

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

JOINT PETITION OF THE TOWN OF)
SELLERSBURG AND RIVERSIDE WATER)
COMPANY, INC. FOR APPROVALS IN) CAUSE NO. 44377
CONNECTION WITH THE PROPOSED)
TRANSFER OF CERTAIN WATER UTILITY) APPROVED:
ASSETS TO THE TOWN OF SELLERSBURG)

OCT 23 2013

ORDER OF THE COMMISSION

Presiding Officers:

Larry S. Landis, Commissioner

Loraine L. Seyfried, Chief Administrative Law Judge

On August 5, 2013, the Town of Sellersburg ("Sellersburg") and Riverside Water Company, Inc. ("Riverside") (together, "Joint Petitioners") filed a Joint Petition with the Indiana Utility Regulatory Commission ("Commission"). The Joint Petition requested approvals relating to the acquisition of Riverside's water utility assets by Sellersburg and, upon consummation of that transfer, to allow Riverside to cease operations following the satisfaction of its creditors from the sale proceeds, and to close the Commission's investigation of Riverside under Cause No. 44232. Concurrent with their Joint Petition, Riverside pre-filed the testimony and exhibit of David J. Stinson and Sellersburg pre-filed the testimony and exhibits of Ken Alexander.

On August 6, 2013, First Savings Bank and New Washington State Bank (collectively "the Banks") filed an unopposed petition to intervene, which was granted by docket entry dated August 13, 2013. On August 14, 2013, Indiana American Water Company, Inc., ("IAWC") filed an unopposed petition to intervene, which was granted by docket entry dated September 3, 2013.

On September 18, 2013, Joint Petitioners filed a Notice of Settlement and Request to Schedule Final Hearing notifying the Commission that they had reached a settlement with the Banks, IAWC and the Indiana Office of Utility Consumer Counselor ("OUCC"). The Joint Stipulation and Settlement Agreement and a proposed form of order were also filed by the parties. Riverside also filed a list of accounts payable as of August 31, 2013. Pursuant to notice as required by law, a public hearing was conducted to consider the proposed settlement on October 11, 2013, at 10:00 a.m. in Room 224 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. At the hearing, Joint Petitioners offered without objection their pre-filed testimony and evidence into the record, along with the Joint Stipulation and Settlement Agreement. The parties waived cross-examination of the witnesses and no members of the general public appeared or sought to participate.

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

1. **Notice and Commission Jurisdiction.** Proper notice of the evidentiary hearing in this Cause was given as required by law. Riverside is a “public utility” as that term is defined in Ind. Code § 8-1-2-1. Pursuant to Ind. Code § 8-1-2-83, the Commission has jurisdiction over a public utility’s sale or transfer of its utility system. Therefore, the Commission has jurisdiction over Riverside and the subject matter of this Cause.

2. **Joint Petitioners’ Characteristics.** Riverside, which owns and operates a private water system in Clark County, Indiana, is an investor owned water utility with the corporate power and authority to engage in the business of providing water service in Indiana pursuant to prior authorization by the Commission. Riverside is a public utility furnishing water service to approximately 1,186 residential customers, ten commercial customers, two public authority customers, and 15 multiple family customers.

Sellersburg is a municipality in Clark County, Indiana, that owns and operates its own water, wastewater, and storm water utilities and is engaged in such service in the corporate limits of Sellersburg, Indiana. Its water utility serves approximately 3,670 customers. On December 8, 2008, Sellersburg withdrew its water utility from Commission jurisdiction over its rates and charges and financing.

3. **Relief Requested.** The Joint Petitioners have requested that the Commission:

- a. Approve the transfer of Riverside’s water utility assets to Sellersburg as provided in the Asset Purchase Agreement between Sellersburg and Riverside;
- b. Require the proceeds from the sale of Riverside’s water utility assets to be placed in an escrow account to satisfy Riverside’s creditors as provided in the Asset Purchase Agreement between Sellersburg and Riverside;
- c. Close the investigation of Riverside under Cause No. 44232 upon notice by Riverside of the closing of the proposed transaction described in the Asset Purchase Agreement between Sellersburg and Riverside; and,
- d. Make such other and further orders as may be appropriate and proper.

4. **Joint Petitioners’ Direct Evidence.** Sellersburg and Riverside jointly presented the testimony and exhibits constituting their case-in-chief. The Joint Petitioners provided the testimony and exhibits of David J. Stinson, President of Riverside, and Ken Alexander, the Municipal Works Department Director of Sellersburg.

a. **David J. Stinson Testimony.** Mr. Stinson testified to the reasons Riverside decided to sell its assets; described the Asset Purchase Agreement between Sellersburg and Riverside; and explained why the Commission should find that this transaction with Sellersburg is in the public interest.

Mr. Stinson testified while he and his wife have owned and operated Riverside since 1996, he has been personally involved in the operation of the water utility for more than forty years. He stated that after many years of operation and due to what he maintained were the increasing

challenges of the current regulatory environment, Riverside decided to consider offers to purchase its water utility assets. On March 4, 2013, Riverside issued a request for proposal, which was filed with the Commission under Cause No. 44232, to obtain offers. Mr. Stinson testified to Riverside's desire to find a buyer through the competitive request for proposal process who would be able to: own, operate, and maintain all aspects of the water utility in a manner that ensures continued quality service to Riverside's customers at reasonable rates; purchase substantially all of the assets of Riverside so that Riverside could satisfy its creditors and allow Riverside to receive some value for its utility assets; and satisfy any regulatory approvals necessary to complete the sale, including the resolution of all pending matters before the Commission.

Mr. Stinson testified that, on May 1, 2013, Riverside entered into exclusive negotiations with Sellersburg to purchase Riverside's water utility assets. Mr. Stinson explained that the Commission should find this transaction to be in the public interest for several reasons. First, Sellersburg has operated its utilities for decades, has the ability to prudently and safely operate Riverside's water utility assets, and will provide water service to Riverside residents at reasonable rates. Mr. Stinson noted that acquisition of Riverside by Sellersburg will preserve local ownership and keep those accountable for furnishing water service accessible to their customers. In addition to these benefits, Mr. Stinson noted that Riverside and Sellersburg's water utility are already interconnected and, for more than a year, Riverside has received one hundred percent (100%) of its water supply from Sellersburg's water utility. Mr. Stinson further explained that the Sellersburg purchase provides the best opportunity for Riverside to satisfy its creditors and to resolve the issues of concern raised in the Commission's investigation in Cause No. 44232.

Mr. Stinson also sponsored Joint Petitioners' Exhibit DS-1, the Asset Purchase Agreement between Sellersburg and Riverside ("APA"). Mr. Stinson described the major elements of the APA, including the transfer of Riverside's water utility assets to Sellersburg, the purchase price to be paid by Sellersburg, various reductions from the purchase price to be made as a result of amounts owed by Riverside to Sellersburg, and Riverside's retention of all liabilities.

Mr. Stinson testified that Riverside has considerable debt, and explained that Section 5 of the APA is intended to make clear that Riverside intends to satisfy its obligations. Mr. Stinson expressly requested that the Commission order the proceeds to be placed in an escrow account to satisfy Riverside's named largest creditors as provided in the APA. He also noted that pursuant to the APA, the closing is to occur no later than November 1, 2013, or either party may terminate the agreement. He explained the parties believed this date reasonable given the Commission's investigation in Cause No. 44232, the need to satisfy Riverside's creditors, and the benefits of having the transaction completed prior to Sellersburg's new fiscal year.

Mr. Stinson pointed out that Riverside contracts out various services and their responsibilities can be smoothly transitioned to Sellersburg. He further testified that they expected no interruptions in service to customers and although the rates charged to Riverside's customers will increase, the increase is less than that previously requested by Riverside in Cause No. 44089. Mr. Stinson testified that upon transfer of the utility assets to Sellersburg, Riverside will cease operation of the utility, and liquidate and dissolve at an appropriate later time.

In response to questions from the Bench, Mr. Stinson indicated that the note receivable from David J. Stinson & Associates remains outstanding to Riverside.

b. **Ken Alexander Testimony.** Mr. Alexander, the Municipal Works Director of Sellersburg, explained Sellersburg's reasons for deciding to acquire Riverside's water utility assets, described and sponsored the Town Council's ordinance approving the APA, and explained Sellersburg's capabilities to manage Riverside's water utility assets.

Among the reasons that Sellersburg decided to acquire Riverside's water utility assets, Mr. Alexander explained that with a larger water utility, Sellersburg expects to be able to spread its management costs over a larger number of customers to stabilize costs and defer the need of later rate increases while improving the combined system infrastructure. Mr. Alexander also noted that the infusion of Riverside's customers along with available growth potential presented by Riverside's service area benefitted Sellersburg's current and future customers. In addition, Sellersburg recognized that Riverside likely would not be able to make payment on the debt owed to Sellersburg for water provided unless Riverside was able to sell the utility. Mr. Alexander also noted that the transaction could be structured so that Sellersburg will not assume Riverside's liabilities with the asset transfer.

With regard to due diligence, Mr. Alexander testified that Sellersburg retained independent engineering and financial professionals to prepare reports concerning Riverside. *See* Joint Petitioners' Exhibits KA-1 and KA-3. Mr. Alexander recounted a number of public meetings where the Town Council discussed the potential acquisition. He stated that Sellersburg took more time to review Riverside's operations than it originally planned, but the Town Council ultimately approved the acquisition of Riverside by ordinance dated July 22, 2013 in accordance with the terms of the APA. *See* Joint Petitioners' Exhibit KA-2.

Mr. Alexander testified that Sellersburg intends to issue tax-exempt municipal bonds to finance the acquisition and other related transaction costs with the assistance of independent, qualified financial and legal advisors. He stated that the rates and charges Sellersburg intends to adopt will be sufficient to cover the debt service and other revenue requirements necessary to provide water utility service. Based upon Sellersburg's independent financial analyst's report, he said that Sellersburg can charge a residential rate of \$27.00 per month, which Sellersburg intends to apply to all of its customers, including those who are former customers of Riverside.

With respect to Sellersburg's capabilities to own, operate, and maintain the Riverside water utility assets, Mr. Alexander testified to his experience managing Sellersburg's water, wastewater, and storm water utilities, and his more than 25 years of expertise in business and financial analysis, accounting, and labor relations. He noted that Sellersburg has safely and prudently operated its water, sewer and storm utilities since their construction in the early 1900s. Mr. Alexander stated that Sellersburg expects the transition to be seamless for customers as Sellersburg already provides water to Riverside. He explained that Sellersburg has the ability to operate Riverside's water utility assets by combining the operations and maintenance of the two systems to ensure it has sufficient personnel and equipment to provide quality service. Sellersburg currently has 21 employees working for the water utility, with an average length of employment of 30 years, and all the necessary equipment to continue service to Riverside's customers.

5. **Joint Stipulation and Settlement Agreement (“Settlement”)**. The Settlement, a copy of which is attached and incorporated herein, provides that the parties agree the Commission should approve as in the public interest the proposed transfer of Riverside’s water utility to Sellersburg in accordance with the APA. The parties agree to the satisfaction of certain creditor claims from the proceeds deposited in escrow pursuant to Section 5 of the APA, and the subsequent negotiation and execution of separate release agreements. The Settlement also addresses the payment of Riverside’s debts and taxes due and owing, with a requirement that Riverside notify the Commission if certain creditor claims are not paid within forty-five (45) days from the Closing Date. The parties also agree that upon closing and consummation of the transaction, the Commission should cancel any certificates of necessity held by Riverside and close its investigation currently pending in Cause No. 44232. Finally, Sellersburg agrees to exercise good faith reasonable efforts to not increase end-use customer rates for a period of one year from the date of issuance of an order in this Cause.

6. **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 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 Coalition*, 664 N.E.2d at 406.

Further, 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 of Ind., Inc. v. Public Service Co. of Ind., Inc.*, 582 N.E.2d 330, 331 (Ind. 1991)). The Commission’s own procedural rules require that settlements be supported by probative evidence. 170 IAC 1-1.1-17(d). Therefore, before the Commission can approve the Settlement Agreement, we must determine whether the evidence in this Cause sufficiently supports the conclusions that the Settlement Agreement is reasonable, just, and consistent with the purpose of Indiana Code ch. 8-1-2, and that such agreement serves the public interest.

As background for developments which ultimately led to the filing of the Joint Petition in this Cause, we note that in August 2012, the Commission commenced an investigation into the financial, operational and managerial capacity of Riverside. The Commission initiated its investigation based upon the evidence presented in Cause No. 44089, wherein we found that: (1) Riverside had once again entered into long-term debt without first seeking Commission approval in violation of prior Orders and the law; (2) Riverside’s financial condition was of concern because its long-term debt likely exceeded its fair value¹ and its current rates were insufficient to meet its financial obligations; and (3) the evidence indicated the existence of several operational and managerial deficiencies, including the failure to properly maintain utility property and loaning

¹ Pursuant to Ind. Code § 8-1-4-1, the Commission is prohibited from approving financing by a public utility if the total amount exceeds the fair value of the utility property.

utility funds to its affiliate David J. Stinson & Associates without a written agreement thereby impairing the financial condition of Riverside. See *Commission Investigation of Riverside Water Co., Inc.*, Cause No. 44232, Investigation Order, (IURC Aug. 8, 2012); *Riverside Water Co., Inc.*, Cause No. 44089 (IURC July 11, 2012). On February 11, 2013, Riverside sought an extension of the established procedural schedule in Cause No. 44232 to allow it the opportunity to explore a sale of the utility. As a result of the filing of the Joint Petition in this Cause, the Commission's investigation in Cause No. 44232 is being held in abeyance pending the outcome of this proceeding.

The parties herein seek Commission approval of a settlement that provides for the sale of Riverside's water utility system assets to Sellersburg in accordance with the APA. The evidence presented by the Joint Petitioners demonstrates that Sellersburg is prepared to render quality water service without loss of continuity of service to Riverside's customers. The evidence demonstrates that Sellersburg has historically managed and operated its water, sewer and storm water utilities in a reasonably safe and prudent manner, and is capable of similarly managing and operating Riverside's water utility system. The water systems of Sellersburg and Riverside are already interconnected, with Sellersburg serving as the sole source of water to Riverside. Consequently, Joint Petitioners expect the transition in service to be seamless.

Sellersburg will obtain adequate funding to finance the purchase of Riverside through the issuance of tax-exempt municipal bonds. Pursuant to the Settlement, the purchase price will allow Riverside to satisfy the claims of all of its creditors in accordance with the process established in the APA. Although Sellersburg expects it will need to increase rates in the future by approximately 43%, it intends to apply the same rates to all of its customers, including those who are former customers of Riverside. We also note that the expected increase is significantly less than the rate increase proposed by Riverside for Commission approval in Cause No. 44232.

In light of our concerns about Riverside's substantial debt and operational deficiencies, we find that the evidence presented by Joint Petitioners demonstrates that the proposed sale of Riverside's water utility to Sellersburg is reasonable and in the public interest. Sellersburg has the financial, technical and managerial capabilities to operate Riverside's system and the proposed transaction will result in the continued provision of reasonably adequate water utility service to the current customers of Riverside. Riverside has also agreed that it will not engage in water utility service within a ten (10) mile radius of Sellersburg for a period of at least three (3) years from the Closing Date.

However, because neither the APA nor the Settlement addresses the substantial, and still outstanding, loan made by Riverside to David J. Stinson & Associates, we find it is essential that the utility close with all financial issues resolved, including all debts owing and all notes receivable. The Settlement provides for resolution of the debts, but not for collection of the notes receivable. Accordingly, the Commission approves the transfer of Riverside's water utility system to Sellersburg in accordance with the terms of the APA and the Settlement provided Riverside resolves all of its outstanding financial issues.

Upon Riverside's notification to the Commission of closing and consummation of the transfer of assets to Sellersburg, Riverside's authority to operate as a public utility shall terminate. Further, while there were significant issues warranting review of Riverside's operations, we find

that effective with the transfer of Riverside's water utility assets to Sellersburg, the reasons for the review under Cause No. 44232 are moot. However, should Riverside, or any of its members, officers, directors or affiliates, decide to own, operate or otherwise engage in public utility service in the future, other than through ownership of stock and/or bonds issued by publicly traded utilities, Commission approval shall be required prior to engaging in such service in accordance with Ind. Code ch. 8-1-2, conclusively demonstrating sufficient technical, managerial and financial capabilities to engage in such service exist, and addressing the steps taken to ensure the issues raised by the Commission in Cause Nos. 44089 and 44232 do not reoccur.

7. **Non-Precedential Effect of Settlement.** The Parties stipulated that the Agreement shall not be used as an admission or as precedent against the signatories thereto, except as necessary to enforce its terms. With regard to future citation of the Agreement, we find 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 Joint Stipulation and Settlement agreement is hereby approved, as modified herein.

2. Riverside is authorized to transfer its water utility assets to Sellersburg in accordance with the terms of the Asset Purchase Agreement and Joint Stipulation and Settlement, provided Riverside resolves all of its outstanding financial issues.

3. Cause No. 44232 shall continue to be held in abeyance pending notice to the Commission by Riverside in this Cause of the closing and ultimate consummation of the transaction between Sellersburg and Riverside in accordance with the Asset Purchase Agreement. Upon such notice, the Commission will close Cause No. 44232 and Riverside's authority to operate as a public utility shall terminate.

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

ATTERHOLT, BENNETT, LANDIS, MAYS AND ZIEGNER CONCUR:

APPROVED: OCT 23 2013

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


Brenda A. Howe,
Secretary to the Commission

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

JOINT PETITION OF THE TOWN OF)
SELLERSBURG AND RIVERSIDE WATER)
COMPANY, INC. FOR APPROVALS IN) CAUSE NO. 44377
CONNECTION WITH THE PROPOSED TRANSFER)
OF CERTAIN WATER UTILITY ASSETS TO)
THE TOWN OF SELLERSBURG)

JOINT STIPULATION AND SETTLEMENT AGREEMENT

The Town of Sellersburg ("Sellersburg"), Riverside Water Company, Inc. ("Riverside"), the Office of Utility Consumer Counselor (OUCC), First Savings Bank, New Washington State Bank (collectively the "Joining Parties") and Indiana-American Water Company, Inc. (IAWC), stipulate and agree for purposes of resolving the issues in this Cause to the terms and conditions set forth below.

1. The Joining Parties agree that the Commission should find the proposed transfer of Riverside's water utility assets to Sellersburg, as more specifically described in the Asset Purchase Agreement between Sellersburg and Riverside identified as Joint Petitioners' Exhibit DS-1 in the above captioned cause (the "APA"), to be in the public interest. IAWC will not oppose Joint Petitioners' requested relief in this Cause.

2. The Joining Parties agree that the Commission should approve the requested transfer of Riverside's water utility assets to Sellersburg in accordance with the APA, and will not oppose Joint Petitioners' request that the Commission issue its order as expeditiously as possible. IAWC will not oppose Joint Petitioners' requested relief in this Cause.

3. The Parties agree that, consistent with Section 5 of the APA, Sellersburg will directly deposit the Purchase Price (as that term is defined in the APA) net only the reductions provided in Section 3 of the APA (hereinafter the "Net Proceeds"), into an escrow account at The Farmers Bank (which is a bank unaffiliated with this Cause). The Net Proceeds shall be the only funds deposited into the Escrow Account. After the Net Proceeds are deposited into the escrow account and upon receipt of an executed release as provided in Paragraph 4, Riverside shall satisfy the claims of its creditors, including specifically the following creditors for the following respective amounts:

- a. First Savings Bank: \$481,338.82
- b. New Washington State Bank: \$198,471.36
- c. IAWC: \$106,785.27

4. Following the filing of this executed agreement by all parties, Riverside shall negotiate and execute separate release agreements with (1) First Savings Bank, (2) New Washington State Bank, and (3) IAWC (each individually a "Creditor Party"). Each such release agreement will provide that payment be made by Riverside from the Escrow Account on the Closing Date (as those terms are defined in the APA) to each Creditor Party in the amount listed in the preceding paragraph and that, upon such payment, all claims between the parties to each such release agreement will be contemporaneously released with the prompt filing by the Creditor Party of a motion to dismiss with prejudice, notice of satisfaction of judgment, and/or any other filing necessary to bring any pending related lawsuit to conclusion. An executed copy of each release contemplated by this paragraph shall be filed with the Commission prior to the final hearing with copy served on the OUCC and other parties to this proceeding.

5. Riverside shall file a list of its accounts payables as of August 31, 2013 contemporaneously with the filing of this Joint Stipulation and Settlement Agreement. In addition to the payments required in Paragraph 3, Riverside shall pay all bona fide debts due and owing as of August 31, 2013 on the Closing Date. Furthermore, Riverside shall also pay the State of Indiana and Clark County on the Closing Date for any taxes due and owing as September 30, 2013. If, after forty-five (45) days from the Closing Date, Riverside has (1) any taxes owed to the State of Indiana or Clark County for any taxes due and owing as of September 30, 2013, or (2) any bona fide debt that was assumed prior to August 31, 2013, still unpaid, Riverside shall notify the Commission of the name of the creditor, the amount of the debt, and the reasons that debt remains unpaid.

6. Except as contemplated in Paragraph 4, the Joining Parties and IAWC agree to take no further action in, and if necessary agree to a stay of, any pending legal proceeding (other than this Cause) relating to Riverside, and the Joining Parties and IAWC agree to not initiate any new legal proceeding against Riverside with respect to the issues pending in this Cause; however, this provision shall not prevent any party from enforcing the terms of this Joint Stipulation and Settlement Agreement.

7. Upon closing and final consummation of the transactions contemplated by the APA and this Joint Stipulation and Settlement Agreement, and following delivery of written notice thereof by Riverside to the Commission, the Parties agree that the Commission should cancel any certificates of necessity presently held by Riverside for the provision of water service and close Cause No. 44232.

8. The Joining Parties acknowledge that Sellersburg does not currently anticipate additional rate increases for water service over what is contemplated in the testimony of Mr. Alexander and the financial report entered into evidence as Exhibit KA-3. Subject to any terms, conditions or covenants of its bond ordinance, indenture documents, or agreements with any lenders or with the Indiana Bond Bank, or except in the case of an emergency, Sellersburg agrees to exercise good faith reasonable efforts to not increase end-user customer rates for a period of one (1) year from the date of the issuance of an Order in this proceeding.

9. In support of the settlement, the Joining Parties and IAWC stipulate to the admission into evidence in this Cause the prepared Direct Testimony and Exhibits of Joint Petitioners filed with the Commission on August 5, 2013. The Joining Parties and IAWC further agree to waive cross-examination of Joint Petitioners' Direct Testimony. The Joining Parties and IAWC shall not offer any further testimony or evidence in this proceeding other than this Joint Stipulation and Settlement Agreement, other evidence necessary to support the terms of this Joint Stipulation and Settlement Agreement, or as may be requested or directed by the Commission.

10. The Joining Parties stipulate and agree that the evidentiary material already filed in this Cause constitutes sufficient evidentiary basis for the issuance of an order by the Commission adopting the terms of this settlement and granting the relief as requested by the Joint Petitioners. IAWC will not oppose Joint Petitioners' requested relief in this Cause.

11. The Joining Parties stipulate and agree to the issuance by the Commission of a proposed final order in the form submitted contemporaneously with this Joint Stipulation and Settlement Agreement. IAWC will not object to the form of proposed final order submitted contemporaneously herewith by the Joining Parties.

12. With the execution of this Joint Stipulation and Settlement Agreement, the Joining Parties and IAWC agree to join Riverside in requesting a final hearing in this Cause as soon as reasonably available on the Commission's calendar.

13. The concurrence of the Joining Parties and IAWC with, or withholding of any objection to, the terms of this Joint Stipulation and Settlement Agreement is expressly predicated upon the Commission's approval of the Joint Stipulation and Settlement Agreement. If the Commission alters the settlement agreement in any material way, unless that alteration is unanimously consented to by the Joining Parties and IAWC, in writing, the Joint Stipulation and Settlement Agreement shall be deemed withdrawn, and the matter will be set expeditiously for public hearing.

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

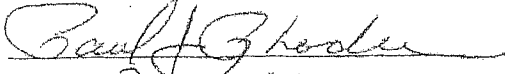
15. Sellersburg agrees and understands that the OUCC does not waive any future position it may assert with respect to Sellersburg's water utility assets should they come under Commission jurisdiction either through Sellersburg's return to Commission jurisdiction or through acquisition by another party.

16. The Joining Parties and IAWC stipulate and agree that this Settlement Agreement and the related Order shall not be construed nor be cited as precedent by any person or deemed an admission by any party in any other proceeding except as necessary to enforce its terms or the terms of the final order to be issued herein before the Commission or any court of competent jurisdiction on these particular issues and in this particular matter. This Joint Stipulation and Settlement Agreement is solely the result of compromise in the settlement process and, as provided herein, is without prejudice to and shall not constitute waiver of any position that any of the Joining Parties or IAWC may take with respect to any or all of the items resolved herein in any future regulatory or other proceeding and, failing approval by the Commission, shall not be admissible in any subsequent proceeding.

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ACCEPTED AND AGREED TO THIS 18th DATE OF SEPTEMBER 2013.

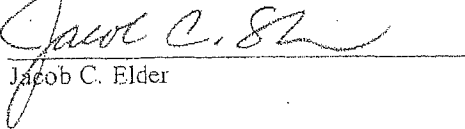
THE TOWN OF SELLERSBURG



Printed: PAUL J. RHODES

Its: COUNCIL PRESIDENT

By its counsel: *(as to form)*

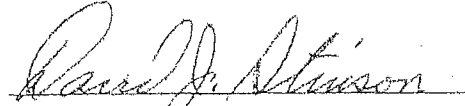

Jacob C. Elder

INDIANA OFFICE OF UTILITY
CONSUMER COUNSELOR

Printed: _____

Its: _____

RIVERSIDE WATER COMPANY, INC.



Printed: David J. Stinson

Its: President

By its counsel:


Chris W. Cotterill
FAEGRE BAKER DANIELS LLP

INDIANA-AMERICAN WATER
COMPANY, INC.

Printed: _____

Its: _____

By its counsel:

Hillary J. Close
BARNES & THORNBURG LLP

FIRST SAVINGS BANK

Printed: _____

Its: _____

NEW WASHINGTON STATE BANK

Printed: _____

Its: _____

By counsel for both First Savings Bank and New Washington State Bank:

L. Parvin Price
BOSE MCKINNEY & EVANS LLP

ACCEPTED AND AGREED TO THIS _____ DATE OF SEPTEMBER 2013.

THE TOWN OF SELLERSBURG

Printed: _____

Its: _____

By its counsel:

Jacob C. Elder

**INDIANA OFFICE OF UTILITY
CONSUMER COUNSELOR**

Printed: Daniel M. Le Vay
Its: Deputy Consumer Counselor

RIVERSIDE WATER COMPANY, INC.

Printed: _____

Its: _____

By its counsel:

Chris W. Cotterill
FAEGRE BAKER DANIELS LLP

**INDIANA-AMERICAN WATER
COMPANY, INC.**

Printed: _____

Its: _____

FIRST SAVINGS BANK

Printed: _____

Its: _____

NEW WASHINGTON STATE BANK

Printed: _____

Its: _____

By counsel for both First Savings Bank and New Washington State Bank:

L. Parvin Price
BOSE MCKINNEY & EVANS LLP

ACCEPTED AND AGREED TO THIS _____ DATE OF SEPTEMBER 2013.

THE TOWN OF SELLERSBURG

Printed: _____

Its: _____

By its counsel:

Jacob C. Elder

**INDIANA OFFICE OF UTILITY
CONSUMER COUNSELOR**

Printed: _____

Its: _____

RIVERSIDE WATER COMPANY, INC.

Printed: _____

Its: _____

By its counsel:

Chris W. Cotterill
FAEGRE BAKER DANIELS LLP

**INDIANA-AMERICAN WATER
COMPANY, INC.**

Printed: ALAN J. DEBOY

Its: PRESIDENT

FIRST SAVINGS BANK

Printed: _____

Its: _____

NEW WASHINGTON STATE BANK

Printed: _____

Its: _____

By counsel for both First Savings Bank and New Washington State Bank:

L. Parvin Price
BOSE MCKINNEY & EVANS LLP

ACCEPTED AND AGREED TO THIS _____ DATE OF SEPTEMBER 2013.

THE TOWN OF SELLERSBURG

INDIANA OFFICE OF UTILITY
CONSUMER COUNSELOR

Printed: _____

Printed: _____

Its: _____

Its: _____

By its counsel:

Jacob C. Elder

RIVERSIDE WATER COMPANY, INC.

INDIANA-AMERICAN WATER
COMPANY, INC.

Printed: _____

Printed: _____

Its: _____

Its: _____

By its counsel:

By its counsel:

Chris W. Cotterill
FAEGRE BAKER DANIELS LLP

Hillary J. Close
BARNES & THORNBURG LLP

FIRST SAVINGS BANK

NEW WASHINGTON STATE BANK

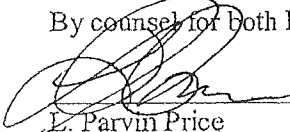
Printed: _____

Printed: *Patricia J. Galt*

Its: _____

Its: *President - CEO*

By counsel for both First Savings Bank and New Washington State Bank:



L. Parvin Price
BOSE MCKINNEY & EVANS LLP

ACCEPTED AND AGREED TO THIS _____ DATE OF SEPTEMBER 2013.

THE TOWN OF SELLERSBURG

**INDIANA OFFICE OF UTILITY
CONSUMER COUNSELOR**

Printed: _____

Printed: _____

Its: _____

Its: _____

By its counsel:

Jacob C. Elder

RIVERSIDE WATER COMPANY, INC.

**INDIANA-AMERICAN WATER
COMPANY, INC.**

Printed: _____

Printed: _____

Its: _____

Its: _____

By its counsel:

Chris W. Cotterill
FAEGRE BAKER DANIELS LLP

FIRST SAVINGS BANK

NEW WASHINGTON STATE BANK

Printed: Alan D. Shepard

Printed: _____

Its: Executive Vice President

Its: _____

By counsel for both First Savings Bank and New Washington State Bank:

L. Parvin Price
BOSE MCKINNEY & EVANS LLP