of the Settling Parties' respective case-in-chief positions. In their respective cases-in-chief, the OUCC recommended a ROE of 9.3% and Petitioner's witness Malinak proposed a 10.9% ROE. This compromised ROE is within the range of evidence presented by Petitioner and the OUCC and represents a reasonable resolution of the issue in this case. The agreed ROE is also within the range of recent Commission authorized ROEs or negotiated ROEs for other investor-owned utilities in Indiana. In addition, the agreed upon ROE is supported by the Settling Parties' respective witnesses. Petitioner's witness Willman testified the Settlement Agreement will provide Petitioner an opportunity to earn a return that will allow Petitioner to keep providing safe and reliable service and support the ongoing growth of the Westfield community and reasonably compensate Petitioner for its investment. OUCC witness Stull testified the Settling Parties agreed the agreed upon rate of return will adequately and fairly compensate Petitioner for its investments, while maintaining the financial viability of the water utility.

Based on the evidence of record, we find the agreed upon fair rate of return of 7.2650% is reasonable.

iii. **Depreciation and Amortization Expense.** The Settling Parties agreed the depreciation accrual rates approved in Cause No. 45039 should be used for Phase 1 pro forma depreciation expense, as calculated on the plant in-service balances as of the link period ending June 30, 2024. The Settling Parties agreed Phase 1 pro forma depreciation expense is \$3,155,342. The Settling Parties also agreed to use the depreciation accrual rates pending in Cause No. 45988 for Phase 2 pro forma depreciation expense, as calculated on the plant in-service balances as of the test year ending June 30, 2025. The Settling Parties agreed Phase 2 pro forma depreciation expense is \$4,136,988.

We find the Settling Parties' agreement is a reasonable compromise of the positions put forward in the Settling Parties' respective cases-in-chief and should be approved.

iv. **Operating Results at Present Rates.** In the Settlement Agreement, the Settling Parties agreed Petitioner's pro forma present rate Operating Revenues in Phase 1 is \$14,237,485, reflecting acceptance of all of Petitioner's proposed revenue adjustments except its \$10,188 reduction to miscellaneous revenues, which was discussed in the testimony of OUCC witness Compton. The Settling Parties further agreed that Petitioner's pro forma present rate Operating Revenues in Phase 2 is \$15,811,090.

The Settling Parties also agreed that Petitioner's forecasted pro forma at present rates O&M Expenses in Phase 1 is \$10,246,115 and in Phase 2 is \$11,827,619. The Settling Parties agreed to O&M expense adjustments related to: (i) rate case expense; (ii) purchased water expense; and (iii) removal of an out-of-period expense recorded in the base period which represent more than 12 months of service for hosting and network management services related to AMI.

All such pro forma adjustments have been identified in the testimony supporting the Settlement Agreement and the evidence of record. With respect to the agreement to reduce Petitioner's proposed rate case expense, the Settling Parties agreed to use a four-year amortization period which represents a reasonable compromise between Petitioner's proposed three-year amortization period and the OUCC's proposed five-year period. Ms. Bardhan Akala also testified that from Petitioner's perspective a reduction in rate case expenses was appropriate because a settlement agreement had been reached, which ultimately will reduce regulatory costs that otherwise might be incurred if the case were litigated. The reduction in purchased water expense was addressed in the direct testimony of OUCC witness Compton. Ms. Bardhan-Akala testified that the Settling Parties agreed to a level of purchased water expense that they believe is a reasonable prediction of purchased water expense for ratemaking purposes.

We would be remiss if we did not speak to the ROE consultant's fees. Mr. Compton's Attachment JTC-1 provided invoices through April 2024 which showed the Return on Equity witness, Mr. Malinak, billed Petitioner \$1,303,844. While the Settlement Agreement caps Mr. Malinak's expenses for ratemaking purposes at \$652,759, in future cases we urge Petitioner to be mindful of using consultants with such fees.

Accordingly, we find all pro forma adjustments and the resulting pro forma operating revenues at present rates agreed upon in the Settlement Agreement are reasonable and supported by substantial evidence of record.

v. **Allowed Increase.** The Settling Parties agreed Petitioner's current recurring monthly rates and charges should be increased to levels sufficient to produce additional operating revenues of \$2,683,513 at the end of Phase 2, which reflects an approximately 18.85% increase in total operating revenues subject to the compliance filing. The Settlement Agreement includes a summary of the Settling Parties' agreement with respect to the projected Phase 1 and Phase 2 increases subject to the compliance filing.

As further discussed above, the Settling Parties agreed the allowed increase in additional revenues will provide Petitioner an opportunity to realize adequate utility operating income and enable Petitioner to continue providing safe and reliable service. Petitioner's witness Willman testified the agreed upon rate increase will result in debt service interest coverages that will help maintain Petitioner's credit worthiness and access to capital needed for making infrastructure investments. The Commission finds the rates estimated to produce these results are just and fair and should allow Petitioner an opportunity to earn a reasonable return on its property dedicated to providing water utility services to the public.

## Settlement Agreement

<b>Revenue Requirement</b>	<b>Overall</b>
Original Cost Rate Base	\$ 74,615,577
Times: Weighted Cost of Capital	7.2650%
Net Operating Income Required for Return on Rate Base	5,450,822
Less: Adjusted Net Operating Income	2,747,152
New Revenue Requirement	2,673,670
Gross Revenue Conversion Factor	100.3681%
Recommended Revenue Increase	\$ 2,683,513
Recommended Percentage Increase	18.85%

<b>Net Operating Income</b>	<b>Phase 1</b>
Operating Revenues	\$ 15,478,356
Less: Operating and Maintenance Expense	5,326,802
Depreciation Expense	3,155,342
General Taxes	1,768,522
Net Operating Income	\$ 5,227,690

<b>Revenue Requirement</b>	<b>Phase 1</b>
Original Cost Rate Base	\$ 72,556,414
Times: Weighted Cost of Capital	7.2050%
Net Operating Income Required for Return on Rate Base	5,227,690
Less: Adjusted Net Operating Income	3,991,370
New Revenue Requirement	1,236,320
Gross Revenue Conversion Factor	100.3681%
Recommended Revenue Increase	\$ 1,240,871
Recommended Percentage Increase	8.72%

<b>Net Operating Income</b>	<b>Phase 2</b>
Operating Revenues	\$ 17,253,732
Less: Operating and Maintenance Expense	5,653,064
Depreciation Expense	4,136,988
General Taxes	2,042,858
Net Operating Income	\$ 5,420,822

<b>Revenue Requirement</b>	<b>Phase 2</b>
Original Cost Rate Base	\$ 74,615,577
Times: Weighted Cost of Capital	7.2650%
Net Operating Income Required for Return on Rate Base	5,420,822
Less: Adjusted Net Operating Income	3,983,471
New Revenue Requirement	1,437,351
Gross Revenue Conversion Factor	100.3681%
Recommended Revenue Increase	\$ 1,442,642
Recommended Percentage Increase	9.12%

**C. Cost of Service and Rate Design.** The Settling Parties stipulate to the allocation of the agreed revenue increase among classes as reflected in the cost-of-service study and rate design supported by Petitioner's witness Bui. However, to the extent the actual revenue requirement resulting from Paragraph 2 of the Settlement Agreement is different from the amounts set forth herein, the difference shall be reflected by changing the rates in an across-the-board fashion.

In its case-in-chief, the OUCC did not oppose the methodology used in the cost-of-service study. Nor did the OUCC propose any changes to Petitioner's proposed subsidy reductions, which aims to eliminate the residential class subsidization of the non-residential class. Based on the Settlement Agreement and the Settling Parties' respective case-in-chief testimony supporting the methodology used in the cost-of-service study, we find the Settling Parties' agreement that the increase in revenues approved herein should be applied based on the cost-of-service study filed by Petitioner in this Cause should be approved.

**D. Rates Subject to Rate Adjustment Mechanism.** The Settlement Agreement provides that the Phase 1 rates will be based on Petitioner's revenue requirement for the end of the link period, adjusted for actual net rate base as of June 30, 2024, along with Petitioner's actual capital structure as of that date. Following issuance of a Final Order in this Cause approving the Settlement Agreement, the Settling Parties agreed Phase 1 rates will go into effect after the new tariff has been approved by the Commission's Water Division, on an interim subject-to-refund basis, pending a 30-day review process under which the OUCC shall have to review the tariff and present any objections. The Settling Parties agreed that, if needed to resolve any objections, the Commission will conduct a hearing and rates will be trued up, retroactive to the date such rates were put into place.

Petitioner will implement the Phase 2 rates no sooner than January 1, 2026, or 12 months after implementation of the Phase 1 rates, whichever is later. The Settling Parties agreed Phase 2 rates would be based on actual net rate base as of June 30, 2025, along with Petitioner's actual capital structure and cost of debt as of that date, as well as the depreciation rates approved in Cause No. 45988. Under the Settlement Agreement, Phase 2 rates will take effect after the new rates have been approved by the Commission's Water Division, on an interim-subject-to-refund basis, with the OUCC having a period of 60 days to review the rates and present any objections. The Settling Parties agreed that, if needed to resolve any objections, the Commission will conduct a hearing, and rates will be trued up, retroactive to the date such rates were put into place.

Petitioner will include the following information with each Compliance Filing: (a) certification of Petitioner's total actual utility plant-in-service; (b) certification of actual capital structure for each phase; (c) actual capital structure by component, including an updated calculation of weighted average cost of capital and comparing actuals to the settlement schedules; (d) original cost rate base by component comparing actuals to the settlement schedules for each phase in accordance with this Agreement, with any variances greater than 10% explained for Phase 2; (e) original cost utility plant in service balances by National Association of Regulatory Utility Commissioners Account comparing actuals to the settlement schedules for each phase in accordance with the Settlement Agreement, with any variances greater than 10% explained for



Phase 2; (f) calculation of Phase 1 rates based on the June 30, 2024, actuals; and (g) calculation of Phase 2 rates based on the June 30, 2025, actuals.

The Commission finds and concludes that the foregoing terms of the Settlement Agreement are reasonable and in the public interest.

**E. System Development Charge.** The Settling Parties agreed Petitioner should be authorized to charge a \$2,000 per EDU SDC to customers making a new connection to Petitioner's system. Upon issuance of an Order in this Cause, the Settling Parties agreed the SDC would be \$1,000 as part of Phase 1 rates and would increase to \$2,000 upon implementation of Phase 2 rates. Petitioner agreed to conduct a periodic review of its SDC assumptions and calculations at least once every five years and provide the results of this analysis to the Commission and OUCC as a compliance filing in this Cause.

The Settling Parties' agreement represents a reasonable compromise between their original positions. In its case-in-chief, Petitioner sought approval for an SDC of \$2,300 per EDU, to be phased-in with half of the calculated SDC amount (\$1,150 per EDU) to be implemented as part of Phase 1 rates, and the remaining amount to be implemented as a part of Phase 2 rates. The phase-in approach was designed to allow the developer community in the City of Westfield to step into the new rate and provide all interested stakeholders with an opportunity to make any necessary adjustments to their business model as a result of Petitioner implementing the SDC. OUCC witness Sullivan recommended the SDC be reduced from \$2,300 to \$1,650. The agreed-upon SDC of \$2,000 per EDU is within the range of evidence presented by Petitioner and the OUCC and represents a reasonable compromise between the Settling Parties' respective positions. An SDC of \$2,000 per EDU also matches the SDC approved for Citizens Wastewater of Westfield in Cause No. 44968. The SDC also has the benefit of retaining the phased-in approach proposed in Petitioner's case-in-chief. Accordingly, we find the agreed upon terms relating to implementation of the SDC to be reasonable and in the public interest.

**F. Terms and Conditions for Service.** The Settling Parties agreed the miscellaneous revisions to Petitioner's General Terms and Conditions for Water Service set forth in Petitioner's Exhibit No. 8, Attachments DBA-3 and DBA-4 and described in the direct testimony of Debi Bardhan-Akala should be approved by the Commission. The suggested revisions described in the direct testimony of Ms. Bardhan-Akala were not contested by the OUCC. We find the miscellaneous revisions to Petitioner's Terms and Conditions for Water Service agreed to in the Settlement Agreement are reasonable.

**G. Life Cycle Cost Analysis.** In the Settlement Agreement, Petitioner agreed that prior to adding additional wells, Petitioner will perform a life cycle cost analysis which compares the cost of the new well[s] with the cost of purchasing water. The Settling Parties agreed Petitioner would consider the results of the life cycle analysis as one factor that might influence the need to add a well or wells. However, Petitioner is not precluded from adding wells based on

the results of any such analyses. The foregoing agreement is responsive to the recommendation of OUCC witness Seals. We find this agreement to be reasonable and in the public interest.

**H. Conclusion Regarding Settlement Agreement.** For the foregoing reasons, we find the Settlement Agreement is reasonable, supported by the evidence and in the public interest. Therefore, we find that the Settlement Agreement is approved in its entirety, without modification.

**11. Effect of Settlement Agreement.** The Settling Parties agree 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).

**12. Confidentiality.** Petitioner filed two motions seeking protective orders, which were supported by accompanying affidavits, showing certain workpapers, exhibits, and attachments to be submitted to the Commission by OUCC witnesses Compton and Seals and Petitioner's witnesses Karner and Jackson contained confidential, proprietary and trade secret information within the scope of Ind. Code §§ 5-14-3-4(a)(4) and (9) and Ind. Code § 24-2-3-2. The Presiding Officers issued Docket Entries making preliminary findings of confidentiality after which Petitioner and the OUCC submitted the information to the Commission under seal. We find that all information submitted under seal by Petitioner and the OUCC is trade secret as defined in Ind. Code § 24-2-3-2, and confidential pursuant to Ind. Code § 5-14-3-4, and shall continue to be exempt from public access and disclosure by the Commission.

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

1. The Stipulation and Settlement Agreement between Westfield Water and the OUCC, a copy of which is attached to this Order, is approved in its entirety and without modification and is incorporated herein as if set out in full.

2. Petitioner is authorized to increase its rates and charges for water utility service in two phases as described in Finding Paragraph 10 herein.

3. Petitioner's new schedules of rates and charges shall be effective upon approval by the Commission's Water Division, on an interim subject to refund basis, pending the review processes set forth in the Settlement Agreement, during which the OUCC shall have an opportunity to review and present any objections.

4. Petitioner shall certify its plant in-service, original cost rate base, and capital structure on June 30, 2024 (Phase 1) and June 30, 2025 (Phase 2) and calculate the resulting rates and charges, which shall be made effective upon filing in accordance with the findings herein, subject to being contested and tried-up consistent with the Settlement Agreement.

5. Petitioner is authorized to implement an SDC in the amount of \$1,000 per EDU as part of Phase 1 rates, increasing to \$2,000 per EDU upon implementation of Phase 2 rates.

6. The miscellaneous revisions to Petitioner's General Terms and Conditions for Water Service set forth in Petitioner's Exhibit No. 8, Attachments DBA-3 and DBA-4 are approved.

7. Prior to adding additional wells, Petitioner shall perform a life cycle cost analysis as set forth in the Settlement Agreement and this Order.

8. Petitioner is directed to file under this Cause a periodic review of its SDC assumptions and calculations at least once every five years.

9. The documents identified in paragraph 13 of the findings qualify as confidential trade secret information within the scope of Ind. Code § 5-14-3-4(a) and (9) and Ind. Code § 24-2-3-2 and pursuant to Ind. Code § 5-14-3-4 and Ind. Code § 24-2-3-2, these documents are exempt from public access and disclosure by Indiana law and shall be held confidential and protected from public access and disclosure by the Commission.

10. This Order shall be effective on and after the date of its approval.

**HUSTON, BENNETT, FREEMAN, VELETA, AND ZIEGNER CONCUR:**

**APPROVED: NOV 27 2024**

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

---

**Dana Kosco**  
**Secretary of the Commission**

**BEFORE THE**

**INDIANA UTILITY REGULATORY COMMISSION**

**VERIFIED PETITION OF CITIZENS WATER OF WESTFIELD, LLC FOR (1) AUTHORITY TO INCREASE RATES AND CHARGES FOR WATER UTILITY SERVICE AND APPROVAL OF A NEW SCHEDULE OF RATES AND CHARGES; (2) AUTHORITY TO IMPLEMENT AND APPROVAL OF A SYSTEM DEVELOPMENT CHARGE; AND (3) APPROVAL OF CERTAIN REVISIONS TO ITS TERMS AND CONDITIONS APPLICABLE TO WATER UTILITY SERVICE**

**CAUSE NO. 46020**

**STIPULATION AND SETTLEMENT AGREEMENT**

On March 6, 2024, Citizens Water of Westfield, LLC (“Petitioner” or “Westfield Water”) filed its Verified Petition (the “Verified Petition”) with the Indiana Utility Regulatory Commission (“Commission”) seeking: (1) authority to increase its rates and charges for water utility service rendered by it in two phases and approval of a new schedule of rates and charges applicable thereto; (2) authority to implement and approval of a system development charge; and (3) approval of certain revisions to its terms and conditions for water utility service. Petitioner also filed the testimony and exhibits constituting its case-in-chief on March 6, 2024. On June 21, 2024, the Indiana Office of Utility Consumer Counselor (“OUCC”) filed its direct testimony and exhibits. Petitioner filed rebuttal testimony and exhibits on July 22, 2024.

After the OUCC filed its case-in-chief and continuing through Petitioner’s filing of its rebuttal testimony, Petitioner and the OUCC (collectively, the “Settling Parties”) communicated with each other regarding potential resolution of the issues in this proceeding through a settlement. On July 31, 2024, the Settling Parties notified the Commission they had reached an agreement with respect to all of the issues before the Commission, subject to preparation and execution of a written agreement.

The Settling Parties, solely for purposes of compromise and settlement of this Cause, stipulate and agree that the terms and conditions set forth in this Stipulation and Settlement Agreement (“Settlement Agreement”) represent a fair, just and reasonable resolution of this proceeding, subject to their incorporation by the Commission into a final, non-appealable order without modification or further condition that may be unacceptable to any Settling Party (“Final Order”).

**I. INCREASE IN NET OPERATING INCOME.**

1. Test Year and Rate Base Cutoff. The period used for determining the revenues and expenses incurred by Petitioner to provide water service to the public was comprised of the following three (3) distinct time periods:

- Base Period, which reflects the actual 12 months ending June 30, 2023;
- Link Period, which reflects the pro forma 12 months ending June 30, 2024;
- Forward-looking Test Period, which reflects the pro forma 12 months ending June 30, 2025.

All statements of value included in this Settlement Agreement are intended to be used exclusively in this proceeding for ratemaking purposes only and are not intended to reflect the fair market value of the assets of Petitioner’s water system.

2. Phased Rate Increases and Rate Base Update Mechanism. Petitioner will implement Phase 1 rates upon issuance of an Order in this Cause, which will be based on Petitioner’s authorized revenue requirement for the link period (twelve months ended June 30, 2024), adjusted for actual net rate base as of June 30, 2024, along with Petitioner’s actual capital structure as of that date. Following issuance of a Final Order in this Cause approving this Agreement, Phase 1 rates will go into effect after the new tariff has been approved by the Commission’s Water Division, on an interim subject-to-refund basis, subject to review of

Petitioner's compliance filing and a review process under which the OUCC shall have thirty days to review and present any objections. If needed to resolve any objections, the Commission will conduct a hearing and rates will be trued up, retroactive to the date such rates were put into place.

Petitioner will include the following information with each Compliance Filing:

1. Certification of Petitioner's total actual utility plant-in-service;
2. Certification of actual capital structure for each phase;
3. Actual capital structure by component, including an updated calculation of weighted average cost of capital and comparing actuals to the settlement schedules;
4. Original cost rate base by component comparing actuals to the settlement schedules for each phase in accordance with this Agreement. Any variances greater than 10% should be explained for Phase 2.
5. Original cost utility plant in service balances by NARUC Account comparing actuals to the settlement schedules for each phase in accordance with this Agreement. Any variances greater than 10% should be explained for Phase 2.
6. Calculation of Phase 1 rates based on the June 30, 2024, actuals; and
7. Calculation of Phase 2 rates based on the June 30, 2025, actuals.

Nothing herein prohibits the Settling Parties from communicating in advance of implementation of Phases 1 or 2 to promote administrative efficiency and resolution of potential issues.

Petitioner will implement the Phase 2 rates no sooner than January 1, 2026, or 12-months after implementation of the Phase 1 rates, whichever is later. Phase 2 rates would be based on actual net rate base as of June 30, 2025, along with Petitioner's actual capital structure, including cost of debt, as of that date, as well as the depreciation rates approved in Cause No. 45988. For ratemaking purposes in this case, rate base through Phase 2 shall not exceed \$74,615,577. Phase 2 rates will take effect after the new rates have been approved by the Commission's Water Division, on an interim-subject-to-refund basis, with the OUCC having a period of sixty (60) days

to review and present any objections. If needed to resolve any objections, the Commission will conduct a hearing and make findings.

3. Revenue Requirement and Net Operating Income.

(a) *Revenue Requirement.* Subject to the rate base update mechanism set forth in Paragraph 2 (“Rate Base Update Mechanism”), the Settling Parties agree that Petitioner’s base rates will be designed to produce revenue at proposed rates of \$17,253,732 in Phase 2. This Revenue Requirement represents an 18.85% increase of \$2,683,513 over existing rates, which is a decrease of \$1,096,708 (29%) from the amount Petitioner requested in its case-in-chief (\$3,780,221). The Settling Parties further agree that Petitioner’s base rates will be designed to produce estimated revenue at proposed rates of \$15,478,356 in Phase 1, which represents an increase of \$1,240,871 over present rates. Joint Settlement Attachment A attached hereto represents the schedules supporting the calculation of Petitioner’s revenue requirement based on the 12-month period ending June 30, 2025.

(b) *Net Operating Income.* Subject to the Rate Base Update Mechanism set forth in Paragraph 2, the Settling Parties agree that Petitioner’s Revenue Requirement in Paragraph 3(a) above results in a proposed authorized net operating income (“NOI”) of \$5,227,690 in Phase 1 and \$5,420,822 in Phase 2.

4. Original Cost Rate Base, Capital Structure, and Return.

(a) *Original Cost Rate Base and Return on Equity.* Solely for purposes of settlement, Petitioner has agreed that its weighted cost of capital times its original cost rate base yields a fair return for purposes of this case. Based upon this Agreement and the Rate Base Update Mechanism set forth in Paragraph 2, the Settling Parties agree that Petitioner should be authorized a fair return of \$5,227,690 yielding a return of 7.2050% in Phase 1 and an authorized fair return of \$5,420,822

yielding a return of 7.2650% in Phase 2, based upon: (a) a Net Original Cost Rate Base of \$72,556,414 (Phase 1) and \$74,615,577 (Phase 2); and (b) Petitioner’s forecasted capital structure, including an authorized return on equity (“ROE”) of 9.70%.

(b) *Capital Structure and Return.* Based on the following capital structure, including the 9.70% ROE and the cost of debt as filed, the overall weighted average cost of capital is computed as follows:

***Pro forma Capital Structure - Phase 1***  
**As of June 30, 2024**

	<u>Amount</u>	<u>Percent of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
Common Equity	\$61,846,295	52.47%	9.70%	5.0900%
Long Term Debt	56,000,000	47.51%	4.45%	2.1140%
Customer Deposits	19,747	0.02%	4.50%	0.0010%
Original Cost WACC	<u>\$117,866,042</u>	<u>100.00%</u>		<u>7.2050%</u>

***Pro forma Capital Structure - Phase 2***  
**As of June 30, 2025**

	<u>Amount</u>	<u>Percent of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
Common Equity	\$64,771,317	53.62%	9.70%	5.2010%
Long Term Debt	56,000,000	46.36%	4.45%	2.0630%
Customer Deposits	19,747	0.02%	4.50%	0.0010%
Original Value WACC	<u>\$120,791,064</u>	<u>100.00%</u>		<u>7.2650%</u>

The Settling Parties agree the fair return under the Settlement Agreement will be calculated based upon the actual capital structure and actual rate base as described in the Rate Base Update Mechanism set forth in Paragraph 2.



5. Depreciation Expense. The Settling Parties agree that Petitioner shall use the depreciation accrual rates as authorized in Cause No. 45039 (Order approved December 27, 2018) to calculate Petitioner's depreciation expense for Phase 1. Thereafter, Petitioner shall use the 2022 depreciation accrual rates approved by the Commission in Cause No. 45988, which is currently pending, to calculate Petitioner's depreciation expense to be included in Phase 2 rates. For both phases, Petitioner's depreciation expense shall be calculated by applying the applicable depreciation rates to actual depreciable utility plant in service as of June 30, 2024 for Phase 1 and as of June 30, 2025 for Phase 2. For Phase 2, if actual depreciable plant in service as of June 30, 2025 exceeds forecasted utility plant in service, Petitioner's Phase 2 depreciation expense shall be calculated by applying the applicable depreciation rates to the forecasted June 30, 2025 utility plant in service. In no event shall depreciation expense for Phase 1 or Phase 2 exceed the amount of depreciation expense authorized for Phase 2. The Settling Parties further agree Petitioner shall be permitted to include in its depreciation expense for Phase 2 an annual amount of \$203,316, representing an amortization of depreciation reserve adjustments of \$203,316, provided that after four years of implementation of the rates authorized in this case, Petitioner shall amend its Schedule of rates and charges to remove the \$203,316 from its revenue requirement. The Settling Parties agree to the foregoing results in pro forma depreciation expense of \$3,155,342 for Phase 1 and \$4,136,988 for Phase 2. Joint Settlement Attachment B includes details regarding the calculation of the Phase 1 and Phase 2 depreciation expense.

6. Operating Revenues. The Settling Parties agree that Petitioner's pro forma present rate Operating Revenues in Phase 1 is \$14,237,484, reflecting acceptance of all of Petitioner's proposed revenue adjustments except its \$10,188 reduction to miscellaneous revenues as presented

in OUCC Witness Jason Compton's testimony. Petitioner's pro forma present rate Operating Revenues in Phase 2 is \$15,811,091.

7. O&M Expenses. The Settling Parties stipulate that Petitioner's forecasted pro forma at proposed rates O&M Expenses in Phase 1 is \$10,250,668 and in Phase 2 is \$11,832,910. Phase 1 O&M expense adjustments are as follows:

(a) *Rate Case Expense.* Petitioner shall be permitted to recover rate case expense of \$1,250,000 to be amortized over four years (\$312,500 per year) as opposed to Petitioner's proposal to recover \$1,472,304 over three years (\$490,768), representing a reduction in annual O&M expenses of \$178,268. After four years of implementation of rates authorized in this case, Petitioner shall file an amended schedule of rates and charges reflecting the removal of the foregoing rate case expense from Petitioner's authorized revenue requirement. Any portion of the total authorized rate case expense that will not be recovered during the four-year amortization period before the next rate order may be recovered in Petitioner's next rate case.

(b) *Purchased Water Expense.* Base Period purchased water expense of \$458,638 shall be reduced by \$394,077, resulting in \$64,561 of Phase 1 purchased water expense. Phase 1 purchased water expense of \$64,561 shall be increased by \$54,294, resulting in \$118,855 of Phase 2 purchased water expense.

(c) *Out of Period Expense Adjustment.* Petitioner's Phase 1 miscellaneous operating expenses shall be reduced by \$45,669 to remove an out of period expense and associated inflation adjustments of \$1,142 (Phase 1) and \$1,170 (Phase 2), as described in the testimony of OUCC witness Jason Compton.

8. Allowed Increases. The table below summarizes the Settling Parties' agreement with respect to Petitioner's overall recommended revenue requirements subject to the Rate Base Update Mechanism set forth in Paragraph 2.

	<u>Per Petitioner</u>	<u>Per OUCC Revised</u>	<u>Settlement</u>
Rate Base	\$89,890,020	\$71,465,528	\$74,615,577
Times: Weighted Cost of Capital	7.866%	4.1118%	7.2650%
Net Operating Income Required for Return on Rate base	7,070,404	2,938,513	5,420,822
Less: Adjusted Net Operating income	3,304,048	3,617,037	2,747,151
Net Revenue Requirement	3,766,356	( 678,524)	2,673,671
Gross Revenue Conversion Factor	100.3681%	100.3710%	100.3681%
Recommended Revenue Increase	<u>\$3,780,221</u>	<u>\$( 681,042)</u>	<u>\$2,683,513</u>
Recommended Percentage Increase	<u>26.57%</u>	<u>-4.80%</u>	<u>18.85%</u>

The tables below reflect the Settling Parties's agreement with respect to the Phase 1 and Phase 2 increases subject to the Rate Base Update Mechanism set forth in Paragraph 2.

	<u>Phase 1</u>		
	<u>Per Petitioner</u>	<u>Per OUCC Revised</u>	<u>Settlement</u>
Original Cost Rate Base	\$88,355,069	\$71,318,550	\$72,556,414
Times: Weighted Cost of Capital	7.790%	3.9014%	7.2050%
Net Operating Income Required for Return on Rate base	6,883,137	\$2,782,432	5,227,690
Less: Adjusted Net Operating income	3,818,348	4,198,788	3,991,368
Net Revenue Requirement	3,064,789	(1,416,356)	1,236,322
Gross Revenue Conversion Factor	100.3681%	100.3710%	100.3681%
Recommended Revenue Increase	<u>\$3,076,070</u>	<u>\$(1,421,610)</u>	<u>\$1,240,873</u>
Recommended Percentage Increase	<u>21.62%</u>	<u>-10.02%</u>	<u>8.72%</u>

	<b>Phase 2</b>		
	<b>Per Petitioner</b>	<b>Per OUCC Revised</b>	<b>Settlement</b>
Original Cost Rate Base	\$89,890,020	\$71,465,528	\$74,615,577
Times: Weighted Cost of Capital	7.866%	4.1118%	7.2650%
Net Operating Income Required for Return on Rate base	7,070,404	2,938,512	5,420,822
Less: Adjusted Net Operating income	6,368,838	2,200,682	3,983,472
Net Revenue Requirement	701,566	737,830	1,437,350
Gross Revenue Conversion Factor	100.3681%	100.3710%	100.3681%
Recommended Revenue Increase	<u>\$704,151</u>	<u>\$740,568</u>	<u>\$1,442,641</u>
Recommended Percentage Increase	<u>3.99%</u>	<u>5.65%</u>	<u>9.12%</u>

9. Allocation of Agreed Upon Increase in Operating Revenues. The Settling Parties stipulate to the allocation of the agreed revenue increase among classes as reflected in the cost of service study and rate design supported by Petitioner's Witness Ann Bui. However, to the extent the actual revenue requirement resulting from Paragraph 2 of this Settlement Agreement is different from the amounts set forth herein, the difference shall be reflected by changing the rates set forth in Joint Settlement Attachment C in an across-the-board fashion.

10. Rate Schedules Implementing Agreed Upon Rate Increase. Joint Settlement Attachment C includes the agreed-upon rate schedules for each rate class setting forth the rates and charges for each customer class determined in the manner described above.

## II. OTHER TERMS

11. Completion of Lifecycle Cost Analysis. Petitioner agrees that prior to adding additional wells, Petitioner will perform a lifecycle cost analysis that compares the cost of the new well or wells with the cost of purchasing water. Petitioner agrees it shall consider the results of such analysis as one factor that might influence the need to add a well or wells. Petitioner is not

precluded from adding wells based on the results of any such analyses. Any such analysis shall be available upon request by the OUCC in subsequent filings.

12. Terms and Conditions for Service. The Settling Parties agree the miscellaneous revisions to Petitioner's General Terms and Conditions for Water Service set forth in Petitioner's Attachments DBA-3 and DBA-4 and described in the direct testimony of Debi Bardhan-Akala should be approved by the Commission.

13. System Development Charge. The Settling Parties agree Petitioner should be authorized to charge a \$2,000 System Development Charge ("SDC") to customers making a new connection to Petitioner's system. Upon issuance of an Order in this Cause, the SDC would be \$1,000, and increase to \$2,000 upon implementation of Phase 2 rates. Petitioner will conduct a periodic review of its SDC assumptions and calculations at least once every five years and provide the results of this analysis to the Commission and OUCC as a compliance filing under this Cause number.

### **III. SETTLEMENT AGREEMENT -- SCOPE AND APPROVAL**

14. Neither the making of this Settlement Agreement nor any of its provisions shall constitute in any respect an admission by any Settling Party in this or any other litigation or proceeding. The parties intend that neither the making of this Settlement Agreement, nor the provisions thereof, nor the entry by the Commission of a Final Order approving this Settlement Agreement, shall establish any principles or legal precedent applicable to Commission proceedings.

15. This Settlement Agreement shall not constitute nor be deemed an admission by any Settling Party in any other proceeding except as necessary to enforce its terms before the Commission, or any tribunal of competent jurisdiction. 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 Settling Parties may take with respect to any or all of the issues resolved herein in any future regulatory or other proceeding. Each of the Settling Parties has entered into this Agreement solely to avoid further disputes and litigation with the attendant inconvenience and expenses in this Cause. In accordance with the Order in *Re Petition of Richmond Power & Light*, Cause No. 40434, p. 10, the Settling Parties agree and ask the Commission to incorporate as part of its Final Order that this Agreement, or the Order approving it, not be cited as precedent by any person or deemed an admission by any party in any other proceeding except as necessary to enforce its terms before the Commission, or any court of competent jurisdiction on these particular issues.

16. This Settlement Agreement is conditioned upon and subject to Commission acceptance and approval of its terms in their entirety, without any change or condition that is unacceptable to any Settling Party. If the Settlement Agreement is not approved in its entirety by the Commission, the Settling Parties agree that the terms herein shall not be admissible in evidence or discussed by any party in a subsequent proceeding. Moreover, the concurrence of the Settling Parties with the terms of this Settlement Agreement is expressly predicated upon the Commission's approval of the Settlement Agreement in its entirety without any material modification or any material condition deemed unacceptable by any Party. If the Commission does not approve the Settlement Agreement in its entirety, the Agreement shall be null and void and deemed withdrawn, upon notice in writing by any Settling Party within fifteen (15) business days after the date of the Final Order that any modifications made by the Commission are unacceptable to it. In the event the Settlement Agreement is withdrawn, the Settling Parties will request that an Attorneys'

Conference be convened to establish a procedural schedule for the continued litigation of this proceeding.

17. The Settling Parties stipulate that the evidence of record presented in this Cause constitutes substantial evidence sufficient to support this Settlement Agreement and provide 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. In addition, the Settling Parties may offer supplemental testimony supporting the Commission's approval of this Settlement Agreement. The Settling Parties agree they will request or join in any request that the Commission issue a Final Order incorporating the agreed proposed language of the Settling Parties and accepting and approving the same in accordance with its terms without any modification. Any supportive testimony will be agreed-upon by the Settling Parties. The direct, rebuttal and agreed upon supplemental testimony filed in this proceeding will be offered into evidence without objection, and the Settling Parties hereby waive cross-examination of each other's witnesses.

18. The Settling Parties will support this Settlement Agreement before the Commission and request that the Commission accept and approve the Settlement Agreement. This Settlement Agreement is a complete, interrelated package and is not severable, and shall be accepted or rejected in its entirety without modification or further condition(s) that may be unacceptable to any Settling Party.

19. The Settling Parties shall work together to prepare an agreed upon proposed order to be submitted in this Cause. The Settling Parties will request Commission acceptance and approval of this Settlement Agreement in its entirety, without any change or condition that is unacceptable to any party to this Settlement Agreement.

20. The Settling Parties will request that the Commission issue a Final Order promptly accepting and approving this Settlement Agreement in accordance with its terms. The Settling Parties also will work cooperatively on news releases or other announcements to the public about this Settlement Agreement.

21. The Settling Parties shall not appeal or seek rehearing, reconsideration or a stay of any Final Order entered by the Commission approving the Settlement Agreement in its entirety without changes or condition(s) unacceptable to any Party (or related orders to the extent such orders are specifically and exclusively implementing the provisions hereof) and shall not oppose this Settlement Agreement in the event of any appeal or a request for rehearing, reconsideration or a stay by any person not a party hereto.

22. The undersigned have represented and agreed that they are fully authorized to execute this Settlement Agreement on behalf of their designated clients, and their successors and assigns, who will be bound thereby.

23. The communications and discussions during the negotiations and conferences have been conducted based on the explicit understanding that said communications and discussions are or relate to offers of settlement and therefore are both inadmissible and privileged. All prior drafts of this Settlement Agreement and any settlement proposals and counterproposals also are or relate to offers of settlement and are both inadmissible and privileged.

Accepted and Agreed on this 14<sup>th</sup> day of August, 2024.

**[Signature Page Follows]**



Citizens Water of Westfield, LLC

Indiana Office of Utility Consumer  
Counselor



An Attorney for Citizens Water of  
Westfield, LLC



Daniel LeVay  
An Attorney for the Indiana Office of Utility  
Consumer Counselor

**CAUSE NUMBER 46020**  
**Joint Settlement Attachment A**

**Settlement Schedules**

**Citizens Water of Westfield, LLC**  
**CAUSE NUMBER 46020**

**Recommended Overall Revenue Requirement Comparison**

Line	<b>As Proposed</b>		<b>Settlement</b>	<b>Sch Ref</b>	<b>Settlement More (Less) than Petitioner</b>	
	<b>Per Petitioner</b>	<b>Per OUC Revised</b>				
1	Original Cost Rate Base	\$ 89,890,020	\$ 71,465,528	\$ 74,615,577	7	\$ (15,274,443)
2	Times: Weighted Cost of Capital	7.866%	4.1118%	7.2650%	8	-0.6010%
3	Net Operating Income Required for Return on Rate base	7,070,404	2,938,513	5,420,822		(1,649,582)
4	Less: Adjusted Net Operating income	3,304,048	3,617,037	2,747,151	4	(556,897)
5	Net Revenue Requirement	3,766,356	(678,524)	2,673,671		(1,092,685)
6	Gross Revenue Conversion Factor	100.3681%	100.3710%	100.3681%	1	0.0000%
7	Recommended Revenue Increase	\$ 3,780,221	\$ (681,042)	\$ 2,683,513		\$ (1,096,708)
8	Recommended Percentage Increase	26.57%	-4.80%	18.85%		-7.72%

**Citizens Water of Westfield, LLC  
 CAUSE NUMBER 46020**

**Recommended Phased Revenue Requirement Comparison**

		<b>Phase 1</b>				
		<b>As Proposed</b>			<b>Settlement</b>	
Line		<b>Per Petitioner</b>	<b>Per OUCC Revised</b>	<b>Settlement</b>	<b>Sch Ref</b>	<b>More (Less) than Petitioner</b>
1	Original Cost Rate Base	\$ 88,355,069	\$ 71,318,550	\$ 72,556,414	7	\$ (15,798,655)
2	Times: Weighted Cost of Capital	7.790%	3.9014%	7.2050%	8	-0.5850%
3	Net Operating Income Required for Return on Rate base	6,883,137	2,782,432	5,227,690		(1,655,447)
4	Less: Adjusted Net Operating income	3,818,348	4,198,788	3,991,368	4	173,020
5	Net Revenue Requirement	3,064,789	(1,416,356)	1,236,322		(1,828,467)
6	Gross Revenue Conversion Factor	100.3681%	100.3710%	100.3681%	1	0.0000%
7	Recommended Revenue Increase	<u>\$ 3,076,070</u>	<u>\$ (1,421,610)</u>	<u>\$ 1,240,873</u>		<u>\$ (1,835,197)</u>
8	Recommended Percentage Increase	<u>21.62%</u>	<u>-10.02%</u>	<u>8.72%</u>		<u>-12.90%</u>

		<b>Phase 2</b>				
		<b>As Proposed</b>			<b>Settlement</b>	
Line		<b>Per Petitioner</b>	<b>Per OUCC Revised</b>	<b>Settlement</b>	<b>Sch Ref</b>	<b>More (Less) than Petitioner</b>
1	Original Cost Rate Base	\$ 89,890,020	\$ 71,465,528	\$ 74,615,577	7	\$ (15,274,443)
2	Times: Weighted Cost of Capital	7.866%	4.1118%	7.2650%	8	-0.6010%
3	Net Operating Income Required for Return on Rate base	7,070,404	2,938,512	5,420,822		(1,649,582)
4	Less: Adjusted Net Operating income	6,368,838	2,200,682	3,983,472	4	(2,385,366)
5	Net Revenue Requirement	701,566	737,830	1,437,350		735,784
6	Gross Revenue Conversion Factor	100.3681%	100.3710%	100.3681%	1	0.0000%
7	Recommended Revenue Increase	<u>\$ 704,151</u>	<u>\$ 740,568</u>	<u>\$ 1,442,641</u>		<u>\$ 738,490</u>
8	Recommended Percentage Increase	<u>3.99%</u>	<u>5.65%</u>	<u>9.12%</u>		<u>5.13%</u>

**Citizens Water of Westfield, LLC**  
**CAUSE NUMBER 46020**

**Gross Revenue Conversion Factor**

<b>Phase 1</b>						
Line	<b>Per Petitioner</b>	<b>Per OUCC</b>	<b>Settlement</b>	<b>Settlement More (Less) than Petitioner</b>	<b>OUCC Proposed Rate Adjustments</b>	
1	Gross revenue Change	100.0000%	100.0000%	100.0000%	0.0000%	\$ 1,240,873
2	Less: Bad Debt Rate	0.2200%	0.2200%	0.2200%	0.0000%	2,731
3	Sub-total	99.7800%	99.7800%	99.7800%	0.0000%	
4	Less: IURC Fee	0.146760%	0.149670%	0.146760%	0.0000%	1,821
5	Change in Operating Income	<u>99.63324%</u>	<u>99.63033%</u>	<u>99.63324%</u>	<u>0.00000%</u>	<u>\$ 1,236,321</u>
6	Gross Revenue Conversion Factor	<u>100.3681%</u>	<u>100.3710%</u>	<u>100.3681%</u>	<u>0.0000%</u>	

<b>Phase 2</b>						
Line	<b>Per Petitioner</b>	<b>Per OUCC</b>	<b>Settlement</b>	<b>Settlement More (Less) than Petitioner</b>	<b>OUCC Proposed Rate Adjustments</b>	
7	Gross Revenue Change	100.0000%	100.0000%	100.0000%	0.0000%	\$ 1,442,641
8	Less: Bad Debt Rate	0.2200%	0.2200%	0.2200%	0.0000%	3,174
9	Sub-total	99.7800%	99.7800%	99.7800%	0.0000%	
10	Less: IURC Fee (0.0015 of Line 3)	0.146760%	0.149670%	0.146760%	0.0000%	2,117
11	Change in Operating Income	<u>99.63324%</u>	<u>99.63033%</u>	<u>99.63324%</u>	<u>0.00000%</u>	<u>\$ 1,437,350</u>
12	Gross Revenue Conversion Factor	<u>100.3681%</u>	<u>100.3710%</u>	<u>100.3681%</u>	<u>0.0000%</u>	

**Citizens Water of Westfield, LLC**  
**CAUSE NUMBER 46020**

***Pro-forma Net Operating Income Statement***  
***Phase 1***

	<b>Base Year Ended 6/30/2023</b>	<b>Adjustments</b>	<b>Sch Ref</b>	<b>Pro-forma Present Rates</b>	<b>Proposed Rate Adjustments</b>	<b>Sch Ref</b>	<b>Phase 1 Pro-Forma Proposed Rates</b>
Operating Revenue							
Water Revenues	\$13,688,284	464,956	5-1	\$ 14,153,240	\$ 1,237,072		\$ 15,390,312
Late Fees	43,487			43,487	3,801		47,288
Revenue Not Subject to Increase	40,757			40,757			40,757
Total Operating Revenues	<u>13,772,528</u>	<u>464,956</u>		<u>14,237,484</u>	<u>1,240,873</u>	1	<u>15,478,357</u>
Operating Expenses							
Salaries and Wages	1,706,457	103,082	PET	1,809,539			1,809,539
Employee Benefits	521,049	(99,671)	PET	421,378			421,378
Purchased Water	458,638	(394,077)	6-1	64,561			64,561
Purchased Power	919,578	(132,712)	PET	786,866			786,866
Chemicals	254,155	14,441	PET	268,596			268,596
Materials and Supplies	125,101			125,101			125,101
Contractual Services							
Accounting	11,135			11,135			11,135
Legal	28,658			28,658			28,658
Line Locates	244,781			244,781			244,781
Other	377,010	25,579	PET	402,589			402,589
Rental of Building/Real Property	9,462			9,462			9,462
Rental of Equipment	4,440			4,440			4,440
Transportation Expense	132,147			132,147			132,147
Insurance							
Vehicle	6,283			6,283			6,283
General Liability	97,555	19,200	PET	116,755			116,755
Workers' Compensation	24,961			24,961			24,961
Other	58,714			58,714			58,714
Advertising Expense	3,494			3,494			3,494
Rate Case Expense		312,500	6-2	312,500			312,500
Bad Debt Expense	27,365	3,935	PET	31,300	2,731	1	34,031
Miscellaneous Expense	520,933			520,933			520,933
Customer Accounts		(45,669)	6-3	(45,669)			(45,669)
Inflation Adjustment to Misc. Costs		13,669	PET	13,669			13,669
OUC Inflation Adjustment		(1,142)	6-4	(1,142)			(1,142)
Reclassification		(18,180)	PET	(18,180)			(18,180)
Non-recurring Expenses		356	PET	356			356
Non-allowed Expenses		(9,155)	PET	(9,155)			(9,155)
Total O&M Expense	<u>5,531,916</u>	<u>(207,844)</u>		<u>5,324,072</u>	<u>2,731</u>		<u>5,326,803</u>
Depreciation and Amortization							
Depreciation Expense	3,402,925	(247,583)	6-5	3,155,342			3,155,342
Amortization of CIAC	(1,387,538)	1,387,538	PET	-			-
Amort of Acq Adjustment	78,322	(78,322)	PET	-			-
Taxes Other Than Income:							
Payroll Tax	122,814	(55)	PET	130,169			130,169
Payroll Tax		7,410	PET				
Property Tax	1,307,014	308,588	PET	1,615,602			1,615,602
IURC Fee	8,280	2,545	PET	10,825	1,821	1	12,646
Other Taxes	206	(8,280)	PET	(8,074)			(8,074)
Reclassification	-	18,180	PET	18,180			18,180
Total Operating Expenses	<u>9,063,939</u>	<u>1,182,177</u>		<u>10,246,116</u>	<u>4,552</u>		<u>10,250,668</u>
Net Operating Income	<u>\$ 4,708,589</u>	<u>\$ (717,221)</u>		<u>\$ 3,991,368</u>	<u>\$ 1,236,321</u>		<u>\$ 5,227,690</u>

**Citizens Water of Westfield, LLC**  
**CAUSE NUMBER 46020**

**Pro-forma Net Operating Income Statement**  
*Phase 2*

	Phase 1		Sch Ref	Phase 2		Sch Ref
	<i>Pro Forma</i> Proposed Rates	Adjustments		<i>Pro-forma</i> Present Rates	Proposed Rate Adjustments	
Operating Revenue						
Water Revenues	\$15,390,312	\$ 332,734	PET	\$ 15,723,046	\$ 1,438,315	\$ 17,161,361
Late Fees	47,288.00			47,288	4,326	51,614
Revenue Not Subject to Increase	40,757.00			40,757		40,757
<b>Total Operating Revenues</b>	<b>15,478,357</b>	<b>332,734</b>		<b>15,811,091</b>	<b>1,442,641</b>	<b>17,253,732</b>
Operating Expenses						
Salaries and Wages	1,809,539	71,792	PET	1,881,331		1,881,331
Employee Benefits	421,378	39,743	PET	461,121		461,121
Purchased Water	64,561	54,294	6-1	118,855		118,855
Purchased Power	786,866	77,646	PET	864,512		864,512
Chemicals	268,596	10,973	PET	279,569		279,569
Materials and Supplies	125,101			125,101		125,101
Contractual Services						
Accounting	11,135	26,474	PET	37,609		37,609
Legal	28,658			28,658		28,658
Line Locates	244,781			244,781		244,781
Other	402,589			402,589		402,589
Rental of Building/Real Property	9,462			9,462		9,462
Rental of Equipment	4,440			4,440		4,440
Transportation Expense	132,147			132,147		132,147
Insurance						
Vehicle	6,283			6,283		6,283
General Liability	116,755	28,592	PET	145,347		145,347
Workers' Compensation	24,961			24,961		24,961
Other	58,714			58,714		58,714
Advertising Expense	3,494			3,494		3,494
Rate Case Expense	312,500			312,500		312,500
Bad Debt Expense	34,031	732	PET	34,763	3,174	37,937
Miscellaneous Expense	520,933			520,933		520,933
Customer Accounts	(45,669)			(45,669)		(45,669)
Inflation Adjustment to Misc. Costs	13,669	14,011	PET	27,680		27,680
OUCG Inflation Adjustment	(1,142)	(1,170)	6-4	(2,312)		(2,312)
Reclassification	(18,180)			(18,180)		(18,180)
Non-recurring Expenses	356			356		356
Non-allowed Expenses	(9,155)			(9,155)		(9,155)
<b>Total O&amp;M Expense</b>	<b>5,326,803</b>	<b>323,087</b>		<b>5,649,890</b>	<b>3,174</b>	<b>5,653,064</b>
Depreciation and Amortization						
Depreciation Expense	3,155,342	981,646	6-5	4,136,988		4,136,988
Amortization of CIAC	-	-		-		-
Amort of Acq Adjustment	-			-		-
Taxes Other Than Income:						
Payroll Tax	130,169	5,178	PET	135,347		135,347
Property Tax	1,615,602	266,563	PET	1,882,165		1,882,165
IURC Fee	12,646	477	PET	13,123	2,117	15,240
Other Taxes	(8,074)			(8,074)		(8,074)
Reclassification	18,180			18,180		18,180
<b>Total Operating Expenses</b>	<b>10,250,668</b>	<b>1,576,951</b>		<b>11,827,619</b>	<b>5,291</b>	<b>11,832,910</b>
<b>Net Operating Income</b>	<b>\$ 5,227,689</b>	<b>\$(1,244,217)</b>		<b>\$ 3,983,472</b>	<b>\$ 1,437,350</b>	<b>\$ 5,420,822</b>

**Citizens Water of Westfield, LLC**  
**CAUSE NUMBER 46020**

**Settlement Revenue Adjustments**

(1)

**Other Revenue**

To revenue Petitioners \$10,188 decrease to miscellaneous revenue.

*Note: Explained in testimony of OUCC Witness Jason T. Compton*

Petitioner's Revenue Adjustment	\$ 454,768
Add back Miscellaneous decrease	<u>10,188</u>

**Phase 1 Adjustment Increase (Decrease)                      \$ 464,956**



**Citizens Water of Westfield, LLC**  
**CAUSE NUMBER 46020**

**Settlement Operating Expense Adjustments**

(1)

**Purchased Water**

To adjust purchased water expense to more accurately reflect net purchased water going forward.

Forecasted Purchased Water as of June 30, 2024	64,561
Less: Base Year	<u>(458,638)</u>
<b>Phase 1 Adjustment Increase (Decrease)</b>	<b><u>\$ (394,077)</u></b>

Forecasted Purchased Water as of June 30, 2025	118,855
Less: Forecasted Purchased Water as of June 30, 2024	<u>(64,561)</u>
<b>Phase 2 Adjustment Increase (Decrease)</b>	<b><u>\$ 54,294</u></b>

(2)

**Rate Case Expense**

To adjust rate case expense for excluded costs and five-year amortization period.

Cost of Equity Consultant	\$ 120,000
Cost of Service Consultant	360,200
Legal Notice	500
Outside Counsel	325,000
Settlement Proposal	<u>444,300</u>
Total Rate Case Expense	\$1,250,000
Divide by Amortization Period	<u>4</u>
<b>Phase 1 Adjustment Increase (Decrease)</b>	<b><u>\$ 312,500</u></b>

**Citizens Water of Westfield, LLC**  
**CAUSE NUMBER 46020**

**Settlement Operating Expense Adjustments**

**(3)**

**Out of Period Expense Reduction**

Base period adjustment to remove excess miscellaneous operating expenses. (Account 675710 - Misc - Customer Accts)

*Note: Explained in testimony of OUCC Witness Jason T. Compton*

Total invoices to be removed from Account 675710 - Misc - Customer Accts \$ 45,669

**Phase 1 Adjustment Increase (Decrease) \$ (45,669)**

**(4)**

**Inflation Expense Reduction**

Link period and test year adjustment to remove depreciation associated with out-of-period expense adjustment (Account 675710 - Misc - Customer Accts)

*Note: Explained in testimony of OUCC witness Jason T. Compton*

**Phase 1 Adjustment Increase (Decrease) \$ (1,142)**

**Phase 2 Adjustment Increase (Decrease) \$ (1,170)**

**Citizens Water of Westfield, LLC**  
**CAUSE NUMBER 46020**

**Settlement Operating Expense Adjustments**

(5)

**Depreciation Expense**

To adjust annual depreciation expense for projected utility plant in service as of June 30, 2024 and June 30, 2025. Please see "OUCC Depreciation Expense Calculation.xlsx" for detailed calculations.

*Pro forma* Depreciation Expense at June 30, 2024 using Cause No. 45039 depreciation accrual rates.

Westfield Water	(WFW Depr, cell Q65)	\$ 2,983,649	
Shared Services	(CSS Depr, cell Q36)	<u>171,693</u>	
Phase 1 Depreciation Expense			\$3,155,342
Less: Base Period Depreciation Expense			<u>(3,402,925)</u>

**Phase 1 Adjustment Increase (Decrease) \$ (247,583)**

*Pro forma* Depreciation Expense at June 30, 2025 using Cause No. 45988 depreciation accrual rates.

Westfield Water	UPIS (WFW Depr, cell AH63)	\$ 3,750,131	
	Reserve (WFW Depr, cell AH64)	226,428	
Shared Services	UPIS (CSS Depr, cell AI36)	183,541	
	Reserve (CSS Depr, cell AH36)	<u>(23,112)</u>	
Phase 2 Depreciation Expense			\$4,136,988
Less: Phase 1 Depreciation Expense			<u>(3,155,342)</u>

**Phase 2 Adjustment Increase (Decrease) \$ 981,646**

**Citizens Water of Westfield, LLC**  
**CAUSE NUMBER 46020**

**Settlement Original Cost Rate Base**

	<b>Per Petitioner</b>	<b>Per Settlement</b>				<b>Settlement More (Less) than Petitioner</b>	
		<b>As of, June 30, 2023</b>	<b>Adjustments</b>	<b>Phase 1 June 30, 2024</b>	<b>Adjustments</b>		<b>Phase 2 June 30, 2025</b>
<i>Utility Plant in Service</i>							
Utility Plant in Service at June 30, 2023	\$ 177,493,946	\$ 177,493,946		\$ 177,493,946		\$ 177,493,946	\$ -
Additions to Utility Plant in Service	45,551,206		26,815,210	26,815,210	18,735,996	45,551,206	-
Retirements	(1,807,976)		(1,630,196)	(1,630,196)	(177,780)	(1,807,976)	-
<b>Total Utility Plant In Service</b>	<b>\$ 221,237,176</b>	<b>\$ 177,493,946</b>	<b>\$ 25,185,014</b>	<b>\$ 202,678,960</b>	<b>\$ 18,558,216</b>	<b>\$ 221,237,176</b>	<b>\$ -</b>
<i>Accumulated Depreciation</i>							
Accumulated Depreciation at June 30, 2023	32,339,317	32,339,317		32,339,317		32,339,317	-
Additional Depreciation	6,314,250		3,688,989	3,688,989	4,502,833	8,191,822	1,877,572
Retirements	(1,807,976)		(1,630,196)	(1,630,196)	(177,780)	(1,807,976)	-
<b>Total Accumulated Depreciation</b>	<b>\$ 36,845,591</b>	<b>\$ 32,339,317</b>	<b>\$ 2,058,793</b>	<b>\$ 34,398,110</b>	<b>\$ 4,325,053</b>	<b>\$ 38,723,163</b>	<b>\$ 1,877,572</b>
<b>Net Utility Plant in Service</b>	<b>184,391,585</b>	<b>145,154,629</b>	<b>23,126,221</b>	<b>168,280,850</b>	<b>14,233,163</b>	<b>182,514,013</b>	<b>(1,877,572)</b>
<i>Less:</i>							
Contributions In Aid of Construction	(93,894,137)	(71,164,142)	(12,169,995)	(83,334,137)	(10,560,000)	(93,894,137)	-
Customer advances for construction	(10,005,108)	(6,122,066)	(2,443,042)	(8,565,108)	(1,440,000)	(10,005,108)	-
Pre-2012 Net Plant Settlement Vs. Books, excluding Fair Value Increment	(8,997,014)	(8,997,014)	-	(8,997,014)	-	(8,997,014)	-
<i>Add:</i>							
Fair Value Acquisition Adjustment	4,997,823	5,345,823	(174,000)	5,171,823	(174,000)	4,997,823	-
<b>Total Original Cost Rate Base</b>	<b>\$ 76,493,149</b>	<b>\$ 64,217,230</b>	<b>\$ 8,339,184</b>	<b>\$ 72,556,414</b>	<b>\$ 2,059,163</b>	<b>\$ 74,615,577</b>	<b>\$ (1,877,572)</b>

**Citizens Water of Westfield, LLC**  
**CAUSE NUMBER 46020**

**Settlement Original Cost Rate Base - UPIS Detail**

	<b>Total</b>
<b><u>Utility Plant in Service at June 30, 2023</u></b>	
Westfield Water	\$ 174,930,188
Shared Service	2,563,758
Total Utility Plant in Service at June 30, 2023	<u>177,493,946</u>
<i>Additions July 1, 2023 to June 30, 2024</i>	
Westfield Water	26,576,609
Shared Service	238,601
<i>Retirements July 1, 2023 to June 30, 2024</i>	
Westfield Water	(1,511,695)
Shared Service	(118,501)
<b>Net Additions July 1, 2023 to June 30, 2024</b>	<u><b>25,185,014</b></u>
<i>Additions July 1, 2024 to June 30, 2025</i>	
Westfield Water	18,563,413
Shared Service	172,583
<i>Retirements July 1, 2024 to June 30, 2025</i>	
Westfield Water	(58,200)
Shared Service	(119,580)
<b>Net Additions July 1, 2024 to June 30, 2025</b>	<u><b>18,558,216</b></u>
Total Utility Plant in Service at June 30, 2025	<u><b>\$ 221,237,176</b></u>

**Citizens Water of Westfield, LLC**  
**CAUSE NUMBER 46020**

**Settlement Original Cost Rate Base - Accumulated Depreciation Detail**

	<u><b>Total</b></u>
<b><u>Accumulated Depreciation at June 30, 2023</u></b>	
Westfield Water	\$ 30,945,813
Shared Service	1,393,504
Total Accumulated Depreciation at June 30, 2023	<u>32,339,317</u>
Phase 1 Accumulated Depreciation	
Westfield Water	3,636,483
Shared Service	52,506
Phase 1 Retirements	
Westfield Water	(1,511,695)
Shared Service	(118,501)
Total Accumulated Depreciation at June 30, 2024	<u>34,398,110</u>
Phase 2 Accumulated Depreciation	
Westfield Water	3,582,989
Shared Service	114,992
Phase 2 Retirements	
Westfield Water	(58,200)
Shared Service	(119,580)
Settlement Adjustment (CWW)	804,852
Total Accumulated Depreciation at June 30, 2025	<u><u>\$ 38,723,163</u></u>

**Citizens Water of Westfield, LLC**  
**CAUSE NUMBER 46020**

**Settlement Original Cost Rate Base - Contributions in Aid of Construction**

	<u><b>Total</b></u>
<b><u>Contributions In Aid of Construction at June 30, 2023</u></b>	
Westfield Water	\$ 71,164,142
Total Utility Plant in Service at June 30, 2023	<u>71,164,142</u>
<i>Additions July 1, 2023 to June 30, 2024</i>	
Westfield Water	12,169,995
<b>Net Additions July 1, 2023 to June 30, 2024</b>	<u><b>12,169,995</b></u>
<i>Additions July 1, 2024 to June 30, 2025</i>	
Westfield Water	10,560,000
<b>Net Additions July 1, 2024 to June 30, 2025</b>	<u><b>10,560,000</b></u>
Total CIAC at June 30, 2025	<u><b>\$ 93,894,137</b></u>

**Citizens Water of Westfield, LLC**  
**CAUSE NUMBER 46020**

**Capital Structure - Base Year**  
**As of June 30, 2023**

Line	<u>Amount</u>	<u>Percent of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
1 Common Equity	\$ 50,311,637	58.28%	9.70%	5.65%
2 Long Term Debt	36,000,000	41.70%	4.00%	1.67%
3 Customer Deposits	19,747	0.02%	4.50%	0.00%
4 Total Capital Structure	<u>\$ 86,331,384</u>	<u>100.00%</u>		<u>7.32%</u>

**Pro forma Capital Structure - Phase 1**  
**As of June 30, 2024**

	<u>Amount</u>	<u>Percent of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
5 Common Equity	\$ 61,846,295	52.47%	9.70%	5.0900%
6 Long Term Debt	56,000,000	47.51%	4.45%	2.1140%
7 Customer Deposits	19,747	0.02%	4.50%	0.0010%
8 Original Cost WACC	<u>\$ 117,866,042</u>	<u>100.00%</u>		<u>7.2050%</u>

**Pro forma Capital Structure - Phase 2**  
**As of June 30, 2025**

	<u>Amount</u>	<u>Percent of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
11 Common Equity	\$ 64,771,317	53.62%	9.70%	5.2010%
12 Long Term Debt	56,000,000	46.36%	4.45%	2.0630%
13 Customer Deposits	19,747	0.02%	4.50%	0.0010%
14 Original Value WACC	<u>\$ 120,791,064</u>	<u>100.00%</u>		<u>7.2650%</u>

15

16



Citizens Water of Westfield, LLC  
Depreciation on Utility Plant in Service

Joint Settlement Attachment B

Line	A	B	C		E		F	G	H
			2016 Study Depr Rate	PIS Balance June 30, 2024	Link Period Annual Depreciation (Col C * Col D)	2022 Study Depr Rate	PIS Balance June 30, 2025	Test Year Annual Depreciation (Col F * Col G)	
<b>CITIZENS WATER OF WESTFIELD</b>									
<u>Supply &amp; Pumping</u>									
1	W2-303-20	Land		1,832,446				1,832,446	
2	W2-304-20	Structures and Improvements	1.81%	2,052,574	37,152		2.20%	2,052,574	45,157
3	W2-307-20	Wells and Springs	1.34%	6,134,492	82,202		2.70%	6,604,492	178,321
4	W2-309-20	Supply Mains	2.61%	5,021,845	131,070		2.52%	5,021,845	126,550
5	W2-311-20	Pumping Equipment	2.52%	3,620,242	91,230		3.25%	3,620,242	117,658
6	W2-339-20	Other Miscellaneous Equipment	2.36%	89,003	2,100		3.99%	89,003	3,551
7				18,750,603	343,754			19,220,603	471,237
<u>Treatment</u>									
8	W3-303-30	Land		1,837,507				1,837,507	
9	W3-304-30	Structures and Improvements	1.79%	11,838,926	211,917		2.24%	11,926,426	267,152
10	W3-320-30	Water Treatment Equipment	2.55%	6,460,927	164,754		2.39%	6,548,427	156,507
11	W3-339-30	Other Miscellaneous Equipment	3.55%	122,398	4,345		4.22%	122,398	5,165
12				20,259,758	381,016			20,434,758	428,824
<u>Distribution</u>									
13	W4-303-40	Land		1,153,139				1,153,139	
14	W4-330-40	Reservoirs and Standpipes	2.23%	15,796,118	352,253		2.30%	16,646,118	382,861
15	W4-330-47	CIAC Reservoir & Standpipes	2.23%	113,104	2,522		2.30%	113,104	2,601
16	W4-331-40	Mains Transmission and Distribution	0.97%	26,514,551	257,191		0.98%	28,696,964	281,230
17	W4-331-41	Mains Transmission and Distribution Sys 2	0.97%	3,080,657	29,882		0.98%	3,080,657	30,190
18	W4-331-42	Mains Transmission and Distribution Sys 3	0.97%	453,869	4,403		0.98%	453,869	4,448
19	W4-331-45	CIAC Mains Transmission and Distribution	0.97%	78,194,661	758,488		0.98%	87,794,661	860,388
20	W4-333-40	Services	2.33%	728,102	16,965		3.47%	828,102	28,735
21	W4-333-41	Services System 2	2.33%	1,964,315	45,769		3.47%	2,202,315	76,420
22	W4-333-45	CIAC Services	2.33%	6,454,998	150,401		3.47%	7,654,998	265,628
23	W4-334-40	Meters/Installations	2.73%	9,860,634	269,195		3.34%	10,851,034	362,425
24	W4-335-40	Hydrants	2.17%	1,010,063	21,918		2.56%	1,059,463	27,122
25	W4-335-41	Hydrants System 2	2.17%	89,835	1,949		2.56%	89,835	2,300
26	W4-335-42	Hydrants System 3	2.17%	14,972	325		2.56%	14,972	383
27	W4-335-45	CIAC Hydrants	2.17%	14,273,579	309,737		2.56%	16,673,579	426,844
28	W4-339-40	Other Miscellaneous Equipment	2.93%	414,859	12,155		3.01%	414,859	12,487
29				160,117,457	2,233,153			177,727,670	2,764,062
<u>General Plant</u>									
30	W5-340-51	Office Furniture	4.00%	7,932	317		0.00%	7,932	-
31	W5-340-53	Computer Equipment	21.25%	15,338	3,259		20.00%	15,338	3,068
32	W5-340-54	Software	30.43%	-	-		0.00%	-	-
33	W5-341-50	Transportation Equipment	1.27%	430,893	5,472		7.98%	680,893	54,335
34	W5-343-50	Tools, Shop & Garage Equip. (Pre-2017)	0.00%	3,685	-		5.00%	3,685	184
35	W5-343-50	Tools, Shop & Garage Equip. (Post 2017)	5.00%	26,690	1,335		5.00%	26,690	1,335
36	W5-344-50	Laboratory Equipment	1.99%	29,867	594		6.67%	29,867	1,992
37	W5-345-50	Power Operated Equipment	3.02%	147,651	4,459		8.43%	147,651	12,447
38	W5-346-50	Communication Equipment (Pre-2017)	0.00%	8,595	-		6.67%	8,595	573
39	W5-346-50	Communication Equipment (Post 2017)	6.67%	134,259	8,955		6.67%	134,259	8,955
40	W5-347-50	Miscellaneous Equipment	2.18%	59,641	1,300		5.00%	59,641	2,982
41	W5-348-50	Other Equipment	1.29%	2,733	35		5.00%	2,733	137
42				867,284	25,726			1,117,284	86,008
43	Subtotal			199,995,102	2,983,649			218,500,315	3,750,131
<u>Reserve Adjustments</u>									
44	W5-340-51	Office Furniture Reserve Adjustment	n/a				n/a		1,767
45	W5-340-53	Computer Equipment Reserve Adjustment	n/a				n/a		21,784
46	W5-340-54	Software Reserve Adjustment	n/a				n/a		195,743
47	W5-343-50	Tools, Shop & Garage Equip Reserve Adj.	n/a				n/a		201
48	W5-344-50	Laboratory Equipment Reserve Adjustment	n/a				n/a		3,801
49	W5-346-50	Communication Equipment Reserve Adj.	n/a				n/a		3,809
50	W5-347-50	Miscellaneous Equipment Reserve Adj.	n/a				n/a		(421)
51	W5-348-50	Other Equipment Reserve Adjustment	n/a				n/a		(256)
52				-	-			-	226,428
53	<b>TOTAL CITIZENS WATER OF WESTFIELD</b>			199,995,102	2,983,649			218,500,315	3,976,559
<b>CSS</b>									
<u>General Plant</u>									
54	007-389-0	Land		1,581,974				1,581,974	
55	007-390-0	Structures & Improvements	2.73%	54,246,357	1,480,926		1.69%	55,814,357	943,263
56	007-391-1	Office Furniture	2.69%	3,736,207	100,504		4.00%	3,768,207	150,728
57	007-391-2	Office Machines	6.50%	2,422,625	157,471		6.67%	2,422,625	161,589
58	007-391-3	Computer Equipment	21.22%	6,885,931	1,461,195		20.00%	6,334,093	1,266,819
59	007-391-4	Software	8.84%	18,576,268	1,642,142		14.29%	15,163,312	2,166,837
60	007-391-C	Software - CIS	8.84%	29,245,157	2,585,272		10.00%	33,245,157	3,324,516
61	007-392-0	Transportation Equipment	10.49%	1,042,586	109,367		3.31%	1,827,586	60,493
62	007-394-1	Tool Equipment	5.03%	19,606	986		5.00%	19,606	980
63	007-394-2	Garage Equipment	5.03%	111,259	5,596		5.00%	111,259	5,563
64	007-397-0	Communication Equipment	6.56%	3,949,078	259,060		6.67%	3,949,078	263,404
65	007-398-0	Other Equipment	5.09%	733,547	37,338		5.00%	733,547	36,677
66				122,550,596	7,839,857			124,970,801	8,380,869
67	007-391-1	General Plant - Office Furniture Reserve Adj	n/a				n/a		(359,635)
68	007-391-2	General Plant - Office Machines Reserve Adj	n/a				n/a		55,333
69	007-391-3	General Plant - Computer Equipment Reserve Adj	n/a				n/a		677,631
70	007-391-4	General Plant - Software Reserve Adj	n/a				n/a		(1,667,014)
71	007-391-C	General Plant - Software - CIS Reserve Adj	n/a				n/a		247,999
72	007-394-1	General Plant - Tool Equipment Reserve Adj	n/a				n/a		260
73	007-394-2	General Plant - Garage Equipment Reserve Adj	n/a				n/a		-
74	007-397-0	General Plant - Communication Equipment Rsv Adj	n/a				n/a		(10,831)
75	007-398-0	General Plant - Other Equipment Reserve Adj	n/a				n/a		914
76				-	-			-	(1,055,343)
77	<b>TOTAL CSS</b>			122,550,596	7,839,857			124,970,801	7,325,526
<u>Allocable to Westfield: 2.19%</u>									
78		Shared Services Depreciation			171,693				183,541
79		Shared Services Reserve Adjustments			-				(23,112)
80		Total Allocated Shared Services			171,693				160,429
81	<b>Total Depreciation on Plant in-Service for Citizens Water of Westfield</b>				<b>3,155,342</b>				<b>4,136,988</b>

Citizens Water of Westfield, LLC  
 2020 North Meridian Street  
 Indianapolis, Indiana 46202

~~First Revised Page No. 101~~  
~~Superseding-Original Page No. 101~~

**WATER RATE NO. 1**

**RESIDENTIAL WATER SERVICE**

**APPLICABILITY:**

This rate schedule applies to all metered water service rendered to a Residential Customer by Citizens Water of Westfield, LLC (“Utility”). Metered accounts will be billed monthly.

**SPECIAL PROVISIONS:**

Incorporated herein, and made part of this rate schedule, are the Terms and Conditions for Water Service, as amended from time to time. Capitalized terms used in this rate schedule are defined in the Terms and Conditions for Water Service.

All Meters will be read monthly, and will be billed on the basis of actual consumption.

**MONTHLY BASE CHARGE:**

Each Residential Customer shall pay a Monthly Base Charge per Meter:

	<u>Phase 1</u> <u>Eff. 2013</u>	<u>Phase 2</u> <u>Eff. 2014</u>	<u>2015</u>	<u>2016</u>
<b>Residential Monthly Base Charge</b>	<del>\$9.63</del> <u>\$10.84</u>	<del>\$10.11</del> <u>\$11.68</u>	<del>\$10.41</del>	<del>\$10.47</del>

**VOLUMETRIC CHARGE:**

Each Residential Customer shall pay a monthly Volumetric Charge based on the amount of water consumed, as follows:

<u>Monthly Usage</u>		<u>Rate per 1,000 gallons</u>			
		<u>Phase 1</u> <u>Eff. 2013</u>	<u>Phase 2</u> <u>Eff. 2014</u>	<u>2015</u>	<u>2016</u>
First	5,000 gallons	<del>\$3.50</del> <u>\$4.1429</u>	<del>\$3.68</del> <u>\$4.4990</u>	<del>\$3.79</del>	<del>\$3.82</del>
Next	5,000 gallons	<del>\$3.50</del> <u>\$4.1429</u>	<del>\$3.68</del> <u>\$4.4990</u>	<del>\$3.79</del>	<del>\$3.82</del>
Next	15,000 gallons	<del>\$5.00</del> <u>\$5.8001</u>	<del>\$5.25</del> <u>\$6.2986</u>	<del>\$5.41</del>	<del>\$5.44</del>
Over	25,000 gallons	<del>\$3.00</del> <u>\$3.5215</u>	<del>\$3.15</del> <u>\$3.8242</u>	<del>\$3.24</del>	<del>\$3.25</del>

Current rates effective pursuant to  
 I.U.R.C. Order in Cause No. 4427346020

Effective: July 1, 2022

Citizens Water of Westfield, LLC  
 2020 North Meridian Street  
 Indianapolis, Indiana 46202

**First Revised Page No. 101B**  
**Superseding Original Page No. 101B**

**RESIDENTIAL WATER SERVICE (Cont'd)**

**PUBLIC FIRE PROTECTION SERVICE FEE:**

Residential Customers shall pay a Monthly Public Fire Protection Service Fee in accordance with the following applicable size of Meter installed at the Customer's Premises:

<u>Meter Size</u>		<u>Area Ratio</u>	<u>Monthly Public Fire Protection Service Fee</u>			
			<u>Phase 1 Eff. 2013</u>	<u>Phase 2 Eff. 2014</u>	<u>2015</u>	<u>2016</u>
5/8-3/4	inch or less	1.0	<del>\$3.11</del> <u>\$4.32</u>	<del>\$3.27</del> <u>\$4.75</u>	<del>\$3.37</del>	<del>\$3.39</del>
1	inch meter	2.5	<del>\$7.78</del> <u>\$6.92</u>	<del>\$8.18</del> <u>\$7.60</u>	<del>\$8.43</del>	<del>\$8.48</del>
1.25	inch meter	4.0	<del>\$12.44</del> <u>\$10.03</u>	<del>\$13.08</del> <u>\$11.01</u>	<del>\$13.48</del>	<del>\$13.57</del>
1.5	inch meter	5.8	<del>\$18.04</del> <u>\$17.29</u>	<del>\$18.97</del> <u>\$18.99</u>	<del>\$19.55</del>	<del>\$19.67</del>
2	inch meter	10.0	<del>\$31.10</del> <u>\$31.37</u>	<del>\$32.70</del> <u>\$34.44</u>	<del>\$33.70</del>	<del>\$33.92</del>
3	inch meter	23.0	<del>\$71.53</del> <u>\$62.98</u>	<del>\$75.21</del> <u>\$69.16</u>	<del>\$77.51</del>	<del>\$78.01</del>
4	inch meter	40.0	<del>\$124.40</del> <u>\$94.35</u>	<del>\$130.80</del> <u>\$103.61</u>	<del>\$134.80</del>	<del>\$135.67</del>
6	inch meter	91.0	<del>\$283.01</del> <u>\$157.34</u>	<del>\$297.57</del> <u>\$172.79</u>	<del>\$306.67</del>	<del>\$308.66</del>
8	inch meter	161.8	<del>\$503.20</del> <u>\$283.30</u>	<del>\$529.09</del> <u>\$311.11</u>	<del>\$545.27</del>	<del>\$548.80</del>

Current rates effective pursuant to  
 I.U.R.C. Order in Cause No. 4427346020

Effective: **July 1, 2022**

Citizens Water of Westfield, LLC  
 2020 North Meridian Street  
 Indianapolis, Indiana 46202

~~First Revised Page No. 102~~  
~~Superseding Original Page No. 102~~

**WATER RATE NO. 2**

**NON-RESIDENTIAL WATER SERVICE**

**APPLICABILITY:**

This rate schedule applies to all metered water service rendered to a Non-Residential Customer by Citizens Water of Westfield, LLC ("Utility"). Metered accounts will be billed monthly.

**SPECIAL PROVISIONS:**

Incorporated herein, and made part of this rate schedule, are the Terms and Conditions for Water Service, as amended from time to time. Capitalized terms used in this rate schedule are defined in the Terms and Conditions for Water Service.

All Meters will be read monthly, and will be billed on the basis of actual consumption.

**MONTHLY BASE CHARGE:**

Each Non-Residential Customer shall pay a Monthly Service Charge per Meter in accordance with the following applicable size of Meter installed:

<u>Meter Size</u>		<u>Area Ratio</u>	<u>Base Charge per Meter per Month</u>			
			<u>Phase 1</u> <u>Eff. 2013</u>	<u>Phase 2</u> <u>Eff. 2014</u>	<u>2015</u>	<u>2016</u>
5/8-3/4	inch or less	1.0	<del>\$9.63</del> <u>\$10.84</u>	<del>\$10.11</del> <u>\$11.68</u>	<u>\$10.41</u>	<u>\$10.47</u>
1	inch meter	2.5	<del>\$22.00</del> <u>\$28.67</u>	<del>\$23.10</del> <u>\$35.73</u>	<u>\$23.79</u>	<u>\$23.93</u>
1.25	inch meter	4.0	<del>\$35.20</del> <u>\$46.75</u>	<del>\$36.96</del> <u>\$58.25</u>	<u>\$38.06</u>	<u>\$38.29</u>
1.5	inch meter	5.8	<del>\$51.04</del> <u>\$66.10</u>	<del>\$53.59</del> <u>\$82.38</u>	<u>\$55.19</u>	<u>\$55.52</u>
2	inch meter	10.0	<del>\$88.00</del> <u>\$115.31</u>	<del>\$92.40</del> <u>\$143.69</u>	<u>\$95.16</u>	<u>\$95.72</u>
3	inch meter	23.0	<del>\$202.40</del> <u>\$263.03</u>	<del>\$212.52</del> <u>\$327.78</u>	<u>\$218.87</u>	<u>\$220.15</u>
4	inch meter	40.0	<del>\$352.00</del> <u>\$585.90</u>	<del>\$369.60</del> <u>\$730.12</u>	<u>\$380.64</u>	<u>\$382.88</u>
6	inch meter	91.0	<del>\$800.80</del> <u>\$1,037.79</u>	<del>\$840.84</del> <u>\$1,293.24</u>	<u>\$865.96</u>	<u>\$871.06</u>
8	inch meter	161.8	<del>\$1,423.84</del> <u>\$1,869.90</u>	<del>\$1,495.03</del> <u>\$2,330.16</u>	<u>\$1,539.69</u>	<u>\$1,548.76</u>

**VOLUMETRIC CHARGE:**

Each Non-Residential Customer shall pay a monthly Volumetric Charge based on the amount of water consumed, as follows:

<u>Monthly Usage</u>		<u>Rate per 1,000 Gallons</u>			
		<u>Phase 1</u> <u>Eff. 2013</u>	<u>Phase 2</u> <u>Eff. 2014</u>	<u>2015</u>	<u>2016</u>
First	5,000 Gallons	<del>\$3.50</del> <u>\$4.1429</u>	<del>\$3.68</del> <u>\$4.4990</u>	<u>\$3.79</u>	<u>\$3.82</u>
Next	5,000 Gallons	<del>\$3.50</del> <u>\$4.1429</u>	<del>\$3.68</del> <u>\$4.4990</u>	<u>\$3.79</u>	<u>\$3.82</u>
Next	15,000 Gallons	<del>\$5.00</del> <u>\$5.8001</u>	<del>\$5.25</del> <u>\$6.2986</u>	<u>\$5.41</u>	<u>\$5.44</u>
Over	25,000 Gallons	<del>\$3.00</del> <u>\$3.5215</u>	<del>\$3.15</del> <u>\$3.8242</u>	<u>\$3.24</u>	<u>\$3.25</u>

Current rates effective pursuant to  
 I.U.R.C. Order in Cause No. 4427346020

Effective: **July 1, 2022**

Citizens Water of Westfield, LLC  
 2020 North Meridian Street  
 Indianapolis, Indiana 46202

**First Revised Page No. 102B**  
~~Superseding~~ Original Page No. 102B

**NON-RESIDENTIAL WATER SERVICE (Cont'd)**

**PUBLIC FIRE PROTECTION SERVICE FEE:**

Non-Residential Customers shall pay a Monthly Public Fire Protection Service Fee in accordance with the following applicable size of Meter installed at the Customer's Premises:

<u>Meter Size</u>		<u>Area Ratio</u>	<u>Monthly Public Fire Protection Service Fee</u>			
			<u>Phase 1</u> <u>Eff. 2013</u>	<u>Phase 2</u> <u>Eff. 2014</u>	<u>2015</u>	<u>2016</u>
5/8-3/4	inch or less	1.0	<del>\$3.11</del> <u>\$4.32</u>	<del>\$3.27</del> <u>\$4.75</u>	<del>\$3.37</del>	<del>\$3.39</del>
1	inch meter	2.5	<del>\$7.78</del> <u>\$6.92</u>	<del>\$8.18</del> <u>\$7.60</u>	<del>\$8.43</del>	<del>\$8.48</del>
1.25	inch meter	4.0	<del>\$12.44</del> <u>\$10.03</u>	<del>\$13.08</del> <u>\$11.01</u>	<del>\$13.48</del>	<del>\$13.57</del>
1.5	inch meter	5.8	<del>\$18.04</del> <u>\$17.29</u>	<del>\$18.97</del> <u>\$18.99</u>	<del>\$19.55</del>	<del>\$19.67</del>
2	inch meter	10.0	<del>\$31.10</del> <u>\$31.37</u>	<del>\$32.70</del> <u>\$34.44</u>	<del>\$33.70</del>	<del>\$33.92</del>
3	inch meter	23.0	<del>\$71.53</del> <u>\$62.98</u>	<del>\$75.21</del> <u>\$69.16</u>	<del>\$77.51</del>	<del>\$78.01</del>
4	inch meter	40.0	<del>\$124.40</del> <u>\$94.35</u>	<del>\$130.80</del> <u>\$103.61</u>	<del>\$134.80</del>	<del>\$135.67</del>
6	inch meter	91.0	<del>\$283.01</del> <u>\$157.34</u>	<del>\$297.57</del> <u>\$172.79</u>	<del>\$306.67</del>	<del>\$308.66</del>
8	inch meter	161.8	<del>\$503.20</del> <u>\$283.30</u>	<del>\$529.09</del> <u>\$311.11</u>	<del>\$545.27</del>	<del>\$548.80</del>

Current rates effective pursuant to  
 I.U.R.C. Order in Cause No. 4427346020

Effective: July 1, 2022

Citizens Water of Westfield, LLC  
2020 North Meridian Street  
Indianapolis, Indiana 46202

~~First Revised Page No. 103~~  
~~Superseding Original Page No. 103~~

---

**WATER RATE NO. 3**

**PRIVATE FIRE PROTECTION SERVICE**

**APPLICABILITY:**

This schedule applies to all Citizens Water of Westfield, LLC (“Utility”) Customers who receive Private Fire Protection Water Service. Private Fire Protection Water Service will be provided only to Customers who receive metered water service from the Utility for uses other than Private Fire Protection Services. All accounts will be billed monthly.

**SPECIAL PROVISIONS:**

Incorporated herein, and made part of this rate schedule, are the Terms and Conditions for Water Service, as amended from time to time. Capitalized terms used in this rate schedule are defined in the Terms and Conditions for Water Service.

All Meters will be read monthly, and will be billed on the basis of actual metered consumption. All metered volumes will be assessed a Volumetric Charge pursuant to Water Rate No. 2.

**PRIVATE FIRE PROTECTION SERVICE:**

A Customer receiving Private Fire Protection Service through a Service Pipe or Pipes (including bypass pipes equipped with post indicator valves) shall pay as follows:

- (a) If the Service Pipe or Pipes serve only private hydrants, the Customer shall pay the Monthly Hydrant Charge for each private hydrant connected to the Service Pipe or Pipes. All metered volumes will be assessed a Volumetric Charge pursuant to Water Rate No. 2.
- (b) If the Service Pipe or Pipes serve only a sprinkler system, the Customer shall pay the Monthly Fire Sprinkler System Service Charge set forth in the table for each Service Pipe connected to the Utility’s Main through which the Customer receives Private Fire Protection Service. All metered volumes will be assessed a Volumetric Charge pursuant to Water Rate No. 2.
- (c) If the Service Pipe or Pipes serve both private hydrants and a spinkler system, the Customer shall pay the Monthly Hydrant Charge for each private hydrant connected to the Service Pipe or Pipes, plus the Monthly Fire Sprinkler System Service Charge set forth in the table for each pipe connected to the Utility’s Main through which the Customer receives Private Fire Protection Service. All metered volumes will be assessed a Volumetric Charge pursuant to Water Rate No. 2.

**MONTHLY HYDRANT CHARGE:**

	<u>Phase 1</u> <u>Eff. 2013</u>	<u>Phase 2</u> <u>Eff. 2014</u>	<u>2015</u>	<u>2016</u>
Private hydrants, each	<del>\$86.94</del> <u>\$117.07</u>	<del>\$91.28</del> <u>\$131.88</u>	<u>\$94.02</u>	<u>\$94.56</u>

---

Current rates effective pursuant to  
I.U.R.C. Order in Cause No. 4427346020

Effective: **July 1, 2022**

Citizens Water of Westfield, LLC  
2020 North Meridian Street  
Indianapolis, Indiana 46202

**First Revised Page No. 103B**  
**Superseding Original Page No. 103B**

---

**PRIVATE FIRE PROTECTION SERVICE (Cont'd)**

**MONTHLY FIRE SPRINKLER SYSTEM SERVICE CHARGE:**

<b>Line Size</b>	<b><u>Phase 1</u> <u>Eff. 2013</u></b>	<b><u>Phase 2</u> <u>Eff. 2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
<b>2 inches</b>	<b><del>\$17.34</del><u>\$23.34</u></b>	<b><del>\$18.20</del><u>\$26.29</u></b>	<b><del>\$18.75</del></b>	<b><del>\$18.85</del></b>
<b>3 inches</b>	<b><del>\$34.80</del><u>\$46.86</u></b>	<b><del>\$36.54</del><u>\$52.79</u></b>	<b><del>\$37.64</del></b>	<b><del>\$37.85</del></b>
<b>4 inches</b>	<b><del>\$52.14</del><u>\$70.19</u></b>	<b><del>\$54.74</del><u>\$79.08</u></b>	<b><del>\$56.39</del></b>	<b><del>\$56.70</del></b>
<b>6 inches</b>	<b><del>\$86.94</del><u>\$117.07</u></b>	<b><del>\$91.28</del><u>\$131.88</u></b>	<b><del>\$94.02</del></b>	<b><del>\$94.56</del></b>
<b>8 inches</b>	<b><del>\$156.54</del><u>\$210.78</u></b>	<b><del>\$164.36</del><u>\$237.46</u></b>	<b><del>\$169.29</del></b>	<b><del>\$170.26</del></b>
<b>10 inches</b>	<b><del>\$311.92</del><u>\$420.00</u></b>	<b><del>\$327.51</del><u>\$473.16</u></b>	<b><del>\$337.34</del></b>	<b><del>\$339.26</del></b>

---

Current rates effective pursuant to  
I.U.R.C. Order in Cause No. **4427346020**

Effective: **July 1, 2022**

Citizens Water of Westfield, LLC  
2020 North Meridian Street  
Indianapolis, Indiana 46202

Original Page No. 201

APPENDIX A

**MISCELLANEOUS SERVICE CHARGES**

**APPLICABILITY:**

This schedule applies to all Citizens Water of Westfield, LLC (“Utility”) Customers.

**SPECIAL PROVISIONS:**

Incorporated herein, and made part of this rate schedule, are the Terms and Conditions for Water Service, as amended from time to time. Capitalized terms used in this rate schedule are defined in the Terms and Conditions for Water Service.

1. **ESTABLISH ACCOUNT AND INSTALL METER:**

Each Customer shall pay a fee for establishing an account and installing a Meter, based upon the size of the Meter installed, as follows:

Meter Size		
5/8 or 3/4	inch meter	\$19.00
1	inch meter	68.00
1 ½	inch meter	81.00
2	inch meter	95.00
3	inch meter	160.00
4	inch meter	200.00
6	inch meter	337.00

2. **SPECIAL METER READ AT CUSTOMER REQUEST** \$16.00 per request
3. **METER TEST AT CUSTOMER REQUEST WITHIN 36 MONTHS OF FIRST TEST** \$58.00 per request
4. **MULTIPLE METER AGGREGATED BILLING** \$0.75 per meter per month in excess of one



Citizens Water of Westfield, LLC  
2020 North Meridian Street  
Indianapolis, Indiana 46202

**First Revised Page No. 201B**  
**Superseding Original Page No. 201B**

---

**MISCELLANEOUS SERVICE CHARGES (Cont'd)**

5. **TEMPORARY HYDRANT CONNECTION**  
(exclusive of water consumption)
- |                    |  |
|--------------------|--|
| Account Set Up Fee | \$50.00 per connection   |
| Volume Charge      | The Non-Residential Volumetric Charge that is in effect at the time of service |
6. **TEMPORARY HYDRANT METER DEPOSIT** \$1,140.00 per meter
7. **AREA RATE SURCHARGES:**

The Area Rate Surcharges apply to Customers receiving water service through a Main extension installed under the Utility's Rule 13.16. The Area Rate Surcharges are in addition to the rates and charges under Water Rate Nos. 1 and 2.

Area Rate Tap Fee	\$200.00
Secondary Connector Fee	\$500.00
Monthly Area Rate Surcharge:	

The Monthly Area Rate Surcharge will be determined by dividing the Main extension cost by the number of potential Customers in the designated area and dividing the resulting remainder by no fewer than 120 months.

8. **PRIVATE FIRE PROTECTION SERVICE CONNECTION CHARGES:**
- |   |          |
|---|----------|
| Establish Account and Install Fire Meter                  | \$827.00 |
| Establish Account and Turn on Unmetered Fire Line         |          |
| New installation or modification of existing installation | \$150.00 |
| Turn on only  | 79.00    |

Citizens Water of Westfield, LLC  
 2020 North Meridian Street  
 Indianapolis, Indiana 46202

**First Revised Page No. 201C**  
~~Superseding~~ Original Page No. 201C

**MISCELLANEOUS SERVICE CHARGES (Cont'd)**

**9. ~~BULK WATER SALES:~~**

~~Bulk water sales may be made available at the sole discretion of the Utility, pursuant to the terms of a Bulk Water Sales Agreement entered into between the Utility and Customer. The sole delivery point for bulk water sales is at the Utility's hydrant located at 2706 E. 171<sup>st</sup> St., Westfield, Indiana. Customer shall be billed monthly for bulk water sales.~~

~~Account Set Up Fee \_\_\_\_\_ \$50.00~~

~~Trip Charge per Each Bulk Water Fill \_\_\_\_\_ \$15.00~~

~~Volume Charge \_\_\_\_\_ **The Non-Residential Volumetric Charge that is in effect at the time of the trip**~~

**9. SYSTEM DEVELOPMENT CHARGE:**

A baseline System Development Charge per equivalent dwelling unit ("EDU") in the amount set forth below, will be assessed for all new connections tapping into the water system. A new connection includes new water service or modification of an existing agreement; however, replacement or repair of an existing individual service pipe that does not increase EDUs will not constitute a new connection. EDU's shall be determined in accordance with industry standards and reflect the greater of the actual daily flow requirements (per 327 IAC 8-3), the area ratio of the water meter size serving a particular user, or such other means of determination deemed appropriate by the Utility. One (1) EDU shall be estimated as equal to three hundred ten (310) gallons per day.

	<u>Charge</u>
<u>Connections to Water System on or after Phase 1</u>	<u>\$1,000.00</u>
<u>Connections to Water System on or after Phase 2</u>	<u>\$2,000.00</u>

Citizens Water of Westfield, LLC  
2020 North Meridian Street  
Indianapolis, Indiana 46202

~~First Revised Page No. 202B~~  
~~Superseding Original Page No. 202B~~

**APPENDIX B**

**NON-RECURRING CHARGES**

**APPLICABILITY:**

This schedule applies to all Citizens Water of Westfield, LLC (“Utility”) Customers.

**SPECIAL PROVISIONS:**

Incorporated herein, and made part of this rate schedule, are the Terms and Conditions for Water Service, as amended from time to time. Capitalized terms used in this rate schedule are defined in the Terms and Conditions for Water Service.

1. **LATE PAYMENT CHARGE:** **10% of first \$3.00**  
**3% of excess**

All bills for Utility Services and Private Fire Protection Service not paid within seventeen (17) days from the date the bill is mailed, shall be subject to the Late Payment Charge of ten percent (10%) of the first three dollars (\$3.00) of water service charges and three percent (3%) on the amount in excess of three dollars ( \$3.00).

2. **DELINQUENT ACCOUNT TRIP CHARGE:** **\$14.00 per visit**

A single charge may be made for each visit to the Customer’s Premises regarding a delinquent account. Visits may result in the disconnection of service.

3. **RECONNECTION CHARGE:** **\$25.00 per reconnection**

In addition to the cost of excavation, after any water service is discontinued to any Customer serviced by the Utility for any reason, whether at the request of the Customer, or because of failure to pay water or sewage disposal service bills, there shall be imposed a charge for turning on the water service.

4. **RETURNED CHECK CHARGE:** **\$11.00 per returned check**

Each Customer that causes a check for Utility Services to be returned by their financial institution due to their account not having sufficient funds to allow such check to be processed, shall be charged eleven dollars (\$11) to cover the cost the Utility incurs to re-process the original transaction.

5. **LATE REPORTING OF TEMPORARY HYDRANT METER WATER USAGE** **\$25.00 per occurrence**

Citizens Water of Westfield, LLC  
2020 North Meridian Street  
Indianapolis, Indiana 46202

~~First Revised Page No. 202B~~  
~~Superseding Original Page No. 202B~~

NON-RECURRING CHARGES (Cont'd)

~~6. USAGE INFORMATION CHARGE: ~~\$18.00 per customer usage~~  
~~Summary per Meter~~~~

~~A summary of Customer usage by Meter for the most recent twenty four (24) month period may be accessed at [www.citizensenergygroup.com](http://www.citizensenergygroup.com). A Usage Information Charge shall be assessed to the Customer for requests for usage summary by Meter beyond the twenty four (24) month period~~

6. ~~7.~~ DAMAGED METER REPLACEMENT:

		Charge per Meter Replaced
5/8	inch meter	\$49.00
3/4	inch meter	70.00
1	inch meter	133.00
Over 1	inch meter	Cost of time and materials

Citizens Water of Westfield, LLC  
2020 North Meridian Street  
Indianapolis, Indiana 46202

Original Page No. 101

---

**WATER RATE NO. 1**

**RESIDENTIAL WATER SERVICE**

**APPLICABILITY:**

This rate schedule applies to all metered water service rendered to a Residential Customer by Citizens Water of Westfield, LLC (“Utility”). Metered accounts will be billed monthly.

**SPECIAL PROVISIONS:**

Incorporated herein, and made part of this rate schedule, are the Terms and Conditions for Water Service, as amended from time to time. Capitalized terms used in this rate schedule are defined in the Terms and Conditions for Water Service.

All Meters will be read monthly, and will be billed on the basis of actual consumption.

**MONTHLY BASE CHARGE:**

Each Residential Customer shall pay a Monthly Base Charge per Meter:

	<b><u>Phase 1 Eff.</u></b>	<b><u>Phase 2 Eff.</u></b>
<b>Residential Monthly Base Charge</b>	<b>\$10.84</b>	<b>\$11.68</b>

**VOLUMETRIC CHARGE:**

Each Residential Customer shall pay a monthly Volumetric Charge based on the amount of water consumed, as follows:

<b><u>Monthly Usage</u></b>		<b><u>Rate per 1,000 gallons</u></b>	
		<b><u>Phase 1 Eff.</u></b>	<b><u>Phase 2 Eff.</u></b>
<b>First</b>	<b>5,000 gallons</b>	<b>\$4.1429</b>	<b>\$4.4990</b>
<b>Next</b>	<b>5,000 gallons</b>	<b>\$4.1429</b>	<b>\$4.4990</b>
<b>Next</b>	<b>15,000 gallons</b>	<b>\$5.8001</b>	<b>\$6.2986</b>
<b>Over</b>	<b>25,000 gallons</b>	<b>\$3.5215</b>	<b>\$3.8242</b>

---

Current rates effective pursuant to  
I.U.R.C. Order in Cause No. 46020

Effective:

Citizens Water of Westfield, LLC  
 2020 North Meridian Street  
 Indianapolis, Indiana 46202

Original Page No. 101B

**RESIDENTIAL WATER SERVICE (Cont'd)**

**PUBLIC FIRE PROTECTION SERVICE FEE:**

Residential Customers shall pay a Monthly Public Fire Protection Service Fee in accordance with the following applicable size of Meter installed at the Customer's Premises:

<u>Meter Size</u>		<u>Area Ratio</u>	<u>Monthly Public Fire Protection Service Fee</u>	
			<u>Phase 1 Eff.</u>	<u>Phase 2 Eff.</u>
5/8-3/4	inch or less	1.0	\$4.32	\$4.75
1	inch meter	2.5	\$6.92	\$7.60
1.25	inch meter	4.0	\$10.03	\$11.01
1.5	inch meter	5.8	\$17.29	\$18.99
2	inch meter	10.0	\$31.37	\$34.44
3	inch meter	23.0	\$62.98	\$69.16
4	inch meter	40.0	\$94.35	\$103.61
6	inch meter	91.0	\$157.34	\$172.79
8	inch meter	161.8	\$283.30	\$311.11

Current rates effective pursuant to  
 I.U.R.C. Order in Cause No. 46020

Effective:

Citizens Water of Westfield, LLC  
 2020 North Meridian Street  
 Indianapolis, Indiana 46202

Original Page No. 102

**WATER RATE NO. 2**

**NON-RESIDENTIAL WATER SERVICE**

**APPLICABILITY:**

This rate schedule applies to all metered water service rendered to a Non-Residential Customer by Citizens Water of Westfield, LLC (“Utility”). Metered accounts will be billed monthly.

**SPECIAL PROVISIONS:**

Incorporated herein, and made part of this rate schedule, are the Terms and Conditions for Water Service, as amended from time to time. Capitalized terms used in this rate schedule are defined in the Terms and Conditions for Water Service.

All Meters will be read monthly, and will be billed on the basis of actual consumption.

**MONTHLY BASE CHARGE:**

Each Non-Residential Customer shall pay a Monthly Service Charge per Meter in accordance with the following applicable size of Meter installed:

<u>Meter Size</u>		<u>Area Ratio</u>	<u>Base Charge per Meter per Month</u>	
			<u>Phase 1 Eff.</u>	<u>Phase 2 Eff.</u>
5/8-3/4	inch or less	1.0	\$10.84	\$11.68
1	inch meter	2.5	\$28.67	\$35.73
1.25	inch meter	4.0	\$46.75	\$58.25
1.5	inch meter	5.8	\$66.10	\$82.38
2	inch meter	10.0	\$115.31	\$143.69
3	inch meter	23.0	\$263.03	\$327.78
4	inch meter	40.0	\$585.90	\$730.12
6	inch meter	91.0	\$1,037.79	\$1,293.24
8	inch meter	161.8	\$1,869.90	\$2,330.16

**VOLUMETRIC CHARGE:**

Each Non-Residential Customer shall pay a monthly Volumetric Charge based on the amount of water consumed, as follows:

<u>Monthly Usage</u>		<u>Rate per 1,000 Gallons</u>	
		<u>Phase 1 Eff.</u>	<u>Phase 2 Eff.</u>
First	5,000 Gallons	\$4.1429	\$4.4990
Next	5,000 Gallons	\$4.1429	\$4.4990
Next	15,000 Gallons	\$5.8001	\$6.2986
Over	25,000 Gallons	\$3.5215	\$3.8242

Current rates effective pursuant to  
 I.U.R.C. Order in Cause No. 46020

Effective:

Citizens Water of Westfield, LLC  
2020 North Meridian Street  
Indianapolis, Indiana 46202

Original Page No. 102B

---

**NON-RESIDENTIAL WATER SERVICE (Cont'd)**

**PUBLIC FIRE PROTECTION SERVICE FEE:**

Non-Residential Customers shall pay a Monthly Public Fire Protection Service Fee in accordance with the following applicable size of Meter installed at the Customer's Premises:

<u>Meter Size</u>		<u>Area Ratio</u>	<u>Monthly Public Fire Protection Service Fee</u>	
			<u>Phase 1 Eff.</u>	<u>Phase 2 Eff.</u>
5/8-3/4	inch or less	1.0	\$4.32	\$4.75
1	inch meter	2.5	\$6.92	\$7.60
1.25	inch meter	4.0	\$10.03	\$11.01
1.5	inch meter	5.8	\$17.29	\$18.99
2	inch meter	10.0	\$31.37	\$34.44
3	inch meter	23.0	\$62.98	\$69.16
4	inch meter	40.0	\$94.35	\$103.61
6	inch meter	91.0	\$157.34	\$172.79
8	inch meter	161.8	\$283.30	\$311.11

---

Current rates effective pursuant to  
I.U.R.C. Order in Cause No. 46020

Effective:



Citizens Water of Westfield, LLC  
2020 North Meridian Street  
Indianapolis, Indiana 46202

Original Page No. 103

---

**WATER RATE NO. 3**

**PRIVATE FIRE PROTECTION SERVICE**

**APPLICABILITY:**

This schedule applies to all Citizens Water of Westfield, LLC (“Utility”) Customers who receive Private Fire Protection Water Service. Private Fire Protection Water Service will be provided only to Customers who receive metered water service from the Utility for uses other than Private Fire Protection Services. All accounts will be billed monthly.

**SPECIAL PROVISIONS:**

Incorporated herein, and made part of this rate schedule, are the Terms and Conditions for Water Service, as amended from time to time. Capitalized terms used in this rate schedule are defined in the Terms and Conditions for Water Service.

All Meters will be read monthly, and will be billed on the basis of actual metered consumption. All metered volumes will be assessed a Volumetric Charge pursuant to Water Rate No. 2.

**PRIVATE FIRE PROTECTION SERVICE:**

A Customer receiving Private Fire Protection Service through a Service Pipe or Pipes (including bypass pipes equipped with post indicator valves) shall pay as follows:

- (a) If the Service Pipe or Pipes serve only private hydrants, the Customer shall pay the Monthly Hydrant Charge for each private hydrant connected to the Service Pipe or Pipes. All metered volumes will be assessed a Volumetric Charge pursuant to Water Rate No. 2.
- (b) If the Service Pipe or Pipes serve only a sprinkler system, the Customer shall pay the Monthly Fire Sprinkler System Service Charge set forth in the table for each Service Pipe connected to the Utility’s Main through which the Customer receives Private Fire Protection Service. All metered volumes will be assessed a Volumetric Charge pursuant to Water Rate No. 2.
- (c) If the Service Pipe or Pipes serve both private hydrants and a spinkler system, the Customer shall pay the Monthly Hydrant Charge for each private hydrant connected to the Service Pipe or Pipes, plus the Monthly Fire Sprinkler System Service Charge set forth in the table for each pipe connected to the Utility’s Main through which the Customer receives Private Fire Protection Service. All metered volumes will be assessed a Volumetric Charge pursuant to Water Rate No. 2.

**MONTHLY HYDRANT CHARGE:**

	<b><u>Phase 1</u></b> <b><u>Eff.</u></b>	<b><u>Phase 2</u></b> <b><u>Eff.</u></b>
<b>Private hydrants, each</b>	<b>\$117.07</b>	<b>\$131.88</b>

---

**Current rates effective pursuant to  
I.U.R.C. Order in Cause No. 46020**

**Effective:**

Citizens Water of Westfield, LLC  
2020 North Meridian Street  
Indianapolis, Indiana 46202

Original Page No. 103B

---

**PRIVATE FIRE PROTECTION SERVICE (Cont'd)**

**MONTHLY FIRE SPRINKLER SYSTEM SERVICE CHARGE:**

<b>Line Size</b>	<b><u>Phase 1</u> <b>Eff.</b></b>	<b><u>Phase 2</u> <b>Eff.</b></b>
<b>2 inches</b>	<b>\$23.34</b>	<b>\$26.29</b>
<b>3 inches</b>	<b>\$46.86</b>	<b>\$52.79</b>
<b>4 inches</b>	<b>\$70.19</b>	<b>\$79.08</b>
<b>6 inches</b>	<b>\$117.07</b>	<b>\$131.88</b>
<b>8 inches</b>	<b>\$210.78</b>	<b>\$237.46</b>
<b>10 inches</b>	<b>\$420.00</b>	<b>\$473.16</b>

---

Current rates effective pursuant to  
I.U.R.C. Order in Cause No. 46020

Effective:

Citizens Water of Westfield, LLC  
2020 North Meridian Street  
Indianapolis, Indiana 46202

Original Page No. 201

**APPENDIX A**

**MISCELLANEOUS SERVICE CHARGES**

**APPLICABILITY:**

This schedule applies to all Citizens Water of Westfield, LLC (“Utility”) Customers.

**SPECIAL PROVISIONS:**

Incorporated herein, and made part of this rate schedule, are the Terms and Conditions for Water Service, as amended from time to time. Capitalized terms used in this rate schedule are defined in the Terms and Conditions for Water Service.

**1. ESTABLISH ACCOUNT AND INSTALL METER:**

Each Customer shall pay a fee for establishing an account and installing a Meter, based upon the size of the Meter installed, as follows:

<b>Meter Size</b>		
<b>5/8 or 3/4</b>	<b>inch meter</b>	<b>\$19.00</b>
<b>1</b>	<b>inch meter</b>	<b>68.00</b>
<b>1 ½</b>	<b>inch meter</b>	<b>81.00</b>
<b>2</b>	<b>inch meter</b>	<b>95.00</b>
<b>3</b>	<b>inch meter</b>	<b>160.00</b>
<b>4</b>	<b>inch meter</b>	<b>200.00</b>
<b>6</b>	<b>inch meter</b>	<b>337.00</b>

**2. SPECIAL METER READ AT CUSTOMER REQUEST \$16.00 per request**

**3. METER TEST AT CUSTOMER REQUEST WITHIN 36 MONTHS OF FIRST TEST \$58.00 per request**

**4. MULTIPLE METER AGGREGATED BILLING \$0.75 per meter per month in excess of one**

Citizens Water of Westfield, LLC  
2020 North Meridian Street  
Indianapolis, Indiana 46202

Original Page No. 201B

---

**MISCELLANEOUS SERVICE CHARGES (Cont'd)**

**5. TEMPORARY HYDRANT CONNECTION**

(exclusive of water consumption)

Account Set Up Fee

\$50.00 per connection

Volume Charge

The Non-Residential Volumetric  
Charge that is in effect at the time of service

**6. TEMPORARY HYDRANT METER DEPOSIT**

\$1,140.00 per meter

**7. AREA RATE SURCHARGES:**

The Area Rate Surcharges apply to Customers receiving water service through a Main extension installed under the Utility's Rule 13.16. The Area Rate Surcharges are in addition to the rates and charges under Water Rate Nos. 1 and 2.

Area Rate Tap Fee

\$200.00

Secondary Connector Fee

\$500.00

Monthly Area Rate Surcharge:

The Monthly Area Rate Surcharge will be determined by dividing the Main extension cost by the number of potential Customers in the designated area and dividing the resulting remainder by no fewer than 120 months.

**8. PRIVATE FIRE PROTECTION SERVICE CONNECTION CHARGES:**

Establish Account and Install Fire Meter

\$827.00

Establish Account and Turn on Unmetered Fire Line

New installation or modification of existing installation

\$150.00

Turn on only

79.00

**Citizens Water of Westfield, LLC  
2020 North Meridian Street  
Indianapolis, Indiana 46202**

**Original Page No. 201C**

---

**MISCELLANEOUS SERVICE CHARGES (Cont'd)**

**9. SYSTEM DEVELOPMENT CHARGE:**

A baseline System Development Charge per equivalent dwelling unit (“EDU”) in the amount set forth below, will be assessed for all new connections tapping into the water system. A new connection includes new water service or modification of an existing agreement; however, replacement or repair of an existing individual service pipe that does not increase EDUs will not constitute a new connection. EDU’s shall be determined in accordance with industry standards and reflect the greater of the actual daily flow requirements (per 327 IAC 8-3), the area ratio of the water meter size serving a particular user, or such other means of determination deemed appropriate by the Utility. One (1) EDU shall be estimated as equal to three hundred ten (310) gallons per day.

	Charge
Connections to Water System on or after Phase 1	\$1,000.00
Connections to Water System on or after Phase 2	\$2,000.00

Citizens Water of Westfield, LLC  
2020 North Meridian Street  
Indianapolis, Indiana 46202

Original Page No. 202

---

**APPENDIX B**

**NON-RECURRING CHARGES**

**APPLICABILITY:**

This schedule applies to all Citizens Water of Westfield, LLC (“Utility”) Customers.

**SPECIAL PROVISIONS:**

Incorporated herein, and made part of this rate schedule, are the Terms and Conditions for Water Service, as amended from time to time. Capitalized terms used in this rate schedule are defined in the Terms and Conditions for Water Service.

1. **LATE PAYMENT CHARGE:** **10% of first \$3.00**  
**3% of excess**

All bills for Utility Services and Private Fire Protection Service not paid within seventeen (17) days from the date the bill is mailed, shall be subject to the Late Payment Charge of ten percent (10%) of the first three dollars (\$3.00) of water service charges and three percent (3%) on the amount in excess of three dollars ( \$3.00).

2. **DELINQUENT ACCOUNT TRIP CHARGE:** **\$14.00 per visit**

A single charge may be made for each visit to the Customer’s Premises regarding a delinquent account. Visits may result in the disconnection of service.

3. **RECONNECTION CHARGE:** **\$25.00 per reconnection**

In addition to the cost of excavation, after any water service is discontinued to any Customer serviced by the Utility for any reason, whether at the request of the Customer, or because of failure to pay water or sewage disposal service bills, there shall be imposed a charge for turning on the water service.

4. **RETURNED CHECK CHARGE:** **\$11.00 per returned check**

Each Customer that causes a check for Utility Services to be returned by their financial institution due to their account not having sufficient funds to allow such check to be processed, shall be charged eleven dollars (\$11) to cover the cost the Utility incurs to re-process the original transaction.

5. **LATE REPORTING OF TEMPORARY HYDRANT METER WATER USAGE** **\$25.00 per occurrence**

Citizens Water of Westfield, LLC  
2020 North Meridian Street  
Indianapolis, Indiana 46202

Original Page No. 202B

---

**NON-RECURRING CHARGES (Cont'd)**

**6. DAMAGED METER REPLACEMENT:**

		<b>Charge per Meter Replaced</b>
<b>5/8</b>	<b>inch meter</b>	<b>\$49.00</b>
<b>3/4</b>	<b>inch meter</b>	<b>70.00</b>
<b>1</b>	<b>inch meter</b>	<b>133.00</b>
<b>Over 1</b>	<b>inch meter</b>	<b>Cost of time and materials</b>

---

Current rates effective pursuant to  
I.U.R.C. Order in Cause No. 46020

Effective: