

**ORIGINAL**

Commissioner	Yes	No	Not Participating
Zay			√
Deig	√		
Swinger			√
Veleta	√		
Ziegner	√		

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**

**JOINT PETITION OF THE BOARD OF DIRECTORS )  
FOR UTILITIES OF THE DEPARTMENT OF PUBLIC )  
UTILITIES FOR THE CITY OF INDIANAPOLIS, AS )  
TRUSTEE IN FURTHERANCE OF THE WATER TRUST, )  
D/B/A CITIZENS WATER, CWR WHITESTOWN, LLC )  
AND THE TOWN OF WHITESTOWN, INDIANA, FOR )  
APPROVAL OF THE ACQUISITION OF )  
WHITESTOWN’S WATER UTILITY ASSETS BY CWR )  
WHITESTOWN, LLC, FOR THE EXCLUSIVE USE AND )  
BENEFIT OF CITIZENS WATER, AND FOR RELATED )  
APPROVALS, PURSUANT TO IND. CODE §§ 8-1-30.3- )  
5(d) AND 8-1.5-2-6.1 )**

**CAUSE NO. 46303**

**APPROVED: MAR 31 2026**

**ORDER OF THE COMMISSION**

**Presiding Officers:**

**David E. Veleta, Commissioner**

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

On October 1, 2025, the Board of Directors for Utilities of the Department of Public Utilities for the City of Indianapolis (“Board”), as trustee of the Water Trust, d/b/a Citizens Water (“Citizens Water”), with CWR Whitestown, LLC (“CWRW”) (“Citizens Water” and “CWRW” are occasionally referred to collectively herein as “Citizens”) and the Town of Whitestown, Indiana (“Whitestown”) (hereinafter, collectively, all of these are the “Joint Petitioners”) filed a Verified Joint Petition and case-in-chief testimony and attachments with the Indiana Utility Regulatory Commission (“Commission”). The Verified Joint Petition and case-in-chief materials requested approvals relating to the proposed acquisition of certain water utility assets by Citizens from Whitestown. On October 1, 2025, Joint Petitioner filed the testimony of Jeffrey Willman, Senior Vice President, Operations for Citizens; Craig Jackson, Senior Vice President and Chief Financial Officer; Daniel Patterson, Member of the Town of Whitestown Town Council; Daniel Cutshaw, CEO and Principal Engineer of CDS Engineers; Steven Berube, Director of Water Production; and Korlon Kilpatrick, Direct, Regulatory Affairs.

On December 17, 2025, the Office of Utility Consumer Counselor (“OUCC”) filed the Testimony of Shawn Dellinger.

On January 22, 2026, the Commission issued a Docket Entry Requesting Additional Information from Joint Petitioners. Joint Petitioners filed their Response to the Docket Entry Requesting Additional Information on January 28, 2026.

On February 3, 2026, Whitestown and Citizens Water each filed corrections to prefiled case-in-chief testimony, updating the job titles of two of their witnesses, Messrs. Willman and Patterson.

The Commission held an evidentiary hearing in this Cause on February 13, 2026 at 9:30 a.m. in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. At the hearing, the case-in-chief evidence of Joint Petitioners and the OUCC was admitted into evidence without objection.

The Commission, based upon the applicable law and evidence of record, now finds as follows:

**1. Statutory Notice and Commission Jurisdiction.** Due, legal, and timely notice of the hearing in this Cause was caused to be published by the Commission. Citizens Water is a not-for-profit utility and a utility company as defined in Ind. Code §§ 8-1-30.3-2.5 and 8-1-30.3-3, respectively, and is subject to the Commission’s jurisdiction over its rates, charges, and rules of service in accordance with Ind. Code § 8-1-11.1-3(c)(9). Whitestown is an offered utility and a utility company as defined in Ind. Code §§ 8-1-30.3-2.6 and 8-1-30.3-3, respectively. While Whitestown’s municipal water utility rates and charges are unregulated by the Commission, in other aspects it is subject to the jurisdiction of the Commission pursuant to Ind. Code ch. 8-1.5-1. Under Ind. Code §§ 8-1-30.3-5 and 8-1.5-2-6.1, the Commission has jurisdiction over Citizens Water’s acquisition of Whitestown’s water utility assets. Therefore, the Commission has jurisdiction over Joint Petitioners and the subject matter of this Cause.

**2. Joint Petitioners’ Characteristics.**

**A. Citizens Water.** Citizens Water is the trade name for the Board, as trustee of the public charitable trust created in connection with the acquisition of the municipal Indianapolis water system by the Board, for the exclusive benefit of the inhabitants of the City of Indianapolis, as beneficiaries (“Water Trust”) as approved by the Commission in Cause No. 43936. Citizens Water’s principal office is at 2020 North Meridian Street, Indianapolis, Indiana 46202. Citizens Water owns, operates, manages, and controls plant, property, and equipment used and useful to provide water utility service to approximately 355,000 customers in and around the City of Indianapolis.

**B. CWRW.** CWRW is an Indiana limited liability company created pursuant to an Interlocal Cooperation Agreement (“ICA”) entered into between Citizens Water and Whitestown, for the purpose of holding legal title to the municipal water utility assets proposed to be purchased from Whitestown by Citizens Water, as beneficial owner, as described in this proceeding, on behalf of and for the exclusive use and benefit of the Water Trust and its beneficiaries, for such assets to become part of the Citizens Water utility system.

**C. Whitestown.** Whitestown is an Indiana political subdivision located northwest of Indianapolis, within Boone County. Whitestown owns, operates, and controls utility plant, property, and equipment for the distribution of water to approximately 6,000 customers, located within and outside of its corporate boundaries (“Whitestown System”). Whitestown currently purchases its supply from Citizens Water.

**3. Proposed Transaction.** Joint Petitioners have agreed, subject to the approval of the Commission, for Whitestown to transfer its Whitestown System assets used and useful for serving the Service Area (“Assets”) to Citizens pursuant to an Asset Purchase Agreement (“APA”) (“Transaction”). Upon the closing of the Transaction, CWRW will hold title on behalf of and for the exclusive use and benefit of Citizens Water, as beneficial owner, to operate the Assets as part of Citizens Water’s distribution utility system, in accordance with the terms of Whitestown Water Distribution System Lease Agreement (“Lease”) between CWRW and Citizens Water. A fully executed version of the APA, ICA, and Lease are included among Joint Petitioners’ Case-in-Chief as attachments.

**4. Relief Requested.** Joint Petitioners seek Commission approval of: (1) the APA for transfer from Whitestown to CWRW, for the exclusive use and benefit of Citizens Water, of the assets and facilities of Whitestown used and useful to provide water distribution utility services within the Service Area constituting the Whitestown System, in accordance with the requirements of Ind. Code § 8-1-30.3-5(d) (“Offered Utility” statute) and Ind. Code § 8-1.5-2-6.1; (2) the ICA between Whitestown and Citizens Water related to the Transaction; (3) the Lease between Citizens Water and CWRW associated with the Transaction; (4) a Certificate of Public Convenience and Necessity (“CPCN”) and any other permissions, as needed, for Citizens Water’s operation of a water utility within Whitestown’s water utility Service Area (“Service Area”); and (5) application of Citizens Water’s rates and charges and Terms of Conditions for Service to customers previously served by Whitestown.

**5. Evidence Presented.**

**A. Joint Petitioners’ Case-in-Chief.**

**i. Jeffrey A. Willman.** Mr. Willman, Senior Vice President – Operations for Citizens, stated the Citizens Board granted authority to execute the APA on August 20, 2025. Mr. Willman testified that Citizens Water’s acquisition of Whitestown’s municipal water utility assets is squarely in line with Citizens Water’s ongoing efforts to provide safe, reliable, and affordable water service to customers and communities within the central Indiana region. He stated the acquisition also aligns well with key priorities of the State of Indiana’s water policy, including affordability, reliability, and regionalization.

Mr. Willman observed that Whitestown’s water utility serves approximately 6,000 customers and has limited ability to capture economies of scale at that size. The proposed acquisition of the Whitestown System and Assets by Citizens Water will allow the Whitestown Assets to be integrated into Citizens Water’s larger system in a way that will enhance system reliability and operational efficiencies and provide Whitestown residents with lower water bills. Whitestown customers will also receive enhanced customer service options from Citizens Water including, but not limited to, full access to the Citizens Water contact center, online account management, paperless billing, auto pay, budget billing, pay in person or by phone and multiple pay near me locations, including Meijer, Kroger, CVS, and TA Travel Center.

Mr. Willman testified that, over time, additional connection points will be added between the Citizens Water and Whitestown water distribution systems to provide multiple supply options and redundancy for the Whitestown area and enhance operational controls related to water pressure, water quality, and fire protection. He explained that, while it is separate from Citizens Water's plans to provide wholesale water service to Lebanon Utilities over the next three to five years, Citizens Water's ownership and integration of the Whitestown System will complement and enhance Citizens Water's water utility service delivery in the Boone County area.

Mr. Willman stated Citizens Water has supplied wholesale water service to Whitestown for many years. He testified that, anticipating higher levels of growth in Whitestown going forward, Citizens Water and Whitestown discussed both wholesale and retail water service options for the future. He stated initial discussions determined that Whitestown residents would pay lower water bills and receive enhanced services if served by Citizens Water directly (compared to continued retail service from Whitestown) and that operational benefits could be achieved if both utility systems were combined and operated as one system. Eventually negotiations leading to the APA took place.

Mr. Willman testified that the APA was negotiated between a willing buyer and seller. He stated Citizens Water and Whitestown are not in any way affiliated entities. He explained the negotiation process leading to the APA, and to the proposed Transaction, was at all times characterized by good faith arms' length negotiation, and eventual agreement, between Whitestown and Citizens Water.

Mr. Willman stated that the APA describes the acquired Assets, which comprise the non-surplus assets of the Whitestown water utility system which are used and useful for providing water utility service to Whitestown's current water customers. He testified that the APA also describes certain assets which are excluded from the sale. He stated the purchase price in the APA, after negotiation, is \$37 million, which is slightly less than the appraised market value of \$38 million. Mr. Willman noted that, by its own terms, the APA is contingent upon, and only effective after, receipt of the Commission's approval. The APA is also contingent upon the purchaser securing all financing necessary for the Transaction, and satisfactory completion of due diligence.

Mr. Willman opined the terms set forth in the APA are just and reasonable and in the public interest. He asserted the terms of the proposed APA and the proposed Transaction are mutually beneficial to both utilities, satisfy the requirements and underlying objectives of the Offered Utility statute, and represent a significant step forward for ensuring access to reliable water utility service throughout central Indiana. He further noted the purchase price described in the APA is fair and reasonable, and compliant with legal requirements. He concluded that the APA and the Transaction generally are in the public interest and that the Commission should approve the APA and the Transaction under the Offered Utility statute, along with the other relief requested by the Joint Petitioners.

ii. **Craig L. Jackson**. Mr. Jackson, Senior Vice President and Chief Financial Officer for Citizens, testified that the Board serves as trustee of the Water Trust, and the beneficiaries of the Water Trust are the inhabitants of Indianapolis. He stated on August 26, 2011, pursuant to a transaction that was approved by the Commission in Cause No. 43936, the Board

acquired the water utility formerly owned and operated by the City of Indianapolis and its Department of Waterworks. He testified that today, the water utility is an asset of the Water Trust and does business as Citizens Water. He explained that, under a Management and Operating Agreement also approved by the Commission in Cause No. 43936, Citizens Energy Group employees operate and manage the Citizens Water utility.

Mr. Jackson testified that the majority of Citizens Water's approximately 355,000 customers are located in Marion County, and the remaining customers are located in Boone, Hamilton, Hancock, Hendricks, Morgan, Brown, and Shelby Counties. He stated that, depending on weather conditions, Citizens Water typically will produce, treat, and distribute approximately 45 to 49 billion gallons of finished drinking water to customers each year. He noted Citizens Water owns and operates three reservoirs, ten treatment plants, approximately 4,500 miles of pipe, and several other facilities that make up its water production and distribution system.

Mr. Jackson explained that CWRW is a wholly owned subsidiary of Citizens Water Resources Holdings, LLC ("CWR Holdings"), which is a direct, wholly owned subsidiary of Citizens By-Products Coal Company d/b/a Citizens Resources. He testified Citizens Resources directly owns CWR Holdings and indirectly owns CWRW on behalf of the Board as assets of the Water Trust. He stated that CWRW will enter into the APA, once approved by the Commission, and purchase and hold the title to the Whitestown System Assets on behalf of Citizens Water as assets of the Water Trust. He explained CWRW will lease the water system Assets to Citizens Water pursuant to the terms of the Lease, which grants Citizens Water full control over the Whitestown System Assets (the "Leased Property"). He stated that Citizens Water, for all intents and purposes, is the acquiring entity of the Whitestown System Assets under this structure. For that reason, the other witnesses for the Joint Petitioners refer to the purchaser as Citizens Water. He provided a visual depiction of the ownership structure of "Citizens Energy Group" as it relates to Joint Petitioners Citizens Water and CWRW.

Mr. Jackson discussed situations where Citizens Resources or its subsidiary has owned and held title to assets on behalf of a utility owned by the Board. He testified that Citizens Resources has held title to gas storage assets in Greene County, Indiana on behalf of Citizens Gas for decades. He also discussed how, in the September 12, 2018 Order issued in Cause No. 45081, the Commission authorized Citizens Gas Pipeline Assets, LLC (a wholly owned subsidiary of Citizens Resources) to purchase the 25-mile intrastate gas pipeline and related assets previously owned by Heartland Gas Pipeline, LLC and hold those assets for the exclusive use and benefit of Citizens Gas. He stated that Citizens is proposing the same structure here, where CWRW is merely holding title to assets that will be recorded on the books and records of Citizens Water and wholly managed, controlled, and operated by Citizens Water as beneficial owner of the Assets.

Mr. Jackson stated the Lease provides that Citizens Water will make an upfront lease payment to CWRW in an amount equal to the purchase price set forth in the APA between CWRW and Whitestown. Thereafter, he stated Citizens Water shall take possession of the Leased Property and will operate the Leased Property as an integrated part of the overall Citizens Water system that serves customers throughout central Indiana. Under the Lease, the Board will have the authority and responsibility to manage the Leased Property as an integrated component of the Citizens Water system, including without limitation, the authority to establish rates and charges, user fees, service

fees, and permit fees and apply grant proceeds and bond proceeds. He testified that in addition, Citizens Water may, subject to applicable law, use its powers as a municipal legislative body pursuant to Ind. Code § 8-1-11.1-3.1, to adopt rates and charges subject to the approval of the Commission.

Mr. Jackson testified the Whitestown System Assets will be recorded on Citizens Water's books and records and depreciation will be calculated based on Citizens Water's Commission-approved depreciation rates. Citizens Water will also make all improvements, betterments, enlargements, extensions, and retirements to the Leased Property as it may deem necessary. All such betterments will become Citizens Water's property.

Mr. Jackson stated that Citizens Water and Whitestown have entered into an ICA which provides for the delegation and/or transfer to, and vesting in, CWRW and Citizens Water of all powers that are necessary, useful, or appropriate for the acquisition, ownership, and operation, directly or through the Lease with Citizens Water, of the Whitestown water system for and on behalf of Citizens Water. He testified Whitestown has further delegated and transferred to, and vested exclusively in, Citizens Water all powers necessary to operate the Whitestown System Assets, make extensions, betterments, and replacements thereto and own and operate such Assets in Whitestown. He explained the ICA provides that Whitestown intends that the System be protected against further sale or disposition by being operated and held to provide water utility services as part of Citizens Water's integrated water system in the same manner and to the same extent in which Citizens Water has operated and held its other water assets under Indiana Code ch. 8-1-11.1.

Mr. Jackson testified that the Board and the Board of CWRW have given their required approvals of the ICA and the APA for the Whitestown water system. Mr. Jackson described the negotiation of the APA and opined the purchase price for the acquired Assets is reasonable. He stated that the Town Council of the Town of Whitestown (the "Town Council") appointed appraisers to determine the value of the Assets, which resulted in an appraised value of \$38 million. He stated that after receiving the appraisals, the Council set a date for a public hearing and published notice of the public hearing. He testified that, after the appraisals and public hearing, Citizens Water continued negotiations with Whitestown and came to an agreed form of APA, and the Council approved the sale by Ordinance on August 13, 2025. He noted the purchase price agreed upon in the APA is lower than the appraised value of the Assets by approximately \$1 million, which accounts for the expectation that current Whitestown customers will experience lower rates and charges after the acquisition.

Mr. Jackson testified that the acquisition will be financed with fixed rate, tax-exempt debt issued by Citizens Water through the public bond market. He explained the debt will be amortized over an up-to-30-year period and is expected to have levelized debt service. Under Section 13.01 of the APA, the acquisition closing date is scheduled to occur within 60 calendar days from the issuance of a final, non-appealable order from the Commission unconditionally approving the APA. He testified Citizens Water will issue the debt on or just before the closing date.

Mr. Jackson stated Citizens Water bears financial risk associated with the financing and explained that Citizens Water plans to enter into an interest rate hedge to minimize interest rate risk. He stated Citizens Water will pay an upfront fee for the hedge, which will likely be an interest rate swap with a cap. If interest rates exceed the cap, Citizens Water will exercise the option and thus be protected from the rising interest rates. He testified Citizens Water plans to purchase the hedge from a known banking partner selected through a competitive proposal process and that this proposal process will help minimize the upfront fee.

Mr. Jackson asserted that Citizens Water has the financial ability to acquire and serve Whitestown. He testified he prepared a Proforma Balance Sheet, as of June 2025, to estimate Citizens Water's opening balance sheet, assuming the acquisition had closed on June 30, 2025. With a \$37 million debt issuance, the proceeds of which are ultimately used to fund the acquisition, and a \$37 million increase in plant in service, which reflects the value of the Assets acquired, Citizens Water's long-term debt balance would increase from approximately \$763 million to approximately \$800 million, and its total capitalization would then increase from \$1.255 billion to \$1.292 billion. He stated that, because the new debt is less than 3% of Citizens Water's total capitalization, the impact to its ratio of total debt to total capitalization is approximately 1% at closing, which he testified is an immaterial change.

Mr. Jackson testified that Citizens Water can absorb the debt service associated with the acquisition of Whitestown's customers into its system without requiring an increase in rates at this time. With the addition of Whitestown legacy customers, the current rates and associated revenues collected will be sufficient to pay for Citizens Water's debt service. He stated that Citizens Water reserves the right to seek recovery of the debt service in a future base rate case, but expects any future rate increase attributable to the debt service to be insignificant.

**iii. Steven T. Berube.** Mr. Berube, Director of Water Production for Citizens, testified that Citizens Water's system includes approximately 4,592 miles of main, 34 pumping stations, 35 water storage tanks, 23 pressure districts, 50,840 valves, and 40,224 fire hydrants. He stated that the majority of Citizens Water's total water supply originates from surface water sources and that groundwater is supplied to Citizens Water's system from ten existing wellfields. He testified that Citizens Water's system includes ten treatment plants that condition water for end use applications through physical and chemical treatment processes.

Mr. Berube testified the Water Service Agreement between Citizens Water and Whitestown ("Agreement") was first executed in 1996 between the Indianapolis Water Company, ultimately succeeded by Citizens Water, and Boone County Utilities, LLC, succeeded by Whitestown, to provide wholesale water to Boone County Utilities, LLC to serve the area along Whitestown Parkway east of I-65 known as Anson and Royal Run. He stated the Agreement was subsequently amended twice to, among other things, clarify service boundaries and increase the amount of water to be supplied under the Agreement such that Whitestown could solely rely upon the Agreement to serve its customers. He testified that, when Citizens Water acquired the Water System in 2011, the Agreement required that up to 4 million gallons per day ("MGD") be supplied to Whitestown at a single connection and metering point. In 2013, a second interconnection point was added to provide for the future growth of Whitestown.

Mr. Berube stated that the Whitestown System's facilities comprise two pump stations, two elevated storage tanks (one of which currently functions for communication purposes rather than water storage), approximately 1,600 fire hydrants, and approximately 119 miles of main.

Mr. Berube explained how Citizens Water plans to integrate the Whitestown System into and operate it as a part of the Citizens Water system. He stated initially, Citizens Water will integrate the Whitestown System into Citizens Water's central control operations and operate the system as an additional pressure district to Citizens Water's system. He testified Citizens Water will utilize its state-certified laboratory to conduct the majority of water compliance testing. He noted the Joint Petitioners expect to utilize the storage tank that is currently only used for metering infrastructure for water storage, enabled through increased operational flexibility by single ownership of both systems. Over time, he stated Citizens Water will add additional connectivity between the current Whitestown and Citizens Water systems to further increase redundancy and reliability, increase operational flexibility, and improve water quality. He testified Citizens Water will also integrate the Whitestown System into its established water resource planning and capital planning process to ensure Whitestown's growth and capital needs are met.

Mr. Berube opined that Citizens Water possesses the technical and managerial ability to operate and maintain the Whitestown System Assets as part of the Citizens Water system by Citizens Energy Group's Water Operations division. He also stated that the operation and maintenance of the Citizens Energy Group water systems are carried out by a skilled, experienced, and well-trained workforce and management team of approximately 175 employees who adhere to industry standards to ensure that the Citizens Energy Group water systems provide safe and reliable service to their customers.

Mr. Berube noted that, as Citizens Energy Group has continued to expand its utility operations, the Commission has consistently found that Citizens Energy Group has the managerial and technical abilities to operate these additional systems and service territories.<sup>1</sup> He opined that adding the Whitestown System to the Citizens Water system, in an area where Citizens Water already provides wholesale and some retail service, is a natural extension of Citizens Water's utility operations and falls squarely within Citizens' technical and managerial capabilities.

**iv. Korlon L. Kilpatrick II.** Mr. Kilpatrick, Citizens Energy Group's Director, Regulatory Affairs, testified that Citizens Water will provide water service, charge its Commission-approved water rates and charges, and apply its Terms and Conditions for Water Service to legacy Whitestown water utility customers following the acquisition of the Whitestown System Assets. He noted that all legacy Whitestown customers will be charged the same rates by Citizens Water, regardless of whether they are located inside or outside of Whitestown's corporate boundaries. He stated that the rates paid by customers in the Eagles Nest neighborhood of Whitestown, who are already served directly by Citizens Water as retail customers, are the same as those paid by all other Citizens Water customers and will remain the same after the Transaction.

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<sup>1</sup> See, e.g., Final Orders in Cause No. 45628 (May 4, 2022); 45624 (Feb. 9, 2022); 44999 (Apr. 11, 2018); Cause No. 44273 (November 25, 2013); 43936 (July 13, 2011).

Mr. Kilpatrick stated that Citizens Water's current rates and charges were placed into effect following the Commission's Final Order in its last base rate case, Cause No. 44644, on April 20, 2016, with an adjustment thereafter due to the removal of Indiana's utility receipts tax through 30-Day Filing No. 50552, effective June 28, 2022. He testified that Citizens Water is not proposing any changes to its rates and charges or Terms and Conditions for Water Service in this Cause. He explained legacy Whitestown customers will be billed directly in the same way as any other Citizens Water customers. He testified that, in general, the water bills of legacy Whitestown customers will decrease when Citizens Water begins providing direct, retail water service to them. He stated the current average monthly bill for a Citizens Water residential customer using 5,000 gallons of water per month is \$45.99. Comparatively, he testified that the current average monthly bill for a residential customer of Whitestown's municipal utility using 5,000 gallons of water per month is \$50.64 inside Whitestown's municipal boundaries, and \$57.21 outside such boundaries. Thus, he stated the average "inside" residential Whitestown water customer will see their monthly bill decrease by approximately \$4.65 per month, or 9.2 percent once Citizens Water begins providing water service, while the average "outside" residential Whitestown customer will see their monthly bill decrease by approximately \$11.22 per month, or 19.6 percent.

Mr. Kilpatrick opined that Citizens Water's rates for water utility service are reasonable. He stated Citizens Water's residential water rates are within the lower half of the rates included in the Commission's 2025 Residential Water Bill Survey. Additionally, he testified the transaction satisfies the requirements of Ind. Code §§ 8-1-30.3-5(d)(7) and 8-1.5-2-6.1(e)(2), reflecting that the Transaction will not result in an impermissible subsidy or result in an unreasonable increase to Citizens Water's rates in a future rate case. He further testified that the Transaction includes terms and conditions that all Joint Petitioners consider to be equitable to the existing customers of both Whitestown and Citizens Water, consistent with Ind. Code § 8-1.5-2-6.1(c). Finally, he noted the current water rates were found to be reasonable by the Commission in its Final Order in Cause No. 44644, dated April 20, 2016, and as adjusted and approved via conference minutes dated June 28, 2022 in 30-Day Filing No. 50552. He explained that, if the Commission approves this proposed Transaction, Joint Petitioners will provide written notice to customers of the approval noting the change in rates and service terms which will apply to legacy Whitestown customers along with the standard Rights & Responsibilities information that is provided to all new customers.

In addition to the benefit of lower rates for water service, Mr. Kilpatrick pointed out that the Whitestown water utility is too small to capture economies of scale, and Citizens Water will improve economies of scale in water service for Whitestown's legacy customers. Among other things, he explained, this means that costs to operate and maintain the utility system, as well as complete any extensions and replacements, will be shared among a much larger customer base, resulting in lower rates for legacy Whitestown customers in the long term. He testified legacy Whitestown customers will also benefit from Citizens Water's sophisticated managerial, technical, and financial abilities to operate a water utility.

Mr. Kilpatrick stated the Whitestown System Assets will be reflected as utility plant in service on Citizens Water's accounting books and records after the Transaction, as Citizens Water will be the beneficial owner of the Whitestown System Assets. He testified that the rates charged by Citizens Water to existing customers will not increase unreasonably in future general rate cases as a result of acquiring the Whitestown System. He noted Ind. Code § 8-1-30.3-5(d)(7) establishes

the requirement that the Commission find that the rates charged by the utility company will not increase unreasonably in future general rate cases solely as a result of acquiring the utility property from the offered utility. He further noted the subsection includes a safe harbor provision establishing that rates and charges will not increase unreasonably in future general rate cases, solely as the result of an acquisition so long as the net original cost proposed to be recorded on the acquiring utility's books (the full purchase price, incidental expenses, and other costs of acquisition) does not exceed two percent (2%) of the acquiring utility's net original cost rate base as determined in its most recent general rate case. He stated Citizens Water's evidence in its most recent base rate case, Cause No. 44644, reflects that the value of its net utility plant assets totaled \$1.1 billion. He testified the purchase price for the Whitestown water utility system is \$37 million, which slightly exceeds 2% of \$1.1 billion. He noted the Commission must independently determine whether the rates will increase unreasonably in future general rate cases solely as a result of acquiring the utility property from the offered utility.<sup>2</sup>

Mr. Kilpatrick testified Citizens Water's evidence in this Cause demonstrates that its rates will not increase unreasonably in future general rate cases solely as a result of acquiring the Whitestown System Assets. He stated first, Citizens Water's rates and charges will not increase as a direct result of the Transaction, and Citizens Water does not anticipate needing to file a base rate case as a direct result of the Transaction. He additionally stated Citizens Water does not anticipate undertaking any significant capital projects involving the Whitestown System Assets within the next several years that might result in a significant rate increase in its next general rate case. He testified Citizens Water expects that any future rate increase attributable to the acquisition of the Whitestown System Assets to be insignificant.

Mr. Kilpatrick testified that, under Ind. Code § 8-1.5-2-6.1(e)(2), "the [C]ommission shall consider the extent to which the proposed terms and conditions of the proposed sale or disposition would require the existing utility customers of either the prospective purchaser or the municipality's municipally owned utility, as applicable, to pay rates that would subsidize utility service to the other party's existing customers." He stated that, like Ind. Code § 8-1-30.3-5(d)(7), Ind. Code § 8-1.5-2-6.1(e)(2) contains a safe harbor provision establishing that "the proposed terms and conditions will not result in rates that would subsidize service to other customers" if the total full purchase price, incidental expenses, and other costs of acquisition is not greater than two percent of Citizens Water's net original cost rate base as determined in Citizens Water's most recent rate case.

However, Mr. Kilpatrick explained, legacy Whitestown customers' rates will decrease following the acquisition, and Citizens Water does not anticipate any significant increase in its rates resulting from the acquisition. Thus, he stated, Citizens Water does not anticipate that current Citizens Water customers will subsidize legacy Whitestown customers, or vice versa. He noted the legacy Whitestown customers will pay the same rates that any new customer(s) in Marion County joining the system would pay. He testified that as it is not envisioned that those Marion County customers would be subsidizing or being subsidized, it should stand that the legacy Whitestown customers are not as well.

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<sup>2</sup> *Indiana-American Water*, Cause No. 45550, at 15 (Dec. 22, 2021).

Mr. Kilpatrick recommended the Commission approve the proposed Transaction and operation of Whitestown's water utility by Citizens Water. He further recommended that the Commission authorize the use of Citizens Water's rates and charges and Terms and Conditions for Water Service in providing water service to legacy Whitestown water utility customers. Finally, he recommended the Commission find the proposed acquisition satisfies the requirements of Ind. Code §§ 8-1-30.3-5(d) and 8-1.5-2-6.1(c) and (e)(2).

v. **Daniel Patterson.** Mr. Patterson, a member of the Town Council, described the Whitestown System and discussed its history as a wholesale water customer of Citizens Water. He testified that today, the Whitestown System receives 100% of its treated water, for distribution to its customers, through its wholesale purchase agreement with Citizens Water.

Mr. Patterson stated the Whitestown community is facing future growth that would require considerable investment in water utility infrastructure, which could result in increased rates. As a result, he stated the Town Council determined that it was in the interest of the Whitestown community to consider selling the Whitestown System to a purchaser that could provide benefits which may be difficult for Whitestown to provide on its own. He testified the Town Council's goal was to support the community's growth while controlling costs and maintaining affordable rates for customers.

Mr. Patterson explained that, due to the preexisting wholesale agreement with Citizens Water, Whitestown and Citizens Water began to discuss the potential for an acquisition and benefits thereof. Following initial discussions between Whitestown and Citizens Water and the appraisal and public hearing process, Mr. Patterson testified that the Town Council passed Ordinance 2025-15 approving the sale on August 13, 2025. He testified Ordinance 2025-15 was supported by the Town Council's determination that it would be in Whitestown's best interest to sell the water asset for less than its appraised value of \$38 million, but not less than \$37 million. He stated that the Town Council also approved an ICA as part of the Transaction. He testified that more than 30 days have passed since Ordinance 2025-15 was adopted, and a petition for a referendum on the proposed Transaction has not been submitted to the Town Council.

Mr. Patterson opined the Commission should approve the APA and the underlying Transaction it describes because they are in the public interest. He stated the transaction will support Whitestown's future growth, while controlling costs and maintaining affordable rates for Whitestown's customers.

vi. **Daniel Ray Cutshaw.** Mr. Cutshaw, CEO and Principal Engineer of CDS Engineers, Inc. ("CDS Engineers"), testified that CDS Engineers is a consultant for Whitestown, assisting with its water utility interests. He stated he has been CDS Engineers' sole water utility engineer since 2007 and designed or has reviewed nearly all of the components of the Whitestown water system including the water mains, pump stations, and tanks. He testified the Whitestown System consists of distribution mains, meters, two booster/pump stations and multiple elevated storage tanks, one of which is currently used for an antenna related to the Whitestown System's advanced metering infrastructure ("AMI") covering approximately 80% of its customers.

Mr. Cutshaw stated Whitestown has provided water utility service to its municipal residents since the 1970s. He testified that at that time, Whitestown relied upon three groundwater wells. He explained water quality issues and limited groundwater supply eventually prompted Whitestown to abandon its wells and treatment systems and connect to Citizens Water as a wholesale customer. He stated that Whitestown's water usage today ranges from 1.6 MGD to 3.2 MGD, and its contract with Citizens contemplates capacity up to 4.0 MGD.

Mr. Cutshaw testified that Whitestown's population is projected to nearly double by 2032 and increase two and one half times by 2042. He stated that Whitestown anticipates the need to increase its water capacity to 6.0 MGD to be able to serve this anticipated growth, which would require infrastructure investment and water purchases in the short term of at least \$30 million. This cost would be borne by the community if Whitestown continued to operate the water utility itself.

Mr. Cutshaw testified that Whitestown's rates and charges are set by the Town Council. The current rates, set in 2017, for 5,000 gallons of water per month are \$50.64 and \$57.21 for residential customers inside of and outside of Whitestown's corporate boundaries, respectively. He stated that, should the Transaction not be approved, investment in additional capacity in the Whitestown System will be needed, potentially leading to a rate increase.

Mr. Cutshaw testified that he understands Whitestown complied with the requirements of Ind. Code §§ 8-1.5-2-4, 8-1.5-2-5, and 8-1.5-2-6. He stated a total of three appraisals of the Whitestown System were obtained, including one from an engineer, who calculated the total replacement cost of the Whitestown System as \$83 million. Two market appraisals were also obtained, which agreed upon a fair market value for the Whitestown System of \$38 million, which Whitestown accepted as the final appraised value for purposes of the contemplated sale.

Mr. Cutshaw stated that Whitestown presented and explained the appraisals and the proposed sale to its community at the required public hearing on July 29, 2025 and in several smaller meetings held by many of the Town Councilors with residents to discuss the advantages and disadvantages to the sale of the water utility.

**B. OUC's Case-in-Chief.** Shawn Dellinger, Senior Utility Analyst in the OUC's Water/Wastewater Division, summarized the proposed Transaction, including the APA, Lease, and ICA. Mr. Dellinger stated that the agreement between Citizens Water and Whitestown to create CWRW to take ownership of Whitestown's water utility assets, only to lease those assets back to Citizens Water for 99 years, is unusual and the benefits of such an arrangement are not apparent. He noted that in response to discovery, Citizens indicated that having the LLC hold title, and lease to Citizens Water, is beneficial to the utility by emulating a structure that historically has been used to acquire assets outside of Marion County, Indiana, for the exclusive use and benefit of the Board of Directors for Utilities, as beneficial owner. Mr. Dellinger added that this response seems to suggest that this type of arrangement may be beneficial when purchasing assets outside of Marion County, but it is unclear why this type of arrangement would be necessary or beneficial.

Mr. Dellinger testified that, for the proposed acquisition to be approved, the factors set forth in Ind. Code § 8-1-30.3-5(d) must be satisfied. He further stated that Ind. Code § 8-1-30.3-5(d)(3) indicates that the Commission must find that the utility company will improve economies

of scale or, if otherwise needed, make reasonable and prudent improvements to the offered utility's plant, the offered utility's operations, or both, so that the customers of the offered utility will receive adequate, efficient, safe, and reasonable service.

Mr. Dellinger stated that CWRW, the entity that will be acquiring the offered utility's assets, will not itself provide any economies of scale, as it holds no other assets. He testified further that CWRW is not itself poised to make necessary improvements, which might call into question whether the criteria under Ind. Code § 8-1-30.3-5(d) can be satisfied. However, he stated that, for all regulatory purposes, the Transaction will be functionally an acquisition by Citizens Water, which can provide economies of scale and make necessary improvements.

Mr. Dellinger testified the OUCC does not object to Citizens Water acquiring Whitestown's water assets. He opined that acquisition by Citizens Water, which would operate and maintain the acquired assets, should provide enhanced reliability and customer service, result in a more streamlined management structure, provide more and easier access to capital when making improvements, and improve economies of scale and operational efficiencies. He also noted that Citizens Water will be paying for utility assets that will be useful to Citizens Water. Finally, he noted that, following the acquisition, all legacy Whitestown ratepayers will be charged Citizens Water's rates, which are lower than the rates currently charged by Whitestown, and will therefore immediately benefit from the Transaction.

Mr. Dellinger stated that, for all regulatory purposes, the acquisition will effectively be an acquisition by Citizens Water. He testified that, as long as Citizens Water does not discriminate against legacy Whitestown customers, it does not appear that the Transaction will harm legacy Whitestown customers or Citizens Water's customers. Mr. Dellinger recommended that the Commission approve the acquisition and the other necessary approvals requested by Joint Petitioners. He further recommended approval of the Transaction be conditioned on Citizens Water treating its acquired customers without distinction from its existing customers.

**C. Presiding Officers' Docket Entry for Additional Information.** In a January 22, 2026 Docket Entry, the Presiding Officers asked Citizens Water to address two issues: the notice to customers that a petition to acquire utility assets had been filed under the Offered Utility statute; and, second, any known infrastructure, environmental or other issues affecting the offered utility, and the post-acquisition process to determine reasonable and prudent improvements.

Citizens Water timely provided its written response on January 28, 2026, describing Citizens Water's public notice to its existing customers, and identifying those portions of its prefiled case-in-chief testimony addressing the Offered Utility's infrastructure and environmental condition, along with Citizens Water's plans for determining improvements after acquisition of Whitestown's assets. At the evidentiary hearing, the Docket Entry response was offered and admitted into the record without objection as part of the Joint Petitioners' case-in-chief.

According to the response, Citizens Water provided a billing insert in the December 2025 billing statements to its existing customers, which insert contained a public notice identifying the present Cause and directing customers to the website where case materials could be found. Citizens Water furthermore referred in its response to the direct testimony of Messrs. Willman, Berube and

Kilpatrick: (a) describing the current condition of Whitestown's assets, as set forth in the APA; (b) explaining that Whitestown's system will be integrated into Citizens Water's established water resource planning and capital planning process to ensure growth and capital needs are met; and (c) confirming that Citizens Water does not anticipate undertaking any significant capital projects involving the Whitestown Assets within the next several years that might result in a significant rate increase in Citizens Water's next general rate case.

**6. Commission Discussion and Findings.**

**A. Applicability of Statutes.** Pursuant to Ind. Code § 8-1.5-2-6.1, a municipality may not sell its water or sewer utility without Commission approval. When an application for such approval is filed pursuant to, the Commission shall approve the sale or disposition of the property according to the terms and conditions proposed by the municipality and the prospective purchaser if the Commission finds that the sale or disposition is in the public interest. Ind. Code § 8-1.5-2-6.1(d).

Ind. Code § 8-1-30.3-5 applies to the acquisition of a water or wastewater utility if the transaction involves a willing buyer and willing seller; and at least one of the two utility companies is subject to Commission jurisdiction. Ind. Code. § 8-1-30.3-5(a). Mr. Willman testified that the negotiation process leading to the APA was a good faith arms' length negotiation resulting in agreement between a willing buyer and seller. Citizens Water is subject to Commission jurisdiction pursuant to Ind. Code § 8-1-11.1-3(c)(9). Therefore, we find that Ind. Code § 8-1-30.3-5 applies to the proposed Transaction and this proceeding.

**B. Sale Approval and Public Interest.** When a petition is filed under both Ind. Code § 8-1.5-2-6.1 and Ind. Code § 8-1-30.3-5, the proposed sale or disposition is considered to be in the public interest if the Commission approves it under Ind. 8-1-30.3-5. Ind. Code § 8-1.5-2-6.1(e)(1). Therefore, in determining whether to approve the proposed Transaction, the Commission must consider the following elements under Ind. Code § 8-1-30.3-5(d):

- (1) The utility property is used and useful to the offered utility in providing water service, wastewater service, or both water and wastewater service.
- (2) The offered utility is too small to capture economies of scale or has failed to furnish or maintain adequate, efficient, safe, and reasonable service and facilities.
- (3) The utility company will improve economies of scale or, if otherwise needed, make reasonable and prudent improvements to the offered utility's plant, the offered utility's operations, or both, so that customers of the offered utility will receive adequate, efficient, safe, and reasonable service.
- (4) The acquisition of the utility property is the result of a mutual agreement made at arms length.
- (5) The actual purchase price of the utility property is reasonable.
- (6) The utility company and the offered utility are not affiliated and share no ownership interests.

- (7) The rates charged by the utility company will not increase unreasonably in future general rate cases solely as a result of acquiring the utility property from the offered utility. . . .
- (8) The cost differential will be added to the utility company's rate base to be amortized as an addition to expense over a reasonable time with corresponding reductions in the rate base.

We analyze each of the requirements below.

i. **Used and Useful Property.** Messrs. Patterson, Cutshaw, and Berube testified that the utility property is used and useful to Whitestown, as the assets being sold are, in fact, those which are used and useful to provide water utility service to Whitestown's current water customers. No party disputed this, and, therefore, we find this requirement is met.

ii. **Offered Utility Too Small to Capture Economies of Scale.** Messrs. Willman, Patterson, Cutshaw, Berube, and Kilpatrick all testified that Whitestown currently provides water utility service to 6,000 customers. Under Ind. Code § 8-1-30.3-6, an offered utility is too small to capture economies of scale if the offered utility serves fewer than 8,000 customers. We find that Whitestown meets this requirement.

iii. **Purchaser Will Improve Economies of Scale.** Mr. Patterson testified that anticipated future growth in Whitestown will require considerable infrastructure investment to increase capacity, likely requiring a rate increase. Citizens Water's witnesses explained how integrating the Whitestown distribution system with the Citizens Water system will result in system efficiencies from a capital planning and operations perspective and how the customers located in Whitestown will receive enhanced customer service offerings, including, but not limited to, full access to the Citizens contact center, online account management, paperless billing, auto pay, budget billing, pay in person or by phone and multiple in-person payment locations.

Citizens Water's evidence also reflects that the assets, customers, and Service Area of Whitestown will be rolled into Citizens Water's existing water utility operations, which serve a customer base of approximately 355,000 customers in central Indiana. Costs to operate and maintain the utility system, as well as complete any extensions and replacements, will be shared among a much larger customer base. Legacy Whitestown customers will also benefit from Citizens Water's managerial, technical, and financial abilities to operate a water utility.

OUCC witness Dellinger acknowledged that the acquisition will functionally be an acquisition by Citizens Water, which can provide economies of scale and make necessary improvement to the Whitestown Assets.

Based on the evidence of record, we find that the evidence of record demonstrates that Citizens Water will improve economies of scale of the Whitestown System.

iv. **Arms' Length Negotiations.** Messrs. Willman, Patterson, and Cutshaw each testified that the APA was the result of arms' length negotiations between Citizens and Whitestown. No party disputed this, and, therefore, we find that this requirement is met.

v. **Reasonable Price.** Ind. Code §§ 8-1-30.3-5(b) and (c) address whether a purchase price and cost differential are reasonable:

(b) Subject to subsection (c), there is a rebuttable presumption that a cost differential is reasonable.

(c) If the acquisition:

(1) is made under Ind. Code § 8-1.5-2-6.1, and to the extent the purchase price does not exceed the appraised value as determined under Ind. Code § 8-1.5-2-5; or

(2) is not made under Ind. Code § 8-1.5-2-6.1, and to the extent the purchase price does not exceed the appraised value as determined under section 5.5 of this chapter; the purchase price is considered reasonable for purposes of subsection (d) and any resulting cost differential is considered reasonable.

The proposed Transaction is occurring pursuant to Ind. Code § 8-1.5-2-6.1. Joint Petitioners' appraisal under Ind. Code § 8-1.5-2-6.1 determined that the Assets have a value of \$38 million. After negotiations, the parties ultimately settled on a purchase price of \$37 million. The evidence of record establishes that the purchase price does not exceed the appraised value. Pursuant to Ind. Code § 8-1.5-2-6.1(d), a purchase price that does not exceed the appraised value is considered reasonable. Therefore, we find that, pursuant to Ind. Code § 8-1-30.3-5(c)(1) and Ind. Code § 8-1.5-2-6.1(d), the purchase price for the Assets is reasonable for the purposes of Ind. Code § 8-1-30.3-5(d)(5).

vi. **Buyer and Seller Are Unaffiliated.** The undisputed evidence of record reflects that Whitestown is not affiliated with, nor does it share any ownership interests with, Citizens. Therefore, we find that this requirement is met.

vii. **Rates Will Not Increase Unreasonably.** Ind. Code § 8-1-30.3-5(d) establishes a safe harbor if the amount to be booked as net original cost does not exceed two percent of the acquiring utility company's net original cost rate base from its most recent general rate case. Mr. Kilpatrick testified that Citizens Water's evidence in its most recent base rate case, Cause No. 44644, reflects that the value of its net utility plant assets totaled \$1.1 billion. He testified the purchase price for the Whitestown water utility system is \$37 million, which slightly exceeds 2% of \$1.1 billion. For this reason, the Commission "must independently determine whether the rates will increase unreasonably in future general rate cases solely as a result of acquiring the utility property from the offered utility." *Indiana-American Water*, Cause No. 45550, at 15 (Dec. 22, 2021).

Citizens Water's evidence in this Cause demonstrates that its rates will not increase unreasonably in future general rate cases solely as a result of acquiring the Whitestown System Assets. Citizens Water's rates and charges will not increase as a direct result of the Transaction, and Citizens Water does not anticipate needing to file a base rate case as a direct result of the

Transaction. Further, Citizens Water does not anticipate undertaking any significant capital projects involving the Whitestown System Assets within the next several years that might result in a significant rate increase in its next general rate case. Citizens Water expects any potential future rate increase attributable to the acquisition of the Whitestown System Assets to be insignificant. The OUCC did not dispute Joint Petitioners' evidence demonstrating that its rates would not increase unreasonably in the future as a result of the acquisition. Thus, we find that Joint Petitioners have complied with Ind. Code § 8-1-30.3-5(d)(7).

**viii. Cost Differential Amortization.** Ind. Code § 8-1-30.3-5(d)(8) requires a finding that the cost differential will be added to the utility company's rate base to be amortized as an addition to expense over a reasonable time with corresponding reductions in rate base. Citizens Water will not be adding a cost differential to rate base as a result of this transaction per se. As discussed below, Citizens Water will make accounting entries reflecting the full purchase price, incidental expenses, and other costs of acquisition as the net original cost of the utility plant in service assets being acquired, allocated in a reasonable manner among appropriate utility plant in service accounts and depreciated according to Citizens Water's depreciation rates. For purposes of our approval of the transaction, we find that, to the extent applicable, Ind. Code § 8-1-30.3-5(d)(8) has been satisfied.

**ix. Conclusion.** Because we find the evidence of record demonstrates that all requirements of Ind. Code § 8-1-30.3-5(d) have been satisfied, we find that the proposed Transaction through the APA is in the public interest for the purposes of Ind. Code § 8-1.5-2-6.1.

**C. Ind. Code § 8-1-30.3-5(e).** Under Ind. Code § 8-1-30.3-5(e), Citizens Water, as the acquiring utility, is required to provide the following:

- (1) Notice to customers of the acquiring utility company that a petition has been filed with the commission under this chapter. The notice provided under this subdivision must include the cause number assigned to the petition. Notice under this subdivision may be provided to customers in a billing insert.
- (2) Notice to the office of the utility consumer counselor.
- (3) A statement of known infrastructure, environmental, or other issues affecting the offered utility, and the process for determining reasonable and prudent improvements upon completing the acquisition.

Joint Petitioners provided a copy of the notice given by Citizens Water to its customers in response to the Commission's January 22, 2026 Docket Entry Requesting Additional Information. The notice was provided in a bill insert and included the cause number.

Notice was provided to the OUCC through the service of the Joint Petition and the Joint Petitioners' case-in-chief.

Finally, as noted in Joint Petitioners' Response to the Commission's Docket Entry, various sections of the APA between Whitestown and CWRW address the information listed in Ind. Code § 8-1-30.3-5(e). Specifically, Whitestown represented that the equipment and machinery of the

offered water utility are in good operating condition and repair (except for ordinary wear and tear) and are being operated in conformity in all material respects with all applicable laws and warranty conditions. Further, Whitestown made representations regarding environmental compliance, stating that no enforcement proceeding is pending or to Whitestown's knowledge, threatened, relating to the revocation or limitation of any of the Whitestown System's Environmental Permits. Further, Whitestown represented that the Whitestown System is in material compliance with all applicable laws and Whitestown is not in material violation of any Law applicable to the Whitestown System or any of the acquired Assets, nor, to the knowledge of Whitestown are there any existing factual circumstances, which are reasonably likely to result in any such violation.

In addition to the provisions of the APA noted above, Mr. Cutshaw testified about known issues currently impacting the Whitestown system (most notably, the anticipated significant future growth of Whitestown discussed by Mr. Cutshaw and Mr. Patterson, and the attendant necessary upgrades which will tend to increase customer rates for municipal water distribution service), and Mr. Berube explained the process that Citizens Water will undertake after closing to incorporate the Whitestown System into its system and operate it as a part of the Citizens Water system. Mr. Kilpatrick further noted Citizens Water does not anticipate undertaking any significant capital projects involving the Whitestown System Assets within the next several years that might result in a significant rate increase in its next general rate case. Based on the evidence of record, we find that Citizens Water has satisfied all three of the requirements established in Ind. Code § 8-1-30.3-5(e).

**D. Sale Approval and Accounting Treatment.** Because we find that the evidence of record demonstrates that all the requirements of Ind. Code § 8-1-30.3-5(d) have been met, we find that the proposed sale of the Whitestown System to Citizens Water is reasonable and in the public interest. Similar to the structure we approved in Cause No. 45081, in which we authorized Citizens Gas Pipeline Assets, LLC to purchase and hold title to a 25-mile intrastate gas pipeline for the exclusive use and benefit of Citizens Gas, CWRW will merely hold title to assets that will be recorded on the books and records of Citizens Water and wholly managed, controlled, and operated by Citizens Water as beneficial owner of the assets. Citizens Water will operate the Whitestown System as an integrated part of the overall Citizens Water system that serves customers throughout central Indiana. The Board will have the authority and responsibility to manage the Whitestown System as an integrated component of the Citizens Water system. The Whitestown System Assets will be recorded on Citizens Water's books, and the same depreciation rates that Citizens Water applies to its system will be applied to the acquired Assets.

Joint Petitioners also requested approval of the Lease Agreement between Citizens Water and CWRW, which provides that Citizens Water will make an upfront lease payment to CWRW in an amount equal to the Purchase Price set forth in the APA between CWR Whitestown and Whitestown. Thereafter, Citizens Water will take possession of the property and commence operation and maintenance of the system and operate the Leased Property as an integrated part of the overall Citizens Water system. The Lease Agreement further provides that Citizens Water will make all improvements, betterments, enlargements, extensions, and retirements to the Leased Property as it may deem necessary. All such betterments will become Citizens Water's property. Accordingly, all Assets will be recorded on Citizens Water's books and records.

Pursuant to Ind. Code § 8-1-30.3-5(f), Citizens Water is authorized to make accounting entries recording the acquisition and that reflect the full purchase price, incidental expenses, and other costs of acquisition as the net original cost of the utility plant in service assets being acquired, allocated in a reasonable manner among appropriate utility plant in service accounts. The amount that Citizens Water seeks to record in net original cost rate base is equal to the purchase price of \$37 million, as set forth in Mr. Jackson's testimony. The OUCC did not oppose this request for relief.

Based on the evidence of record, we find that Citizens Water may record, for ratemaking purposes, as the net original cost rate base of the Assets being acquired, an amount equal to the purchase price of \$37 million as proposed by Citizens Water. We also approve Citizens Water's proposed accounting as described in Mr. Jackson's testimony and find that the costs reflected on the books and records of Citizens Water shall be used as the original cost of such properties for accounting, depreciation, and rate base valuation purposes. In accordance with Ind. Code § 8-1-2-83, we further find that the public interest will be served by the proposed Lease of the Whitestown System Assets from CWRW to Citizens Water. We further approve the application of Citizens Water's depreciation rates to the acquired Assets.

**E. Terms and Conditions for Service.** Because the Whitestown System will be managed and operated as a fully integrated part of the Citizens Water system, Citizens Water proposed that its existing Terms and Conditions for Water Service apply to Whitestown's legacy water utility customers upon closing. The OUCC did not oppose this proposal. Based on the evidence of record, we find that Citizens Water's Terms and Conditions for Water Service for its existing water customers shall apply to Whitestown's legacy water utility customers upon closing of the APA.

**F. Rates and Charges.** Current customers of Whitestown's water utility will become customers of Citizens Water. Accordingly, Citizens Water also proposed to apply its existing rates and charges for water service to Whitestown's legacy water utility customers. Whitestown's current rates for residential water customers using 5,000 gallons of water per month are \$50.64 and \$57.21, for residential customers inside and outside of its corporate limits, respectively. Mr. Kilpatrick testified that the current average monthly bill for a Citizens Water residential customer using 5,000 gallons of water per month is \$45.99. Thus, current Whitestown customers using 5,000 gallons of water per month will save \$4.65 (in-town customers) or \$11.22 (extraterritorial customers) under Citizens Water's rates. As Citizens Water customers, Whitestown customers also will receive enhanced customer service and billing options from Citizens Water including, but not limited to, full access to the Citizens contact center, on line account management, paperless billing, auto pay, budget billing, pay in person or by phone and multiple pay near me locations. In other words, Citizens Water will treat the legacy Whitestown customers exactly the same as its other customers.

The OUCC did not oppose the proposal to apply Citizens Water's existing rates and charges for water service to Whitestown's legacy water utility customers and noted that these rates are lower than the rates currently charged by Whitestown. Based on the evidence of record, we find Citizens Water's existing rates and charges for water service shall apply to Whitestown's legacy water utility customers.

**G. Interlocal Cooperation Agreement and Authority to Serve.** Joint Petitioners requested that the Commission approve the ICA between Citizens Water and Whitestown which provides for the delegation and/or transfer to, and vesting in, CWRW and Citizens Water of all powers that are necessary, useful, or appropriate for the acquisition, ownership, and operation, directly or through the Lease between Citizens Water and CWRW, of the Whitestown System for and on behalf of Citizens Water. Whitestown has further delegated and transferred to, and vested exclusively in, Citizens Water all powers necessary to operate the Whitestown System Assets, make extensions, betterments, and replacements thereto and own and operate such assets in Whitestown. The ICA provides that Whitestown intends that the Whitestown System be protected against further sale or disposition by being operated and held to provide water utility services as part of Citizens Water’s integrated water system in the same manner and to the same extent in which Citizens Water has operated and held its other water assets under Ind. Code ch. 8-1-11.1.

No party objected to approval of the ICA. OUCC witness Dellinger observed that Citizens Water’s operation and maintenance of the acquired Whitestown Assets via the ICA should provide enhanced reliability and customer service, result in a more streamlined management structure, provide more/easier access to capital when making improvements, and should allow economies of scale and operational efficiencies. As a result, Mr. Dellinger recommended the Commission approve the Transaction and other approvals requested by the Joint Petitioners, inclusive of the request that the Commission approve the ICA. Moreover, Citizens Water already provides water service to people within Indianapolis and also to other areas of central Indiana that are outside of Indianapolis’ boundaries, including parts of Boone, Hamilton, Hancock, Shelby, Morgan, and Hendricks counties. Based upon the evidence presented, we find that Joint Petitioners’ request for approval of the ICA should be approved.

**H. CPCN.** *Granger Water Utility, LLC*, Cause No. 45568 provides “[a] CPCN is required for new water utilities to commence providing water service. In Ind. Code § 8-1.5-2-7(a), the General Assembly chose to exempt only one type of water utility from this requirement – municipal water utilities. This fact that the legislature exempted one type of water utility necessarily means that all other water utilities must obtain a CPCN; otherwise, Ind. Code § 8-1.5-2-7(a) would be meaningless, and under Indiana law, we must assume that the legislature did not enact a useless provision.” Since Citizens Water is not a municipal utility, it is not exempt from obtaining a CPCN. Citizens Water must establish that the public convenience and necessity will be served through the issuance of a CPCN. The Commission must also consider the managerial, financial, and technical capabilities of Citizens Water to provide the proposed water utility service. The evidence of record shows that Whitestown has a need to have continued water service. Further evidence of record shows that Citizens Water has the managerial, financial, and technical capabilities to provide water utility service to the Service Area. Citizens Water acquisition of the Whitestown System and Service Area will enhance reliability, operation, and affordability for Whitestown residents. Thus, we find that Citizens Water can provide water utility service to the Service Area and that the public convenience and necessity will be served through the issuance of a CPCN to Citizens Water.

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

1. Joint Petitioners are authorized to consummate the acquisition of the Whitestown System on the terms described in the APA, ancillary documents, and in the evidence as discussed herein.
2. Citizens Water is authorized to apply its existing rates and charges for water service to Whitestown's legacy water utility customers upon closing of the Transaction.
3. Citizens Water is authorized to apply its existing Terms and Conditions for Water Service to Whitestown's legacy water utility customers upon closing of the Transaction.
4. Citizens Water is authorized to record, for ratemaking purposes, as the net original cost rate base of the assets being acquired, an amount equal to the purchase price of \$37 million for the Whitestown System.
5. Citizens Water's proposed accounting treatment as described herein is approved. The costs reflected on the books and records of Citizens Water shall be used as the original cost of such properties for accounting, depreciation, and rate base valuation purposes.
6. The ICA between Whitestown and Citizens Water related to the Transaction described herein is approved.
7. The Lease between CWRW and Citizens Water, whereby CWRW will fully lease the Whitestown System Assets being acquired from Whitestown to Citizens Water for the latter's integration, management, and operation as part of the Citizens Water system, is approved pursuant to Ind. Code § 8-1-2-83.
8. Citizens Water is granted a certificate of public convenience and necessity to provide water service in the proposed service territory described in evidence.
9. Within seven calendar days after closing, Citizens Water shall file written notification with the Commission under this Cause confirming that the Transaction has closed. If the Transaction has not closed within six months after the date of this Order, Citizens Water shall so notify the Commission under this Cause and update the Commission upon the status of closing; these updates shall continue to be filed under this Cause every three months thereafter until the Transaction closes or Citizens Water notifies the Commission the Transaction is not being consummated.
10. This Order shall be effective on and after the date of its approval.

**DEIG, VELETA, AND ZIEGNER CONCUR; SWINGER NOT PARTICPATING, ZAY  
ABSENT:**

**APPROVED: MAR 31 2026**

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

\_\_\_\_\_ on behalf of  
**Dana Kosco**  
**Secretary of the Commission**