



# Indiana Utility Regulatory Commission

## News Release

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FOR IMMEDIATE RELEASE: March 19, 2014

### **IURC Issues Decision in Citizens Water Rate Case**

*Commission also opens investigation into management and billing practices*

INDIANAPOLIS – Today the Indiana Utility Regulatory Commission (IURC) reduced the increase in operating revenues initially requested by Citizens Water in its rate case from 14.7 percent to 9 percent. The difference between the amount requested and the amount approved is mainly related to reductions in costs, including executive compensation.

The IURC found that Citizens Water's level of executive compensation was not appropriate for a municipal utility. Consequently, the IURC significantly limited the amount of recovery in this area. In Citizens Water's next rate case, the IURC expects the utility to realign compensation so that it is more compatible with actual municipal-based expenses.

The IURC decreased recoverable executive compensation by approximately \$900,000 for 16 employees by eliminating the Executive Incentive Plan and cutting their Short Term Incentive Plan increases by 38 percent. The reduction to executive pay increases takes the amount from 47 percent to 9 percent, which is equal to the average increases nonexecutive employees receive. These reductions in executive pay and other operations and maintenance expenses resulted in a total decrease of \$1.4 million.

Additionally, the IURC rejected Citizens Water's claim of reduction in water consumption amounting to \$1.6 million due to lack of evidence. Also rejected was an adjustment to nonrecurring charges of \$1.2 million because Citizens Water based these charges on an average that included a period when the City of Indianapolis owned the utility. Further, the IURC only allowed current and 2015 infrastructure investments to be recovered, which will save ratepayers an additional \$2 million in capital expenditures. These investments are needed as the state's water systems are aging and in need of improvement.

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In addition to today's rate case order, the IURC opened an investigation into the management practices, including billing and call center issues, of Citizens Energy Group (gas and water) and CWA Authority, Inc. (wastewater). The primary issues so far are related to the following: 1) customer service quality (e.g., one out of five callers hang up prior to receiving service due to long wait times); 2) billing compliance with approved rules, regulations, and tariffs; and 3) payment application compliance with state and federal laws. A procedural schedule has not yet been set, but is forthcoming.

To view today's rate case decision under Cause No. 44306 or the new investigation under Cause No. 44462, please visit our homepage at [www.in.gov/iurc](http://www.in.gov/iurc). Other cases still pending before the IURC include the Citizens Thermal Energy rate case, under Cause No. 44349, and the CWA Authority, Inc. (wastewater) rate case, under Cause No. 44305.

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*The Commission is a fact-finding body that hears evidence in cases filed before it and makes decisions based on the evidence presented in those cases. An advocate of neither the public nor the utilities, the IURC is required by state statute to make decisions that balance the interests of all parties to ensure the utilities provide adequate and reliable service at reasonable prices.*

*For more information, please visit: [www.in.gov/iurc](http://www.in.gov/iurc).*