

Data centers, deep tunnels, and lead pipes are rewriting Indiana's water capital plans.

A \$2 billion tunnel finishing under Indianapolis, a 100-million-gallon-a-day pipeline fight over the LEAP district, and lead and PFAS mandates arriving on the same clock. For an Indiana utility CFO or capital lead, each of those forces reshuffles the projects on your list. Invizion helps Indiana utilities re-sequence a capital portfolio in a click — and defend every decision.

1.5M¹ People served by Indiana American Water across roughly 75 Hoosier communities — the state's largest investor-owned system.	\$2B² Cost of Citizens Energy Group's DigIndy deep tunnel — 28 miles of tunnel that cut Indianapolis combined-sewer overflows by ~95%.	100 MGD³ Water the state proposed piping ~35 miles from the Wabash aquifer to the LEAP data-center district — the fight that reset Indiana water politics.	\$5.9B⁴ Cumulative Clean Water SRF assistance to Indiana communities since 1988, across 677 loan agreements (federal data through mid-2023).
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THE INDIANA LANDSCAPE

Four forces are moving your project list at once

None of these is theoretical, and none of them waits for your next budget cycle. Together they mean the capital plan you approved last year may already be the wrong plan.

WASTEWATER — COMBINED SEWERS

A generation of sewer capital, mandated by consent decree

Citizens Energy Group's DigIndy deep tunnel — a 28-mile network of 18-foot-diameter tunnels — wrapped construction in 2025 at a cost of roughly \$2 billion. It captures about 5 billion gallons of combined-sewer overflow a year and meets the federal mandate to divert at least 95% of overflows²

The tunnel is done, but the obligation isn't. Citizens' broader capital program under its federal consent decree runs to more than \$2 billion over the decade — and that spend is court-ordered, competing head-on with renewal and growth for the same dollars.⁵ Older systems in Fort Wayne, South Bend and Evansville carry their own combined-sewer obligations.

SUPPLY & DEMAND — DATA CENTERS

The LEAP district turned water into a statewide fight

To supply the LEAP innovation district in Boone County, the state's economic-development arm floated piping up to 100 million gallons a day roughly 35 miles from the Wabash alluvial aquifer — a proposal Wabash-region residents fought hard as a threat to their own supply.³ By early 2025 an investigation put LEAP-related state spending near \$985 million, with the Indiana Finance Authority committing about \$155 million toward a Citizens water-main project (first \$105 million loan closed December 2024)⁶

The demand is real: Meta's \$10 billion, 1,500-acre campus is anchoring the district, with a pledge to restore 200 million gallons a year to the Upper Wabash basin⁷ Citizens itself withdrew an earlier plan to send 6–10 MGD to LEAP in October 2023⁸ For any Indiana utility, large industrial load is now a capital-sizing question, not a hypothetical.

COMPLIANCE — LEAD

Lead-line replacement, on a federal deadline

EPA's 7th Drinking Water Infrastructure Needs Survey puts the national 20-year drinking-water need at about \$625 billion, with millions of lead service lines still in the ground. Indiana's older urban systems — Indianapolis, Fort Wayne, South Bend, Gary — carry substantial lead and galvanized inventories now subject to federal replacement rules.

Lead replacement is a funded mandate that competes for crews, materials and dollars with everything else. Where it lands in the sequence — and how it pairs with main renewal already in the plan — is exactly the trade-off boards fight over.

COMPLIANCE — PFAS & QUALITY

New contaminants stack on top of the old backlog

IDEM has sampled every community public water system in Indiana for PFAS since 2021, running through five phases of monitoring — the data that determines which systems face treatment capital under the new federal limits.

PFAS treatment doesn't replace aging-pipe renewal or lead work; it stacks on top. New obligations arrive faster than old backlogs clear, and something on the list has to move — usually under an affordability ceiling ratepayers can feel.

WHO RUNS INDIANA'S WATER

Large municipals, one dominant investor-owned provider, and a long tail of small systems

Indiana's biggest cities run their own water and wastewater utilities, led by Citizens Energy Group in Indianapolis. Indiana American Water is the dominant investor-owned provider, rate-regulated by the IURC. The pressures are shared; the accountability path differs.

Municipal & public utilities

Rates set by governing boards & councils · capital approved in public

Citizens Energy Group (Indianapolis)	~900,000 people served across utilities · public charitable trusts
Fort Wayne City Utilities	Indiana's 2nd-largest city · municipal water & sewer
Evansville Water & Sewer Utility	Ohio River city · municipal system
City of South Bend	Northern Indiana municipal utility
Hundreds of small towns & conservancy districts	Where SRF need concentrates

Investor-owned utilities

Rates & capital recovery regulated by the IURC

Indiana American Water	~1.5M people · ~75 communities · 5,500 mi of pipe
Aqua Indiana (Essential Utilities)	Fort Wayne-area investor-owned systems
Community Utilities of Indiana	Acquired by Indiana American Water from Nexus Water Group, 2026
Numerous small & regional systems	IURC-regulated · where funding gaps hit hardest

Indiana American Water invests more than \$200 million a year in Indiana infrastructure — capital recovered through IURC-approved rates.

Every capital dollar has to be defensible

Whether you answer to the IURC or a municipal board, the question is the same: why this project, why now, why at this cost? After LEAP, Indiana's oversight of water is only getting tighter.

Indiana Utility Regulatory Commission (IURC) sets rates and approves capital recovery for investor-owned water & wastewater utilities such as Indiana American Water and Aqua Indiana¹²

Senate Bill 4 (2025) — after the LEAP backlash, Indiana moved to require a DNR permit for large inter-basin water transfers and an IURC permit for long-haul pipelines (the LEAP project itself was exempted).¹³

Federal consent decree — Citizens Energy Group's combined-sewer capital program, more than \$2 billion including DigIndy, is court-ordered rather than rate-case discretionary⁵²

Federal Lead & Copper and PFAS rules — service-line inventories, lead replacement, and PFAS monitoring now flow directly into Indiana utilities' compliance capital.⁹¹⁰

Municipal boards & councils — Citizens (a public charitable trust), Fort Wayne, Evansville and other municipals set rates through their own governing bodies, in front of ratepayers.

The money is moving — can your plan absorb it?

Indiana utilities have more capital funding available than they've had in a generation. The constraint is no longer only dollars — it's readiness: which projects are shovel-ready, which qualify, and how the timing lines up with everything else on the list.

Clean Water SRF — Indiana's CWSRF has provided about \$5.9 billion in cumulative assistance across 677 agreements since 1988 (federal data through mid-2023), backed by roughly \$1.32 billion in federal capitalization grants.⁴

BIL-boosted SRF grants — federal capitalization rose under the Bipartisan Infrastructure Law, with recent CWSRF grants of roughly \$68–71 million a year (FY2022–2023).⁴

WIFIA — EPA has closed WIFIA loans with the Indiana Finance Authority of \$349 million and \$87 million (2019) and \$196 million (November 2024) for water & wastewater projects.¹⁴

LEAP water financing — the IFA has committed about \$155 million (first \$105 million loan closed December 2024) toward Citizens' ~\$552 million LEAP-area water-main projects.⁶

IFA-administered SRF — the Indiana Finance Authority administers both the Clean Water and Drinking Water State Revolving Funds, offering below-market loans and principal forgiveness for disadvantaged communities.¹⁵

INDIANA WATER, IN BRIEF

Questions Indiana utility leaders are asking

Short, sourced answers — the same facts we'll dig into on a call, in the context of your system.

Who sets water rates in Indiana?

The Indiana Utility Regulatory Commission regulates rates and capital recovery for investor-owned utilities such as Indiana American Water and Aqua Indiana. Municipal systems — Citizens Energy Group in Indianapolis, Fort Wayne, Evansville and others — set rates through their own governing boards or councils. Either way, capital has to be justified to a governing body and to ratepayers¹²

What is the DigIndy tunnel and what did it cost?

DigIndy is Citizens Energy Group's deep-tunnel system for Indianapolis — roughly 28 miles of 18-foot-diameter tunnel, about \$2 billion, completed in 2025. It captures around 5 billion gallons of combined-sewer overflow a year and meets the federal mandate to divert at least 95% of overflows, part of a broader consent-decree program exceeding \$2 billion²⁵

What is the LEAP water pipeline controversy?

To supply the LEAP innovation district in Boone County, the state floated piping up to 100 million gallons a day about 35 miles from the Wabash alluvial aquifer — opposed by Wabash-region residents worried about their own supply. Citizens Energy withdrew an earlier LEAP water proposal in 2023, and in 2025 Senate Bill 4 added state permitting for large inter-basin transfers and long-haul pipelines³⁸¹³

How much federal and state funding is flowing to Indiana water?

Indiana's Clean Water SRF has provided about \$5.9 billion in cumulative assistance across 677 agreements, and EPA has closed WIFIA loans with the Indiana Finance Authority of \$349 million and \$87 million (2019) plus \$196 million (2024). The IFA administers both the Clean Water and Drinking Water SRFs, including principal forgiveness for disadvantaged communities⁴¹⁴¹⁵

Is PFAS a compliance risk for Indiana systems?

IDEM has sampled every community public water system in Indiana for PFAS since 2021 across five monitoring phases — the data that now determines which systems need treatment capital under the new federal limits. PFAS work stacks on top of lead replacement and aging-pipe renewal already in the plan⁰

How does Invizion help Indiana water utilities plan capital?

Invizion is scenario-based capital portfolio optimization for water utilities. It lets you model how a consent-decree milestone, a large industrial load, a funding award or a compliance deadline reshuffles your whole project list, re-sequence the portfolio automatically, and keep a defensible record of every decision for the IURC, your board, or ratepayers. The best next step is a short first meeting to look at it against your own program.

REFERENCES

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Every figure in this briefing is tied to a primary or authoritative source.

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ABOUT INVIZION

Capital program optimization for utilities

Invizion is a purpose-built capital lifecycle management platform for water and wastewater utilities. It integrates budgeting, CIP, scenario analysis, and funding-source tracking in one system — so utilities can re-sequence a capital portfolio in a click and demonstrate audit-ready, defensible decisions to regulators, boards, and rating agencies.

See what a defensible Indiana capital plan looks like — book a 20-minute first meeting.

Book your first meeting →