

**ORIGINAL**

Commissioner	Yes	No	Not Participating
Huston	√		
Freeman			√
Krevda	√		
Ziegner	√		

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**

**PETITION OF DOE CREEK SEWER UTILITY, ) CAUSE NO. 45655 U  
INC. FOR A NEW SCHEDULE OF RATES AND )  
CHARGES FOR WASTEWATER SERVICE ) APPROVED: AUG 10 2022**

**ORDER OF THE COMMISSION**

**Presiding Officers:  
Sarah E. Freeman, Commissioner  
David E. Veleta, Senior Administrative Law Judge**

On December 16, 2021, Doe Creek Sewer Utility, Inc. (“Doe Creek”) filed a Small Utility Rate Application (“Application”) under Ind. Code § 8-1-2-61.5 and 170 IAC 14-1. Also on December 16, 2021, Doe Creek filed a copy of its notice to customers as required by 170 IAC 14-1-2(b). On January 4, 2022, the Commission’s Water and Wastewater Division issued a Memorandum stating that the application was deemed complete.

On January 6, 2022, the Indiana Office of Utility Consumer Counselor (“OUCC”), on behalf of Doe Creek’s customers, filed a Notice of Request for Field Hearing.

Under Ind. Code § 8-1-2-61.5, a formal public hearing is not required in rate cases involving small utilities with fewer than 8,000 customers, unless a hearing is requested by at least ten customers, a public or municipal corporation, or by the OUCC.

Based on the Notice of Request for Field Hearing, the Commission held a Public Field Hearing on February 22, 2022, at 6:00 p.m. at the Hancock County Public Library – Greenfield Branch, GBC Community Room A & B, 900 West McKenzie Road, Greenfield, Indiana. The comments submitted by the customers, both orally and in writing, were presented by the OUCC and are incorporated into the record of this Cause.

On March 16, 2022, the OUCC filed its Report pursuant to 170 IAC 14-1-4(a). The Report consisted of the testimony of Thomas W. Malan, Kristen Willoughby, and Shawn Dellinger.

On March 28, 2022, Doe Creek filed its Notice of Intention to File Written Response to OUCC Report pursuant to 170 IAC 14-1-4(b). On April 26, 2022, Doe Creek filed its Agreed Motion to Extend Doe Creek’s Response Deadline Pending Settlement Discussions with the OUCC. On May 25, 2022, the OUCC and Doe Creek filed a Stipulation and Settlement Agreement (“Settlement Agreement”) that was entered into on May 24, 2022, along with supporting testimony. On June 29, 2022, the OUCC filed schedules in support of the Settlement Agreement.

Based upon the applicable law and evidence presented, the Commission now finds:

1. **Commission Jurisdiction and Notice.** Due, legal, and timely notice of these proceedings was given as required by law. Doe Creek is a “public utility” as defined in Ind. Code § 8-1-2-1. The Commission has authority to approve rates and charges for utility service under Ind. Code § 8-1-2-42. Thus, the Commission has jurisdiction over Doe Creek and the subject matter of this Cause.

2. **Doe Creek’s Characteristics.** Doe Creek Sewer Utility, Inc. is a for-profit investor-owned corporation that provides wastewater utility services to approximately 385 residential customers in a rural area of western Hancock County, Indiana. Doe Creek renders its service by means of utility plant, property, equipment and facilities owned, operated, managed and controlled by it, and used for the provision of utility service.

3. **Existing Rates and Relief Requested.** In Cause No. 43530, the Commission approved a settlement agreement that granted an overall rate increase of 21.52%, to generate an additional \$39,751 in annual operating revenues. In this proceeding, Doe Creek requested a 75.32% across-the-board rate increase, which would increase annual operating revenues by \$175,082.

4. **Evidence of the Parties.**

A. **Rate Base.** Doe Creek proposed an original cost rate base of \$659,477, which includes working capital of \$27,389 based on total Operations and Maintenance expense (“O&M expense”) of \$239,209. OUCC witness Thomas Malan proposed an original cost rate base of \$632,088, which eliminates all working capital. In the Settlement Agreement, the Parties agreed to working capital of \$13,695, based on a lower O&M expense total of \$119,605. This yields a rate base of \$645,783.

B. **Weighted Cost of Capital.** Doe Creek only has equity in its capital structure, and proposed a cost of equity (“COE”) of 9.50%. OUCC witness Dellinger did not perform a full COE study but recommended 8.00% based on several factors. Mr. Dellinger used the COEs that were determined by the Commission in recent orders (Cause Nos. 45142 (9.90%), 45314-U (9.80%), and 45307-U (9.00%)) as a guideline to establish an average of roughly 9.5%. He then adjusted this COE to take into account Doe Creek’s capital structure, which is all equity. Since the COE measures the overall risk of a utility, Mr. Dellinger adjusted the COE downward to 8.0% since a utility with no debt is less risky than a utility with a balanced amount of debt. He indicated if Doe Creek had a capital structure of 50% equity/50% debt, he would consider 9.50% acceptable. Finally, affordability, which is specifically mentioned in Ind. Code § 8-1-2-0.5, would be protected with a COE of 8.0%. In the Settlement Agreement, the Parties agreed to a COE of 9.0%.

C. **Revenues.** Doe Creek proposed present rate pro forma operating revenues of \$232,869. Doe Creek did not propose any test year revenue adjustments. OUCC witness Thomas Malan also recommended pro forma present rate operating revenues of \$232,869, but noted comments made by Doe Creek customers at the public hearing and in the local newspaper indicating that a new parcel housing development had been recently approved in Doe Creek’s service territory. One customer stated that Doe Creek had indicated in a previous public meeting

that no additional plant or rate increase would be needed to service the new housing development. Because Doe Creek did not have any customer growth during the test year or twelve-month subsequent adjustment period, the OUCC recommended that new customers from the approved housing development be excluded from the current rate calculation until Applicant's next rate case. However, the OUCC recommends that Doe Creek be required to file a small utility rate case within three years of an order in this Cause or upon the addition of 55 new customers, whichever comes first. This will ensure that new customers are included in the calculation of future rates, and will mitigate the effect of recent rate base additions on the rates of existing customers.

In the Settlement Agreement, the Parties agreed to pro forma present rate operating revenues of \$232,869. The Parties also agreed that within 60 days of Doe Creek adding 55 customers to its system, Doe Creek will submit a new tariff that reduces its flat monthly wastewater rate from \$76.75 to \$70.00. This eliminates the need for Doe Creek to file a new rate case once new customers have been added to the system. Although Doe Creek will need to submit its revised schedule of rates and charges to the Commission for administrative processing, the Settlement Agreement is based on the premise that no additional hearing or Commission order will be required.

**D. Operation & Maintenance Expense.** Doe Creek proposed an overall increase in pro forma operating expenses of \$57,993 to 2020 test year operating expenses of \$240,827, which yields proposed pro forma operating expense of \$298,820. These pro forma adjustments include annual increases to Purchased Power of \$1,061, Insurance – General Liability expense of \$139, Tax and Annual Report Preparation expense of \$4,000, Depreciation expense of \$25,293, IURC Fee of \$302, Maintenance expense of \$37,334, and decreases to State Income Taxes of (\$4,376) and Federal Income Tax of (\$9,006). Doe Creek procures operating services through its affiliate Astbury Water Technology, Inc. (“Astbury”).

OUCC witness Thomas Malan accepted Doe Creek's O&M expense adjustments related to Purchased Power, Insurance expense, Tax and Annual Report Preparation expense, and Depreciation expense. The OUCC recommended pro forma present rate operating expense of \$259,956, which is an increase of \$19,129 to Doe Creek's test year O&M expense of \$240,827. The OUCC proposed a \$29,414 increase to Doe Creek's affiliated operating contract expense and a \$7,920 increase to lift station maintenance.

**E. Affiliated Operating Contract Expense.** Doe Creek proposed pro forma affiliated operating contract expense of \$171,170, which is a \$29,414 increase to test year expense of \$141,756. Doe Creek procures operating services through its affiliate Astbury. On December 15, 2021, Doe Creek signed a new affiliate contract that increased the basic services charge from \$11,812.99 per month to \$14,264.19 per month. This increase reflects the increase in inflation since the contract was entered in November 2014.

OUCC witness Malan argued that increasing expenses solely based on the Consumer Price Index does not make those expenses reasonable. Further, he argued that Doe Creek has not even established that the underlying expenses the inflation adjustment was applied to were themselves reasonable. Mr. Malan cites the National Association of Regulatory Utility Commissioners (“NARUC”) affiliate guidelines that recommend the price for services, products, and the use of

assets provided by a non-regulated entity (such as Astbury) should be at cost (fully allocated) or prevailing market prices, whichever is lower.

Mr. Malan directly inquired of Doe Creek whether Astbury charges Doe Creek for services at cost or at market rates. Doe Creek's response was unclear, stating there is "no standard markup included in its contract with Astbury." Doe Creek asserted that the fees it pays to Astbury are extremely favorable, but did not provide any support for that assertion. Doe Creek also did not provide any information that would allow a comparison of what Astbury charges Doe Creek to its market rate for similar services. Doe Creek asserted that it did not believe the services could be procured by another company for less, but did not provide any support for that assertion.

Mr. Malan inquired about the number of hours that Astbury employees spend providing services to Doe Creek in OUCC DR Q 4-4. Doe Creek did not provide specific hours worked for any employee considering this information proprietary and competitive and belonging to Astbury. Instead, Doe Creek stated only that "approximately 20 employees of Astbury are involved in rendering services to Doe Creek at any given point in time."

Mr. Malan attempted to determine but could not conclude via discovery whether or not it would be cost effective for Doe Creek to hire its own employees at less cost to perform the work performed by Astbury. As an alternative to Doe Creek operating with its own employees, the OUCC stated that Astbury could provide these services at fully allocated cost.

Mr. Malan concludes that it is clear that Astbury is providing operating services to Doe Creek at some cost. Based on the foregoing, the OUCC recommends no adjustment to test year operating contract expense, which yields a pro forma expense of \$141,756 that is equal to test year expense. The OUCC recommends that Doe Creek be required to show its affiliate's costs (fully allocated) of providing those services.

The Settling Parties agreed that in its next rate case, Doe Creek shall submit payroll information regarding Astbury employees who work on Doe Creek matters including salary and benefit information of hourly and salaried employees, hours worked for the utility, and a general description of the work being done.

**F. Lift Station Periodic Maintenance Expense.** Doe Creek proposed pro forma lift station cleaning expense of \$12,000, which is a \$7,920 increase to test year expense of \$4,080. This increase will allow Doe Creek to clean its lift stations every two months. The increase in cleaning frequency will increase the life of existing equipment and prevent sewer overflows. In response to OUCC discovery, Doe Creek indicated an increase in "sanitizing" and "flushable wipes" causing plugging in the lift stations." In response to OUCC DR 3-2 Doe Creek stated, "it believes that the system would benefit from bi-monthly lift stations cleanings given its history of emergency service on those lift stations." Emergency service refers to callouts triggered by the wireless telemetry unit that was installed at Doe Creek subsequent to Daniel T. Ashbury's acquisition in 2014. Since 2019, Doe Creek has replaced a float switch, control panel, floats, impellers, and access door, and added a saddle tap/valve to allow use of a trash pump in emergency situations and removable float rail for the East Lift Station. Doe Creek did not provide any information on parts replaced on the West Lift Station.

OUCC witness Kristen Willoughby does not accept Doe Creek's adjustments. Ms. Willoughby does not think Doe Creek has significant issues with its lift stations. She notes that the Indiana Department of Environmental Management ("IDEM") gave Doe Creek a satisfactory rating in 2020 and 2021 under the Collection system item 6 reporting "Lift stations were found to be adequately inspected, cleaned, and maintained, with adequate documentation of activities." The 2020 inspection report noted one maintenance related overflow in the Doe Creek system, and the 2021 inspection report noted zero maintenance related overflows in the Doe Creek System.

Based on Doe Creek's data request responses, Ms. Willoughby determined that the East Lift Station was cleaned twice each year in 2019 – 2021, while the West Lift Station was cleaned only once in 2019 and 2021. Ms. Willoughby concludes that Doe Creek has not cleaned its lift stations in the adjustment period more frequently than it has historically cleaned its lift stations. Ms. Willoughby also notes that Doe Creek does not have a signed contract for its proposed bi-monthly lift station cleanings. Doe Creek also indicated that its proposed six cleanings per year is a proactive recommendation and may not ultimately be necessary in the long run, but is where Doe Creek would like to start.

Ms. Willoughby states that for its East Lift Station, Doe Creek provided information on the number of alarms activated in a two-month period, parts replaced since 2019, and an asserted increase in debris clogging the lift station. Doe Creek did not provide any information on its West Lift Station. Ms. Willoughby does not believe this information supports tripling the cleaning frequency of the East Lift Station.

Instead, Ms. Willoughby recommends a more conservative approach of doubling the number of annual cleanings for the East Lift Station as a starting point. Doe Creek can come back and request additional funds in a few years, if quarterly cleanings of the East Lift Station are found to be insufficient. Therefore, Ms. Willoughby recommends pro forma lift station expense of \$5,000, which is an increase of \$920 to test year expense of \$4,080. This level of expense will allow Doe Creek to clean its East Lift Station quarterly and the West Lift Station annually.

The Settling Parties agreed with the OUCC's proposed level of expenditure on lift station cleanings. They also agreed that Doe Creek will include the number of cleanings and amount expended on cleanings for each of its lift stations in its Annual Reports to the Commission.

**G. Working Capital.** Doe Creek proposed pro forma working capital allowance of \$27,389 to be included in its rate base. Doe Creek based this request on pro forma present rate O&M expense of \$239,209 reduced by pro forma purchased power expense of \$20,100, which yields pro forma O&M expense of \$219,109. Using the FERC 45-day method, Doe Creek divided annual O&M expense of \$219,109 by 8 (360 days/45 days) which yields a total working capital investment of \$27,389.

OUCC witness Malan proposed no working capital allowance. He based this on the fact that Doe Creek bills its customers at the beginning of the service cycle with payment due no later than the end of the service cycle. This billing method means Doe Creek is not making any investment of working capital. Payments to Astbury, an affiliate of Doe Creek that provides

general utility operations, are due after services have been rendered, making the majority of monthly expenses payable after customer payments have been made. Also, Doe Creek has no employees, and therefore does not need to make payroll.

The Settling Parties agreed to a working capital allowance based on a lower O&M expense total of \$119,605, which yields working capital of \$13,695.

**H. Taxes.** Doe Creek proposed pro forma IURC Fee of \$302, which was not contested by the OUCC. At the time of filing its case-in-chief, Utility Receipts Tax (“URT”) was a recoverable revenue requirement. As such, Doe Creek included pro forma URT expense of \$5,697. On March 9, 2022, the Indiana General Assembly eliminated the payment of URT in House Enrolled Act 1002, effective July 1, 2022. Based on this, OUCC witness Malan recommended the removal of URT test year expense of \$3,619. While this adjustment occurs after the end of the 12-month adjustment period for changes that are fixed, known and measurable, addressing the repeal of the URT at this time will spare Doe Creek the expense of revising its rates through an additional filing after an order is issued in this Cause. The Settling Parties agreed to remove test year URT of \$3,036 from Doe Creek’s rates within this rate case.

**I. Authorized Rate Increase.** The tables below summarize the rate increase the Settling Parties agreed to in the Settlement Agreement.

<b>Revenue Requirements</b>	<b>Settlement Agreement</b>
Original Cost Rate Base	\$ 645,783
Times: Weighted Cost of Capital	9.0%
Net Operating Income Required for Return on Rate Base	<u>58,120</u>
Less: Adjusted Net Operating Income	<u>(46,541)</u>
Net Revenue Requirement	104,661
Times: Gross Revenue Conversion Factor	<u>133.27%</u>
Recommended Revenue Increase	<u>\$ 139,482</u>
 Recommended Percentage Increase	 <u>59.90%</u>

<b>Proforma Net Operating Income</b>	<b>Settlement Agreement</b>
Operating Revenues	\$372,351
Less: Operation & Maintenance Expense	228,868
Depreciation Expense	50,819
Taxes Other Than Income	15,309
State Income Taxes	3,790
Federal Income Taxes	15,448
Net Operating Income	\$58,117

The Commission finds that the revenue requirements and pro forma net operating income shown in the tables above are reasonable and should be approved. The Commission finds that Doe Creek’s rates should be increased by 59.90% across-the-board to permit Doe Creek to meet its revenue requirement under Ind. Code § 14-33-20-13.

**J. Effect on Rates.** The residential wastewater flat monthly rate will increase from \$48.00 to \$76.75.

**K. Alternative Regulatory Program (“ARP”).** If Doe Creek elects to participate in the Small Utility ARP in accordance with the procedures approved in Cause No. 44203, the eligible operating expenses and Taxes Other Than Income to which the Annual Cost Index will be applied are \$228,868 and \$15,309, respectively. All other components of the revenue requirement will remain unchanged.

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

Furthermore, any Commission decision, ruling, or order - including the approval of a settlement - must be supported by specific findings of fact and sufficient evidence. *United States Gypsum*, 735 N.E.2d at 795 (citing *Citizens Action Coalition v. Public Service Co.*, 582 N.E.2d 330, 331 (Ind. 1991)). The Commission’s own procedural rules require that settlements be supported by probative evidence. 170 I.A.C. § 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.

Having reviewed the Parties' evidence, Settlement Agreement and supporting evidence, the Commission finds the terms to be reasonable and in the public interest, and therefore approves the Parties' Settlement Agreement.

The Parties agree that the Settlement Agreement should not be used as precedent in any other proceeding or for any other purpose, except to the extent necessary to implement or enforce its terms. Consequently, with regard to future citation of the Settlement Agreement, we find that our approval herein should be construed in a manner consistent with our finding in *Richmond Power & Light*, Cause No. 40434, (IURC, March 19, 1997).

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

1. The May 24, 2022 Settlement Agreement executed between Doe Creek and the OUCC, a copy of which is attached, is approved.

2. Doe Creek is authorized to modify its rate structure in accordance with the Settlement Agreement and to subsequently implement a rate increase of 59.9% effective upon issuance of this Order and completing the appropriate filings with the Water/Sewer Division of the Commission as set forth below.

3. Prior to implementing the rates and charges authorized in this Order, Doe Creek shall file new rate schedules under this Cause for approval by the Commission's Water and Wastewater Division. Such rates shall be effective on and after the Order date, subject to Division review and agreement with the amounts reflected.

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

**HUSTON, KREVDA, AND ZIEGNER CONCUR; FREEMAN ABSENT:**

**APPROVED: AUG 10 2022**

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

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**Dana Kosco  
Secretary of the Commission**



STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

APPLICATION OF DOE CREEK SEWER )  
UTILITY, INC. FOR A NEW SCHEDULE OF ) CAUSE NO. 45655-U  
RATES AND CHARGES FOR WASTEWATER )  
SERVICE )

**STIPULATION AND SETTLEMENT AGREEMENT**

This Stipulation and Settlement Agreement (“Settlement Agreement”) is entered into on May 24, 2022, by and between Doe Creek Sewer Utility, Inc. (“Doe Creek”), and the Indiana Office of Utility Consumer Counselor (“OUCC”), both of whom stipulate and agree for purposes of settling all matters in this Cause that the terms and conditions set forth below represent a fair and reasonable resolution of all issues in this Cause, subject to their incorporation in a final Order of the Indiana Utility Regulatory Commission (“Commission”) without modification or the addition of further conditions that may be unacceptable to either party. If the Commission does not approve the Settlement Agreement in its entirety and incorporate the conclusions herein in its final Order, the entire Settlement Agreement shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by Doe Creek and the OUCC (“Settling Parties”).

**Terms and Conditions of Settlement Agreement**

**Factual and Procedural Background.** Doe Creek Sewer Utility, Inc. (“Doe Creek” or “Applicant”) is a for-profit investor-owned corporation, providing sewer service to approximately 385 customers<sup>1</sup> in Hancock County relying on one wastewater treatment plant, approximately 114,527 feet of collection main, and two lift stations.<sup>2</sup> Doe Creek has expressed its ability and willingness to extend service to a proposed development in its service territory, which would

<sup>1</sup> 2020 Annual Report, page S-1, Year End Customer Numbers.

<sup>2</sup> 2020 Annual Report, page S-7, 86,911+15,005+12,611=114,527

potentially add 110 customers to its system. On December 16, 2021, Doe Creek filed an application with the Indiana Utility Regulatory Commission (“Commission” or “IURC”) under 170 IAC 14-1-1 et al, the small utility rate filing statute (IC 8-1-2-61.5). Doe Creek requested an overall rate increase of 75.32% to produce an additional \$175,082 of operating revenue, which would establish a flat monthly rate of \$84.15. Doe Creek proposed a return on its investment based on a weighted average cost of capital of 9.5%. On March 16, 2022 the OUCC filed its Report, which set forth its analysis of Doe Creek’s proposed rate increase. The OUCC recommended a rate increase of 44.44% or an additional \$103,489 of operating revenue, to produce a flat monthly rate of \$69.33, which difference was the result of various expense adjustments, elimination of working capital from the calculation of rate base and a proposed weighted cost of capital of 8%.

**Settlement.** The Settling Parties have agreed on the terms and conditions as described herein that resolve all issues between them in this Cause.

1. **Amount of Rate Increase.** The Settling Parties agree Doe Creek should be permitted to implement a 59.9% increase designed to produce additional operating revenues of \$139,482 per year through a flat monthly rate of \$76.75, which authorization is agreed to be subject to the conditions and terms set forth herein. A table comparing the parties’ positions with the agreement is attached hereto as Settlement Agreement Exhibit -1.

2. **Weighted Cost of Capital.** Doe Creek’s proposed weighted cost of capital was based on a cost of equity of 9.5%. The OUCC proposed a weighted cost of capital based on a cost of equity of 8.0% due in part to the lack of debt (and therefore the lack of risk) in Doe Creek’s capital structure. To the extent a cost of equity finding is necessary for the Commission’s order, the parties agreed to a cost of equity of 9.0% conditioned on the acceptance by the Commission of this Settlement Agreement as a whole.

3. **Authorized Revision of Rates.** Doe Creek has expressed its ability and willingness to extend service to a proposed development in its service territory with up to 110 residential units, establishing additional customers producing revenues that are not reflected in the initial rates to be implemented in this cause. The Settling Parties agree that Doe Creek shall be required and authorized by the Commission's order and this settlement agreement to revise its schedule of rates to establish a flat rate of \$70 per month after Doe Creek has added 55 customers from the proposed development to its system. Within 60 days of adding the 55<sup>th</sup> such customer, Doe Creek shall submit its revised schedule of rates and charges in accordance with the Commission's process without the necessity of any further Commission order. Nothing herein prohibits Doe Creek from filing a rate case at any time to establish rates that are different from those agreed to herein. However, in the event Doe Creek files a request for rate increase, Doe Creek shall revise its rates in accordance with the terms of this agreement during the pendency of any such rate case.

4. **Particular Information Required for Next Rate Case.** The Settling Parties agree that in the 12-month period that will become Doe Creek's next test year, Doe Creek will keep a log identifying each Astbury employee that works on Doe Creek matters and stating the number of hours each such Astbury employee worked on Doe Creek matters including a general description of the matter. Doe Creek agrees it shall submit the information to the OUCC upon request in Doe Creek's next rate case. Doe Creek agrees it will provide in the next rate case, if asked, the hourly rate of pay of such employees if hourly and salary of such employee if salaried, and the annual cost to Astbury of any employee benefits for each such employee. Nothing herein prohibits Doe Creek from submitting the information to the OUCC pursuant to the terms of a standard OUCC non-disclosure agreement protecting it from public disclosure

5. **Additional Reporting Requirement.** The Settling Parties agree that, for each of its lift stations, Doe Creek shall include in its annual reports to the IURC the number of cleanings and the amount expended on cleaning each such lift station in the year addressed by the report.

6. **Sufficiency of Information and Evidence.** The Settling Parties agree that the terms of this settlement agreement are the result of a compromise of the positions taken by Doe Creek in its application for small utility rate increase and the OUCC in its Report responding to Doe Creek's application. The Settling Parties agree that Doe Creek's application, the evidence produced at the field hearing held on February 22, 2022 and the OUCC's Report consisting of the testimonies of its witnesses along with any public comments received constitute substantial information and evidence sufficient to support the Settlement Agreement and provides an adequate evidentiary basis upon which the Commission can make all findings of fact and conclusions of law necessary for the approval of the Settlement Agreement as filed. The Settling Parties agree one or more parties may file testimony in support of the Settlement Agreement as determined necessary by the Settling Parties.

7. **Non-Precedential Effect of Settlement.** The Settling Parties agree that the facts in this Cause are unique, and all issues presented are fact specific. Therefore, the Settling Parties agree and intend the Settlement Agreement neither constitutes nor should 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 any Court of competent jurisdiction. This Settlement Agreement is solely the result of compromise in the settlement process, except as provided herein, and is without prejudice to and shall not constitute waiver of any position that any party may take with respect to any issue at any future regulatory or non-regulatory proceeding.

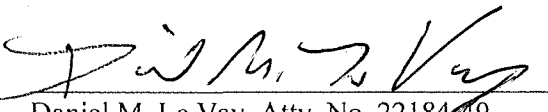
8. **Authority to Execute.** The undersigned have represented and agreed that they are fully authorized to execute the Settlement Agreement on behalf of the designated parties, who will hereafter be bound thereby.

9. **Approval of Settlement Agreement in its Entirety.** As a condition of this settlement, the Settling Parties specifically agree that if the Commission does not approve this Joint Stipulation and Settlement Agreement in its entirety and incorporate it into the Final Order as provided above, the entire Settlement Agreement shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by the Settling Parties. The Settling Parties further agree that if the Commission does not issue a Final Order in the form that reflects the Agreement described herein, then this matter should proceed to be heard by the Commission as if no settlement had been reached unless otherwise agreed to by the Settling Parties in a writing that is filed with the Commission. If either party considers the condition stated in this section has not been met, it shall so advise the other party as soon as possible, and it shall notify the Commission through an appropriate filing within 20 days of the order.

**DOE CREEK UTILITY, INC.**

  
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**Doe Creek Sewer Utility, Inc.**  
**CAUSE NUMBER 45655-U**

**Comparison of Proposed  
 Revenue Requirements**

	<u>Per Petitioner's Rate Application</u>	<u>Per OUCC's Response</u>	<u>OUCC More (Less)</u>	<u>Per Petitioner's Proposed Settlement</u>	<u>Petitioner More (Less)</u>
Original Cost rate Base	\$ 659,477	\$ 632,088	\$ (27,389)	\$ 645,783	\$ 13,695
Times: Weighted Cost of Capital	9.5%	8.0%	-1.5%	9.0%	1.0%
Net Operating Income Required for Return on Rate base	62,650	50,567	(12,083)	58,120	7,553
Less: Adjusted Net Operating income	(65,951)	(27,087)	38,864	(46,541)	(19,454)
Net Revenue Requirement	128,601	77,654	(50,947)	104,661	27,007
Gross Revenue Conversion Factor	136.14%	133.27%	-2.87%	133.27%	0.00%
Recommended Revenue Increase	<u>\$ 175,082</u>	<u>\$ 103,489</u>	<u>\$ (71,593)</u>	<u>\$ 139,482</u>	<u>\$ 35,993</u>
Recommended Percentage Increase	<u>75.32%</u>	<u>44.44%</u>	<u>-30.88%</u>	<u>59.90%</u>	<u>15.46%</u>

<u>Current Rate for 5,000 Gallons</u>	<u>Proposed</u>		<u>OUCC More (Less)</u>	<u>Proposed</u>	
	<u>Petitioner</u>	<u>OUCC</u>		<u>Settlement</u>	<u>Petitioner More (Less)</u>
Current Rate = \$48	\$ 84.15	\$ 69.33	\$ (14.82)	\$ 76.75	\$ 7.42