

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF)
CRAWFORDSVILLE ELECTRIC LIGHT &) CAUSE NO. 43773
POWER FOR APPROVAL OF A NEW)
SCHEDULE OF RATES AND CHARGES) APPROVED: JUL 28 2010
FOR ELECTRIC SERVICE)

BY THE COMMISSION

James D. Atterholt, Commissioner
Angela Rapp Weber, Administrative Law Judge

On September 1, 2009, the City of Crawfordsville, Indiana, by its municipal electric utility, Crawfordsville Electric Light & Power (“Petitioner” or “CEL&P”), filed with the Indiana Utility Regulatory Commission (“Commission”) its Petition for authority to increase its rates and charges for electric utility service and for approval of a new schedule of rates and charges applicable thereto. In support of the relief requested in its Petition, Petitioner filed on October 8, 2009 the direct testimony and exhibits of Roy E. Kaser, Superintendent of CEL&P, John Lamb, Controller of CEL&P, and William Steven Seelye, Principal and Senior Consultant of The Prime Group, LLC.

Pursuant to notice duly published as required by law, a Prehearing Conference was held on October 8, 2009 at 2:30 P.M. in Room 222, 101 West Washington Street, Indianapolis, Indiana. Petitioner and the Indiana Office of Utility Consumer Counselor (“OUCC”) attended the Prehearing Conference. No members of the general public attended. On October 21, 2009, the Commission issued a Prehearing Conference Order, in which it established the initial dates for the prefiling of testimony and exhibits by the parties and the hearing of evidence. Also, pursuant to notice duly published as required by law, the Commission held a Field Hearing on December 21, 2009 at Crawfordsville High School, One Athenian Drive, Crawfordsville, Indiana. During the Field Hearing, four members of the general public provided oral comments. Three of the four members of the public who testified expressed concern with Petitioner’s accounting practices, the accuracy of its financial data, and its relationship with Accelplus, a communications business and a division of CEL&P.

On December 23, 2009, the OUCC requested an unopposed modification to the procedural schedule. The OUCC explained that the State Board of Accounts audited Petitioner and intended to issue an Audit Report in the near future. The OUCC requested additional time so that it could review the Audit Report in preparation of its case-in-chief. On January 22, 2010, the Presiding Officers issued a Docket Entry modifying the procedural schedule and continued the Evidentiary Hearing to March 22, 2010.

On March 16, 2009, Petitioner filed the direct testimony and exhibits of John M. Seever, a Certified Public Accountant. Mr. Seever is a partner in the firm of H.J. Umbaugh and Associates, Certified Public Accountants LLP (“Umbaugh”). Mr. Seever sponsored the exhibits and supporting schedules prepared from CEL&P’s books and records, reflecting Petitioner’s

financial condition (net assets) and results of operations (changes in net assets) for the test period ending March 31, 2009.

Upon reviewing the Audit Report issued by the State Board of Accounts the OUCC filed a Motion for Stay and Request for Technical Conference on February 26, 2010 to discuss the State Board of Accounts Report and the OUCC's audit of CEL&P's financial data. Petitioner informed the Presiding Officers and the OUCC that it intends to file with the Commission updated schedules as a result of a review of the financial data submitted by Umbaugh. Accordingly, the March 22, 2010 Evidentiary Hearing was converted to a Technical Conference. As a result of the Technical Conference, the Evidentiary Hearing was continued to May 10, 2010.

On March 26, 2010, Petitioner filed the supplemental testimony and exhibits of Mr. Seelye. Mr. Seelye's supplemental testimony updated the analysis described in his direct testimony relating to CEL&P's revenue requirements and rate design based on the updates to accounting entries on Petitioner's books and records described by Mr. Seever. (See Petitioner's Exhibit WSS-1 at 1-2). On April 23, 2010, Petitioner filed a Notice of Substitution of Witnesses indicating that Phillip R. Goode, General Manager of CEL&P, would be adopting and sponsoring the direct testimony and exhibits of Petitioner's witness, Roy E. Kaser, because Mr. Kaser retired from CEL&P in January 2010. The OUCC filed the direct testimony and exhibits of Duane P. Jasheway on April 26, 2010. Petitioner filed the rebuttal testimony of Phillip R. Goode, John M. Seever and William Steven Seelye on May 3, 2010.

Prior to the commencement of the May 10, 2010 public Evidentiary Hearing in this Cause, Petitioner and the OUCC notified the Commission that they had reached a Settlement Agreement with respect to all of the issues before the Commission, subject to preparation and execution of a written definitive Agreement. Accordingly, the Presiding Officers continued on the record the May 10, 2010 Evidentiary Hearing to June 9, 2010 to allow the opportunity to prepare a definitive Settlement Agreement and evidence in support thereof.

On May 28, 2010, Petitioner and the OUCC (collectively, the "Parties") filed a Stipulation and Settlement Agreement ("Settlement Agreement") resolving all issues in this Cause. Also on May 28, 2010, Petitioner filed the testimony and exhibits of Phillip R. Goode and Paul G. Garcia, Senior Consultant with The Prime Group, LLC, in support of the Settlement Agreement. On the same day, the OUCC filed the direct testimony of Duane P. Jasheway in support of the Settlement Agreement.

Pursuant to notice duly published as required by law, a Settlement Hearing was held in this Cause on June 9, 2010 at 9:30 A.M. in Room 222, 101 West Washington Street, Indianapolis, Indiana. Petitioner offered into evidence the direct testimony and exhibits of Roy E. Kaser (adopted and sponsored by CEL&P's new General Manager, Phillip R. Goode), Mr. Seelye and Mr. Seever. Petitioner also offered into evidence the supplemental testimony of Mr. Seelye, as well as the rebuttal testimony of Mr. Goode, Mr. Seever and Mr. Seelye. In addition, Petitioner offered into evidence the testimony of Mr. Goode and Mr. Garcia in support of the Settlement Agreement. The OUCC offered into evidence the direct testimony and exhibits of Duane P. Jasheway, as well as his testimony in support of the Settlement Agreement. Neither Party objected to the admission into evidence of the other Party's testimony and exhibits. Both Parties waived cross-examination of all witnesses. The Parties also offered into evidence the Settlement Agreement, with supporting exhibits, including a form of proposed Order for the

Commission's consideration. No members of the general public appeared or were present at the Settlement Hearing in this Cause.

Based upon the applicable law and the evidence herein and being duly advised, the Commission now finds that:

1. Statutory Notice and Commission Jurisdiction. Due, legal and timely notice of the public hearings conducted by the Commission in this Cause was given and published as required by law. The City of Crawfordsville, Indiana is a municipality, owning and operating its own electric utility known as Crawfordsville Electric Light & Power. Petitioner is a "municipally-owned utility" within the meaning of the Public Service Commission Act, as amended. Petitioner is subject to the jurisdiction of this Commission in the manner and to the extent provided by the laws of the State of Indiana. The Commission, therefore, has jurisdiction over the Parties and the subject matter of this Cause.

2. Petitioner's Characteristics. Petitioner is authorized to and is engaged in the furnishing of electricity to residential, commercial, industrial and other customers located within its assigned service area. Petitioner owns and operates electric transmission, distribution, substation and power production facilities, including a coal-fired electric generating plant with a capacity of 24 MW. The City of Crawfordsville, Indiana is a member of the Indiana Municipal Power Agency ("IMPA") and Petitioner dedicates the entire output and capacity of its generating plant to IMPA under the terms of a Capacity Purchase Agreement. Petitioner purchases all of its power and energy requirements from IMPA, pursuant to the terms of a Power Sales Contract. Petitioner's current schedule of rates and charges was placed into effect following the Commission's Order in Cause No. 39381 on December 2, 1992.

3. Relief Requested. In its case-in-chief, Petitioner requested approval to increase its rates and charges for electric service to recover the statutory revenue requirements enumerated in IC 8-1.5-3-8, including a 7.5% return on its net investment in utility plant. Petitioner initially requested an increase of \$2,831,328 in its annual operating revenues from rates and charges for service. Petitioner subsequently revised its request to \$3,212,795. Petitioner also proposed to restructure its rates and charges based upon the results of a cost-of-service study prepared and sponsored by Mr. Seelye.

The OUCC recommended that the Commission approve an increase in CEL&P's base rates and charges to increase its operating revenue by \$813,707 (See Public's Ex. 1 at 25) and a rate of return of 0.0%. The OUCC further requested that the Commission impose certain other requirements relating to Petitioner's relationship with its information and video services division, known as Accelplus. Specifically, Mr. Jasheway stated that Petitioner should separate its operations and records from Accelplus. He also testified that Petitioner should freeze the outstanding account balance that is owed by Accelplus to CEL&P, freeze Accelplus's line of credit and stop subsidizing Accelplus.

4. Settlement Agreement and Testimony. In support of the Settlement Agreement, the Parties submitted the testimony of Mr. Jasheway. He stated that the OUCC made numerous site visits to CEL&P, reviewed CEL&P's and Accelplus's books and records, and had several discussions with CEL&P's management and accounting team concerning CEL&P's needed relief. Mr. Jasheway also described the Settlement Agreement. He stated that it resolves all issues relating to CEL&P's revenue requirements by providing additional operating revenues of \$1,699,669. Also, the Parties agreed to utilize a 4.63% return on net plant in service.

According to Mr. Jasheway, the Parties agreed to a number of other conditions with respect to accounting issues and CEL&P's relationship with its information and video services division, Accelplus. Petitioner agreed to comply with the policy adopted by the Utility Service Board of the City of Crawfordsville, Indiana on April 29, 2010 in Resolution No. 01, 2010 with respect to future dealings with Accelplus. A copy of Resolution No. 01, 2010 was attached to the rebuttal testimony of Phillip R. Goode as Petitioner's Exhibit PRG-R-1, and the policies established by the Board are enumerated in Section 6 of the Settlement Agreement, which is attached hereto and incorporated herein by reference. Petitioner also agreed to use its best efforts to obtain repayment from Accelplus of certain prior loans made by CEL&P to Accelplus.

Petitioner also agreed to comply with certain reporting requirements, including: (i) providing the OUCC with monthly invoices submitted to Accelplus and the check remitted by Accelplus to compensate CEL&P for services rendered; (ii) providing copies of future audit reports issued by the State Board of Accounts; and (iii) notifying the OUCC if the Utility Service Board makes a determination to decommission CEL&P's 24 MW electric generating facility. The first two reporting requirements will continue for a period of two years, or until such time as Petitioner receives an unqualified audit or examination report from the Indiana State Board of Accounts, whichever period is longer. During the same period, and notwithstanding its right to proceed under IC 8-1.5-3-9, Petitioner agreed not to withdraw from Commission jurisdiction for approval of rates and charges and the issuance of stocks, bonds, notes, or other evidence of indebtedness.

Mr. Jasheway concluded by recommending that the Commission approve the Settlement Agreement. He testified that it represents a reasonable compromise between the Parties on the issues presented and addresses the OUCC's concerns. It addresses CEL&P's revenue requirements and issues raised with respect to comingling of accounts between Petitioner and Accelplus.

Also, as detailed by the Settlement Agreement and exhibits attached thereto, the Parties further agreed to certain other matters. Specifically, the test period selected for determining Petitioner's revenues and expenses reasonably incurred in providing electric utility service to its customers is the twelve months ended March 31, 2009, and Petitioner's pro forma operating revenues for the test period are \$29,194,832. Petitioner's pro forma revenue requirement for operating expenses, including the cost of purchased power should be \$27,627,604. The Parties agreed that Petitioner's revenue requirement for payment in lieu of taxes, Indiana Utility Receipts Tax and FICA is \$1,093,422, and Petitioner's revenue requirement for depreciation expense is \$1,368,038.

Further, the Parties agreed that Petitioner's annual revenue requirement for a reasonable return of 4.63% on net plant of \$18,564,718 is \$859,546. Petitioner's revenue requirement should be offset by the amount of Petitioner's pro forma interest income for the twelve months ended March 31, 2010 in the amount of \$77,904. The Parties agreed that Petitioner's rates and charges should be increased by the incremental amount of \$23,795 to account for Indiana Utility Receipts Tax resulting from the annual increase in operating revenues.

Petitioner submitted for the record a cost-of-service study prepared by The Prime Group, LLC. The Parties agreed the cost-of-service study is reasonable and should be used by Petitioner to establish a new schedule of rates and charges implementing the authorized increase in operating revenues. In addition, the Parties further agreed to the proposed reductions in

subsidy/excess revenues reflected in CEL&P’s cost-of-service study and resulting rate design. Finally, the Parties agreed that Petitioner should increase its miscellaneous recurring charges by \$8,145.

5. Commission Discussion and Findings. The Commission begins with the general statement that 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 Cause, the Commission finds that the Settlement Agreement represents a comprehensive resolution of the issues presented in this matter, is in the public interest and should be approved. The Settlement Agreement also meets the requirements set forth in IC 8-1.5-3-8. We find, therefore, that the Settlement Agreement should be approved in its entirety and without change. Accordingly, Petitioner’s current rates and charges for retail electric service should be increased so as to produce additional operating revenues from rates and charges for service of \$1,699,669 and total pro forma operating revenues of \$30,894,501 as detailed below:

Operating Expenses	\$ 27,627,604
Depreciation Expense	1,368,038
Taxes Other Than Income Taxes	668,422
Payment in Lieu of Taxes	425,000
Return on Plant	859,546
Less: Interest Income	<u>(77,904)</u>
Total Revenue Requirement	\$ 30,870,706
Less: Present Rate Revenues	(29,194,832)
Plus: Additional Utility Receipts Tax	23,795
Operating Revenue Increase Required	<u>\$ 1,699,669</u>

However, the Commission is extremely concerned with CEL&P’s past practice of comingling its accounts with those of Accelplus and with CEL&P’s subsidization of Accelplus.

The comingling of accounts and subsidization is contrary to IC 8-1.5-3-8 and the establishment of rates for a utility that are “nondiscriminatory, reasonable, and just” and should not occur. The Commission notes that Resolution No. 01, 2010 adopted by the Utility Service Board on April 29, 2010 is an appropriate step in insuring that the comingling of accounts and subsidization at issue in this Cause does not happen in the future. Resolution No. 01, 2010 provides:

1. CEL&P and Accelplus shall maintain proper and sufficient records in enough detail to enable appropriate review and verification of the allocation of costs and expenses incurred between the two divisions. CEL&P and Accelplus also shall maintain separate revenue and expense accounts.
2. CEL&P shall continue its policy of not providing equipment and/or services to Accelplus below cost.
3. Any losses attributable to Accelplus shall not be paid for by CEL&P or recovered from electric customers through rates.
4. CEL&P shall not loan any additional monies to Accelplus or assume any obligation or liability of Accelplus as a guarantor, endorser, surety or otherwise after February 28,2010.
5. CEL&P shall not pledge, mortgage or otherwise use as collateral any electric utility assets for the benefit of Accelplus.

As a term of the Settlement Agreement and as discussed in Paragraph 4, CEL&P agreed to abide by these policies detailed by Resolution No. 01, 2010. The Commission finds that CEL&P should abide by these policies and the terms of the Settlement Agreement to prohibit the comingling of its accounts with Accelplus and CEL&P’s subsidization of Accelplus in the future.

Finally, with regard to future use, citation or precedent of the Settlement Agreement, the Commission finds that our approval of the terms of the Settlement Agreement should be construed in a manner consistent with our finding in *In Re Richmond Power & Light*, Cause No. 40434, Order dated March 19, 1997.

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

1. The Settlement Agreement, a copy of which is attached to this Order, shall be and hereby is approved in its entirety, consistent with the findings herein. The terms and conditions thereof shall be and hereby are incorporated herein as part of this Order.
2. Petitioner is hereby authorized to increase its annual revenue from retail rates and charges to produce additional operating revenues from retail sales of \$1,699,669 and total pro forma operating revenues of \$30,894,501.

3. Petitioner is hereby authorized to use the cost of service study prepared by The Prime Group, LLC to establish a new schedule of rates and charges implementing the authorized increase in operating revenues.

4. Petitioner shall file with the Electricity Division of the Commission new schedules of rates and charges before placing in effect the rate increase authorized herein, which schedules, when approved by the Electricity Division, shall be effective and shall cancel all previously approved schedules of rates and charges in conflict therewith.

5. Petitioner shall comply with the reporting requirements and all other conditions set forth in the Settlement Agreement.

6. Petitioner shall pay the following itemized charges within twenty (20) days from the date of this Order to the Secretary of the Commission:

Commission Charges	\$ 3,296.03
Legal Advertising Charges	\$ 201.99
Utility Consumer Charges	<u>\$ 14,372.06</u>
TOTAL	\$ 17,870.08

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

HARDY, ATTERHOLT, LANDIS, MAYS AND ZIEGNER CONCUR:

APPROVED: JUL 28 2010

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

MAY 28 2010

INDIANA UTILITY
REGULATORY COMMISSION

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF)	
CRAWFORDSVILLE ELECTRIC LIGHT)	CAUSE NO. 43773
& POWER FOR APPROVAL OF A NEW)	
SCHEDULE OF RATES AND CHARGES)	
FOR ELECTRIC SERVICE)	

**JOINT STIPULATION AND AGREEMENT BETWEEN
THE CITY OF CRAWFORDSVILLE AND
THE INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR**

On September 1, 2009, the City of Crawfordsville, Indiana, by its municipal electric utility, Crawfordsville Electric Light & Power (“Petitioner” or “CEL&P”), filed with the Indiana Utility Regulatory Commission (“Commission”) a Verified Petition for authority to increase its rates and charges for electric utility service, and for approval of a new schedule of rates and charges applicable thereto. Prior to the May 10, 2010 public evidentiary hearing in this Cause, Petitioner and the Indiana Office of Utility Consumer Counselor (“OUCC”) (collectively the “Parties”) communicated with each other regarding the possibility of settling this Cause and notified the Commission that they had reached an agreement with respect to all of the issues before the Commission subject to preparation and execution of a written definitive agreement. Petitioner and the OUCC agree to the following matters and request the Commission to enter the proposed Final Order which is attached hereto as Joint Settlement Exhibit 3.

1. Petitioner’s Operating Revenues. The Parties have reached an agreement concerning the revenue requirements for Petitioner under IC 8-1.5-3-8, which agreement is reflected in the accounting schedule attached as Joint Settlement Exhibit 1. The Parties

agree that Petitioner's total pro forma operating revenues are \$29,194,832. As shown on Joint Settlement Exhibit 1, the Parties agree that Petitioner's pro forma operating revenues from retail sales should be increased by \$1,699,669 in arriving at the pro forma total operating revenues at proposed rates of \$30,894,501, representing a 5.81% increase in rates and charges from sales to retail customers.

2. Petitioner's Annual Revenue Requirements. Petitioner's annual revenue requirements determined pursuant to IC 8-1.5-3-8 on the evidence of record and agreed to by the Parties, are as follows:

a. Operating Expenses Including Cost of Purchased Power. Petitioner's annual revenue requirement for operating expenses, including the cost of purchased power is \$27,627,604.

b. Taxes. Petitioner's annual revenue requirement for payment in lieu of taxes, Indiana Utility Receipts Tax and FICA is \$1,093,422.

d. Depreciation Expense. Petitioner's annual revenue requirement for depreciation expense is \$1,368,038.

e. Return on Plant. Petitioner's annual revenue requirement for a reasonable return of 4.63% on net plant of \$18,564,718 is \$859,546.

f. Interest Income. The Parties agree that Petitioner's total cash revenue requirement should be offset by the amount of Petitioner's pro forma interest income for the twelve months ended March 31, 2010 in the amount of \$77,904.

g. Utility Receipts Tax. The Parties agree that Petitioner's total cash revenue requirement should be increased by \$23,795 to account for the increase in Petitioner's Indiana Utility Receipts Tax resulting from the proposed rate increase.

3. Petitioner's Aggregate Annual Revenue Requirement. Petitioner's annual revenue requirement is \$30,894,501, as detailed below:

Operating Expenses	\$27,627,604
Taxes	1,093,422
Depreciation	1,368,038
Return on Plant	<u>859,546</u>
Total Revenue Requirement	\$30,948,610
Less: Interest Income	(\$77,904)
Plus: Utility Receipts Tax (1.4% of increase)	\$23,795
Annual Revenue Requirement	\$30,894,501

4. Amount of Stipulated Rate Increase and Approval of Changes to Rate Schedules. The Parties agree that Petitioner's current rates and charges for electric service should be increased so as to produce additional operating revenues from retail sales of \$1,699,669 and total pro forma operating revenues of \$30,894,501, representing a 5.81% increase in rates and charges, as shown in Joint Settlement Exhibit 1.

5. Allocation of Agreed Upon Increase in Operating Revenues. The Parties agree that the cost-of-service study prepared by The Prime Group, LLC (submitted as Petitioner's Exhibits WSS-7 through WSS-17 and described in the direct and supplemental testimony of William Steven Seelye) is reasonable and should be used by Petitioner to establish a new schedule of rates and charges implementing the authorized increase in operating revenues. The Parties further agree to the proposed reductions in subsidy/excess revenues reflected in CEL&P's cost-of-service study and resulting rate design.

6. Adherence to Policies Established by Resolution No. 01, 2010. Petitioner agrees to adhere to the policies regarding the relationship between CEL&P and its information and video services division, known as Accelplus, which are set forth in Resolution No. 01, 2010 adopted by the Utility Service Board of the City of Crawfordsville, Indiana on April 29, 2010. A copy of Resolution No. 01, 2010 was attached to the rebuttal testimony of Phillip R. Goode as Petitioner's Exhibit PRG-R-1.

The policies set forth in the Resolution are restated below:

- a. CEL&P and Accelplus shall maintain proper and sufficient records in enough detail to enable appropriate review and verification of the allocation of costs and expenses incurred between the two divisions. CEL&P and Accelplus also shall maintain separate revenue and expense accounts.
- b. CEL&P shall continue its policy of not providing equipment and/or services to Accelplus below cost.
- c. Any losses attributable to Accelplus shall not be paid for by CEL&P or recovered from electric customers through rates.
- d. CEL&P shall not loan any additional monies to Accelplus or assume any obligation or liability of Accelplus as a guarantor, endorser, surety or otherwise after February 28, 2010.
- e. CEL&P shall not pledge, mortgage or otherwise use as collateral any electric utility assets for the benefit of Accelplus.

7. Best Efforts to Obtain Repayment of Loans to Accelplus. Petitioner will use its best efforts to obtain from Accelplus repayment of the principal amount of the loans made by CEL&P to Accelplus. The cumulative outstanding principal balance of these loans as of February, 2010 was \$3,065,673. (*see*, Public's Exhibit No. 1 at 20.) The Parties, however, recognize that the loans previously made by CEL&P to Accelplus are subordinate to the outstanding "City of Crawfordsville, Indiana Communications Lease Revenue Certificates of Participation, Series 2006" (the "Certificates of

Participation”). The Certificates of Participation are not secured by revenues from CEL&P.

8. Agreement to Not Withdraw from Commission Jurisdiction. Petitioner agrees that it will not withdraw from Commission jurisdiction for approval of rates and charges and the issuance of stocks, bonds, notes, or other evidence of indebtedness, as provided for under IC 8-1.5-3-9, for a period of two (2) years, or until such time as it receives an unqualified audit or examination report from the Indiana State Board of Accounts, whichever period is longer.

9. Reporting Requirements. The Parties agree that Petitioner will comply with the reporting requirements set forth below.

- a. On a monthly basis, Petitioner will provide to the OUCC a copy of the invoice it submits to Accelplus for operating expenses attributable to Accelplus’ operations. Such operating expenses include payroll costs, employee benefits, phone usage and rent. A copy of the April 6, 2010 invoice for Accelplus expenses incurred by CEL&P during February of 2010 is attached hereto as Joint Settlement Exhibit 2. Petitioner also will provide the OUCC on a monthly basis with a copy of the check issued by Accelplus for the previous month’s invoiced operating expenses. This reporting requirement shall continue for a period of two (2) years, or until such time as Petitioner receives an unqualified audit or examination report from the Indiana State Board of Accounts, whichever period is longer.
- b. Petitioner will provide the OUCC with copies of all future audit reports issued by the Indiana State Board of Accounts. This requirement shall continue for a period of two (2) years, or until such time as Petitioner receives an unqualified audit or examination report from the State Board of Accounts, whichever period is longer.
- c. Petitioner will notify the OUCC in the event the Utility Service Board of the City of Crawfordsville makes a determination to sell, decommission, or otherwise dispose of CEL&P’s 24 MW electric generating facility.

10. Admission of Evidence. The Parties stipulate to the admission into evidence of their respective pre-filed testimony and exhibits, including CEL&P's direct, supplemental and rebuttal testimony and exhibits, the OUCC's direct testimony and the Parties' testimony in support of the Settlement Agreement. The Parties further agree to waive cross-examination of the other Party's witnesses. The Parties will jointly sponsor this Settlement Agreement and Joint Settlement Exhibits 1 through 3 at the June 9, 2010 settlement hearing.

11. Mutual Conditions on Settlement Agreement. The Parties agree for purposes of establishing new rates and charges for Petitioner that the terms and conditions set forth in this Settlement Agreement are supported by the 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 in a Final Order without modification or further condition, which may be unacceptable to either party. If the Commission does not approve this Settlement Agreement in its entirety and incorporate it into a Final Order as provided above, it shall be null and void and deemed withdrawn, unless otherwise agreed to in writing 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 Settlement Agreement.

12. Non-Precedential. As a condition precedent to the Settlement Agreement, the Parties condition their agreement on the Commission providing assurance in the Final Order issued herein that it is not the Commission's intent to allow this Settlement Agreement or the Order approving it to be used as an admission or as a precedent against the signatories hereto except to the extent necessary to enforce the terms of the

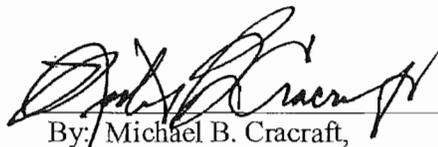
Settlement Agreement. The Parties agree that this Settlement Agreement shall not be construed nor be cited as precedent by any person or deemed an admission by any party in any other proceeding except as necessary to enforce its terms before the Commission, or before any court of competent jurisdiction on these particular issues. This Settlement Agreement 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 of the items resolved herein in any future regulatory or other proceedings and, failing approval by the Commission, shall not be admissible in any subsequent proceedings.

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

Respectfully submitted,

Dated: May 21, 2010

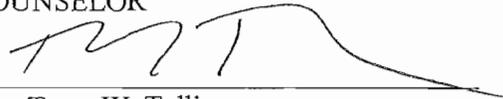
CITY OF CRAWFORDSVILLE, INDIANA



By: Michael B. Cracraft,
Attorney for the City of Crawfordsville

Dated: May 27, 2010

INDIANA OFFICE OF UTILITY CONSUMER
COUNSELOR



By: Terry W. Tolliver
Deputy Consumer Counselor