

**ORIGINAL**

GENERAL ADMINISTRATIVE ORDER

OF THE INDIANA UTILITY REGULATORY COMMISSION

DEC 11 1997

1997-2

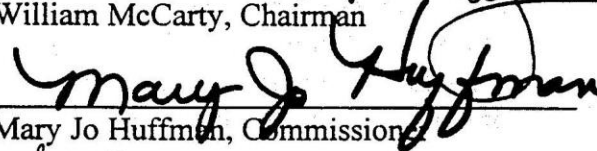
**WHEREAS**, it is often possible for Parties of record in adjudicative proceedings brought before this Commission to resolve controversies, in whole or in part, by agreements consistent with the public interest, and

**WHEREAS**, this Commission encourages Parties to adjudicative proceedings before this Commission to attempt to reach such agreements to the extent they are in the public interest.

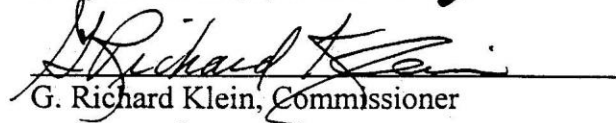
**NOW, THEREFORE, BE IT RESOLVED AND ORDERED** that the Policy Governing Acceptance of Settlement Agreements which is attached to the General Administrative Order as Appendix A be adopted by this Commission, and General Administrative Order 1995-4 be superseded thereby.



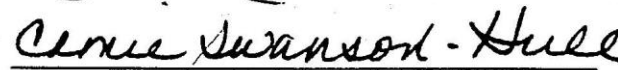
William McCarty, Chairman



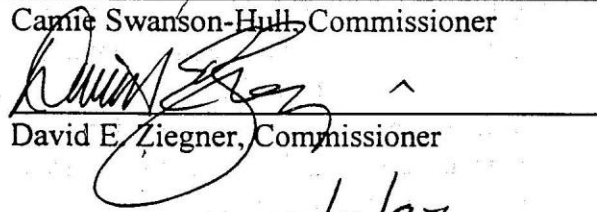
Mary Jo Huffman, Commissioner



G. Richard Klein, Commissioner



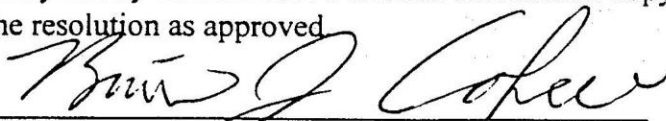
Camie Swanson-Hull, Commissioner



David E. Ziegner, Commissioner

Date: 12/11/97

I hereby certify that the above is a true and correct copy of the resolution as approved



Brian J. Cohee, Secretary to the Commission and Executive Director

## APPENDIX A

### Policy Governing Acceptance of Settlement Agreements

1. General Policy. The Indiana Utility Regulatory Commission encourages Parties in proceedings before it to fashion settlement agreements for the Commission's consideration and approval. Such agreements need not resolve all issues present in a proceeding.
2. Where possible, settlement agreements should be submitted prior to the evidentiary hearing. When it is not practicable to do so, the Commission may schedule additional hearings, if necessary, to allow time for review of the agreement and to determine whether additional evidence to support the agreement is necessary.
3. Settlement agreements must be supported by sufficient evidence of record to allow the Commission to make a determination such agreement is reasonable and in the public interest. In proceedings where a change in rates and charges is sought, the agreement should include a Joint Exhibit detailing the revenue requirement elements upon which the agreement is based as well as tariffs incorporating the proposed rates and charges. The mathematical computations detailing the derivation of the proposed rates and charges must be provided. If the change in rates and charges is other than across-the-board, a cost-of-service study, if one has been prepared, or other supporting documentation that will show the effects of the changes on the ratepayers must be included as part of the Joint Exhibit. The Commission may, in certain circumstances, consider settlements lacking such detailed evidentiary support if the Commission, in its own discretion, considers the presence of extraordinary circumstances to merit such consideration.

If, in such a general rate proceeding, a settlement is reached before the Office of the Utility Consumer Counselor has pre-filed its evidence, and the revenue requirement elements contained in the settlement vary from those contained in the pre-filed evidence of the Petitioning Party, such an agreement must be supported by an exhibit detailing adjustments which explain the variances. Where the agreement is reached after the OUCC has pre-filed its case-in-chief, such an exhibit is necessary only to the extent revenue requirement elements agreed upon do not fall within the scope of the pre-filed exhibits of the Parties. In a general rate proceeding in which the utility is entitled to a return, it is not necessary for the Parties to use a particular methodology in determining the return, however, the utility must agree that the resulting return constitutes a fair return on the fair value of its utility plant in service.

4. The Parties are encouraged to schedule settlement conferences and the Commission may, in some instances, schedule settlement conferences during the initial pre-hearing conference. Such settlement conferences should be noticed as an evidentiary hearing so that the procedural schedule may be adjusted to expedite the proceeding if such conference results in a limitation of issues sufficient to justify such adjustment, and so that any agreements may be memorialized by proper evidentiary findings and order.

5. Parties to proceedings before the Commission are encouraged to initiate settlement discussions on their own initiative. The Commission may include the scheduling of settlement conferences in prehearing conference orders. In such cases, it is expected that the parties initiate settlement discussions prior to the date of the scheduled settlement conference. The Parties to a proceeding in which a settlement hearing has been scheduled during the prehearing conference of the proceeding may seek a continuance of the settlement hearing. However, the presiding administrative law judge may require that an update of the status of settlement discussions, including an identification of contested issues, be filed before a continuance of the settlement conference is granted.

