

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION


JLG

PETITION OF INDIANA-AMERICAN)
WATER COMPANY, INC. FOR)
AUTHORITY TO CONTINUE THE)
CAPITILIZATION OF ALLOWANCE FOR)
FUNDS USED DURING CONSTRUCTION)
AND TO DEFER DEPRECIATION ON)
PETITIONER'S WATER UTILITY)
IMPROVEMENT PROJECTS IN JOHNSON)
COUNTY AND WEST LAFAYETTE)
OPERATIONS FOLLOWING THEIR)
PLACEMENT IN SERVICE)

CAUSE NO. 43639

APPROVED: JUN 10 2009

BY THE COMMISSION:

Jeffrey L. Golc, Commissioner
Angela Rapp Weber, Administrative Law Judge

On February 3, 2009, Indiana-American Water Company, Inc. ("Petitioner" or "Indiana-American") filed with the Indiana Utility Regulatory Commission ("Commission") its Petition for authority to continue the accrual of Allowance for Funds Used During Construction ("AFUDC") and to defer the accrual of depreciation expense relating to two specified capital improvement projects. On February 4, 2009, Petitioner filed its prepared testimony of Stacy S. Hoffman and Gary M. VerDouw with attached exhibits constituting its case-in-chief. On April 1, 2009, the Office of Utility Consumer Counselor ("OUCC", together with Petitioner, the "Parties") submitted the pre-filed testimony of Edward Kaufman. The Parties filed the Joint Stipulation and Settlement Agreement ("Settlement Agreement") with the Commission on April 2, 2009.

Pursuant to notice given as provided by law, proof of which was incorporated into the record by reference and placed in the official files of the Commission, a public hearing in this Cause was held at 1:30 p.m. EDT on April 6, 2009 in Room 222, National City Center, Indianapolis, Indiana. Petitioner and the OUCC appeared and participated at the hearing. The Parties' pre-filed evidence was offered and admitted in evidence without objection. No members of the public appeared to participate than the hearing.

The Commission, having considered the evidence of record and the applicable law, now finds:

1. **Notice and Jurisdiction.** Due, legal and timely notice of the public hearing conducted herein was given by the Commission as required by law. Petitioner is a "public utility" within the meaning of that term in Ind. Code § 8-1-2-1 and is subject to the jurisdiction of the Commission in the manner and to the extent provided by law. The Commission has jurisdiction over Petitioner and the subject matter of this proceeding.

2. **Petitioner's Characteristics.** Petitioner is an operating public utility incorporated under the laws of the State of Indiana. It provides water utility service to the public in and adjacent to numerous communities in twenty-one counties in the State of Indiana, including in and around Greenwood and Franklin in Johnson County, Indiana (the "Johnson County Operation"), and West Lafayette in Tippecanoe County, Indiana (the "West Lafayette Operation"). Petitioner also provides sewer utility service in two counties in Indiana. Petitioner is engaged in the provision of water utility service by means of water utility plant, property, equipment and related facilities owned, operated, managed and controlled by it, which are used and useful for the convenience of the public in the collection, purification, pumping, distribution and furnishing of water to the public in such areas. Petitioner is engaged in the provision of sewer service by means of utility plant, property, equipment and related facilities owned, operated, managed and controlled by it, which are used and useful for the convenience of the public in the collection and treatment of wastewater from the public.

3. **Relief Requested.** Petitioner requested authority to continue accrual of AFUDC and to defer depreciation on certain projects. Petitioner requested the deferral of depreciation from the date the projects are placed in service until the issuance of a rate order that authorizes the inclusion of the projects in Petitioner's rate base and includes depreciation thereon in Petitioner's operating expenses (the "Interim Period"). The projects are: (a) The West Lafayette Operations Improvements Project and (b) The Johnson County Operations Improvements Project.

In its Petition, Petitioner proposed that AFUDC be accrued on these projects after their in-service dates at a rate equal to Petitioner's overall weighted cost of capital. In the Settlement Agreement, the Parties stipulated and agreed to remove the equity component from post-in-service AFUDC. The Parties also agreed that AFUDC will be accrued on the projects after their in-service dates at a rate equal to Petitioner's weighted cost of long-term debt based on the capital structure in place as of the date of the accrual.

The Parties further stipulated that the amount of post-in-service AFUDC accrued and the amount of depreciation deferred during the Interim Period on each of the projects will be booked as regulatory assets to Account 186, Miscellaneous Deferred Debits. According to the Settlement Agreement, the regulatory assets will be amortized over the estimated remaining service lives of the projects with such amortization commencing on the date of a rate order including the projects in Petitioner's rate base and including depreciation expense thereon in Petitioner's recoverable operating expenses. The Settlement Agreement also provides that in rate cases the amortization should be treated as a recoverable expense and that the unamortized portion of the regulatory asset should be included in Petitioner's rate base.

4. **Improvements Descriptions.** The Johnson County Operations Improvements Project and the West Lafayette Operations Improvements Project are being undertaken as described and pre-approved in Cause No. 43320. The Commission took administrative notice of

the Order in that Cause dated January 30, 2008, which granted pre-approval of these projects pursuant to Ind. Code § 8-1-2-23.

(a) Johnson County Operations Improvements. Mr. Hoffman's testimony described the Johnson County Operations Improvements as consisting of the construction of the Johnson County London Road wellfield and water treatment facility and related transmission main extensions. The London Road water treatment facility will be a 3.0 mgd water treatment facility, designed to be expandable to 12.0 mgd, to be known as the London Road Water Treatment Plant. (Cause No. 43320, Order, p. 7.) The London Road transmission main project includes acquiring easements, performing water main design, and installing approximately 35,300 feet of 24-inch transmission main to connect the London Road Water Treatment Plant to the Johnson County Operation system. *Id.*

The Commission approved, in Cause No. 43320, expenditures of \$12,000,000 with respect to the source of supply and treatment projects. Mr. Hoffman testified that the total project cost estimate for that portion of the Johnson County Operations Improvements consisting of the Johnson County London Road wellfield and water treatment facility is \$13,300,000, with an estimated \$13,200,000 of that project expected to be placed in service by June 30, 2009. (Petitioner's Exhibit SSH, p. 5.) Mr. Hoffman estimated that the total project cost for the main extension is \$6,000,000, expected to be placed in service by or before June 30, 2009. (Petitioner's Exhibit SSH, p. 5.) The amount of expenditures approved by the Commission in Cause No. 43320 related to the transmission main was \$7,200,000.

(b) West Lafayette Operations Improvements. According to Mr. Hoffman's testimony and the description of the Improvements in Cause No. 43320, the West Lafayette Operations Improvements consist of the construction of source of supply and treatment facility and related main extensions. (Petitioner's Exhibit SSH, p. 4.) The water treatment facilities to be constructed include a 3.0 mgd water treatment facility at the existing Happy Hollow Station location and a 9.0 mgd water treatment facility in the northeastern portion of the West Lafayette Operation on land to be purchased by Petitioner (the "North water treatment facility"). (Cause No. 43320, Order, p. 5.) An additional finished water main would be constructed to connect the North water treatment facility to the existing distribution system. *Id.* As part of the West Lafayette Operations Improvements, an existing well will be removed from service and another existing well will be designated for emergency use only. *Id.* Mr. VerDouw testified that the project will provide additional source of supply needed to meet current and future maximum day demands, as well as providing improved water treatment for removal of iron and manganese to address water quality complaints. (Petitioner's Exhibit GMV, p. 7).

Mr. Hoffman testified that the total project cost estimate for the West Lafayette Operations Improvements, excluding removal and retirement costs, is \$31,700,000, with an estimated \$29,700,000 of that project to be placed in service by or before June 30, 2009. (Petitioner's Exhibit SSH, p. 4.) Expenditures totaling \$35,000,000 for the West Lafayette Operations Improvements were approved in the Commission's Order in Cause No. 43320.

As explained in Mr. Hoffman's testimony, the differences between the project cost estimates presented in this Cause and the project cost estimates approved in Cause No. 43320 are due to the completion of detailed design and construction costs for the projects at the time of this Cause. The detailed design and construction costing were incomplete at the time of the Commission's Order in Cause No. 43320. In the aggregate, the sum of the cost estimates presented in this Cause for both the Johnson County Operations Improvements and the West Lafayette Operations Improvements is \$3,200,000 lower than the sum of the cost estimates approved in Cause No. 43320.

5. Petitioner's Evidence. Gary M. VerDouw, Petitioner's Manager of Rates and Regulations, testified that the two projects are of substantial magnitude, and the requested authority is needed to mitigate the significant earnings erosion that Petitioner would otherwise experience during the Interim Period as a result of placing these projects in service. Mr. VerDouw explained that when a new construction project is placed in service and a rate order issued that includes the new plant in rate base, the utility is afforded the opportunity to earn a return on the value of the plant. In addition, once the project is included in rate base, depreciation expense on the new plant is includible in the utility's recoverable operating expenses for ratemaking purposes. However, during the construction of capital improvements, a utility's rates do not reflect a return on the construction work in progress.

Mr. VerDouw testified that the cost of capital relating to major construction projects is recognized during the construction period by the accrual of AFUDC as a component of construction costs. Absent special authorization, once a new project is placed in service, the accrual of AFUDC would cease and the accrual of depreciation would commence. This would cause the utility's reported net income to decrease for no reason other than the placing of the project in service. Further, when the new plant is later included in rate base for ratemaking purposes, its net original cost is reduced by the depreciation expense accrued since the in-service date.

Mr. VerDouw stated that without the relief requested, Petitioner's capital costs relating to the projects during the Interim Period would never be recovered. Mr. VerDouw testified that the two projects are very significant to Petitioner, representing a 9.93% increase over the Petitioner's total net original cost rate base determined in Cause No. 43187. Mr. VerDouw indicated that each of the two projects individually satisfies the standard to qualify as a "major project" under the minimum standard filing requirements ("MSFRs") promulgated at 170 IAC 1-5 because each represents greater than 1% of Petitioner's rate base. 170 IAC 1-5-1(n). While the MSFRs alleviate the financial hardship from placing new significant plant investment in service, Mr. VerDouw explained that the synchronization of rate relief and the in-service dates is still delayed resulting in substantial earnings erosion.

Mr. VerDouw testified that the discontinuance of AFUDC and the commencement of depreciation on the Johnson County and West Lafayette projects as of their in-service dates

would erode Petitioner's pre-tax earnings by \$556,645 per month or 20.78%. (Petitioner's Exhibit GMV, p. 13 and Exhibit GMV-5.) He testified that the earnings erosion to be experienced without the requested treatment would adversely affect Petitioner's ability to attract capital on reasonable terms because Petitioner's reported earnings are a significant factor reviewed and considered by potential investors. (Petitioner's Exhibit GMV, p. 10.) Mr. VerDouw further stated that Petitioner's requested accounting treatment would allow the opportunity to offset the monthly pre-tax earnings erosion by \$244,908 related to the deferred depreciation and the long-term debt component of the AFUDC for the comparable period. During the period of construction, Petitioner capitalizes AFUDC at a rate equal to the weighted cost of capital. (Petitioner's Exhibit GMV, p. 12-13.)

Petitioner and the OUCC stipulated and agreed in the Settlement Agreement to utilize a post-in-service AFUDC rate equal to the weighted cost of long-term debt using the capital structure in place as of the date the AFUDC is recorded. Mr. VerDouw testified that the pre-tax weighted cost of long-term debt calculated as of the date of his pre-filed testimony was 3.03%. (Petitioner's Exhibit GMV, p. 11 and Exhibit GMV-3.)

6. **OUCC's Evidence.** Edward Kaufman testified on behalf of the OUCC. Mr. Kaufman stated that he reviewed Petitioner's pre-filed testimony and exhibits, reviewed the Commission's Final Orders in Cause Nos. 41744-S1 and 42061 and reviewed Petitioner's responses to discovery requests. Mr. Kaufman stated that he agrees that absent deferral depreciation and continued accrual of post-in service AFUDC, Petitioner would experience earnings erosion. However, Mr. Kaufman testified that the same is not true if Petitioner fails to recover post-in-service AFUDC for the equity component. In addition, Mr. Kaufman argued that Petitioner failed to justify why it should recover for the equity component. Finally, Mr. Kaufman stated that he believes the Settlement Agreement reached between the Parties benefits both the ratepayers and Petitioner and serves the public interest.

7. **Settlement Agreement.** The Settlement Agreement provides that Petitioner shall be authorized to continue the accrual and capitalization of AFUDC and to defer depreciation on each of the two projects after its in-service date and until the date of issuance of a rate order including such project in Petitioner's rate base and including depreciation expense thereon in Petitioner's recoverable operating expenses. The Parties stipulated and agreed to remove the equity component from post-in-service AFUDC and agreed that AFUDC will be accrued on the projects at a rate equal to Petitioner's weighted cost of long-term debt based on the capital structure in place as of the date of the accrual.

The Parties also agreed to record such post-in-service AFUDC and deferred depreciation as a regulatory asset in Account 186, Miscellaneous Deferred Debits; to amortize such regulatory asset over the estimated remaining service life of each such project, such amortization commencing on the date of the first rate order including such project in Petitioner's rate base and including depreciation expense thereon in Petitioner's recoverable operating expenses; and to include such amortization as a recoverable expense and to include the unamortized portion of the

regulatory asset in Petitioner's rate base in rate cases. The Settlement Agreement explains that the agreed upon accounting treatment for each of the projects reflects the Parties' resolution of the material disputed issues in this Cause, including authorized rate of accrual and capitalization of post-in-service AFUDC. The Settlement Agreement states that the Parties agree that resolution of the individual issues is reasonable for purposes of compromise and as part of the overall settlement package.

The evidence presented by the Parties addressed the process in which the Parties engaged to reach the Settlement Agreement, explained why the Parties considered the Settlement Agreement to be in the public interest and provided evidentiary support to assist the Commission in reaching its determination that the Settlement Agreement is supported by substantial record evidence and should be approved.

The Commission notes that the Parties agreed that the Settlement Agreement should not be used as precedent in any other proceeding or for any other purpose, except to the extent necessary to implement or enforce its terms. In addition, the Parties agreed that the Settlement shall not be admissible in future proceedings. However, with regard to future citation of the Settlement, the Commission finds that our approval herein should be construed in a manner consistent with our finding in *Richmond Power & Light*, Cause No. 40434, (*Ind. Util. Reg. Comm'n*, March 19, 1997).

8. Commission Discussion and Findings. Settlements presented to the Commission are not ordinary contracts between private parties. *United States Gypsum, Inc. v. Indiana Gas Co.*, 735 N.E.2d 790, 803 (Ind. 2000). When the Commission approves a settlement, that settlement "loses its status as a strictly private contract and takes on a public interest gloss." *Id.* (quoting *Citizens Action Coalition v. PSI Energy*, 664 N.E.2d 401, 406 (Ind. Ct. App. 1996)). Thus, the Commission "may not accept a settlement merely because the private parties are satisfied; rather [the Commission] must consider whether the public interest will be served by accepting the settlement." *Citizens Action Coalition*, 664 N.E.2d at 406.

Furthermore, any Commission decision, ruling, or order - including the approval of a settlement - must be supported by specific findings of fact and sufficient evidence. *United States Gypsum*, 735 N.E.2d at 795 (citing *Citizens Action Coalition v. Public Service Co.*, 582 N.E.2d 330,331 (Ind. 1991)). The Commission's own procedural rules require that settlements be supported by probative evidence. 170 IAC 1-1.1-17(d). Therefore, before the Commission can approve the Settlement Agreement, we must determine whether the evidence in this Cause sufficiently supports the conclusions that the Settlement Agreement is reasonable, just, and consistent with the purpose of Indiana Code § 8-1-2, and that such agreement serves the public interest.

Based on the evidence presented in this matter, the Commission finds that the Settlement Agreement is reasonable and in the public interest and the accounting treatment proposed therein should be approved. The Commission also notes that as mentioned above, the OUCC's witness, Mr. Kaufman, testified that he believed that the Settlement Agreement reached between the

Parties benefits both the ratepayers and Petitioner and serves the public interest. Further, Indiana Code §§ 8-1-2-12 and -14 give the Commission authority over the accounting procedures utilized by public utilities in Indiana. In the case of a number of major plant additions, the Commission has authorized accounting procedure modifications like those proposed by Petitioner in this Cause. See *e.g.*, *PSI Energy, Inc.*, Cause No. 39482, 140 PUR4th 368 (Final Order, Jan. 13, 1993); *Northwest Ind. Water Co.*, Cause No. 40402 (Final Order, Sept, 19, 1996); *Indiana-American Water Co. and Farmington Util., Inc.*, Cause No. 40442 (Final Order, Oct. 2, 1996); *Indiana-American Water Co.*, Cause No. 40701 (Final Order, Apr. 9); *PSI Energy, Inc.*, Cause Nos. 41744-S1 and 42061 (Final Order, July 3, 2002).

Here, as the Commission has done in past cases, we must focus on the earnings erosion that would occur from discontinuance of AFUDC and the commencement of depreciation on the projects. The time period of concern extends from their in-service dates to the issuance of a rate order including the projects in rate base. The Commission finds from the evidence that the projects involved in this Cause are significant and that the earnings erosion that would result from the denial of the requested relief is also significant. The Commission further concludes that the stipulated accounting treatment will benefit Petitioner and its customers by improving Petitioner's ability to obtain or attract financing on reasonable terms. Therefore, the Commission finds the Settlement Agreement is reasonable and in the public interest and should be approved. A copy of the Settlement Agreement is attached to this Order as Exhibit A and incorporated herein by reference.

The Commission further finds that during the Interim Period, depreciation expense on the two projects should be deferred and post-in-service AFUDC on the two projects should be capitalized at an annualized rate equivalent to Petitioner's weighted cost of long-term debt for the accrual and capitalization of such post-in-service AFUDC, using the capital structure in place as of the date of the accrual; that the post-in-service AFUDC and deferred depreciation should be recorded as a regulatory asset in Account 186, Miscellaneous Deferred Debits; that such deferred amounts should be amortized over the estimated remaining service life of each of the projects commencing on the date of the first rate order including the projects in Petitioner's rate base and including depreciation expense thereon in Petitioner's recoverable operating expenses; and that in rate cases the amortization should be treated as a recoverable expense and the unamortized portion of the regulatory asset should be included in Petitioner's rate base.

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

1. The Settlement Agreement, attached to this Order as Exhibit A, shall be and hereby is approved in its entirety.
2. Petitioner is hereby authorized to continue the accrual and capitalization of AFUDC and to defer depreciation on each of the two projects after its in-service date and until the date of issuance of a rate order in accordance with Paragraph 8 above.

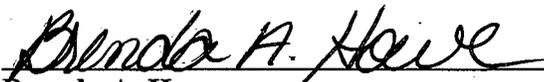
3. Petitioner is hereby authorized to use an annualized rate equivalent to Petitioner's weighted cost of long-term debt for the accrual and capitalization of such post-in-service AFUDC, using the capital structure in place as of the date of the accrual.

4. This Order shall be effective on and after the date of its approval.

HARDY, GOLC, LANDIS, AND ZIEGNER CONCUR:

APPROVED: JUN 10 2009

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



**Brenda A. Howe
Secretary to the Commission**

COPY

FILED

STATE OF INDIANA

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INDIANA UTILITY REGULATORY COMMISSION
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PETITION OF INDIANA-AMERICAN)
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PROJECTS IN JOHNSON COUNTY)
AND WEST LAFAYETTE OPERATIONS)
FOLLOWING THEIR PLACEMENT)
IN SERVICE)

CAUSE NO. 43639

SUBMISSION OF JOINT STIPULATION AND SETTLEMENT AGREEMENT

Petitioner, Indiana-American Water Company, Inc. (Indiana-American") by counsel hereby submits for approval by the Indiana Utility Regulatory Commission the Joint Stipulation and Settlement Agreement agreed to by Indiana-American and the Office of Utility Consumer Counselor.

Respectfully submitted,

Hillary J. Spike

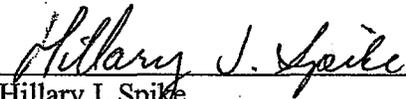
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Attorneys for Petitioner
Indiana-American Water Company, Inc.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing Submission of Joint Stipulation and Settlement Agreement was served this 2nd day of April, 2009, by First Class Mail, postage prepared to the following:

Office of the Utility Consumer Counselor
National City Center
115 West Washington Street
Suite 1500 South
Indianapolis, Indiana 46204



Hillary J. Spike

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

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CAUSE NO. 43639

**JOINT STIPULATION AND SETTLEMENT AGREEMENT BETWEEN
INDIANA-AMERICAN WATER COMPANY, INC. AND THE OFFICE OF
UTILITY CONSUMER COUNSELOR**

On February 3, 2009, Petitioner, Indiana-American Water Company, Inc. ("Petitioner"), filed with the Indiana Utility Regulatory Commission ("Commission") its Petition in this Cause. Prior to the final public hearing in this Cause, Petitioner and the Office of Utility Consumer Counselor ("OUCC") communicated with each other regarding settlement of this Cause and have reached an agreement with respect to all the issues before the Commission. Petitioner and the OUCC stipulate and agree to the following matters:

1. Proposed Order. The Parties stipulate and agree to the issuance by the Commission of a final order in the form attached hereto as Attachment 1 (the "Proposed Order"). Each description of an agreement by the Parties contained in the Proposed Order is incorporated herein by reference and is accepted by each of the Parties as if fully set forth herein. Solely for purposes of settlement, the Parties stipulate and agree that the terms, findings, and ordering paragraphs of the Proposed Order constitute a fair, just and reasonable resolution of the issues

raised in this Cause provided they are approved by the Commission in their entirety and without modification.

2. Accrual of Post-In-Service Allowance for Funds Used During Construction (AFUDC) and Deferral of Depreciation. The OUCC and Petitioner stipulate and agree that Petitioner shall be authorized to continue the accrual and capitalization of AFUDC and to defer depreciation on each of the Johnson County and West Lafayette Operations Improvements projects (as defined in the Petition and described in Petitioner's case-in-chief) after its in-service date and until the date of issuance of a rate order including such project in Petitioner's rate base and including depreciation expense thereon in Petitioner's recoverable operating expenses (the "First Rate Order"), on the terms described herein.

3. Accounting Treatment. The OUCC and Petitioner stipulate and agree that Petitioner shall be authorized to:

- (1) record such post-in-service AFUDC and deferred depreciation as a regulatory asset in Account 186, Miscellaneous Deferred Debits;
- (2) amortize such regulatory asset over the estimated remaining service life of each such project, such amortization commencing on the date of the First Rate Order; and
- (3) include such amortization as a recoverable expense and include the unamortized portion of the regulatory asset in Petitioner's rate base for ratemaking purposes in rate cases.

4. Stipulated Rate of Accrual. The OUCC and Petitioner stipulate and agree that AFUDC will be accrued on the projects after their in-service dates at a rate equal to Petitioner's weighted cost of long-term debt based on the capital structure in place as of the date of the accrual. The agreed-upon rate will not include any equity component. The Parties stipulate and agree that the rate of accrual provided herein is just and reasonable and should be approved.

5. Evidence Admitted. All testimony and evidence prefiled by either party up to and including the date of this Stipulation shall be admissible. The Parties shall jointly offer this Stipulation together with all attachments. The Parties hereby waive cross-examination of each other's witnesses.

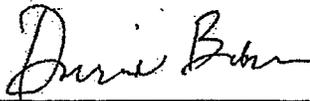
6. Mutual Conditions on Settlement Agreement. Petitioner and the OUCC agree for purposes of establishing the accounting treatment for each of the projects and resolution of the material disputed issues in this Cause, including authorized rate of accrual and capitalization of post-in-service AFUDC, that the terms and conditions set forth in this Joint Stipulation and Settlement Agreement are supported by sufficient evidence and, based on the Parties' independent review of the evidence, represent a fair, reasonable and just resolution of all the issues in this Cause, subject to their incorporation into a final Commission order which is no longer subject to appeal and which is in the form attached hereto without modification or further condition which may be unacceptable to either Party. If the Commission does not approve this Stipulation or does not issue the final order in the form attached hereto in its entirety without modification, the entire Stipulation shall be deemed withdrawn, unless otherwise agreed by the Parties. Petitioner and the OUCC represent that there are no other agreements in existence between them relating to the matters covered by this Joint Stipulation and Settlement Agreement that in any way affect this Agreement.

7. Non-Precedential. The Parties stipulate and agree that this Stipulation and the Order approving it shall not be used as an admission or as a precedent against the signatories hereto except to the extent necessary to implement or enforce the terms of the settlement agreement. The Parties agree that this Stipulation shall not be construed as an admission by any party in any other proceeding, except as necessary to enforce its terms before the Commission, or before any court of competent jurisdiction on these particular issues. This Stipulation is solely the result of compromise in the settlement process and, except as provided herein, is without prejudice to and shall not constitute a waiver of any position that either of the Parties may take with respect to any or all the items resolved herein in any future regulatory or other proceedings and, failing approval by this Commission, shall not be admissible in any subsequent proceedings.

8. Authority to Stipulate. The undersigned have represented and agreed that they are fully authorized to execute this Stipulation on behalf of their designated clients, who will be bound thereby.

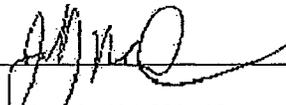
Respectfully submitted,

Indiana-American Water Company, Inc.

By: 

David K. Baker, President

Indiana Office of Utility Consumer
Counselor

By: 

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