

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 FOR IMPROVEMENTS TO)
PETITIONER'S INFORMATION TECHNOLOGY)
SYSTEMS THROUGH THE DESIGN,)
DEVELOPMENT AND IMPLEMENTATION OF)
THE BUSINESS TRANSFORMATION)
PROGRAM AND TO DEFER DEPRECIATION)
AND DELAY AMORTIZATION ON)
PETITIONER'S BUSINESS TRANSFORMATION)
PROGRAM FOLLOWING ITS PLACEMENT IN)
SERVICE)

CAUSE NO. 44230

APPROVED: DEC 19 2012

ORDER OF THE COMMISSION

Presiding Officers:

Carolene Mays, Commissioner

Aaron A. Schmoll, Senior Administrative Law Judge

On July 27, 2012, Indiana-American Water Company, Inc. ("Petitioner," "Company," or "Indiana-American") filed with the Commission its Petition for authority to continue the accrual of Allowance for Funds Used During Construction ("AFUDC") and to defer depreciation and delay the commencement of amortization expense relating to specified improvements to Petitioner's information technology following its placement in service.

Following an Attorneys Conference held on September 12, 2012, the Commission issued a docket entry, dated September 19, 2012 establishing the procedural schedule in this Cause. On October 3, 2012, Petitioner filed its direct testimony and exhibits constituting its Case-in-Chief. On that same day, the Petitioner and the OUC (the "Parties") filed a Joint Stipulation and Settlement Agreement (the "Settlement Agreement"). Pursuant to notice of hearing 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 10:30 A.M. on October 17, 2012 in Room 224, PNC Center, Indianapolis, Indiana. Petitioner and the OUC appeared and participated at the hearing, and the Petitioner's pre-filed evidence was offered and admitted in evidence without objection. The Parties waived cross-examination.

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” as set forth 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. Accordingly, 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 21 counties in the State of Indiana. 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 Business Transformation project (“Business Transformation” or “BT”) as described in the Petition and Petitioner’s case-in-chief in this Cause. Petitioner also requests authority to delay amortization of certain costs to be deferred pursuant to a Stipulation and Settlement Agreement among the Petitioner, the OUCC and the Indiana-American Water Company, Inc. Industrial Group (“Industrial Group”) in Cause No. 44059 (the “Cause 44059 Settlement Agreement”), from the dates Business Transformation is placed in service until the issuance of a rate order or orders fully including all allowed capital costs of Business Transformation in Petitioner’s used and useful rate base and including depreciation and amortization expense thereon in Petitioner’s operating expenses (the “Interim Period”).

In its Petition, Petitioner proposed that AFUDC be accrued on Business Transformation after its in-service date at a rate equal to Petitioner’s overall weighted cost of long-term debt based on the capital structure in place as of the date of the accrual. Petitioner proposed that the amount of post-in-service AFUDC accrued and the amount of depreciation deferred during the Interim Period on Business Transformation will be booked as regulatory assets to Account 186, Miscellaneous Deferred Debits. Petitioner proposed that the regulatory assets will be amortized over the estimated remaining service life of the Business Transformation assets with such amortization commencing on the date of the first rate order including Business Transformation in Petitioner’s rates. Petitioner also proposed that the amortization of the costs that are deferred pursuant to the Cause 44059 Settlement Agreement be delayed until the issuance of said rate order.

4. **Improvements Descriptions.** As stated in the direct testimony of Gregory P. Roach, Petitioner’s Manager of Rates, a detailed description and explanation of the purpose, scope, functionality and implementation schedule for the entire Business Transformation program was provided in the testimony of Mr. Andrew Twadelle in Cause No. 44059.

Mr. Roach described Business Transformation as the development and system-wide deployment of new, integrated information technology systems and the process of implementing the new systems in a manner that properly aligns business processes with the increased capabilities of the new systems. Mr. Roach testified that the implemented portions of the Business Transformation project have already begun providing customer benefit on the date they were placed in service, August 1, 2012, and they are now being utilized by Indiana-American to serve its customers needs.

Mr. Roach also described the Cause 44059 Settlement Agreement. The Stipulation and Settlement Agreement for Cause No. 44059 provided that “the OUCC and the Industrial Group will not oppose Petitioner’s grant of approval of (1) post-in service allowance for funds used during construction associated with the cost of Business Transformation and (2) deferral of depreciation expense of Business Transformation and amortization of the costs deferred under Paragraph 4 of this Stipulation.” Mr. Roach testified that Business Transformation will be included in Petitioner’s next rate filing.

5. Grounds For Requested Relief. Mr. Roach explained that in this proceeding, the Company seeks approval from the Commission of the continued capitalization of Allowance for Funds Used During Construction (“AFUDC”), which capitalization would continue after the asset has been placed in service. (“Post-in-service AFUDC”). He added that the Company seeks deferral of Depreciation Expense related to the development and system-wide implementation and deployment of the Business Transformation program (“Business Transformation” or “BT”). He noted Indiana-American also seeks authority to delay the amortization of certain costs to be deferred pursuant to a settlement in Cause No. 44059. He stated the requested delay would mean that amortization would not commence until the issuance of the rate order approving recovery of BT costs.

Mr. Roach explained this accounting treatment is requested for the Business Transformation program, which is the development and system-wide deployment of new, integrated information technology systems and the process of implementing the new systems. A detailed description and explanation of the purpose, scope, functionality and implementation schedule for the entire BT program is provided in the testimony of Mr. Andrew Twadelle in Cause No. 44059. The parties have submitted a settlement agreement in Cause No. 44059, which is pending approval of the Commission.

Mr. Roach noted the settlement agreement submitted in Cause No. 44059 relates to the relief sought in this case, and that in fact the two settlements were entered simultaneously and in consideration of each other. He explained that in Cause No. 44059, Petitioner sought, among other things, preapproval of the expenditures for BT and confirmation that the costs would be included in rate base. He noted the Stipulation and Settlement Agreement for Cause No. 44059 provided that “Subject to the caveat that such authority is granted only to the extent that Business Transformation is ultimately approved in rate base (or, in the case of deferral of amortization of deferred expenses under Paragraph 4 of this Stipulation, recovered through amortization) by the Commission, the OUCC and the Industrial Group will not oppose Petitioner’s grant of approval of (1) post-in service allowance for funds used during construction associated with the cost of

Business Transformation and (2) deferral of depreciation expense of Business Transformation and amortization of the costs deferred under Paragraph 4 of this Stipulation.”

To explain what accounting rules and procedures generally govern the accounting for AFUDC and depreciation as of the in-service date of this project, Mr. Roach stated the Company’s accounting procedures are governed by generally accepted accounting principles (“GAAP”) and the Uniform System of Accounts for Class A Water Utilities (“USofA”). He noted that unless special authorization is obtained, when plant or a portion thereof previously under construction is placed in service, the accrual of AFUDC on such property ceases. He added that also the recording of depreciation begins on the in-service date and continues over the anticipated life of the plant. He testified that the cessation of AFUDC accrual and commencement of depreciation expense will result in a reduction of a utility’s earnings which is caused solely by the event of placing the property in service, and he sponsored an exhibit setting forth the impact on Indiana-American from placement in service of Business Transformation.

Mr. Roach stated that Indiana-American will continue to incur capital costs on this project after its in-service date, adding that the cost of capital continues throughout the life of the project investment. This cost is recognized during the development and implementation periods by the inclusion of AFUDC as a component of the development and implementation costs. Mr. Roach explained that after new project investment is placed in service and included in rate base, this cost is recovered through the opportunity to earn a fair return on the value of that project investment. He noted that once the project is placed in service and approved in rates, the depreciation relating to the project qualifies for inclusion in the utility’s recoverable operating expenses for ratemaking purposes.

Mr. Roach testified that the project represents a 4.24% increase over the total Company net original cost rate base determined in Cause No. 44022. The Business Transformation project satisfies the standard to qualify as a “major project” under the Minimum Standard Filing Requirements. Mr. Roach added that the Company is proposing to use the Company’s weighted cost of long-term debt using the capital structure in place as of the date the AFUDC is recorded. Mr. Roach noted that currently it consists of an after-tax weighted cost of debt of 2.85%. Mr. Roach testified that the Business Transformation project costs will be included in Indiana-American’s next rate case filing. He stated that without the relief afforded by the settlement agreement in Cause No. 44059 and the relief sought in this Cause, Indiana-American would be forced to file its next rate case before it otherwise would, simply in order to address the impact from the timing of placement in service of the assets. He testified that the relief in this case will allow the timing of the next rate case to be based upon circumstances that are independent of Business Transformation.

Mr. Roach also explained the Company proposes to amortize the regulatory assets that would result from the requested relief over a ten-year period as approved by the Commission for the project in Cause No. 44022. Mr. Roach noted the Commission has approved this accounting treatment in similar cases for Indiana-American in Cause Nos. 39150, 40442, 40701, 41244, 43639 and 43991; for Indianapolis Water Company in Cause No. 39079; and for Northwest Indiana Water Company in Cause No. 40402. He added the Commission has also approved this

accounting treatment for Northern Indiana Public Service Company, Indiana and Michigan Electric Company, Southern Indiana Gas and Electric Company and PSI Energy, Inc.

Mr. Roach stated the customers of Indiana-American will benefit from this project prior to the time it is recognized in rates. He stated that the implemented portions of the Business Transformation Project have already begun providing customer benefit on the date they were placed in service, August 1, 2012. They are now being utilized by American Water to serve its customers needs.

6. Settlement Agreement. The Settlement Agreement entered into by Petitioner and the OUCC, who were the only parties to this Cause, 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. The Parties 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, to defer depreciation on the Business Transformation project and delay amortization of the costs deferred pursuant to the Cause 44059 Settlement Agreement after its in-service date and until the date of issuance of a rate order or orders including Business Transformation in Petitioner's rates. The Parties have agreed that AFUDC will be accrued on the BT project 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 be authorized 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 the BT assets, such amortization commencing on the date of the first rate order including Business Transformation in Petitioner's rates; to recover such amortization and to include the unamortized portion of the regulatory asset in Petitioner's rate base in rate cases; and to delay amortization of costs deferred pursuant to the Cause 44059 Settlement Agreement until the date of the first rate order including Business Transformation in rates. The Settlement Agreement explains that the agreed upon accounting treatment for Business Transformation reflects the Parties' resolution of the material disputed issues in this Cause supported by the evidence presented in this Cause and by the Cause 44059 Settlement Agreement. The Parties represent in the Settlement Agreement that it is consistent with the Cause 44059 Settlement Agreement.

7. Commission Discussion and Findings. We have previously discussed our policy with respect to settlements:

Indiana law strongly favors settlement as a means of resolving contested proceedings. *See, e.g., Manns v. State Department of Highways*, (1989) Ind., 541 N.E.2d 929, 932; *Klebes v. Forest Lake Corp.*, (1993), Ind. App. 607 N.E.2d 978, 982; *Harding v. State*, (1992), Ind. App., 603 N.E.2d 176, 179. A settlement agreement "may be adopted as a resolution on the merits if [the Commission] makes an independent finding, supported by substantial evidence on the record as a whole, that the proposal will establish 'just and reasonable' rates." *Mobil Oil Corp. v. FPC*, (1974), 417 U.S. 283, 314 (emphasis in original).

Indianapolis Power & Light Co., Cause No. 39938, p. 7 (IURC 8/24/95); see also *Commission Investigation of Northern Ind. Pub. Sew. Co.*, Cause No. 41746, p. 23 (IURC 9/23/02). This policy is consistent with expressions to the same effect by the Supreme Court of Indiana. See, e.g., *Mendenhall v. Skinner & Broadbent Co.*, 728 N.E.2d 140, 145 (Ind. 2000) (“The policy of the law generally is to discourage litigation and encourage negotiation and settlement of disputes”); *In re Assignment of Courtrooms, Judge’s Offices and Other Facilities of St. Joseph Superior Court*, 715 N.E.2d 372, 376 (Ind. 1999) (“Without question, state judicial policy strongly favors settlement of disputes over litigation”).

Nevertheless, a settlement agreement will not be approved by the Commission unless it is supported by probative evidence. 170 IAC 1-1.1-1 7. 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). Any settlement agreement that is approved by the Commission “loses its status as a strictly private contract and takes on a public interest gloss.” *Id.* (quoting *Citizens Action Coalition v. PSI Energy, Inc.*, 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)). Therefore, before the Commission can approve the Settlement Agreement, we must determine whether the evidence in this Cause sufficiently supports the conclusion that the Settlement Agreement is reasonable, just, and consistent with the purpose of Indiana Code ch. 8-1-2-1 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. 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., *Northern Ind. Pub. Serv. Co.*, Cause No. 37129 (PSCI 4/20/83) (Schahfer Unit No. 17); *Indiana & Michigan Elec. Co.*, Cause No. 37457 (PSCI 12/3/84) (Rockport Unit No. 1); *Northern Ind. Pub. Serv. Co.*, Cause No. 37819 (PSCI 11/27/84) (Schahfer Unit No. 18); *Southern Ind. Gas and Elec. Co.*, Cause No. 37978 (PSCI 1/29/86) (A. B. Brown Unit No. 2); *Northern Ind. Pub. Serv. Co.*, Cause No. 38045 (PSCI 3/9/88) (Schahfer Unit No. 18); *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); *Northwest Ind. Water Co.*, Cause No. 40402 (IURC 9/19/96), (South Haven interconnection, MLK pumping station, and East Chicago project); *Indiana-American Water Co. and Farmington Util., Inc.*, Cause No. 40442 (improvements to Farmington sewer system) (IURC 10/2/96); *Indiana-American Water Co.*, Cause No. 40701 (Crawfordsville, Johnson

County, and Noblesville Improvements and Phase I of the Project) (IURC 4/9/97); *PSI Energy, Inc.*, Cause Nos. 41744-S1 and 42061 (NOx Projects) (IURC 7/3/02).

Therefore, we find 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 and incorporated herein by reference. 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).

As addressed in the Settlement Agreement, we further find that during the Interim Period, depreciation on Business Transformation should be deferred and post-in-service AFUDC on Business Transformation 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 BT assets commencing on the date of the first rate order including Business Transformation in Petitioner's rates; that in rate cases the amortization should be treated as recoverable; that the unamortized portion of the regulatory asset should be included in Petitioner's rate base; and that the commencement of amortization of costs deferred pursuant to the Settlement Agreement in Cause No. 44059 be delayed until the date of the first rate order including Business Transformation in Petitioner's rates. Petitioner will continue to have the burden to demonstrate that the costs of Business Transformation are reasonable and were prudently incurred in order to include the costs 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 costs.

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

1. The Settlement Agreement shall be and hereby is approved.
2. Petitioner is hereby authorized to continue the accrual and capitalization of AFUDC and to defer depreciation on the Business Transformation project after its in-service dates and until the date of issuance of a rate order including Business Transformation in Petitioner's rates, according to 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 the Business Transformation assets, such amortization commencing on the date of the first rate order including Business Transformation in Petitioner's rates; to recover such amortization and to include the unamortized portion of the regulatory asset created herein in Petitioner's rate base in rate cases; and to delay commencement of amortization of costs deferred pursuant to the Settlement Agreement in Cause No. 44059 until the date of the first rate order including Business Transformation in Petitioner's rates.

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, LANDIS, MAYS AND ZIEGNER CONCUR:

APPROVED: DEC 19 2012

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



Brenda A. Howe
Secretary to the Commission

AS

FILED

08/03/2012

INDIANA UTILITY REGULATORY COMMISSION

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF INDIANA-AMERICAN)
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CAUSE NO. 44230

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

On July 27, 2012, 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 as and to the extent the Business Transformation project (as described in the Petition and Petitioner's case-in-chief) is placed in service, Petitioner shall be authorized to continue the post-in-service accrual and capitalization of AFUDC and to defer depreciation on the Business Transformation project and delay amortization of the costs deferred pursuant to the Stipulation and Settlement Agreement between the parties in Cause No. 44059 as approved by the Commission in that Cause (the "Cause 44059 Settlement") after its in-service date and until the date of issuance of a rate order or orders fully including Business Transformation in Petitioner's rates (the "First Rate Order"), on the terms described herein.

3. Reservation with Respect to Issues Not Covered by the Cause 44059 Settlement Agreement. 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 of Business Transformation or the AFUDC associated therewith.

4. Accounting Treatment. The OUCC and Petitioner stipulate and agree that, to the extent Business Transformation costs are ultimately approved in rate base (or recovered through amortization) by the Commission, 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 Business Transformation assets, such amortization commencing on the date of the First Rate Order; and

(3) recover such amortization and include the unamortized portion of the regulatory asset in Petitioner's rate base for ratemaking purposes in rate cases; and

(4) delay until the date of the First Rate Order the commencement of amortization of costs deferred pursuant to the Settlement Agreement in Cause No. 44059.

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 by the Cause 44059 Settlement Agreement, 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 that is no longer subject to appeal and that is in the form attached hereto without modification or further condition 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 this Joint Stipulation and Settlement Agreement is not inconsistent with the Cause 44059 Settlement Agreement and that, other than the Cause 44059 Settlement Agreement, 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: _____
Alan J. DeBoy, President

Indiana Office of Utility Consumer
Counselor

By: Daniel M. Le Vy
Deputy Consumer Counselor

Respectfully submitted,

Indiana-American Water Company, Inc.

By: Alan J. DeBoy
Alan J. DeBoy, President

Indiana Office of Utility Consumer
Counselor

By: _____