ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF INDIANA-AMERICAN WATER COMPANY, INC. FOR AUTHORITY TO CONTINUE THE CAPITALIZATION OF ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION AND TO DEFER DEPRECIATION ON PETITIONER'S WATER UTILITY IMPROVEMENT PROJECT AT ITS WARSAW OPERATIONS IN KOSCIUSKO COUNTY FOLLOWING ITS PLACEMENT IN SERVICE.	)	**CAUSE NO. 43991** **APPROVED:** MAY 11 2011

BY THE COMMISSION:
Carolene Mays, Commissioner
Gregory R. Ellis, Administrative Law Judge

On February 4, 2011, Indiana-American Water Company, Inc. ("Petitioner") 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 specified capital improvement projects. Petitioner's prepared testimony and exhibits constituting its case-in-chief accompanied its Petition.

A Prehearing Conference in this Cause was held on March 11, 2011 in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana at 2:00 p.m. A procedural schedule was agreed upon by the parties at the Prehearing Conference. On April 7, 2011, the Parties filed a Joint Stipulation and Settlement Agreement Between Indiana-American Water Company, Inc. and the Office of Utility Consumer Counselor (the "Settlement Agreement") along with supporting testimony and schedules. Pursuant to notice duly published as required 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 11:00 a.m. on April 13, 2011 in Judicial Courtroom 222, PNC Center, Indianapolis, Indiana. Petitioner and the Office of Utility Consumer Counselor ("OUCC") appeared and participated at the hearing. The testimony and exhibits of both Petitioner and OUCC were admitted into the record without objection. No members of the general public appeared or sought to testify at 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 prehearing conference and 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 a 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 21 counties in the State of Indiana, including in the communities of Warsaw, Winona Lake and surrounding areas in the central part of Kosciusko County, Indiana (the "Warsaw Operations"). Petitioner also provides sewer utility service in two (2) 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 requests authority to continue accrual of AFUDC and to defer depreciation on the Improvements (as defined in the Petition and described in Petitioner's case-in-chief) from the dates the Improvements are placed in service until the issuance of a rate order or orders fully including all of the Improvements in Petitioner's used and useful rate base and including depreciation thereon in Petitioner's operating expenses (the "Interim Period").

In its Petition, Petitioner proposed that AFUDC be accrued on the Improvements after their in-service date 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 and that AFUDC will be accrued on the Improvements after their in-service date 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 have further stipulated that the amount of post-in-service AFUDC accrued and the amount of depreciation deferred during the Interim Period on the Improvements will be booked as regulatory assets to Account 186, Miscellaneous Deferred Debits. The Parties agreed in the Settlement Agreement that the regulatory assets will be amortized over the estimated remaining service life of the Improvements with such amortization commencing on the date of a rate order including the Improvements 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. **Description of Improvements.** As stated in the direct testimony of Gary M. VerDouw, Petitioner's Director of Rates – Eastern Division, and Stacy S. Hoffman, Petitioner's Director – Engineering, the source of water supply, water treatment facility, transmission main and pump station construction projects comprising the Improvements are being undertaken as described and pre-approved in the Commission's October 14, 2010 Order in Cause No. 43899.

Mr. VerDouw described the Improvements as consisting of the construction of: the new 6.0 million gallons per day ("mgd") Hidden Lake Water Treatment Plant located at the existing

North Plant site, additional groundwater source of supply in an upper aquifer along the Tippecanoe River on newly acquired property, associated raw water main, finished water transmission main, and a new pump station at the existing West distribution tank. The Improvements are scheduled to be in service by September 30, 2011. Total estimated cost of the Improvements to be in service by that date is $25,300,000.

In Cause No. 43899, the Commission approved expenditures of $25,050,000 with respect to the Improvements, based on the anticipation that Petitioner may be able to save $250,000 by avoiding the cost of an additional pressure filter. Mr. Hoffman testified that, as referenced in Petitioner's testimony in Cause No. 43899, Petitioner sought approval from the Indiana Department of Environmental Management ("IDEM") to conduct filter demonstration testing to demonstrate higher rate filtration and reduce the number of planned filters by one. IDEM advised they will accept filter demonstration testing for review and consideration at completion of the new treatment plant. If upon completion of the facility and IDEM's review and consideration of the filter demonstration testing, IDEM does not approve the higher filter loading rate, Petitioner will need to install the additional filter at that time. Petitioner also sought IDEM's approval to construct backwash lagoons in lieu of a backwash recycle facility. IDEM has approved the lagoons in lieu of the backwash recycle facility but has required water quality monitoring at the site for twelve months to verify no adverse impacts to ground water quality from the process. Mr. Hoffman testified that while Petitioner expects there will be no adverse impacts to ground water quality, if IDEM identifies adverse impacts during or after the monitoring period, Petitioner would either install lining in the lagoons or install the backwash recycle facility whichever is most feasible, least costly, and approved by IDEM. Mr. Hoffman stated that while these cost saving design concepts have been accepted by IDEM pending review of filter demonstrations and ground water quality monitoring, Petitioner has experienced unexpected poor soils at the site that have resulted in an increase in cost, offsetting the savings of the cost saving design concepts. With the offsetting cost decreases and increase, the estimated project cost remains at $25,300,000. The Commission's October 14, 2010 Order in Cause No. 43899 indicated that to the extent the actual cost exceeds the preapproved amount; inclusion of such additional costs in rate base will be addressed as are other rate base additions which have not been preapproved. In the Settlement Agreement, Petitioner and the OUCC stipulated that the OUCC's agreement to continue accrual of AFUDC with respect to the costs in excess of the preapproved amount does not preclude the OUCC from challenging those extra costs (and associated AFUDC) in Petitioner's next rate case.

5. **Grounds For Requested Relief.** Prior to the submission of the Settlement Agreement, Petitioner filed evidence supporting the relief requested in its Petition. This evidence is summarized here and further considered in the discussion of the Settlement Agreement below. Mr. VerDouw testified that the Improvements 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 Improvements in service.

Mr. VerDouw explained in his testimony that when a new construction project is placed in service and a rate order issued including 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. During the construction of capital improvements,

on the other hand, a utility's rates do not reflect a return on the construction work in progress. However, 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 accrued since the in-service date.

Mr. VerDouw testified that without the relief requested, Petitioner's capital costs relating to the Improvements during the Interim Period would never be recovered. Mr. VerDouw stated that the Improvements are significant to Petitioner, representing a 3.86% increase over the Petitioner's total net original cost rate base determined in Cause No. 43680. Mr. VerDouw indicated that the Improvements satisfy the standard to qualify as a "major project" under the minimum standard filing requirements ("MSFRs") promulgated at 170 IAC 1-5, as they represent greater than 1% of Petitioner's rate base. 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 Improvements as of their in-service date would erode Petitioner's pre-tax earnings by $278,722 per month. 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.

Mr. VerDouw testified that Petitioner's requested accounting treatment would allow the opportunity to offset the monthly pre-tax earnings erosion by $123,337 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 and the OUCC have 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 after-tax weighted cost of long-term debt calculated as of the date of his pre-filed testimony was 2.92%.

6. **Settlement Agreement**. The Settlement Agreement entered into by Petitioner and the OUCC is attached hereto and incorporated herein by reference. The Settlement Agreement presents a comprehensive resolution of all matters pending before the Commission in this Cause. All Parties to this Cause agree the resolution is fair, just and reasonable. The Settlement Agreement provides that Petitioner shall be authorized to continue the accrual and capitalization of AFUDC and to defer depreciation on the Improvements after their in-service dates and until the date of issuance of a rate order or orders including all of such Improvements in Petitioner's rate base and including depreciation expense thereon in Petitioner's recoverable

operating expenses. Petitioner has stipulated and agreed to remove the equity component from post-in-service AFUDC. The Parties have agreed that AFUDC will be accrued on the Improvements 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 have also agreed that Petitioner shall record such post-in-service AFUDC and deferred depreciation as a regulatory asset in Account 186, Miscellaneous Deferred Debits; amortize such regulatory asset over the estimated remaining service life of the Improvements, such amortization commencing on the date of the first rate order including such Improvements in Petitioner's rate base and including depreciation expense thereon in Petitioner's recoverable operating expenses; and include such amortization as a recoverable expense and 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 the Improvements 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 are reasonable for purposes of compromise and as part of the overall settlement package.

7. Testimony in Support of Settlement Agreement. Edward R. Kaufman, Senior Utility Analyst for the OUCC, testified in support of the Settlement Agreement. Based on the evidence presented in this Cause, Mr. Kaufman agreed with Petitioner that absent deferred depreciation and continued AFUDC on its long term debt, Petitioner would be subject to earnings erosion. He noted that Petitioner's original request to calculate AFUDC using both equity and debt components was unusual and that OUCC did not agree that failing to recover AFUDC for the equity component would lead to earnings erosion. He testified that the parties' compromise was both reasonable and in the public interest.

Mr. Kaufman was authorized by all Parties to inform the Commission that the Parties believe: (a) the Settlement Agreement as a whole produces fair and reasonable accounting treatment for the Improvements; (b) approval of the Settlement Agreement is in the public interest; and (c) all Parties strongly encourage the Commission, after considering the evidence in support of the Settlement Agreement, to find the Settlement Agreement to be reasonable and in the public interest and promptly enter an order approving the Settlement Agreement in its entirety.

8. Commission Determinations. 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 Ind. Code ch. 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. Ind. Code §§ 8-1-2-12 and 8-1-2-14 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 similar to those requested by Petitioner in this Cause. See, e.g., *Northern Ind. Pub. Serv. Co.*, Cause No. 37129 (PSCI 4/20/83) (Schahfer Unit No. 17); *Indianapolis Water Co.*, Cause No. 39079 (IURC 1/30/91) (White River North Plant); *Indiana-American Water Co.*, Cause No. 39150 (Phase II of Kokomo Treatment Plant and Wabash Valley Collector Well) (IURC 6/19/91); *PSI Energy, Inc.*, Cause No. 39482, 140 PUR4th 368 (peaking units and environmental compliance projects per settlement) (IURC 1/13/93); *Indiana-American Water Co.*, Cause No. 40701 (Crawfordsville, Johnson County, and Noblesville Improvements and Phase I of the Project) (IURC 4/9/97).

As we have indicated previously, we have generally focused on the earnings erosion which would occur from discontinuance of AFUDC and the commencement of depreciation on the Improvements. The time period of concern extends from the in-service date of the improvements until the issuance of a rate order including the Improvements in rate base. We find from the evidence that the Improvements involved in this Cause are significant and that the earnings erosion that would result from the denial of the requested relief is also significant. We further conclude 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, we find the Settlement Agreement is reasonable and in the public interest and should be approved.

We further find that during the Interim Period, depreciation expense on the Improvements should be deferred and post-in-service AFUDC on the Improvements 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 the Improvements commencing on the date of the first rate order including the Improvements 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. To the extent actual costs of the Improvements exceed the amount preapproved in Cause No. 43899, Petitioner will continue to have the burden to demonstrate that the excess was reasonable and was prudently incurred in order to include the excess in rate base for ratemaking purposes. If Petitioner does not satisfy that burden, then the accounting treatment authorized by this Order will cease with respect to AFUDC and depreciation associated with such additional costs.

With regard to future citation of this Order, we find that our approval herein should be construed in a manner consistent with our finding in *Richmond Power & Light*, Cause No. 40434 (IURC Mar. 19, 1997).

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

1. The Settlement Agreement 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 the Improvements after their in-service dates and until the date of issuance of a rate order including such Improvements in Petitioner's rate base and including depreciation expense thereon in Petitioner's recoverable operating expenses, on the terms described in the foregoing findings; 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 such Improvements, such amortization commencing on the date of the first rate order including such Improvements 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.

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.

ATTERHOLT, BENNETT, MAYS, AND ZIEGNER CONCUR; LANDIS ABSENT:
APPROVED:
MAY 1 1 2011

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

Brenda A. Howe

Brenda A. Howe
Secretary to the Commission

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IURC JOINT EXHIBIT No. 1
4-13-11 DATE
REPORTER

PETITION OF INDIANA-AMERICAN WATER COMPANY, INC. FOR AUTHORITY TO CONTINUE THE CAPITALIZATION OF ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION AND TO DEFER DEPRECIATION ON PETITIONER'S WATER UTILITY IMPROVEMENT PROJECT AT ITS WARSAW OPERATIONS IN KOSCIUSKO COUNTY FOLLOWING ITS PLACEMENT IN SERVICE	)	CAUSE NO. 43991

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

On February 4, 2011, 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

OFFICIAL EXHIBITS

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 as and to the extent the Improvements are placed in service, Petitioner shall be authorized to continue the post-in-service accrual and capitalization of AFUDC and to defer depreciation on the Improvements (as defined in the Petition and described in Petitioner's case-in-chief) after their respective in-service dates and until the date of issuance of a rate order or orders fully including such Improvements 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. Reservation with Respect to Cost Increases. In the Commission's Order issued October 14, 2010, in Cause No. 43899, the Commission found that to the extent Petitioner's actual costs of the Improvements exceed $25,050,000, such additional costs have not been preapproved and it will be Petitioner's burden to demonstrate that such additional costs are reasonable and prudently incurred in order to include such additional costs in rate base for ratemaking purposes. Nothing in this Stipulation shall constitute a waiver of or otherwise preclude the OUCC from exercising its right to challenge in Petitioner's next rate case inclusion in rate base of the costs in excess of the amount preapproved in Cause No. 43899 and AFUDC associated therewith.

4. 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 the Improvements, 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.

5. Stipulated Rate of Accrual. The OUCC and Petitioner stipulate and agree that AFUDC will be accrued on the Improvements after their in-service date 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 post-in-service 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.

6. 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.

7. Mutual Conditions on Settlement Agreement. Petitioner and the OUCC agree for purposes of establishing the accounting treatment for the Improvements 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.

8. 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.

9. 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.

(signature page follows)

Respectfully submitted,

Indiana-American Water Company, Inc.

By: Al J DeBoy
Alan J. DeBoy, President

Indiana Office of Utility Consumer Counselor

By: David M. LeVay
Deputy Consumer Counselor

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