ORIGINAL

Commissioner	Yes	No	Not Participating
Zay	√		
Deig	√		
Swinger			√
Veleta	√		
Ziegner	√		

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF THE CITY OF FORT WAYNE, INDIANA, FOR AUTHORITY TO ISSUE LONG-TERM DEBT TO FINANCE WATER SYSTEM IMPROVEMENTS AND TO ADJUST ITS RATES AND CHARGES FOR WATER SERVICE.	)))))	**CAUSE NO. 46311** **APPROVED: JUN 17 2026**

ORDER OF THE COMMISSION

Presiding Officers:
David E. Ziegner, Commissioner
Steve Henke, Administrative Law Judge

On October 17, 2025, the City of Fort Wayne, Indiana ("Utility") made three sets of filings with the Indiana Utility Regulatory Commission ("Commission"). First, the Utility filed a Petition requesting authority to adjust its existing rates and charges and issue bonds ("Petition"). Second, the Utility prefiled the direct testimony and exhibits of Andrew G. Schipper, a Professional Engineer, Mitchell Eschweiler, a Certified Public Accountant, and Scott A. Miller, a Certified Public Accountant. Finally, the Utility filed a Motion for Protection and Nondisclosure of Confidential and Proprietary Information seeking to protect usage data of large volume customers filed in this Cause (the "Confidential Information").

By Docket Entry on October 30, 2025, the Presiding Officers granted preliminary protections for the Confidential Information and directed the Utility to file the Confidential Information in accordance with GAO 2016-2. The Utility submitted the Confidential Information on November 19, 2025.

On December 17, 2025, the Commission held a public field hearing at the Citizens Square, Lower Level, Omniroom, 200 East Berry Street, Fort Wayne, IN 46802.

On December 29, 2025, the Utility filed its Notice of Corrections to the Prefiled Direct Testimony of Andrew G. Schipper.

On January 30, 2026, the Office of the Utility Consumer Counselor ("OUCC") filed a Notice of Settlement in Principle to inform the Commission that the OUCC and the Utility had reached a settlement. On February 25, 2026, the Utility and the OUCC (collectively, the "Settling Parties") jointly filed a Joint Stipulation and Settlement Agreement ("Settlement Agreement"), and the Utility and the OUCC submitted settlement testimony.

The Commission noticed and held an evidentiary hearing in this Cause on March 18, 2026, at 10:30 a.m. in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. The Utility and the OUCC participated by counsel, and their respective exhibits were admitted into the record without objection.

Based upon the applicable law and the evidence herein, the Commission finds:

1. Statutory Notice and Commission Jurisdiction. Notices of the hearings in this Cause were given as required by law. The Utility is a municipally owned utility subject to the Commission's jurisdiction as defined in Indiana Code § 8-1-2-1(h). The Utility seeks approval to change its rates and charges pursuant to Indiana Code § 8-1.5-3-8, and for approval to issue bonds pursuant to Indiana Code § 8-1.5-2-19. Accordingly, the Commission has jurisdiction over the Utility and the subject matter of this Cause.

2. Petitioner's Characteristics. The Utility furnishes water to the public in and around the municipal limits of Fort Wayne, Indiana and collects rates and charges for the use of, and service rendered. The Utility serves approximately 108,172 residential, commercial, industrial, governmental, wholesale, irrigation, and fire protection customers.

3. Existing Rates and Test Year. The Utility's existing rates and charges were established in a final order issued by the Commission on April 10, 2019, in Cause No. 45125, and most recently amended pursuant to a 30-day filing approved on June 28, 2022, to reflect the repeal of the Utility Receipts Tax. The Utility seeks approval in this matter to adjust its rates and charges based on a test year ending December 31, 2023 ("Test Year"), and adjusted for changes which are fixed, known, measurable, and occurring within 12 months.

4. Petitioner's Requested Relief. The Utility proposes adjusting its rates and charges by around 15.75% over three phases. In addition, the Utility seeks authority to issue up to $70,862,000 in water utility revenue bonds through the Drinking Water State Revolving Fund Loan Program ("SRF Program"), through the Indiana Bond Bank Community Funding Resource Program, or to be sold on the open market. The Utility proposes to use the proceeds from the bonds for necessary extensions, replacements, and improvements to its water system.

5. Summary of Evidence.

A. Petitioner's Direct Evidence. The Utility presented the direct testimony and exhibits of Andrew G. Schipper, Mitchell Eschweiler, and Scott A. Miller, including supporting attachments, schedules, and workpapers.

(1) Andrew G. Schipper, P.E. Mr. Schipper is a registered Professional Engineer employed with the Utility as Manager of Water Engineering. He testified about the existing and planned facilities for the Utility. Mr. Schipper testified that the Utility's request in this Cause is (1) to issue long-term debt for capital improvement construction; and (2) to adjust its rates and charges for water service. He explained that, on August 12, 2025, the Fort Wayne Common Council ("Council") adopted Ordinance No. S-100-25, approving the issuance of long-term debt or bonds ("Bonds") and Ordinance No. G-13-25, authorizing an adjustment to the Utility's rates and charges.

Mr. Schipper testified about the Utility's current service area and facilities. He explained that the Utility has a customer base of approximately 108,712 residential, industrial, governmental, wholesale, and fire and irrigation customers. Mr. Schipper described that the distribution system

consists of approximately 1,490 miles of water mains ranging in size from 2 to 54 inches in diameter, with some mains in service since 1900. He explained that the Utility's primary source of water supply consists of an impoundment of water from the St. Joseph River and three reservoirs. This source provides capacity of about 473 million gallons ("MG") in the Cedarville Reservoir, 260 MG in the St. Joseph River Dam Reservoir, and nearly 1,900 MG in the Hurshtown Reservoir. He explained that the raw water is treated at the Three Rivers Filtration Plant ("Filtration Plant") which has a design capacity of 72 million gallons per day ("MGD"), onsite finished water storage of 20 MG, and design high service pumping capacity of approximately 141 MGD. Mr. Schipper testified that the Utility has ten elevated storage tanks with a combined capacity of approximately eleven MG located throughout the service area. He testified that the Utility has two prestressed concrete ground storage reservoirs with a total capacity of eight MG and a 0.036 MG ground storage tank located at the Honeysuckle Facility. Mr. Schipper testified that, to provide water service, the Utility uses the Filtration Plant's high service pumping and seven booster pumping stations. He testified that, in addition to these facilities, the Utility owns and maintains a 0.43 MGD iron and manganese removal treatment plant sourced from two emergency water wells for emergency operations.

Mr. Schipper described the Utility's source of supply and treatment process. He explained that the Utility primarily relies on surface water from the St. Joseph River and its tributaries' combined watershed area of over 1,000 square miles. He explained that the Utility is working to expand its new supplemental groundwater supply capability, pursuant to the Utility's capital improvement plan. He further explained that the Utility currently operates a deep rock ground water well that can produce approximately two MGD of raw water, receiving full treatment after blending with the surface water. Mr. Schipper testified that the raw water supply intake is located at the St. Joseph River Dam, approximately two and one-half miles upstream of the Filtration Pant. He explained that the Cedarville dam and reservoir is located ten miles further upstream, and the Hurshtown Reservoir is situated off-stream approximately one-third of a mile northeast of Cedarville. Mr. Schipper testified that the St. Joseph River Dam's low service pumping station is equipped with four raw water pumps ranging in design capacity from 18 to 72 MGD. He further explained that the raw water is conveyed through 42-inch diameter raw water mains from St. Joseph River Dam intake to the Filtration Plant, where all the potable water produced by the Utility is treated. Mr. Schipper explained that the Filtration Plant's multi-barrier purification process includes lime softening, primary and secondary flocculation and sedimentation, disinfection by chlorine dioxide and free chlorine, recarbonation, rapid sand filtration, fluoridation, ultraviolet disinfection, and taste and odor control with chlorine dioxide and powdered activated carbon. He explained that lead and copper corrosion-control technology utilizes potassium orthophosphate and that disinfection residual is maintained in the distribution system using chloramines. Mr. Schipper explained that the Filtration Plant was placed into operation in 1934 with a capacity of 24 MGD. In 1956 and 1981, two 24 MGD additions were completed raising the Filtration Plant's treatment capacity to its current level of 72 MGD. He further testified that treated water is stored in a 20 MG underground concrete filtered water reservoir west of the Filtration Plant before it is pumped into transmission mains connecting to the distribution system.

Mr. Schipper also testified about the status of improvements resulting from Commission financing approval in Cause No. 45125, and clarified that, even though some projects under Cause No. 45125 remain planned for completion in 2026 to 2027, the Utility is not asking for additional rates to complete that work.

Mr. Schipper testified that the projects contemplated in Cause No. 45125 within the Filtration Plant category included subcomponents of annual improvements, capacity and enhancements, efficiency and reliability, information technology, renewal, rehabilitation, replacement, purchase assets, regulatory compliance, safety and security, and other miscellaneous improvements. He explained that the significant projects that have been completed or are currently in construction include improvements to control systems and telemetry, the filter backwash tank, improved line sludge force main piping, phase one of the batch lime feed system, north control room upgrades, plant three weir improvements, upgrades of electrical substation #2, replacement of filter underdrains, high service pump #9 VFD improvements, and filtration plant HVAC improvements. Mr. Schipper also testified that the originally proposed west upper slab concrete replacement work in plant one has not yet been bid due to other higher priority projects experiencing higher construction costs, but he explained that this is planned to be completed in 2026–2027. He clarified that the Utility is not asking for additional rates to complete that work.

Mr. Schipper testified that the projects within the Raw Water Dams and Reservoirs category included subcomponents of capacity and enhancements, efficiency and reliability, information technology, renewal, rehabilitation, replacement, purchased assets, regulatory compliance, and safety and security. He explained that significant projects that have been completed or are currently in construction included improvements to Pump 2 at the St. Joseph Dam, installation of the first deep rock water well and preparation for well #2, replacement of the St. Joesph Dam programmable logic controller, inspection and repairs to the raw water mains, and intake improvements to the St. Joseph Dam. Mr. Schipper explained that the originally proposed structural work at the St. Joseph Dam has not yet been bid due to other high priority projects experiencing high construction costs but is planned to be completed in 2026 or 2027. He clarified that the Utility is not asking for additional rates to complete that work.

Mr. Schipper testified that the projects within the Distribution Pumping and Storage category included subcomponents of capacity and enhancements, efficiency and reliability, information technology, renewal, rehabilitation, replacement, and safety and security. He explained that pumping and storage projects are designed to improve the performance of the system so that pressure and fire protection service levels provide sufficient redundancy for all water system areas. Mr. Schipper testified that significant, completed projects include the painting of the Westside, General Motors, and Dupont tanks, and the Northwest and Southwest reservoirs.

Mr. Schipper testified that the projects within the Distribution System category included subcomponents of capacity and enhancements, efficiency and reliability, information technology, renewal, rehabilitation, replacements, economic development/growth, oversizing, transportation project partnering, and miscellaneous. He explained that the replacement of aging and deteriorating watermains to improve system performance and reliability has been an important asset management goal for the Utility and the largest yearly commitment of capital in the Distribution System category. Mr. Schipper stated that, beginning in 2019, the Utility had an asset

management goal of replacing approximately 70 miles of water main over the 2019–2023 period. He explained that accomplishing the 70-mile replacement goal took an additional year to bid due to inflation in construction costs and contractor availability challenges. He further explained that the Utility began a transmission main assessment and replacement program during the period of the capital improvement plan to proactively reduce the risk of failures to the transmission network. Mr. Schipper noted that most of the larger diameter main rehabilitation/replacement is planned to be done by trenchless technology. He further noted that the Utility made efforts to implement and improve its lead service replacement program. Mr. Schipper testified to the significant water capacity projects that have been completed or are currently under construction, in addition to the water main and lead service work, including the construction of Phase V of the Northwest Feeder Main, Flutter Road extension, the Maplecrest Maumee River Crossing installation and the Corbin and Hathway connection. He further explained that the Utility has substantially completed its meter replacement and advanced meter infrastructure installation project. In addition, Mr. Schipper testified that the Water Maintenance category covered capital work primarily performed by the Utility's Water Maintenance and Service Department. He explained that this work included the replacement of aging or defective valves/hydrants, installation of new large water meters, and obtaining new purchased assets and rolling stock to increase the effectiveness of its operations, maintenance, and construction crews.

Mr. Schipper also testified that the Utility identified certain capital improvement projects to ensure safe and efficient service for its customers. He testified that the basis for most of the Utility's proposed capital improvements in this Cause are the Updated 2024 Water Master Plan Distribution Projects ("Distribution Master Plan") and the Updated 2024 Water Master Plan Facilities Projects ("Water Facilities Master Plan"). Mr. Schipper explained that the Distribution Master Plan identified the Utility's priority capital needs for a ten-year period and established the initial framework for new projects and asset management of existing distribution system assets. He further explained that the Water Facilities Master Plan identified the Utility's priority capital needs for a ten-year period and established foundational criteria for new projects and asset management of existing water plant assets. In addition to these improvements, Mr. Schipper testified to meeting quarterly with various stakeholders within the Utility's government to identify new issues and update the improvements as needed.

Mr. Schipper stated that he prepared a report entitled 2025–2029 Capital Improvement Plan ("CIP"). The CIP is the basis for the extension and replacement budget contained in the Utility's proposed revenue requirement within Mr. Eschweiler's Report ("Report"). Mr. Schipper testified that the CIP highlights the proposed improvements and the estimated cost for four years, with 2026–2028 reflecting the priorities of the Utility in this Cause. He explained that much of the proposed CIP projects prioritize repairing and replacing older assets. Mr. Schipper testified that he listed the proposed improvements under general categories of Filtration Plant, Raw Water Dams and Reservoirs, Distribution Pumping and Storage, Distribution System, and Water Maintenance. On the last page of the CIP, Mr. Schipper summarized the proposed total cost of the capital improvements for each year from 2025 to 2029 by project category and proposed funding source.

Mr. Schipper described the projects in the Filtration Plant category. He explained that planning for improvements to mechanical and electrical equipment is an important part of the Utility's efforts to maintain safe and reliable facilities. He further explained that proposed projects

include filter underdrain improvements, structural improvements, chemical feed improvements, and multiple electrical and control projects as part of an effort to continue to improve the effectiveness of plant operations. Mr. Schipper also described the projects in the Raw Water Dams and Reservoirs category. These include capacity and enhancements, efficiency and reliability, information technology, renewal, rehabilitation, replacement, purchased assets, regulatory compliance, and safety and security. He explained that planning for improvements to mechanical and electrical equipment and structures is an important part of the Utility's efforts to maintain safe and reliable facilities. He further explained that several dam and reservoir improvements are proposed to ensure reliability, as well as the capacity of the Utility's raw water and pumping facilities. Additionally, Mr. Schipper described the projects in the Distribution Pumping and Storage category. He explained that pumping and storage projects are designated to improve the performance of the system so that pressure and fire protection service levels provide sufficient redundancy for all water system service areas. He further explained that four elevated storage tanks are proposed to be painted as part of the work in this category.

Mr. Schipper described the projects in the Distribution System category. He explained that the replacement of aging water mains and elimination of dead-end water mains to improve system performance is an important asset management goal for the Utility, which represents the largest commitment of capital in the Distribution System category. He further explained that the Utility's aging distribution system requires it to invest in water main rehabilitation as part of its asset management program to ensure it can maintain adequate service levels for its customers. Mr. Schipper testified that the Utility documents and maintains key information in a Geographical Information System and asset management system databases to evaluate and prioritize water mains for rehabilitation or replacement. He explained that the Utility has replaced over 113 miles of water main since it began increasing its asset management goals in 2013. Mr. Schipper stated that those investments have impacted system performance as the Utility is seeing declining water main breaks each year, but that the number of miles of water main reaching its useful life continues to increase faster than those assets can be renewed. He explained that the Utility has over 380 miles of water main meeting the criteria for renewal or replacement, and that the Utility proposes to continue its transmission main assessment and lining program during the period of the CIP to proactively reduce the risk of transmission failures. Mr. Schipper noted that most of the main rehabilitation and replacement work in the larger pipe diameters is planned to be done by trenchless technologies. He explained that, from 2026–2028, the Capital Improvement Plan proposes a water main replacement and rehabilitation program of approximately 48 miles, achieving an overall three-year average of approximately 16 miles of main. He further explained that, to offset customer costs, the Utility decided to defer some miles of main so that by the end of the three years, the Utility proposes to install an average of 14 miles per year. Mr. Schipper described the Water Maintenance category as a general category covering capital work completed by the Utility's Water Maintenance and Service Department, including the replacement of aging or defective valves/hydrants, replacement or installation of new large water meters, general purchased assets, and rolling stock.

Mr. Schipper also summarized the major projects to be funded with proceeds from the Bonds. This includes Phase 3 of a batch lime feed system project, primary and secondary stuffing box replacements for plant 2, replacing approximately 9 of 17 filters needing upgrades, and the painting of the Coldwater, Covington, Northeast, and Lafayette tanks. He explained that the

Utility's proposed distribution projects include replacing 42 miles of water main, replacing approximately 1,000 lead service lines per year, and performing transmission main installation and rehabilitation projects. Mr. Schipper also testified that the Utility plans to achieve a centralized warehouse to better facilitate equipment and material utilization on distribution and facility projects.

Mr. Schipper explained that the replacement of lead service lines will continue to be a priority for the Utility as it has been since 2017, replacing approximately 2,500 lead service lines to date. He testified that the Utility has secured more than $13 million in grant funds and obtained $4.5 million in interest-free loans from the SRF Program since the last rate case. Mr. Schipper explained that this has allowed the Utility to accelerate its lead service replacement efforts to provide lead service replacement at no cost to customers within the project areas receiving grant funds. He further explained that the Utility presented materials to the Fort Wayne Board of Public Works and the Council to demonstrate the age of the Utility's system, the type of facilities currently in use, the level of main breaks, and the anticipated impact by accelerating the Utility's current level of water main replacement. Mr. Schipper testified that, in response, the Council decided to continue dedicating significant resources to water main replacement.

Mr. Schipper testified that the projects set forth in the CIP are reasonable and necessary for the Utility to provide safe and efficient service to its customers. He also testified that the cost estimates for the projects set forth in the CIP are reasonable. Mr. Schipper explained that the Utility's engineering staff reviewed engineering reports, master plans, consultant studies, and past construction projects for each of the programmed expenditures. He noted that these costs are based on typical unit costs from Fort Wayne's historical construction data.

Mr. Schipper also noted that the CIP includes the estimated need for the replacement of, on average, 16 miles of water main per year for 2026–2028. He explained that Utility's determination to defer some of these improvements reduces the need for capital in the years 2026–2028 by approximately $9.5 million. To do this, he explained that the Utility decided to delay or reduce some of the distribution system projects and continue to maintain the watermain replacement program goal of 14 miles per year in the years 2026–2028. Mr. Schipper testified that the Utility suggested this deferral as a means of mitigating the rate increase on customers, as it decreases the overall revenue requirement. He explained that the Utility has reduced or delayed projects according to its Distribution System Master Plan priorities. He further explained that the Utility utilizes an Enterprise Asset Management Program to plan for main replacement. Mr. Schipper testified that the Utility plans to replace the highest risk main replacement projects first and can then defer segments with lower risk/priority scores. He testified that the deferral of projects and certain main replacements is reasonable, as it will reduce the overall need for capital and, therefore, reduce the amount of the proposed rate increase.

Mr. Schipper testified that, since its last rate case, the Utility has continued to serve as a regional water provider and expanded its services. He explained that the Utility connected the Town of Grabill, Indiana to its water system as a new wholesale customer who, in turn, wholesales that water to the Maysville Water District. Mr. Schipper described this connection as a great example of a partnership with the Indiana Finance Authority to promote regionalization, allowing the Town to connect to the Utility's system at a lower cost than it would have been to improve its

own treatment facilities. He noted that, as a result, the Utility was able to leverage its available capacity to gain a new customer and additional revenue, resulting in downward pressure on rates. Mr. Schipper testified that, with the connection of a new data center facility, the Utility will have new customers after the close of the test year used by Mr. Eschweiler. He noted that the Utility provided initial estimates of potential revenue for this new customer for the years 2025–2028 that Mr. Eschweiler was able to incorporate into the Report. Mr. Schipper explained that the data center's usage was estimated for this Cause because the Utility did not have historical metering data. He also explained that the data center facility has not had such data yet and the facility is currently paying the minimum flow charge.

(2) Mitchell Eschweiler, C.P.A. Mr. Eschweiler is a Certified Public Accountant and director in Baker Tilly Municipal Advisors, LLC ("Baker Tilly"). He presented the Utility's revenue requirement for utility services, as well as the rate study used as a basis to make recommended changes in the Utility's present schedule of rates and charges. Mr. Eschweiler helped prepare the Report to summarize the results of these studies, based upon information obtained from the Utility's records.

Mr. Eschweiler testified that the Utility used the twelve-month period ending December 31, 2023, as the Test Year. He explained that this Test Year resulted from several factors. First, he explained that Baker Tilly was engaged by the Utility in early 2024, when the most recent 12-month available data was the proposed Test Year. Additionally, the Report was initially prepared for a fall 2024 filing, but Mayor Thomas Henry's passing on March 28, 2024, paused discussions during the transition to Mayor Sharon Tucker. Upon resumption of discussions in early 2025, he explained that the Utility determined to proceed with the water rate increase based on the 2023 Test Year, subject to certain adjustments. Mr. Eschweiler explained that the Report was accordingly amended to reduce the number of phases and the proposed user rate increases, influenced in part by concurrent reviews of sewer and stormwater rates. He noted that following these 2025 revisions, the Report was discussed internally with management, Utility officials, and contract customers. Contractual notice requirements to customers, together with required review, discussion, and approval, further delayed the filing. Mr. Eschweiler also explained that a primary reason for maintaining the December 31, 2023 Test Year was the significant additional costs and time that would have been incurred by the Utility to engage Baker Tilly for such revisions. Because water rates are determined through a cost-of-service study, any update would have required adjustments to Test Year revenues and expenses, as well as preparation of a new consumer study to recalculate user rates across all three phases. He testified that the revision and approval process would have delayed the filing by several months, thereby further impairing the Utility's ability to obtain the rates necessary to support its operations and capital requirements. Mr. Eschweiler testified that the Utility's requested five percent per year increase in revenue would not change if it were to update the Test Year, as the increase is less than what the Utility could otherwise support. He explained that updating the Test Year would result in increased costs for the Utility without any material change in its requested relief.

Mr. Eschweiler explained that the Utility reduced the proposed rate increases by deferring certain capital investments over the three proposed phase-ins of the water rates. He testified that the Report reflects a total capital plan of $158,880,000, with $69,580,000 to be funded by bonds, $9,370,000 from other non-rate revenue sources, and $54,732,700 from the annual allowance for

replacements and improvements, resulting in a remaining funding gap of $25,197,300. Mr. Eschweiler explained that Utility's 2024 financial statements listed revenues as $65,811,019 and total operating expenses at $34,599,401, a 9.2% increase in expenses over calendar year 2023. Mr. Eschweiler testified that the initial phase baseline annual revenue of $64,467,600 is slightly below the Utility's actual revenues for 2024, while the initial phase operation and maintenance expense of $36,679,000 reflects a 6% increase over the corresponding expenses for calendar year 2024. He explained that the CIP contains projects that cannot be funded with the Report's proposed rates and are being delayed to mitigate additional increases on the customer base. He further explained that, to the extent the Utility sees revenue growth outside that of the rate increase, the Utility would propose to use said revenue to complete additional capital improvements to its system.

Mr. Eschweiler testified that the Council approved an overall increase in rates to produce approximately $10,338,500 more revenue to be phased in over a three-year period. He testified that the initial phase ("Phase I") is to be effective upon Commission approval; the second phase ("Phase II") is to be effective twelve months after Phase I; and the third phase ("Phase III") is to be effective twelve months after Phase II. He explained that each phase will see a 5.0% increase for both inside-City and outside-City customers, which are further adjusted by user classes in the cost-of-service schedules discussed by Mr. Miller below. Mr. Eschweiler further explained that the intent in having a three-year phase-in is to enable the Utility to generate enough funds to complete the proposed improvements while also allowing its customers to plan for future increases.

Mr. Eschweiler explained that the Report is divided into four sections: (1) Baker Tilly's letter to the Utility's management, (2) estimated financial information, (3) the individual amortization schedules of the Utility's outstanding bonds and a schedule of combined bond amortization of the Utility, and (4) the cost-of-service schedules for Phase I rates and charges. Mr. Eschweiler also described the Report's appendices: (A) the cost-of-service schedules and calculations for Phase II rates and charges, (B) the cost-of-service schedules and calculations for Phase III rates and charges, and (C) historical financial information for the Test Year, comparative financial information for the two calendar years of 2021 and 2022, and a comparison of the Utility's cash and investment accounts with requirements stated in existing bond documents and capital allowance recommendations. He also explained that, with the Report and applicable to 2021, 2022, and 2023, the Utility appended a Comparative Statement of Net Position, a Comparative Statement of Revenues, Expenses, and Changes in New Position, a Comparative Statement of Detailed Operating Expenses, and a Comparative Statement of Cash Flows.

Mr. Eschweiler testified that the third section of the Report shows Test Year operation and maintenance expenses and adjustments based on measurable changes, resulting in an overall increase of $5,009,405 from Test Year amounts. He explained that adjustments have been made to reflect the Utility's management's 2025 budget inclusion of current price levels for labor, employee benefits, purchased power, chemicals, materials and supplies, contractual services, and other operating expenses. Mr. Eschweiler stated that the third section also includes the Utility's proposed CIP for calendar years 2025 through 2028, primarily driven by needs established in the Utility's master plans and asset management programs as described in Mr. Schipper's testimony. Mr. Eschweiler explained that the estimated cost of this work is $158,880,000, of which management identified $94,777,300 to be funded through debt. He testified that the remaining

$54,732,700 of capital improvement needs is proposed to be funded on a pay-as-you-go basis. Mr. Eschweiler testified that the Report details estimated sources and uses of funds to complete the debt funded portion of the CIP, including estimated construction and engineering costs for the respective projects. He noted that the Report includes an allowance for issuance costs and Commission fees, assuming four bond issues: $6,143,000 in 2025, to provide for lead service line projects through the SRF Program; $53,865,000 in 2026, assumed to be funded on the open market; $5,337,000 in 2026, to fund additional lead service line improvements through the SRF Program; and a fourth bond issue in 2027 to fund additional lead service line improvements through the SRF Program. Mr. Eschweiler testified that the total construction and engineering cost assumed to be financed is $69,580,000, and the remaining $25,197,300 is assumed to be deferred and funded at a future date to mitigate the rate impact on customers.

Mr. Eschweiler explained how the Utility determined the extent of the CIP financing by the issuance of the Bonds. He explained that the Utility recognized a mix of long-term financing and pay-as-you-go funding to be appropriate, as long-term financing can balance the useful life of the assets to the benefit received by ratepayers. He noted that the Utility considered additional factors such as current debt levels and structure, upcoming project needs for other city-owned utilities, rate impact, bond coverage levels, and approved borrowing amounts when preparing the funding plan. Mr. Eschweiler testified that the Council's adoption of Bond Ordinance No. S-100-25 approved the Utility to borrow up to $70,862,000, which was then used for the capital improvement funding plan contained in the Report. He noted that the Utility could not issue more than $70,862,000 in future bonds without additional Council approval. Mr. Eschweiler testified that cost calculations for 2025–2028 proposed improvements are based off engineering estimates rather than construction bids received. He reiterated that the rates requested in this Cause will support $114,167,800 out of a total need of $158,880,000 for capital improvements through 2028. Mr. Eschweiler stated that, to reduce the impact on ratepayers, the Utility recognizes that some of the identified capital needs will likely be delayed beyond the three-year period. He explained that any revenue exceeding estimations would be applied to further projects that are otherwise unfunded.

Mr. Eschweiler testified that the Report includes a $6,143,000 SRF Program bond issue used in preparation of the amortization schedule for the proposed taxable 2025 bonds ("Proposed 2025 Bonds"), anticipated to fund lead service line improvements. He explained that principal payments are anticipated to be paid annually beginning December 1, 2026, through December 1, 2032, and semiannually June 1 and December 1, beginning June 1, 2033, though December 1, 2060. He noted that interest is to be paid semiannually beginning June 1, 2026, at an assumed 0% interest rate. Mr. Eschweiler testified to the Utility's discussions with the SRF Program for the issuance of the Proposed 2025 Bonds, which indicated that the Utility will receive $2,500,000 through a Forgivable Bond Anticipation Note that is expected to be forgiven and treated as a grant. He explained that the Utility will be allowed to issue an additional $2,500,000 in bonds with an interest rate of 0% and an additional $2,500,000 available to be issued at the subsidized interest rate at the time of financing. He further explained that the Proposed 2025 Bonds are now anticipated to be issued in the first quarter of 2026 due to the required spend down of the Utility's outstanding lead service line funding to a level of 75% prior to closing on future SRF Program loans. Mr. Eschweiler explained that these conversations are not reflected in the Report because the Utility used the Report to have discussions with stakeholders prior to the finalization of the

SRF Program's financing package. He noted that the difference from the Report's assumption and the now known terms is anticipated to be immaterial, equating to an adjustment of 0.00016% on end user rates.

Mr. Eschweiler testified that the Report includes a $53,865,000 open market bond issue ("Proposed 2026 Bonds"). He explained that principal payments are anticipated to be paid semiannually June 1 and December 1, beginning June 1, 2033, though December 1, 2047, with interest to be paid semi-annually beginning June 1, 2027, at assumed interest rates ranging from 3.80–4.90% to be determined through competitive bidding. He further explained that the repayment of the Proposed 2026 Bonds has been wrapped around the Utility's current outstanding debt and the Proposed 2025 Bonds to allow for level combined annual debt service payments on all debt in 2028 through 2031. Mr. Eschweiler explained that the proposed wrap further assists with mitigating the impact on customer rates.

Mr. Eschweiler testified that the Report includes a $5,337,000 SRF Program bond issue used in in preparation for the amortization schedule for the 2026 taxable bonds ("2026 Taxable Bonds"), anticipated to further lead service replacement. He explained that principal payments are anticipated to be paid annually beginning December 1, 2027, through December 1, 2032, and semiannually June 1 and December 1, beginning June 1, 2033, though December 1, 2061. Mr. Eschweiler noted anticipated interest of zero percent to be paid semiannually beginning June 1, 2027. He explained that borrowing on the 2026 Taxable Bonds would be reduced to the extent grant funding is provided from the SRF Program, which is currently not known.

Mr. Eschweiler testified that the Report includes a $5,517,000 SRF Program bond issue used in in preparation for the amortization schedule for the proposed taxable 2027 bonds ("2027 Taxable Bonds"), anticipated to further lead service replacement. He explained that principal payments are anticipated to be paid annually beginning December 1, 2028, through December 1, 2032, and semiannually June 1 and December 1, beginning June 1, 2033, though December 1, 2062. Mr. Eschweiler noted anticipated interest of zero percent to be paid semiannually beginning June 1, 2028. He explained that borrowing on the 2027 Taxable Bonds would be reduced to the extent grant funding is provided by the SRF Program, which is currently not known.

Mr. Eschweiler explained that the Utility has historically issued both SRF Program and open market debt. He further explained that the deferred amortization structure on the Proposed 2026 Bonds attempts to level the total combined debt payments to reduce rate impact. Mr. Eschweiler testified that the SRF Program typically allows this wrapped structure alongside an increased rate structure, and currently has more demand for its traditional subsidized funds than it has available. He explained that, if favorable financing could be gained through the SRF Program, the Utility will pursue this route for some or all Bonds. Any potential reduction in debt service would be adjusted through a proposed true-up addressed later in Mr. Eschweiler's testimony. He testified that if the bonds that are sold differ from the proposed amortization schedules, the Utility would propose not to true-up the Proposed 2025 Bonds due to the relatively small amount debt service required to fund said bonds. Mr. Eschweiler explained that, instead, the Utility would propose to adjust the water rates for both the Proposed 2025 Bonds and the Proposed 2026 Bonds after the financing has closed for the Proposed 2026 Bonds. He further explained that the Utility would propose no true-up of debt service for the 2026 Taxable Bonds and the 2027 Taxable Bonds

due to the limited debt service associated with both lead service line financings, the limited impact on water rates, and the administrative burden of changing rates multiple times for potential immaterial rate impacts.

Mr. Eschweiler testified that the Report's estimated annual revenue requirements incorporate the Utility's adjusted operation and maintenance expenses for 2025 of $36,679,000 projected for the years 2026–2028. He testified that other components of the schedule include annual payments on outstanding debt, annual payments on proposed debt, funding of the debt service reserve for the Bonds over 60 months, annual commercial loan payment obligations, replacements and improvements allowance, and payment in lieu of taxes of $4,082,600 for 2025 and increased by five percent for Phase I and held constant for Phase II and Phase III. Mr. Eschweiler explained that the total resulting annual revenue requirements are then reduced by other sales, private water charges, scrap metal sales, and interest income. He noted that connection and engineering fees are based on the three-year average from 2021 through 2024, and that interest income has been normalized for an assumed reduction resulting from anticipated decreases in interest rates and the spend down of construction funds. Mr. Eschweiler testified that the total net annual revenue requirement is $67,692,600 for Phase I, $72,497,400 for Phase II, and $76,786,100 for Phase III, which are then compared to the Utility's annual revenues. He explained that metered revenues, sales for resale, interdepartmental sales, fire protection revenues, and forfeited discounts have been assumed to equal Test Year levels adjust for the multi-phase increase originally adopted by the Council and approved by the Commission on April 10, 2019. The rate increases were later amended to update for the removal of the utility receipts tax, adopted by the Council on April 27, 2022, and approved by the Commission on June 28, 2022, with the final phase becoming effective on June 1, 2023. Mr. Eschweiler explained that the Utility's adjusted water sales, fire protection charges, forfeited discounts, and revenues from customer growth subject to increase total $64,467,600 for Phase I. Mr. Eschweiler explained that, to provide sufficient revenues to meet the annual revenue requirements over the five-year period, the adjusted revenues would need to be increased by $3,225,000 in Phase I, $3,454,800 in Phase II, and $3,658,700 in Phase III. He testified that the cumulative revenue increase required over three phases is $10,338,500.

Mr. Eschweiler concluded by testifying that the use of tax-exempt debt (and taxable debt to the SRF Program) is an appropriate means to finance the proposed improvements. He explained that the issuance of bonds allows the Utility to spread the recovery of these costs among the benefited users, results in lower rates for current customers, and provides a mechanism for future Utility customers to pay for a portion of the facilities that they will use. Mr. Eschweiler further testified that the proposed revenues provide adequate debt service coverage as required by Ind. Code § 8-1.5-2-19(b). He testified that the rates proposed in the Report are fair, just, non-discriminatory, reasonable, and necessary to meet the Utility's projected revenue requirements as those requirements have been reduced by the Council.

(3) <u>Scott A. Miller, C.P.A.</u>. Mr. Miller is a licensed Certified Public Accountant employed as a principal with Baker Tilly and testified to support the cost-of-service study prepared and submitted as part of the Report attached to Mr. Eschweiler's direct testimony. Mr. Miller explained that the information contained within the Report is derived from unaudited Utility accounting and business records and knowledgeable Utility employees. He further explained that the cost-of-service study comprises information from the Utility's accounting and

billing systems and includes historical billing data, plant and investment values, operating statistics, and other similar information for the Test Year. Mr. Miller testified that the workpapers used by him and Mr. Eschweiler to prepare the Report were filed with the Commission.

Mr. Miller described a cost-of-service study as a detailed analysis of the cost drivers influencing the provision of service to a utility's customer, aimed at determining the appropriate level of cost recovery allocable to each customer class. He explained that the study is traditionally done with a rate design to recover costs from the appropriate customer class as closely as possible to the allocated cost of service.

Mr. Miller testified about the methodologies used to prepare the cost-of-service study. He explained that for allocating costs to the customer classes and designing proposed rates for the Utility, he employed the Base-Extra Capacity method promulgated by the American Water Works Association in its seventh edition of *Principles of Water Rates, Fees and Charges* (the "M1 Manual"). Mr. Miller testified that the widely accepted Base-Extra Capacity method is built upon the allocation of both a utility's investment in plant and its proposed revenue requirements to the various cost categories, including base, extra capacity, and customer and direct fire protection. He explained that the allocated costs are assigned to various customer classes based on the class usage characteristics and their associated responsibility for these costs. After the cost responsibility for each customer class is determined, a rate structure can then be designed to appropriately recover these costs.

Mr. Miller explained that the allocated cost of service for each customer classification is used for developing the proposed rates and charges, beginning with a detailed analysis of the test year billing determinates to verify the statistical validity for rate setting purposes. He testified that the Report summarizes this analysis by presenting the Utility's usage characteristics and Test Year metered billings by six-month increments for inside customers, outside customers, and fire protection. He noted that the consumer analysis control period variance of negative 0.60% for water usage charges and fire protection indicates that the analysis and underlying billing determinates are statistically valid for rate-making purposes. Mr. Miller explained that beginning November 7, 2023, Grabill began purchasing water from the Utility. He stated that the Report includes normalized billing determinants and revenues for a full year of sales to Grabill. Mr. Miller further testified that the Report presents the calculation of Test Year equivalent meters by customer class and equivalent fire connections for both inside and outside customers. He explained that normalized bills are multiplied by the appropriate M1 Manual equivalency factor to arrive at equivalent connections. He noted that these calculations reflect that larger size connections can place greater demands on the system and therefore generally receive a larger cost allocation than small connections. Mr. Miller referenced the Report's summarization on page 39 of estimated units of service for each customer classification to explain that the determinants are further refined to show inside and outside usage wherever appropriate. Mr. Miller also described the Report's reference to "Normalized Annual Sales" as the billed consumption for each rate classification plus the normalized sales for Grabill and the estimated sales for a new inside industrial customer expected to connect to the system. He explained that the total annual sales are then divided to determine the average daily sales, which is used as a basis for allocation of costs. Mr. Miller further explained that the average daily demands for each rate classification are multiplied by the imputed

capacity factors to determine the responsibility each customer class has for the extra capacity costs associated with meeting maximum day demands and maximum hour demands for service.

Mr. Miller testified that the Utility's total maximum day demand is 7,393,660 cubic feet per day, exceeding the average day demand of 3,484,330 cubic feet per day and resulting in extra maximum day capacity needs of 3,909,330 cubic feet. He also testified that the maximum hour demand is 12,094,6808 cubic feet per day, exceeding the average daily demand and the extra capacity for maximum day demands to result in extra capacity for maximum hour demands of 4,701,020 cubic feet.

Mr. Miller described the capacity factors and how they led him to arrive at the figures in the Report. He explained that the M1 Manual provides detailed descriptions of two methodologies for calculating capacity factors, including the methodology to determine noncoincident capacity factors for each customer class in this Cause. He noted that the methodology requires some inferences to be made in cases with a lack of data, but it generally works well. Mr. Miller further explained that the capacity factors are the foundation of the allocations of costs. He testified that the Utility does not track its maximum hour rate of customer demand, which figures into the calculation of capacity factors. Mr. Miller explained that he imputed an appropriate value based upon the design limits of various components of the system with the goal of producing capacity factors that are reasonable and consistent with the M1 Manual. He further consulted the Utility's operations and engineering personnel regarding the proposed capacity factors, who agreed that said factors were reasonable based on their knowledge of the water utility system. Mr. Miller also noted that the proposed capacity factors produce results within the tolerance limits in the M1 Manual.

Mr. Miller testified that the number of bills for each customer classification was obtained directly from the Utility's billing records to be used as a basis for allocating customer costs related to billing. He explained that the number of connections for each customer classification has been weighted by equivalency factors to equate all meters to a standard size. He further explained that the equivalent connections are then used as a basis for allocating customer-related costs alongside ratios developed using units of service data.

Mr. Miller described the allocation of the Utility's investment in plant and the estimated revenue requirements to the functional cost categories and ultimately to the customer classes. He explained that the utility plant, as of December 31, 2023, has been allocated to the various functional cost categories. Mr. Miller noted that the schedule is the continuation from prior studies of the allocation of plant investment to a "Common to All" category and "Common to Small" category, reflecting contractual requirements with some of the Utility's larger customers. The schedule is driven by separating transmission and distribution mains into three categories: smaller than 12-inch; 12-inch and larger; and direct fire protection. He explained that the 12-inch and larger investment costs are allocated to all customers because the mains provide transmission of water throughout the system. The smaller than 12-inch investment costs are allocated to small customers, defined as residential and commercial customers, as said mains are primarily used for the distribution of the water closer to these customer connection points.

Mr. Miller testified that the Report presents the allocation of the estimated operation and maintenance expenses to each of the functional cost categories. He testified that the proposed revenue requirements are allocated to the functional cost category then divided by the corresponding units of service to calculate the unit costs of service for each functional cost category. Mr. Miller explained that the estimated revenue requirements, as described in Mr. Eschweiler's testimony, are then allocated to the various utility cost centers. He noted that the rate of return specific to outside customers is calculated and subsequently used to derive slightly higher outside customer unit costs of service. Mr. Miller explained that the rate of return for outside customers is derived from the Utility's total rate base of $226,140,265. He also explained the underlying calculations to reach this total. He further noted that similar calculations have been made regarding extra capacity costs common to all customers, base and extra capacity costs common to all customers, customer costs, and fire protection costs.

Mr. Miller testified that the Report includes the calculation of the allocated cost of service for each customer class, derived by multiplying the unit cost of service for each cost center by the respective unit costs of service for each customer class. Mr. Miller explained that applying the common to all base cost of service to Test Year billed consumption of residential users results in common to all base cost of service for said users of $7,380,077 and, similarly applying the cost of service per unit for common to all maximum day extra capacity allocates $3,323,981 of common to all extra capacity maximum day costs to inside residential users. Mr. Miller testified that the sum of each classification's responsibility for each of the functional cost categories equals the total allocated cost of service for each customer classification. Mr. Miller then summarized the resulting allocated net revenue requirement responsibility for each customer class and their percentage of the total revenue request.

Mr. Miller explained that the current rate design includes a single billing and meter charge based on the size of the meter, along with monthly metered flow rates per 100 cubic feet, with three declining usage brackets for most customers. He further explained that the large industrial class has a similar structure with different rates, while contract customers have monthly demand charges in addition to commodity charges based on volumes and meter size per the existing contracts. Mr. Miller noted that the proposed rates and charges use the same basic rate design, with a modification to the break points for declining block rates to better reduce interclass subsidies between the residential and commercial classes. He explained that the current public and private fire protection charges have been updated to reflect the results of the cost-of-service study.

Mr. Miller testified that the Report also includes calculations of updated inside and outside proposed monthly base charges by meter size. He explained that the meter cost per unit is adjusted based on the appropriate equivalency factor for each meter size and then added to the billing cost per unit to arrive at the monthly base charge. Mr. Miller also testified that the Report allocates fire protection costs to public and private fire service based upon the number of equivalent connections for each. He explained that the equivalent fire protection rates represent the total costs to be recovered from public and private fire protection divided by the total number of equivalent public and private fire protection connections, respectively, and result in a charge of $61.35 per year for public and $9.39 per year for private. These amounts, he explained, are then divided by twelve and multiplied by the appropriate equivalency factor based on connection size to derive the monthly billing rates.

Mr. Miller also testified that the Report includes the calculation of the estimated annual revenues for each rate classification at the proposed rates and charges. He explained that the first block for inside residential customers is priced at $3.59 per 100 cubic feet for the first 1,000 cubic feet of usage per month, a level that captures approximately 90% of the inside residential sales. He described the second tier as priced at $3.42 per 100 cubic feet for the next 49,000 cubic feet of usage per month, a level that captures approximately 71% of the inside commercial sales. He further explained that the final block, established for all usage over 50,000 cubic feet, is priced at $2.73 per cubic feet and captures some larger inside commercial usage, inside industrial usage, and 73% of inside industrial sales. Mr. Miller testified that the proposed rates and charges, when applied to Test Year billing determinants for all customer classifications, result in calculated billings of $67,694,632 and are within $2,062 of the total net revenue requirement. He further testified that the Report compares the proposed cost of service with normalized annual revenues generated under existing rates and charges and revenues generated under adjusted rates for each customer classification. Mr. Miller also explained that the Report summarizes the present and proposed water rates and charges in addition to presenting a comparison of present and proposed monthly bills for various levels of usage for several different meter sizes and customer classifications.

Mr. Miller testified that he addressed the Utility's desired phase-in of its rates and charges by completing a full cost of service analysis for each phase. He explained that the previously described calculations related to initial adjustments that would be implemented upon Commission approval. He testified that Appendix A of the Report presents a full cost-of-service study for the next phase anticipated to take effect in 2027. Mr. Miller testified that Appendix A compares the proposed revenue requirements for the phases, the details of which are discussed by Mr. Eschweiler. He explained that these updated revenue requirements were used to run through the entire set of cost-of-service calculations to develop the proposed 2027 rates and charges. Mr. Miller testified that the calculation methodology is identical to the first phase, but for the use of the new revenue requirements and the inclusion of additional usage from a new large volume customer. He noted that the additional sales influence the outcome of the calculations but not the methodologies themselves. He testified that the resulting 2027 rates and charges are summarized on pages 71 to 89 of the Report. Mr. Miller explained that the proposed rates and charges for the final phase were completed in a similar manner and are presented in Appendix B of the Report. He explained that the new revenue requirements from Mr. Eschweiler's testimony are summarized within the Report, and the cost-of-service study is recalculated using the same methodologies described above. He testified the final proposed rates and charges are summarized within the Report and expected to take effect in 2028.

Mr. Miller concluded by testifying that the cost-based rates proposed in the Report are fair, just, non-discriminatory, reasonable, and necessary to meet the estimated revenue requirement of the Utility.

B. <u>OUCC's Direct Evidence</u>. On January 30, 2026, the OUCC filed a Notice of Settlement in Principle to inform the Commission that the OUCC and the Utility reached a settlement, to be filed alongside supporting testimony no later than February 25, 2026.

C. Settlement Agreement. On February 25, 2026, the Settling Parties filed a Settlement Agreement and Stipulation that settled all issues between the parties. Under the Settlement Agreement, the Settling Parties agreed the Utility should be authorized to increase its rates and charges for water service to reflect a total net revenue requirement in the cumulative amount of $10,338,500, representing a 15.75% increase in current rates. A summary of the Settlement Agreement is explained below.

(1) Revenue and Rates. The Settling Parties agreed that the Utility should be authorized to increase its rates and charges for water services to reflect ongoing net revenue requirements in the cumulative amount of $10,338,500, or approximately 15.75% over the Utility's current revenues at existing rates. The Settling Parties agreed that the overall increase is to be implemented in three phases: Phase I, effective upon an order of the Commission approving the Settlement Agreement, constituting a $3,225,000 (or approximately 5%) increase over current revenues at existing rates; Phase II, to be effective twelve months after Phase I, constituting a $3,454,800 (or approximately 5%) increase over Phase I revenues; and Phase III, to be effective twelve months after Phase II, constituting a $3,658,700 (or approximately 5%) increase over Phase II revenues. The Settling Parties agreed that the cost-of-service study performed by the Utility and submitted in its case in chief is accepted by the Settling Parties and reflected in the agreed rates.

(2) Financing Terms. The Settling Parties agreed that the Utility shall have the authority to issue debt in a total amount not to exceed $70,862,000 as proposed by the Utility, subject to the following terms and conditions: (1) the interest rate on the debt shall not exceed seven percent; (2) the relevant value for debt authorization is the sources of funds and not the par value of borrowing; (3) the Utility is to file in this Cause, and serve on the OUCC, a compliance filing describing the debt's final terms, the amortization schedule, and any bid tabulations for projects to be financed; (4) any financing authority in this Cause shall expire January 1, 2029; and (5) if the Utility has not secured the debt by January 1, 2029, the Utility will file a revised schedule of rates and charges, removing debt service from its revenue requirement as appropriate.

D. Settlement Evidence. The OUCC and the Utility filed testimony for the purpose of supporting the Settlement Agreement.

(1) Petitioner's Settlement Testimony. The Utility filed the Settlement Testimony and Exhibits of Mr. Eschweiler to support the Settlement Agreement. Mr. Eschweiler testified that the Settling Parties had substantive discussions before the OUCC's scheduled pre-filing date resulting in a mutually agreeable resolution. He explained that the Settling Parties agreed that Fort Wayne should be authorized for an overall increase to its rates and charges for water service to reflect ongoing net revenue requirements requested by Fort Wayne in its direct testimony in the cumulative amount of $10,338,500, approximately 15.75% over the Utility's current revenues at existing rates.

Mr. Eschweiler testified that, to mitigate the impact of the rate adjustment, the Settling Parties agreed to phase in rate increases, with each phase increasing by about five percent. He testified that the Settling Parties agreed that the Phase I increase, $3,225,000 or approximately five percent over current revenues, will take effect upon the issuance of an order by the Commission

approving the settlement and new base rates calculated pursuant to the cost-of-service study submitted by the Utility. Mr. Eschweiler explained that the Phase II increase of $3,454,800 (about five percent over Phase I revenues) will take effect twelve months after Phase I. He further explained that the Phase III increase of $3,658,700 (about five percent over Phase II revenues) will take effect twelve months after Phase II. Mr. Eschweiler noted that the Settling Parties agreed that the cost-of-service study performed by Fort Wayne and submitted in its case in chief is accepted by both parties and reflected in the agreed rates.

Mr. Eschweiler also testified that the Parties agreed that the Utility shall have the authority to issue debt in a total amount not to exceed $70,862,000, consistent with the Utility's request in its direct evidence. He testified that the Parties agreed that this financing authority will expire on January 1, 2029. Mr. Eschweiler stated that, for the proposed debt, the Settling Parties agreed that the relevant value for debt authorization is the source of funds and not the par value, and that the proposed debt is not to exceed seven percent. He further stated that the Settling Parties agreed that the Utility will file a compliance filing within thirty days of closing on any long-term debt describing the final terms, debt service reserve, amortization schedule, and bid tabulations for projects to be financed by the debt. Mr. Eschweiler explained that the Parties agreed that true-up will not be necessary due to the Utility's limitation of its rate adjustment to five percent per phase. He further explained that, if Fort Wayne is unable to secure debt authorization by January 1, 2029, the Settling Parties agreed that the Utility will file a revised schedule of rates and charges to remove debt service from its revenue requirement for any unissued debt.

Mr. Eschweiler concluded by testifying that Settlement Agreement allows for immediate settlement of this case without further time and expense. He explained that the Settling Parties agreed to terms regarding the Utility's revenue requirement that should be fair to all customers. He reiterated that the Utility's requested rate adjustment is less than what the Utility could support, which is also true for the rate increase within the Settlement Agreement. Mr. Eschweiler testified that the Settlement Agreement is a reasonable compromise under the circumstances and allows the Utility to operate and maintain the system, provide safe and efficient service, and minimize the impact to its customer base by phasing in the rates.

(2) OUCC's Settlement Testimony. In support of the Settlement Agreement, the OUCC submitted the Settlement Testimony of Shawn Dellinger, a Senior Utility Analyst in the Water/Wastewater Division of the OUCC.

Mr. Dellinger testified that the Settling Parties agreed that the Commission should approve the Utility's request to issue bonds in an amount not to exceed $70,862,000 in principal amount with interest rates not to exceed seven percent per annum. He explained that the Settling Parties agreed for the debt authorization to expire on January 1, 2029, and that, for the purposes of calculating the amount borrowed, the relevant value shall be the sources of the funds and not the par value.

Mr. Dellinger testified that the Utility provided support for the projects it proposes to complete with the revenue bonds. He explained that Mr. Schipper described the proposed projects as well as the Distribution Projects greater than $100,000, Facility Projects Greater than $100,000, and CIP, respectively. Mr. Dellinger explained that the CIP highlights the Utility's proposed

improvements and estimated cost for each year from 2025 to 2029, with years 2026–2028 reflecting the priorities and needs to be addressed in this case. Mr. Dellinger testified that the OUCC agrees that the proposed projects to be funded by the Bonds are reasonable and necessary.

Mr. Dellinger testified about the Parties' Settlement Agreement. He explained that the Parties agreed to an approximate 15.75% overall increase, producing $10,338,500 of additional annual operating revenue, implemented over three phases: Phase I, effective upon an order of the Commission approving the Settlement Agreement, constituting a $3,225,000 (or about 5%) increase over current revenues at existing rates; Phase II, to be effective twelve months after Phase I, constituting a $3,454,800 (or about 5%) increase over Phase I revenues; and Phase III, to be effective twelve months after Phase II, constituting a $3,658,700 (or about 5%) increase over Phase II revenues.

Mr. Dellinger explained that no true-up process is necessary for the various debt issuances in this Cause because the agreed rate increases are limited by a five-percent rate increase ceiling per phase. He explained that some of the Utility's projects are not currently being funded due to a rate increase limitation imposed by the Council. Mr. Dellinger testified that, if debt service costs are less than anticipated, then unfunded projects could be completed. He explained that there are debt issuance filings that have been agreed to by the Parties: within 30 days of any long-term debt issued under this debt authorization, the Utility shall file under this Cause, and serve on the OUCC, a compliance filing describing the final terms of the debt, the amount of debt service reserve, the amortization schedule for the debt, and bid tabulations for the projects financed by the debt being issued.

Mr. Dellinger also testified that the OUCC accepts the cost-of-service study as submitted by the Utility. He explained that several customers provided oral or written comments at the Commission's Public Field Hearing on December 17, 2025. Mr. Dellinger explained that the OUCC has also received 23 customer comments, which he attached to his Settlement Testimony.

Mr. Dellinger concluded by testifying that the Settlement Agreement represents a fair, just and reasonable resolution of the issues in this Cause. He explained that the Settlement Agreement represents a reasonable compromise of the Parties' respective positions. Mr. Dellinger testified that the Utility's testimony, Settlement Agreement, and the Schedules within the Settlement Agreement provide a sufficient evidentiary basis for the issuance of a final order by the Commission. Mr. Dellinger explained that the OUCC agrees that the Settlement Agreement is in the public interest.

6. <u>Commission Discussion and Findings</u>. Settlements presented to the Commission are not ordinary contracts between private parties. *U.S. Gypsum v. Ind. 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 Coal. Of Ind., Inc. 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 Coal*., 664 N.E.2d at 406.

The Commission is not required to accept a settlement simply because the parties have agreed to it, and agreements must still be supported by probative evidence. *Id.* Further, any Commission decision, ruling, or order, including the approval of a settlement, must be supported by specific findings of fact and sufficient evidence. *U.S. Gypsum*, 735 N.E.2d at 795 (citing *Citizens Action Coal. of Ind., Inc. v. Pub. Serv. Co. of Ind, Inc.*, 582 N.E.2d 330, 331 (Ind. 1991)). The Commission's procedural rules require that settlements be supported by probative evidence, 170 IAC 1-1.1-17(d). Before the Commission can approve the Settlement Agreement, the Commission must determine what evidence in this Cause supports the conclusion that the Settlement Agreement is reasonable, just, and serves the public interest.

Relevant to this inquiry is Ind. Code § 8-1.5-3-8, which governs the rates of municipal water utilities. Ind. Code § 8-1.5-3-8 requires that a water utility furnish reasonably adequate services and facilities and that the utility's rates and charges be nondiscriminatory, reasonable, and just. Specifically, rates and charges must be enough to pay for (1) all legal and other expenses incident to the utility's operation, (2) a sinking fund for the liquidation of bonds or other obligations, (3) debt service reserve, (4) working capital, (5) extensions and replacements to the extent not provided for through depreciation, and (6) taxes.

In this Cause, the Parties have presented a Settlement Agreement that adjusts the Utility's rates and charges to generate sufficient funds to issue bonds, pay for the Utility operation and maintenance expenses, and complete certain capital improvements. In addition, the Settlement Agreement provides additional revenues to the Utility to maintain its standards of service and maintenance while diffusing the impact of the rate increase over three phases.

The evidence of record indicates that the Parties have provided the Commission with sufficient information to determine that the public interest can best be served by approving the Settlement Agreement. As explained by Mr. Eschweiler in his settlement testimony, the rates and charges agreed upon in the Settlement Agreement will provide sufficient funds for effective utility operation and is less of a rate adjustment than what the Utility could support. Under the circumstances of this case, we find this to be in the public interest and in support of approval of the Settlement Agreement.

The Commission finds that the Settlement Agreement reflects a 5% increase in Phase I—an amount of $3,225,000. However, both the text of the Settlement Agreement itself and some of the witnesses' testimony confuse the actual amount of the Phase 1 increase via an apparent typo of $3,255,000 inconsistent with the requested 5% increase. *Compare* Pet. Ex. 18, p. 9 (noting $3,225,000 increase for Phase I); Pet. Ex. 12, pp. 11, 27 (same); Pet. Ex. 13, pp. 14, 60, 83 (same) *with* Pet. Ex. 18, p. 2 (claiming $3,255,000 Phase I increase, but including conflicting cumulative amount of increase and percentage); Pet. Ex. 17, pp. 1–2 (same). The Commission approves the Settlement Agreement only insofar as the Parties agree on the 5% increase of $3,225,000, notwithstanding the typographical error.

In approving the Settlement Agreement, the Commission authorizes the Utility to increase its rates and charges to produce annual revenues of $10,338,500—approximately 15.75% over the Utility's current revenues at existing rates. As proposed by the Settling Parties to mitigate the

impact on customers, the Commission authorizes the implementation of the increase in three phases:

- Phase I, a 5% across-the-board increase to be effective upon issuance of this Order, constitutes about a $3,225,000 increase over current revenues at existing rates;
- Phase II, another 5% across-the-board to be effective twelve months after Phase I, constitutes approximately a $3,454,800 increase over Phase I revenues; and
- Phase III, another 5% across-the-board increase to be effective twelve months after Phase II, constitutes about a $3,658,700 increase over Phase II revenues.

The table below summarizes the revenues set forth in the Settlement Agreement.

Annual Revenue Requirements	**Phase I**	**Phase II**	**Phase III**
Operating and Maintenance Expenses	$ 36,679,000	$ 36,679,000	$ 36,679,000
Debt Service	16,368,500	18,854,800	19,152,300
Debt Service Reserve	494,400	557,900	589,500
Commercial Loans	1,199,400	1,091,100	957,900
Payment in Lieu of Taxes	4,082,600	4,082,600	4,082,600
Replacements and Improvements	12,220,000	14,137,500	18,230,300
Total Annual Revenue Requirements	71,043,900	75,402,900	79,691,600
Less Other Sales	(898,800)	(898,800)	(898,800)
Charges (private)	(60,900)	(60,900)	(60,900)
Connection Fees	(53,900)	(53,900)	(53,900)
Engineering Fees	(48,600)	(48,600)	(48,600)
Scrap Metal Sales	(60,100)	(60,100)	(60,100)
Interest Income	(2,229,000)	(1,783,200)	(1,783,200)
Net Annual Revenue Requirements	$ 67,692,600	$ 72,497,400	$ 76,786,100
Annual Revenues:			
Metered Revenues, Sales for Resale, and Interdepartmental Sales	54,183,700	54,183,700	54,183,700
Fire Protection Revenues	8,034,600	8,034,600	8,034,600
Forfeited Discounts	1,349,300	1,349,300	1,349,300
Revenue from Phases Increases	-	3,225,000	6,679,800
Revenue from Customer Growth	900,000	2,250,000	2,880,000
Total Annual Operating Revenues	$ 64,467,600	$ 69,042,600	$ 73,127,400
Additional Revenues Required	$ 3,225,000	$ 3,454,800	$ 3,658,700
Across-the-Board Rate Increases	5%	5%	5%

Further, the Settling Parties also agreed that the cost-of-service study performed by the Utility and reflected in its new base rates is accepted by both Settling Parties. Accordingly, the Commission finds the cost-of-service study to be just, reasonable, and supportive of our conclusion that the Settlement Agreement serves the public interest.

In addition, the Commission finds Fort Wayne's request to issue long-term debt to fund capital expenditures is reasonable and necessary for Fort Wayne to provide adequate and efficient water service. Mr. Schipper explained the projects in the CIP and Fort Wayne's prioritization of repairing and replacing older assets to provide safe and efficient service to its customers. Additionally, Mr. Dellinger testified that the OUCC agrees that Fort Wayne's proposed projects are reasonable and necessary. Accordingly, the evidence reflects that the proposed capital improvements to Fort Wayne's system are necessary to maintain it in good working order and are in the public interest. Therefore, the Commission finds that Fort Wayne is authorized to issue long-term debt in an amount not to exceed $70,862,000 at an interest rate not to exceed seven percent, as more particularly set forth in the Settlement Agreement.

Under Ind. Code § 8-1.5-2-19(b), when a municipality issues debt, it must show that the rates and charges will provide sufficient funds for the operation, maintenance, and depreciation of the utility, and to pay the principal and interest of the proposed bond issue together with a surplus or margin of at least 10% in excess. Using the rates authorized herein and as set forth in the Settlement Agreement, the Commission finds that Fort Wayne will meet the standard under Ind. Code § 8-1.5-2-19(b) and, therefore, certifies that the Utility's authorized rates and charges provide sufficient funds for the utility's operation, maintenance, depreciation, and payment of the principal and interest of the proposed bond issue, together with a surplus or margin of at least 10% in excess.

Accordingly, the Commission finds that the Settlement Agreement represents a reasonable resolution in this Cause that balances Fort Wayne's need to collect sufficient revenues with the interest of its customers for mitigation of the rate impact over multiple phases. Therefore, the Commission finds the Settlement Agreement should be approved in its entirety.

The Settling Parties agreed that the Settlement Agreement should not be used as precedent in any other proceeding or for any other purpose, except to the extent necessary to implement or enforce its terms. As always, the Commission retains "flexibility to determine the appropriateness of the use of prior Commission action on a case-by-case basis," and declines the Settling Parties' invitation to add constraints to the Commission's future actions in this Order. *Richmond Power & Light*, Cause No. 40434, 1997 WL 34880849 at *8 (IURC Mar. 19, 1997).

7. Confidentiality. Fort Wayne filed its Motion for Protection and Nondisclosure of Confidential and Proprietary Information on October 17, 2025, related to information claimed to be trade secrets and protected from disclosure under Ind. Code §§ 24-2-3-2 and 5-14-3-4(a)(4). On October 30, 2025, the Presiding Officers permitted the filing of information with preliminary confidentiality protections from disclosure under Ind. Code §§ 8-1-2-29 and 5-14-3-4.

The Utility has designated several categories of information as Confidential Information:

- details and summaries of bills, rates, revenues, and changes attributable to specific corporate customers, as well as some totals to prevent reverse calculation of redacted information (Pet. Ex. 13, pp. 31, 38–39, 46, 53–55, 59, 62, 69, 76–78, 82, 85, 92, 99–101, 105)

- a category of customers within the Utility's revenue requirement accounting totaling 3.27% or $2,213,917 of the total net revenue requirement of $67,692,570 (Pet. Ex. 14, p. 19)
- the increase in usage from an anticipated new large volume customer (Pet. Ex. 14, p. 23)
- a customer name within the description of operating revenues and contract industrial rates included in workpapers (Pet. Ex. 16, p. 50.)
- information within the workpapers regarding large load customers' use and bills (Pet. Ex. 16, pp. 53–55, 57–59, 61–64, 71, 79–82)

In the public comments submitted by the OUCC, Jorge Fernandez noted:

> 'trade secret' likely doesn't make sense ,[*sic*]because a company using more water might be because of increasing business activity or utilization, which would probably be perceived by investors as good, but lower water usage could also be due to increase[d] water use efficiency, which it is hard to see how that would not also be considered by investors as good; so it is hard to see what benefit this offers the company to hide amount used from other businesses if level of detailed explanation is low.

Public Exhibit 1-S, "Consumer Comments," p. 21. This public comment points to a larger issue facing the Commission on the tradeoff between the potential economic value of secrecy for large volume customers' rate and usage data and the data needs for public accountability.

In support of confidentiality, the Utility's witness Mr. Eschweiler testified that the Confidential Information relates to two specific customers of the Utility: General Motors and a global technology company's data center. He further testified that the Utility has both a "prior order" and "contractual obligations" that require it to keep the Confidential Information from the public, though the specific contract or order providing this requirement was not disclosed. Mr. Eschweiler also asserted that the Confidential Information could not be discovered by independent research by other parties, and that the Confidential Information "would be economically valuable to competitors" of the Utility's customers. Affidavit of Mitchell Eschweiler, ¶ 6.

The Commission finds Mr. Eschweiler's sworn testimony supports protections for the water usage and water rates, both of which could reveal ongoing bargains made and resources needed by specific customers of the Utility operating in highly competitive environments. *See also, e.g.*, *Fort Wayne*, Cause No. 44162 at 10 (IURC Oct. 17, 2012) (noting valuable nature of inputs into industrial processes). Accordingly, the Commission finds that most of the Confidential Information qualifies under Ind. Code § 8-1-2-29 and Ind. Code ch. 5-14-3, is exempt from public access and disclosure by Indiana law, and will continue being held by the Commission as confidential and protected from public access or disclosure.

However, the Commission does not find that the percentage of change in rates in this proceeding—redacted from the Report, Petitioner's Exhibit 13—could be reasonably considered a protectable trade secret; there should be no inherent value in the percentages of rate changes attributed to an order of this Commission (as opposed to the use and cost information relevant to

the customers' respective businesses and operations). Further, the rate of these customers' changes in use and associated costs seem the quintessential type of data point needed for "full and complete information regarding the affairs of government" fundamental to the purposes behind Indiana's Access to Public Records Act. *See* Ind. Code § 5-14-3-1. Indeed, these data suggest to the Commission that the Settlement Agreement does not contain inequities hidden behind a veil of confidentiality; the percentages of changes applicable to these customers do not deviate significantly from the percentages applicable to other categories of those receiving utility services from the Utility.

Accordingly, the Commission finds that the Utility has failed to sufficiently support that the following percentage changes within the Confidential Information qualify as trade secrets:

Petitioner's Exhibit	Page	Description
13	55	Decrease of normalized revenue under existing rates
13	55	Variance between adjusted revenues and cost of service
13	59	Percentage change between current and proposed rates
13	78	Increase of normalized revenue under existing rates
13	78	Variance between adjusted revenues and cost of service
13	82	Percentage change between current and proposed rates
13	101	Increase of normalized revenue under existing rates
13	101	Variance between adjusted revenues and cost of service
13	105	Percentage change between current and proposed rate

The Commission directs the Utility to, concurrently with its new schedule of rates and charges, include a compliance filing with the above chart with these nine percentages from Exhibit 13 or, in the alternative, re-file the public version of Exhibit 13 without these nine redactions.

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

1. The Settlement Agreement is approved entirely as discussed in this Order.

2. The Utility is authorized to increase its rates and charges for water service in three Phases with the increase for Phase I constituting a 5% increase over current revenues, effective upon receipt of this Order; Phase II constituting a 5% increase over Phase I revenues, effective twelve months after Phase I; and Phase III constituting a 5% increase over Phase II revenues, effective twelve months after Phase II.

3. Prior to implementing the rate increases herein, the Utility shall file new schedules of rates and charges under this Cause for approval by the Commission's Water/Wastewater Division in a manner consistent with this Order and the Commission's rules for filing such schedules. These schedules, once approved by the Water/Wastewater Division, shall be effective on or after the Order date.

4. The Utility is granted authority to issue additional long-term debt in one or more issues through the SRF Program, pursuant to competitive sale, or private placement at or below

competitive market rates and in principal amount not to exceed $70,862,000 and a 7% interest rate, consistent with the terms and conditions of the Settlement Agreement and this Order.

5. Concurrent with its new schedules of rates and charges, the Utility is directed to re-file Exhibit 13 or a compliance filing including the percentages not granted continuing confidentiality protections by the Commission as discussed in this Order. The remaining Confidential Information submitted under seal in this Cause pursuant to the Utility's request for confidential information is determined to be confidential trade secret information as defined in Ind. Code § 24-2-3-2 and shall continue to be held as confidential and exempt from public access and disclosure under Ind. Code §§ 8-1-2-29 and 5-14-3-4 in future proceedings by the Commission.

6. In accordance with Ind. Code § 8-1-2-70, Petitioner shall pay the following itemized charges within 20 days from the date of the Order into the Commission public utility fund account described in Ind. Code § 8-1-6-2, through the Secretary of the Commission, as well as any additional costs that were incurred in connection with this Cause:

Commission Charges:	$ 4,406.40
OUCC Charges:	$ 7,243.97
Legal Advertising Charges:	$ 88.29
Total:	$11,738.66

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

ZAY, DEIG, VELETA, AND ZIEGNER CONCUR; SWINGER NOT PARTICIPATING:

APPROVED: JUN 17 2026

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

Regina K. Joyner

Digitally signed by Regina K. Joyner
Date: 2026.06.17 10:57:57 -04'00'

on behalf of

Dana Kosco
Secretary of the Commission