

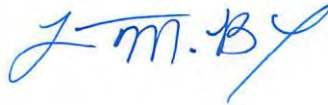
**STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION**

**PETITION OF THE CITY OF SOUTH)
BEND, INDIANA, FOR (1) AUTHORITY)
TO ISSUE BONDS, NOTES, OR OTHER)
OBLIGATIONS, (2) AUTHORITY TO) CAUSE NO. 45719
INCREASE ITS RATES AND CHARGES)
FOR WATER SERVICE, AND (3) FOR)
APPROVAL OF NEW SCHEDULES OF)
WATER RATES AND CHARGES.)**

SUBMISSION OF SETTLEMENT AGREEMENT

Petitioner, the City of South Bend, Indiana (“Petitioner”), by counsel and on behalf of itself and the Indiana Office of Utility Consumer Counselor (“OUCC”, and collectively the “Settling Parties”), respectfully submits the attached Stipulation and Settlement Agreement.

Respectfully submitted,



By: _____

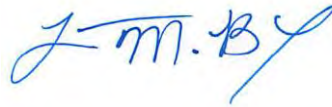
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Attorneys for Petitioner
The City of South Bend, Indiana

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing was served this 10th day of November, 2022 by electronic mail to:

Daniel LeVay
Indiana Office of Utility Consumer Counselor
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115 West Washington Street, Suite 1500 South
Indianapolis, Indiana 46204
infomgt@oucc.in.gov
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Lauren M. Box

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STIPULATION AND SETTLEMENT AGREEMENT

The City of South Bend, Indiana (“South Bend” or “City” or “Petitioner”) and the Indiana Office of Utility Consumer Counselor (“OUCC”) (collectively, the “Settling Parties”), by their respective counsel, respectfully request the Indiana Utility Regulatory Commission (“Commission”) to approve this Stipulation and Settlement Agreement (“Stipulation”). The Settling Parties agree that the terms and conditions set forth below represent a fair and reasonable resolution of the issues described herein, subject to incorporation into a final order of the Commission, which approves this Stipulation without any modification or condition that is not acceptable to the Settling Parties.

1. In this proceeding, this Stipulation follows the Settling Parties’ prefiled testimony and attachments, as well as rebuttal testimony filed by Petitioner. Since the time of Petitioner’s filing of its rebuttal testimony in this Cause, the parties have engaged in discussions to address items the OUCC has identified in testimony as its primary issues in this Cause. Those interactions framed the discussions between the Settling Parties and formed the basis for the Settling Parties to reach agreement on the terms reflected in this Stipulation. A basic component of each party’s willingness to enter this agreement is the overall result that is achieved hereby. The Settling Parties have agreed to concessions on individual issues to which the Settling Parties would not be willing to agree but for the overall result produced by this Stipulation and Settlement Agreement. In other words, each party is agreeing to forego or compromise on positions on individual issues in exchange for the overall result produced

collectively by all of the concessions. As set forth below, the parties have negotiated terms that resolve all issues in this proceeding. In most cases, the agreed upon terms are founded upon documented positions that are in the record in this proceeding, including in Settlement Testimony that the Settling Parties have agreed each of them will file in support of this Stipulation. While the parties intend to submit testimony in support of the settlement, the parties agree that the respective cases of the parties and facts in evidence substantially support all terms of the settlement.

2. For purposes of settlement of the non-revenue requirement issues, the Settling Parties stipulate and agree as follows:

- a. **Establishment and Funding of a Debt Service Reserve Fund.** By the end of sixty (60) months of the life of rates, South Bend shall have fully funded its debt service reserve. For purposes of this term, “60 months from the life of rates” means sixty (60) months after the date of the Final Order in this Cause.
- b. **Effect of Reoffering Premium.** If Petitioner issues debt on the open market, and there is a net reoffering premium of more than one percent (1%) of the borrowed amount, the amount of the net reoffering premium shall be amortized over the remaining life of the rates and used to reduce the debt service requirement in this Cause in a rate reduction, subject to the true-up process set forth in Section 2.d. For purposes of this term, the “life of rates” means sixty (60) months after the date of the Final Order in this Cause. In such case, at the end of the 60-month period, South Bend’s rates shall revert to the higher amount.
- c. **Effect of Timing Differences in Bond Issuances.**
 - i. If Petitioner does not issue the first tranche of debt within six (6) months of the Final Order in this Cause, then all such debt service amounts collected before closing on the debt shall be placed into a restricted account and used to reduce the amount borrowed.

ii. If Petitioner does not issue the second tranche of debt by December 31, 2024, then all such debt service amounts collected after November 30, 2024 shall be placed into a restricted account and used to reduce the amount borrowed.

d. **True-Up Report and Revision of Tariff.** Within thirty (30) days after closing on a debt issuance contemplated in this Cause, South Bend shall file a true-up report describing the final terms of the debt issuance, the amount of the debt service reserve, and the amortization schedule for the debt issuance. South Bend shall also restate in its true-up report the precise terms of this section of the settlement agreement. Within twenty-one (21) calendar days of service of the true-up report, the OUCC shall state whether it objects or disagrees with the true-up report. If there is no objection or disagreement, South Bend shall file with the Commission a revised tariff adjusting the rates to include the final amount of annual interest payments on the debt. However, if both parties state in writing to the Commission that the increase or decrease indicated by the true-up report need not occur because the increase or decrease would be immaterial, then no true-up is required.

3. **Rates.** The Settling Parties stipulate that Petitioner shall be permitted to increase its customer rates as follows: The total increase in revenue requirement shall be calculated to produce an increase in annual operating revenues of \$1,419,904 and a total revenue requirement of \$19,899,642. The revenue requirement includes \$617,049 per year for debt service reserve associated with Petitioner's proposed financing. The increase in rates shall take place in two steps: a 3.5% increase in Step 1 (for an increase in revenues of approximately \$650,000), to take effect upon issuance of a Final Order in this Cause; and a 4.0% increase in Step 2 (for an increase in revenues of just under \$770,000), to take effect one (1) year later.

4. **Stipulation Effect, Scope and Approval.** The Stipulation is conditioned upon and subject to its acceptance and approval by the Commission in its entirety without any change or condition that is unacceptable to any Settling Party. Each term of the Stipulation is in consideration and support of each and every other term. If the Commission does not approve the Stipulation in its entirety or if the Commission makes modifications that are unacceptable to any Settling Party, the Stipulation shall be null and void and shall be deemed withdrawn upon notice in writing by any party within 14 days after the date of the final order stating that a modification made by the Commission is unacceptable to the Settling Party.

The Stipulation is the result of compromise in the settlement process and neither the making of the Stipulation nor any of its provisions shall constitute an admission or waiver by any Settling Party in any other proceeding, now or in the future. The Stipulation shall not be used as precedent in any other current or future proceeding or for any other purpose except to the extent provided for herein or to the extent necessary to implement or enforce its terms.

The evidence to be submitted in support of the Stipulation, together with evidence already admitted, constitutes substantial evidence sufficient to support the Stipulation and provides an adequate evidentiary basis upon which the Commission can make any findings of fact and conclusions of law necessary for the approval of the Stipulation.

The parties agree that the communications and discussions and materials produced and exchanged during the negotiation of the Stipulation relate to offers of settlement and shall be privileged and confidential.

The undersigned represent and agree that they are fully authorized to execute the Stipulation on behalf of the designated party who will be bound thereby.

The Settling Parties will either support or not oppose on rehearing, reconsideration and/or appeal, a Commission Order accepting and approving this Stipulation in accordance with its terms.

ACCEPTED and AGREED this 10th day of November, 2022.

City of South Bend, Indiana

By: _____

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BARNES & THORNBURG LLP
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Attorneys for Petitioner
City of South Bend

Indiana Office of Utility Consumer Counselor

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