

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

Commissioner	Yes	No	Not Participating
Swinger	✓		
Bain	✓		
Deig	✓		
Jerrells	✓		
Ziegner	✓		

**PETITION OF CITIZENS WASTEWATER OF)
WESTFIELD, LLC FOR APPROVAL OF A)
WHOLESALE SEWAGE AND WASTEWATER)
TREATMENT AND DISPOSAL SERVICES)
AGREEMENT WITH HAMILTON SOUTHEASTERN)
UTILITIES, INC. PURSUANT TO IND. CODE §§ 8-1-2-)
24 AND 8-1-2-25)**

CAUSE NO. 46421

APPROVED: OCT 07 2026

ORDER OF THE COMMISSION

Presiding Officers:

Robert Deig, Commissioner

Loraine L. Seyfried, Chief Administrative Law Judge

On May 29, 2026, Citizens Wastewater of Westfield, LLC (“Petitioner” or “Citizens Westfield”) filed its Verified Petition with the Indiana Utility Regulatory Commission (“Commission”) seeking approval of a wholesale sewage and wastewater treatment and disposal services agreement (“Agreement”) between Citizens Westfield and Hamilton Southeastern Utilities, Inc. (“HSE”). Also on May 29, 2026, Petitioner prefiled its direct testimony and attachments.

On August 6, 2026, the Indiana Office of Utility Consumer Counsel (“OUCC”) filed a Notice of Intent Not to Prefile Testimony.

On August 28, 2026, Citizens Westfield filed a Notice of Intent Not to Prefile Rebuttal Testimony.

The Commission held an evidentiary hearing in this Cause on September 17, 2026, at 9:30 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. Petitioner’s case-in-chief was admitted into the record without objection.

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

1. Legal Notice and Commission Jurisdiction. Due, legal, and timely notice of the evidentiary hearing in this Cause was given and published as required by law. Petitioner is a public utility as defined in Ind. Code § 8-1-2-l(a). The Commission has jurisdiction over customer-specific contracts between Petitioner and its customers under Ind. Code §§ 8-1-2-24 and 8-1-2-25. Therefore, the Commission has jurisdiction over Petitioner and the subject matter of this Cause.

2. Petitioner’s Organization and Business. 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 wastewater utility service to more than 22,800 customers in and around the City of Westfield, Indiana.

3. Relief Requested. Petitioner requests approval of the rates, charges, terms, and conditions set forth in the Agreement between Petitioner and HSE to facilitate HSE's provision of utility service. HSE is an Indiana public utility authorized by the Commission in Cause No. 43581 to provide wastewater collection and transportation service within a defined area of Union Township, Boone County, Indiana ("CTA Area") but does not currently have a wastewater treatment plant ("WWTP") in the CTA Area.

4. Petitioner's Evidence.

A. Edward J. Bukovac. Mr. Bukovac, Vice President of Water Operations for Citizens Energy Group and President of Citizens Wastewater of Westfield, described the Agreement between Citizens Westfield and HSE, under which Citizens Westfield will provide wholesale wastewater treatment service to HSE in HSE's CTA Area. He further explained how the Agreement satisfies the requirements of Ind. Code §§ 8-1-2-24 and 8-1-2-25 by being reasonable and just, practicable and advantageous to the parties, and in the public interest. Mr. Bukovac testified that HSE, the counterparty to the Agreement, is an Indiana public utility that provides wastewater service in parts of Hamilton County, Indiana within and proximate to the City of Noblesville, Indiana and in the CTA Area.

Mr. Bukovac described the circumstances leading to the execution of the Agreement. He explained that there has not been any significant development in the CTA Area since HSE acquired the certificate of territorial authority in 2009. Therefore, HSE has not constructed any wastewater infrastructure in the CTA Area and is not serving any customers in that area. However, he stated that, in 2023, Henke Development Group, LLC ("Henke") began the process of developing the Bradley Ridge neighborhood, which is in the CTA Area and within the Town of Zionsville. Mr. Bukovac stated that Henke has started construction of Phase 1 of the development and service is needed on or before September 1, 2027, when the development is slated to be featured in the Builders Association of Greater Indianapolis's 2027 Home-A-Rama show. Mr. Bukovac stated that HSE has signed an extension agreement with Henke to serve Bradley Ridge and is acting in accordance with that agreement to provide the necessary facilities to meet Henke's desired timeline.

Mr. Bukovac testified that, because HSE does not have a WWTP in or near the CTA Area, HSE contacted wastewater utilities in the area to request wastewater treatment. He stated that Citizens Westfield's current service area is directly adjacent to the CTA Area and that its Westfield WWTP has sufficient capacity to serve the Bradley Ridge development and adjacent areas. He stated that the Westfield WWTP has a treatment capacity of approximately 5.0 million gallons per day ("MGD") and currently has approximately 1.0 MGD in available treatment capacity. He further stated that the Westfield WWTP can be expanded if there is additional growth in the CTA Area or in Citizens Westfield's service area.

Mr. Bukovac provided an overview of the structure and terms of the Agreement. He stated that the Agreement establishes the rates, charges, terms, and conditions under which Citizens Westfield will provide wholesale service to HSE in the CTA Area. He noted that the initial term of the Agreement is 20 years from the effective date, with an option for HSE to extend the

Agreement for an additional 20 years, subject to Commission approval. He further stated that HSE expressly incorporated the system development charge (“SDC”) of \$700 that Citizens Westfield will charge under the Agreement into HSE’s SDC, which also includes a collection system component of \$3,430, for a total of \$4,130, that was approved by the Commission in its March 26, 2025 Order in Cause No. 46121.

Mr. Bukovac noted that the Agreement establishes firm capacity limits to protect Citizens Westfield’s system and existing customers. Under the Agreement, HSE is initially allocated up to 500,000 gallons per day (“GPD”) of average daily flow and 750,000 GPD of peak daily flow. He explained that, under the Agreement, additional capacity may only be approved if Citizens Westfield determines sufficient capacity exists, HSE pays applicable connection charges, and the additional capacity corresponds to the actual need of the CTA Area. Mr. Bukovac further explained that, in the event future flows necessitate an expansion of the Westfield WWTP to accommodate HSE’s wastewater, the Agreement allocates costs for any such expansion on a proportional, cost causation basis. He testified that this structure protects Citizens Westfield’s retail customers from financing capacity solely needed to serve HSE’s wholesale load. He also stated that if Citizens Westfield implements a Commission-approved wholesale tariff and terms and conditions for sewage disposal service (“Wholesale Tariff”), the Agreement will be modified, to the extent necessary, to make it conform to the provisions of the Wholesale Tariff. Mr. Bukovac stated that Citizens Westfield will provide HSE with notice of any such proceeding, and HSE can participate to the extent it desires to do so.

Mr. Bukovac stated that, since executing the Agreement, the parties have taken a number of steps necessary to extend service to the Bradley Ridge development and the CTA Area. He explained that the facilities necessary to serve the Bradley Ridge development have been fully engineered and designed, and HSE has obtained many of the necessary easements. He further testified that HSE and Citizens Westfield have made necessary filings and notifications with the Indiana Department of Environmental Management for the provision of wastewater service to the development.

Mr. Bukovac opined that the Agreement is reasonable and just, as required by Ind. Code § 8-1-2-24. He explained that the rates established by the Agreement are based on Citizens Westfield’s operational data and reflect how HSE will use the system. He testified that, under the Agreement, in addition to a variable treatment charge, HSE will pay an SDC that will help ensure that the growth in the HSE service area will help fund the capacity in the Citizens Westfield system needed to accommodate that growth. He also noted that the Agreement provides for both capacity limits and a process for increasing capacity available to HSE, if needed. Lastly, he explained that under the Agreement, a single WWTP will be used to serve both the CTA Area and Citizens Westfield’s service territory, which is more efficient than having two separate providers operating two treatment plants with two sets of staff in close proximity managing two environmental permits. He further explained that the sampling, pretreatment, and inspection provisions of the Agreement ensure that Citizens Westfield maintains control over the operation of the Westfield WWTP.

Mr. Bukovac testified that the Agreement is beneficial to both utilities. He explained that Citizens Westfield will benefit from increased revenues, improved utilization of existing capacity, and protection against operational risk, while HSE will benefit by securing reliable long-term treatment service for its customers in the CTA Area and avoid the capital, regulatory, and environmental risks associated with constructing and operating a treatment plant.

Mr. Bukovac further testified that the Agreement is in the public interest because it promotes efficient, regionalized wastewater service consistent with Commission and State policy; it ensures environmental compliance through centralized treatment and pretreatment enforcement; it protects Citizens Westfield's existing retail customers from cost shifts; and it supports development in the CTA Area through the availability of reliable wastewater treatment service.

B. John F. Lamb. Mr. Lamb, Manager of Rates and Business Applications for Citizens Energy Group, explained how the rates and charges set forth in the Agreement are sufficient to recover Citizens Westfield's variable costs while also contributing to fixed costs.

Mr. Lamb explained that the variable charge was calculated using data derived from Citizens Westfield's 2022 Commission Annual Report. He stated that Operational and Maintenance Expense, Depreciation, and Net Operating Income was gathered in four categories: WWTP, Collection System, Customer, and Administration. He explained that, in order to be reflective of how HSE would be using the Citizens Westfield system, 100% of the WWTP costs and 5% of the Collection System and Administration costs were included in the rate calculation. The allocation of those costs was then divided by the total annual treated flows, which resulted in a rate of \$3.14 per 1,000 gallons. Mr. Lamb described the multi-step process used to calculate the \$700 per equivalent dwelling unit SDC in the Agreement. He stated that this is a fair cost for connection to the Westfield WWTP and will help ensure that the growth in the HSE service area will help cover the costs of the Westfield WWTP capacity needed to accommodate that growth.

Mr. Lamb stated that the rates and charges set forth in the Agreement can be amended from time to time in the context of a Citizens Westfield general rate case. He stated that any increase in the variable treatment rate is capped at the percentage rate increase that is approved by the Commission for the non-residential class. He further explained that the SDC may be adjusted when an adjustment to the connection fee for Citizens Westfield's retail customers is approved by the Commission.

Mr. Lamb testified that the Agreement contains certain terms designed to protect Citizens Westfield's system and financial integrity, including: (1) a late payment charge; and (2) surcharges that will be imposed if HSE exceeds the Peak Daily Flow of Permitted Capacity set forth in the Agreement.

Mr. Lamb explained that the rates and charges set forth in the Agreement will not only allow Citizens Westfield to recover its incremental costs of providing service to the CTA Area, but will also provide a contribution to the recovery of fixed costs and the costs associated with HSE's use of treatment plant capacity.

Lastly, Mr. Lamb testified that the Agreement benefits Citizens Westfield's non-wholesale customers by enabling any future rate increases to be spread over a larger customer base, resulting in lower individual impacts. Moreover, he explained that the wholesale rates and SDCs paid by HSE will contribute to Citizens Westfield's capital and operations and maintenance costs.

5. Commission Discussion and Findings. Ind. Code § 8-1-2-24(a) provides in pertinent part that:

Nothing in this chapter shall be taken to prohibit a public utility from entering into any reasonable arrangement with its customers or consumers . . . for the division or

distribution of its surplus profits, or providing for a sliding scale of charges or other financial device that may be practicable and advantageous to the parties interested. No such arrangement or device shall be lawful until it shall be found by the commission, after investigation, to be reasonable and just and not inconsistent with the purpose of this chapter. Such arrangement shall be under the supervision and regulation of the commission.

Additionally, Ind. Code § 8-1-2-25 provides as follows:

The commission shall ascertain, determine and order such rates, charges and regulations as may be necessary to give effect to such arrangement, but the right and power to make such other and further changes in rates, charges and regulations as the commission may ascertain and determine to be necessary and reasonable, and the right to revoke its approval and amend or rescind all orders relative thereto, is reserved and vested in the commission, notwithstanding any such arrangement and mutual agreement.

The Commission previously has found that special contracts such as the Agreement, as well as the rates, charges, and terms and conditions for service that they contain, are lawful if they are reasonable and just, non-discriminatory, practicable, and advantageous to the parties. *See, e.g., Bd. of Directors for Util. of the Dep't of Public Util. of the City of Indianapolis*, Cause No. 44552, at 4 (Apr. 29, 2015); *Bd. of Directors for Util. of the Dep't of Public Util. of the City of Indianapolis*, Cause No. 43448, at 5-6 (July 9, 2008).

The record reflects that the Agreement is practicable and advantageous to Citizens Westfield and HSE in that it enables HSE to provide wastewater service to customers within the CTA Area, including to the Bradley Ridge development, in a cost-effective, efficient, and timely manner, while Citizens Westfield will benefit from increased revenues. Additionally, the evidence shows that Petitioner's provision of service to HSE under the Agreement will not negatively impact the adequacy or reliability of service provided to Petitioner's existing customers. Moreover, Citizens Westfield's customers will benefit from the Agreement in that the wholesale rates will provide revenues to meet Citizens Westfield's operation and maintenance costs and the SDCs paid by HSE will add contributions-in-aid of construction to Citizens Westfield's calculation of rate base. In the event that Citizens Westfield needs to increase its rates in the future, those rate increases will be spread over a larger customer base, resulting in lower individual rate increases than what otherwise would occur.

The evidence reflects and we find that the rates and charges set forth in the Agreement are sufficient to allow Citizens Westfield to recover the incremental costs of providing service to HSE and make a contribution to fixed costs. As such, these rates and charges are just, reasonable, and consistent with cost-of-service principles.

We further find that the Agreement is in the public interest and is not inconsistent with the purposes of Ind. Code ch. 8-1-2. The Agreement helps avoid unnecessary duplication of wastewater treatment facilities and thus promotes efficient and reliable regionalized wastewater service. In so doing, the Agreement also promotes development in the CTA Area and supports environmental compliance through centralized treatment.

For the foregoing reasons, the Commission finds that Citizens Westfield's request for approval of the Agreement and the rates, charges, terms, and conditions set forth therein should be, and is, granted.

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

1. The Agreement for Sewage and Wastewater Treatment and Disposal Services between Petitioner and HSE is approved.
2. This Order shall be effective on and after the date of its approval.

SWINGER, BAIN, DEIG, JERRELLS, AND ZIEGNER CONCUR:

APPROVED: OCT 07 2026

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

Regina K Joyner

Digitally signed by Regina K

Joyner

Date: 2026.10.07 10:20:18 -04'00'

on behalf of

Dana Kosco

Secretary of the Commission