

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF INDIANA UTILITIES )  
CORPORATION INC. FOR (1) AUTHORITY TO )  
INCREASE ITS RATES AND CHARGES FOR GAS ) CAUSE NO. 46086  
UTILITY SERVICE, AND (2) APPROVAL OF )  
NEW SCHEDULES OF RATES AND CHARGES. )

**PETITIONER’S SUBMISSION OF SETTLEMENT,  
SETTLEMENT TESTIMONY, AND ATTACHMENTS**

Petitioner, Indiana Utilities Corporation (“Indiana Utilities”), by counsel, hereby submits Settling Parties’ Joint Exhibit No. 1, which is a Stipulation and Settlement Agreement between itself and the only other party in this Cause, the Indiana Office of the Utility Consumer Counselor (“OUCC”). In support of the settlement, Indiana Utilities also submits the following testimony and attachments:

1. Petitioner’s Exhibit 5, Settlement Testimony of Frank Czeschin, including Attachment FC-1S.
2. Petitioner’s Exhibit 6, Settlement Testimony of Bonnie J. Mann, including Attachment BJM-1S.

Respectfully submitted,



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Counsel for Indiana Utilities Corporation

**CERTIFICATE OF SERVICE**

The undersigned certifies that a copy of the foregoing has been served upon the following counsel of record by electronic mail this 31st day of October, 2024.

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Lauren Aguilar

STATE OF INDIANA

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PETITION OF INDIANA UTILITIES )  
CORPORATION INC. FOR (1) AUTHORITY )  
TO INCREASE ITS RATES AND CHARGES ) CAUSE NO. 46086  
FOR GAS UTILITY SERVICE, AND (2) )  
APPROVAL OF NEW SCHEDULES OF )  
RATES AND CHARGES )

STIPULATION AND SETTLEMENT AGREEMENT

Indiana Utilities Corporation, Inc. (“Indiana Utilities” or “Petitioner”) and the Indiana Office of Utility Consumer Counselor (“OUCC”), (collectively the “Settling Parties”), solely for purposes of compromise and settlement, stipulate and agree that the terms and conditions set forth below represent a fair, just, and reasonable resolution of the matters set forth below, subject to their incorporation by the Indiana Utility Regulatory Commission (“Commission”) into a final, non-appealable order (“Final Order”) without modification or further condition that may be unacceptable to either Settling Party. If the Commission does not approve this Stipulation and Settlement Agreement (“Settlement Agreement”), in its entirety, the entire Settlement Agreement shall be null and void and deemed withdrawn, unless otherwise agreed in writing by the Settling Parties.

**I. TERMS AND CONDITIONS.**

**A. Requested Relief** - The Settling Parties agree that matters for which Indiana Utilities requested relief in its petition that are not addressed herein, but were expressly supported by testimony, are resolved as Indiana Utilities proposed, without waiving the right to challenge such resolution prospectively. The Partial Settlement (included as Attachment FC-2 to the Direct Testimony of Frank Czeschin) is incorporated herein and remains unchanged. When referring to “as

proposed by Petitioner,” the Settling Parties mean the proposals as in Indiana Utilities’ prefiled testimony and the corrections thereto filed in this Cause.

**B. Settlement Schedules** – The Settling Parties agree to and incorporate herein the settlement schedules in Attachment HRP-1, attached to Public’s Exhibit No. 5-S, which are representative of the terms agreed upon in this Settlement Agreement.

**C. Revenues** – The Settling Parties agree to the following adjustments to revenue, which differ from the adjustments Indiana Utilities proposed:

- i. Additional Customers from Expansion Area: \$0;
- ii. Change in Tariffs: (\$9,371);
- iii. Incorrect Application of Tariff: \$12,260; and
- iv. Reconnection Fee, Return Check Fee, and Credit Card Fee: \$1,210.

**D. Expenses** – The Settling Parties agree to the following adjustments to expenses, which differ from the adjustments Indiana Utilities proposed:

- i. Rate Case Expense: Rate case expense shall be \$75,000 amortized over five years for an annual amortization amount of \$15,000. Removing the test year amount results in a pro forma adjustment of (\$14,583). Indiana Utilities will file a revised tariff if new base rates have not gone into effect at the end of the five-year amortization period to remove rate case expense from Indiana Utilities’ base rates;
- ii. IURC Fee: \$635;
- iii. Bad Debt Expense: \$636;
- iv. Energy Efficiency Contribution for Normal Temperature Adjustment: (\$30,107);

- v. Payroll Expense: (\$5,043);
- vi. Retirement Contribution: \$60,526;
- vii. Property Insurance Expense: (\$4,231);
- viii. Employee Gifts and Events: (\$8,507);
- ix. Health Insurance Expense: (\$21,929);
- x. Severance Expense: (\$28,600);
- xi. Depreciation Expense: (\$66,296);
- xii. Payroll Tax Expense: (\$521);
- xiii. Property Tax: \$8,401; and
- xiv. State and Federal Income Tax: The Settling Parties agree applicable expense adjustments will flow through to arrive at the appropriate state and federal income tax expense.

**E. Rate Base** – The Settling Parties agree the net utility plant in service should be \$9,666,416, materials and supplies should be \$33,573, and working capital should be \$199,866. The resulting overall rate base, as agreed by the Settling Parties, is \$9,899,855, as shown in Public's Exhibit No. 5-S, Attachment HRP-1.

**F. Capital Structure** – The Settling Parties agree to the capital structure shown in Public's Exhibit No. 5-S, Attachment HRP-1, including:

- i. an overall weighted average cost of capital of 8.71%;
- ii. a 0.02% weighted cost of debt for synchronized interest of \$1,980;
- iii. Common Equity amount of \$13,206,968 and cost of 10.10%;
- iv. Customer Deposit amount of \$53,390, with a deposit rate of 6.00%;
- v. Deferred Income Tax amount of \$1,810,474 at a cost of 0.00%; and

vi. Regulatory Liability from Cause No. 45032 S10 of \$284,940 at a cost of 0.00%.

**G. Revenue Requirement** – The Settling Parties agree to a recommended revenue increase of \$1,043,209, as set forth in Table 1 below:

**Table 1 - Agreed Revenue Requirement**

Description	Petitioner's Case-in Chief	OUCC Case-in-Chief	Final Settlement	Difference (Petitioner's Case-in Chief and Final Settlement)
Original Cost Rate Base	\$9,918,677	\$9,899,408	\$9,899,855	(\$18,822)
Times: Weighted Cost of Capital	8.71%	8.71%	8.71%	0.00%
Net Operating Income Required	\$863,917	\$862,236	\$862,277	(\$1,640)
Less: Adjusted Net Operating Income	\$80,977	\$84,660	\$81,969	\$992
Net Revenue Increase Required	\$782,940	\$777,576	\$780,308	(\$2,632)
Gross Revenue Conversion Factor	133.6876%	133.6920%	133.6920%	0.0044%
Recommended Revenue Increase	\$1,046,693	\$1,039,557	\$1,043,209	(\$3,484)

Additional detail regarding the derivation of the agreed revenue requirement is provided in the settlement schedules included in Public's Exhibit No. 5-S, Attachment HRP-1.

**H. Customer Service Charges** – The customer service charges shall be approved as set forth below:

- i. Rate 1R: Residential Service: \$15.00;
- ii. Rate 1G: General Service: \$15.00;
- iii. Rate 2: Large Commercial Sales Service: \$80.00;

- iv. Rate 3: Industrial Service: \$583.00;
- v. Rate 4: General Gas Transportation Service: \$583.00;
- vi. Rate 5: Large Volume Transportation Service: \$1,110.00; and
- vii. Rate 6: School Transportation Service: \$151.00.

**I. Allocation of Rate Increase** – The Settling Parties agree the increase in revenue requirement will be allocated across the board to all rate classes such that the total revenues of each rate class are increased by the same percentage.

**J. Tariff Changes** –The Settling Parties agree to the following tariff changes:

- i. Indiana Utilities will perform a cost of service study in its next base rate case.
- ii. For the revenue proof, Indiana Utilities will remove from this base rate case the projected customers and consumption from the Lanesville Expansion Area and Tyson Foods accounts.
- iii. Indiana Utilities will remove the Tax Cuts and Jobs Act of 2017 Temporary Adjustment Mechanism and Energy Efficiency Rider pages from its Tariff, including the Table of Contents.
- iv. The Settling Parties agree to Indiana Utilities' proposal to increase its insufficient funds check charge and reconnection charge, as proposed in Petitioner's case-in-chief. The charge back fee shall be implemented as proposed in Indiana Utilities' case-in-chief.
- v. The Settling Parties agree to change the method for calculating the Normal Temperature Adjustment from a tariffed rate class average consumption to

an individual customer average consumption, as proposed in Indiana Utilities' case-in-chief.

Petitioner will provide the OUCC and the Commission with a final revenue proof using updated consumption and customer numbers and an updated tariff (clean and redlined) that includes all tariff changes approved in the Commission's Final Order.

## **II. PRESENTATION OF THE SETTLEMENT AGREEMENT TO THE COMMISSION.**

- A.** The Settling Parties agree this Settlement Agreement is evidence of their support thereof before the Commission and request the Commission to expeditiously accept and approve the Settlement Agreement.
- B.** If the Commission fails to approve this Settlement Agreement in its entirety without any change or approves it with condition(s) that are unacceptable to either Settling Party, the Settlement Agreement and any supporting evidence shall be withdrawn, and the Commission will continue the processing of Indiana Utilities' petition, resuming at the point that consideration of the petition on the merits was suspended by the filing of this Settlement Agreement. Supporting testimony or other evidence withdrawn as provided above shall not thereafter be quoted, cited, or otherwise referenced.
- C.** A Commission Order approving this Settlement Agreement shall be effective immediately, and the agreements contained herein shall be unconditional, effective, and binding on all Settling Parties as a Final Order of the Commission. Rates shall be effective on a services-rendered basis after the entry of the Final Order.
- D.** The Settling Parties acknowledge a significant motivation for Petitioner to enter into this Settlement Agreement is the expectation that the Final Order will be issued



promptly by the Commission authorizing increases in Indiana Utilities' rates and charges consistent with this Settlement Agreement and the agreed positions of the Settling Parties as reflected by the evidence in this Cause. The Settling Parties have spent significant time and effort resolving the issues raised in this case.

- E. The Settling Parties believe the petition, Petitioner's testimony, the OUCC's testimony, the Settling Parties' other exhibits, this Settlement Agreement, and the settlement testimony constitute substantial evidence that is sufficient to support this Settlement Agreement and provide an adequate evidentiary basis upon which the Commission may make the findings of fact and conclusions of law necessary to issue a Final Order adopting and approving this Settlement Agreement.

### **III. SETTLEMENT EFFECT, SCOPE, AND APPROVAL.**

- A. The Settling Parties also acknowledge and agree as follows:
- i. The Settlement Agreement is conditioned upon and subject to its acceptance and approval by the Commission in its entirety without change or condition that is unacceptable to Petitioner or the OUCC. Each term of the Settlement Agreement is in consideration and support of each and every other term.
  - ii. The Settlement Agreement is the result of compromise by the Settling Parties within the settlement process. Neither the making of this Settlement Agreement nor any of the individual provisions or stipulations herein shall constitute an admission or waiver by either Settling Party in any other proceeding nor shall they constitute an admission or waiver in this proceeding if the Settlement Agreement is not approved by the Commission. The Settlement Agreement and the Final Order approving this

Settlement Agreement shall not be used as precedent or offered as an admission in any other proceeding or for any other purpose except to the extent necessary to implement or enforce its terms. In the event this Settlement Agreement or the resulting Final Order is offered for any purpose prohibited by this Settlement Agreement, the Settling Parties agree that objections by the non-offering party are proper and should be sustained.


- iii. The communications, negotiations, and discussions between the Settling Parties, along with the materials produced and exchanged during the negotiation of this Settlement Agreement, all relate to offers of settlement and compromise, and as such, are privileged and confidential. Such material shall not be used in this or any other proceeding without the written agreement of the Settling Parties.
- iv. The undersigned represent and agree they are fully authorized to execute this Settlement Agreement on behalf of their designated clients who will hereafter be bound by this Settlement Agreement except to the extent otherwise agreed above.
- v. The Settling Parties will support and not oppose on rehearing, reconsideration, and/or appeal, a Final Order accepting and approving this Settlement Agreement in accordance with its terms.

ACCEPTED and AGREED this 29th day of October 2024

Indiana Utilities Corporation, Inc.

By:   
\_\_\_\_\_  
Lauren Aguilar,  
Counsel of Record

Indiana Office of Utility Consumer Counselor

By:   
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Matthew W. Kappus,  
Deputy Consumer Counselor